

Proven capabilities for energy and beyond

Hunting PLC Annual Report and Accounts 2022

Highly trusted
innovator and
manufacturer of
technology and
products



In this Report

Hunting is a key supplier to the upstream oil and gas industry. Our strategy is to manufacture products and deliver services to our customers, wherever in the world they are operating.

Hunting's product offering extends across the life cycle of an oil and gas well and this focus allows us to create, distribute and sustain value for our shareholders and stakeholders.

Hunting's manufacturing capabilities enable us to participate in a diverse range of sectors other than oil and gas.

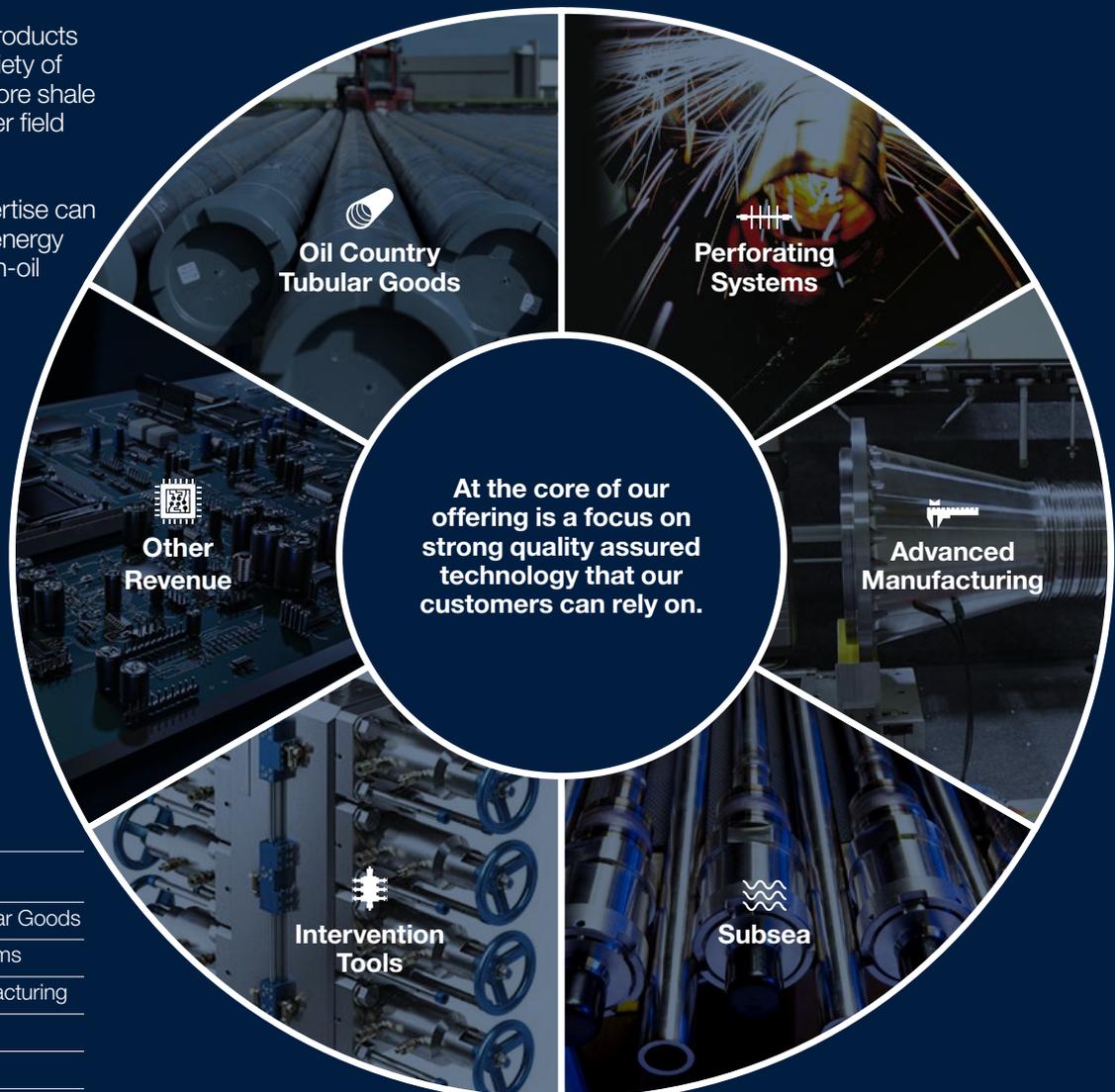
The Board expects to develop the Group's non-oil and gas offering and grow these areas of the business in the coming years.

Hunting is a premium-listed Company, quoted on the London Stock Exchange and is a constituent of the FTSE 250 Index.

Our Products and Services

Hunting's portfolio of products can be applied to a variety of applications from onshore shale resources to deep water field developments.

Our products and expertise can also be applied to the energy transition as well as non-oil and gas sectors.



Read more

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0.13%

**Manufacturing
Reject Rate**
(2021 - 0.13%)

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16.6m

Parts cut in the year
(2021 - 13.3m)

www.huntingplc.com



Highlights



The short- to medium-term market remains strongly positive given the economic fundamentals driving the global outlook for oil and gas.”

Jim Johnson, Chief Executive

Market Highlights

\$94bbl

Average WTI crude oil price (2021 – \$68bbl)

\$80bbl

Year-end WTI crude oil spot price (2021 – \$75bbl)

\$140.9bn

Global onshore drilling and production expenditure (2021 – \$97.3bn)*

\$54.2bn

Global offshore drilling and production expenditure (2021 – \$41.8bn)*

1,521

Global average onshore rig count (2021 – 1,158)*

190

Global average offshore rig count (2021 – 165)*

*Spears & Associates – Drilling and Production Report, December 2022.

Operational Highlights

Strong increases in activity across all operating segments as higher commodity prices support new global drilling projects.

- External sales order book** increased 124% during the year to \$473.0m (2021 – \$211.5m).**
- Revenue visibility increased due to level of order book, which now extends into 2025.

139% increase in sales order book within the Subsea Technologies division to \$105.1m.**

- The Subsea Spring business unit has grown materially during the year, following new orders for steel and titanium stress joints for the Gulf of Mexico and South America.
- Record \$48m order received in October 2022 to apply stress joints to FPSO units.

Record OCTG contract awarded by CNOOC for premium connections and accessories.

- In August 2022, the Group’s Asia Pacific operating segment was awarded a contract for OCTG that management estimates to be worth up to \$86m for Hunting’s proprietary SEAL-LOCK XD™ premium connection.
- Initial deliveries made in 2022 but majority of order to be delivered in 2023.

Strong development of non-oil and gas sales order book within the Advanced Manufacturing group.

- The Dearborn business now has a sales order book** of \$71.3m, which comprises c.68% of non-oil and gas sales.
- The Electronics business now has a sales order book** of \$49.8m, which comprises c.14% of non-oil and gas sales.

**Defined as Hunting’s unsatisfied external performance obligations at year end – see note 23(c).

Construction of a new threading facility in India commenced with Jindal SAW to support domestic activity.

- Facility to be operational during Q2 2023, with three premium connection threading lines.
- 162,000 sq ft facility is located in Nashik Province, adjacent to Jindal’s steel mill.
- Hiring of employees and quality assurance training underway.

Formation of global Energy Transition group to build sales in geothermal and carbon capture market sub-sectors.

- Hunting is pursuing a broad range of sales opportunities in these growing low carbon sub-sectors, leveraging its position in OCTG and accessories, valves and couplings and subsea products to drive growth.
- The Board has set a revenue target of \$100m of sales within this area by the end of the decade.



Financial Highlights

\$725.8m

Revenue
(2021 – \$521.6m)

\$24.5m

Total cash and bank*** at year-end
(2021 – \$114.2m)

\$2.0m

Profit (loss) from operations
(2021 – \$(79.7)m loss)

(2.8)c

Diluted loss per share
(2021 – (53.2)c loss per share)

\$14.6m

Adjusted profit (loss) from operations***
(2021 – \$(35.1)m loss)

4.7c

Adjusted diluted earnings (loss) per share***
(2021 – (27.1)c loss per share)



Revenue increased 39% to \$725.8m (2021 – \$521.6m) as core energy markets returned to strong growth.

- H1 2022 revenue \$336.1m (H1 2021 – \$244.4m).
- H2 2022 revenue \$389.7m (H2 2021 – \$277.2m).

Gross margin improved to 24% (2021 – 12%) as pricing and volumes increased, coupled with better leveraging of fixed costs.

- H1 2022 Margin – 23%.
- H2 2022 Margin – 25%.

EBITDA*** result of \$52.0m (2021 – \$3.1m).

- EBITDA margin recorded of 7% (2021 – 1%)
- H1 2022 EBITDA of \$23.6m (H1 2021 – \$(3.6)m loss).
- H2 2022 EBITDA of \$28.4m (H2 2021 – \$6.7m).

Results from operations.

- Profit from operations of \$2.0m (2021 – \$(79.7)m loss).
- Adjusted profit from operations*** of \$14.6m (2021 – \$(35.1)m loss).
- Adjusting items totalling \$12.6m recorded in the year (2021 – \$44.6m).

Year-end total cash and bank*** of \$24.5m (2021 – \$114.2m), reflecting investment in working capital as core markets return to growth.

- Capital employed*** at 31 December 2022 \$856.2m (2021 – \$792.8m).
- Inventory at 31 December 2022 \$272.1m (2021 – \$204.4m).

***Non-GAAP measure ("NGM") see pages 240 to 246.

\$150m Asset Based Lending facility agreed in February 2022.

- Borrowing base secured against certain North American freehold property, inventories and trade receivables.
- Facility agreed with four-year tenor.
- The facility provides an appropriate funding base to pursue growth opportunities.
- Facility remained undrawn at year-end.

Total dividends declared in the year of 9.0 cents per share.

- Subject to shareholder approval a Final Dividend of 4.5 cents per share, absorbing \$7.2m.
- Distribution to be paid on 12 May 2023 to shareholders on the register on 21 April 2023.



Chairman's Statement



John (Jay) F. Glick
Chairman



The Company continues to place emphasis on revenue diversification into adjacent, non-oil and gas segments that draw upon Hunting's core competencies."

Introduction

This past year witnessed the impact of the war in Ukraine and the rise in demand for energy as economic activity returned to pre-pandemic levels.

This rise was slightly offset in the second half of the year by the efforts of central banks to bring inflation under control by reversing the monetary policy of quantitative easing and raising interest rates.

The interplay of these factors created volatility in energy prices and uncertainty in the outlook for economic growth.

Against this backdrop, Hunting remained committed to its strategy of growing its core business, while also increasing revenue in non-oil and gas, improving efficiencies and streamlining the structural cost of the business.

Those strategies gained financial traction throughout the course of the year, resulting in Hunting having its best year since 2019.

We are still in the early stages of a multi-year up cycle in the oil and gas industry. The Energy Information Administration's January 2023 forecast indicates that global demand for oil will grow by c.1.9m barrels per day to reach roughly c.102m barrels per day in 2023.

This growth is in part due to China reopening after the COVID-19 lockdowns, which should more than offset reductions in demand from tighter monetary policies.

Continued concerns over global energy security are also expected to act as a catalyst for energy developments. Hunting remains in an exceptionally strong position to capitalise on this emphasis on supply security.

The Board also expects the focus on reducing carbon dioxide emissions to continue, but expects policy decisions to recognise the role natural gas will play in the energy transition.

Financial Performance

Overall, Group revenue increased 39% from \$521.6m in 2021 to \$725.8m in 2022.

Revenue from our core oil and gas businesses increased 40% to \$678.2m while our non-oil and gas revenue increased 27% to \$47.6m.

The higher revenue reported in the year drove EBITDA from \$3.1m in 2021 to \$52.0m in 2022.

The Company continues to place emphasis on revenue diversification into adjacent, non-oil and gas segments that draw upon Hunting's core competencies in manufacturing, materials, and electronics and that offer similar opportunities for returns.

Dividends

In August 2022, the Board declared an Interim Dividend of 4.5 cents per share, which was paid in October 2022. The Board continued to consider distributions in the year, and the dividends declared and paid reflect the Group's strong cash position throughout the year and the long-term prospects of the Group.

The Board is, therefore, recommending a 2022 Final Dividend of 4.5 cents per share, which will absorb \$7.2m of cash.

The distribution is to be approved by shareholders at the Company's Annual General Meeting ("AGM") on 19 April 2023. If approved, the Final Dividend will be paid on 12 May 2023 to shareholders on the register on 21 April 2023.

This distribution will bring the total dividends paid in respect of 2022 to 9.0 cents per share and a total distribution of \$14.4m, which in cash terms is a year-on-year increase of 13%.

The Board remains committed to delivering sustainable dividends, but will continue to assess each dividend proposal on a case-by-case basis.

Hunting 2030 Strategy

An important development which the Board is pleased to announce is our 'Hunting 2030' strategic ambition, which includes the Group's ongoing commitment to the oil and gas sector, but also energy transition and non-oil gas revenue targets.

Hunting is well placed to diversify into new sectors, which value our precision engineering and quality assurance principles.

Further details of these plans are to be presented at a Capital Markets Day to be held later in the year.

Governance

The Board was actively engaged in succession planning throughout the year.

Significant discussion centred on the composition and the skills matrix needed to both represent shareholders as well as to support management in the ongoing realisation of the longer-term strategic vision for Hunting.



Hunting's well testing facility in the Netherlands.

This is an ongoing project, that will unfold over the next few years. However, we were pleased to add Paula Harris and Stuart Brightman since our last AGM.

Paula brings strong stewardship and engagement experience to the Board, which are areas that Hunting is looking to build on in the coming years. Stuart brings a wealth of knowledge and experience in manufacturing, finance and the broad energy markets that we serve. In addition, he has an understanding of complex organisations and the importance of developing the human capital required to create and sustain a competitive advantage in the oil services sector. This will be critically important to Hunting's future.

Conclusion

We are encouraged by the forecast for offshore investment and the positive implications those hold for our OCTG and subsea product lines. Over that same planning horizon, we see demand for Titan's products to grow steadily, with investment in onshore work continuing at a financially prudent pace as basins in the US are increasingly regarded as strategically important in providing secure oil and gas production for both the US, as well as LNG production for Europe.

On behalf of the Board, I would like to recognise and thank all those who have contributed to the Company's success during this past year.

Hunting's success all starts with our workforce who have worked tirelessly during another challenging year.

Our customers and suppliers have been fundamental to what we were able to achieve this past year.

I also want to thank our shareholders for their support and commitment to the Company. We are well positioned to perform strongly in an improving market.

John (Jay) F. Glick
Chairman

2 March 2023

\$725.8m

Revenue

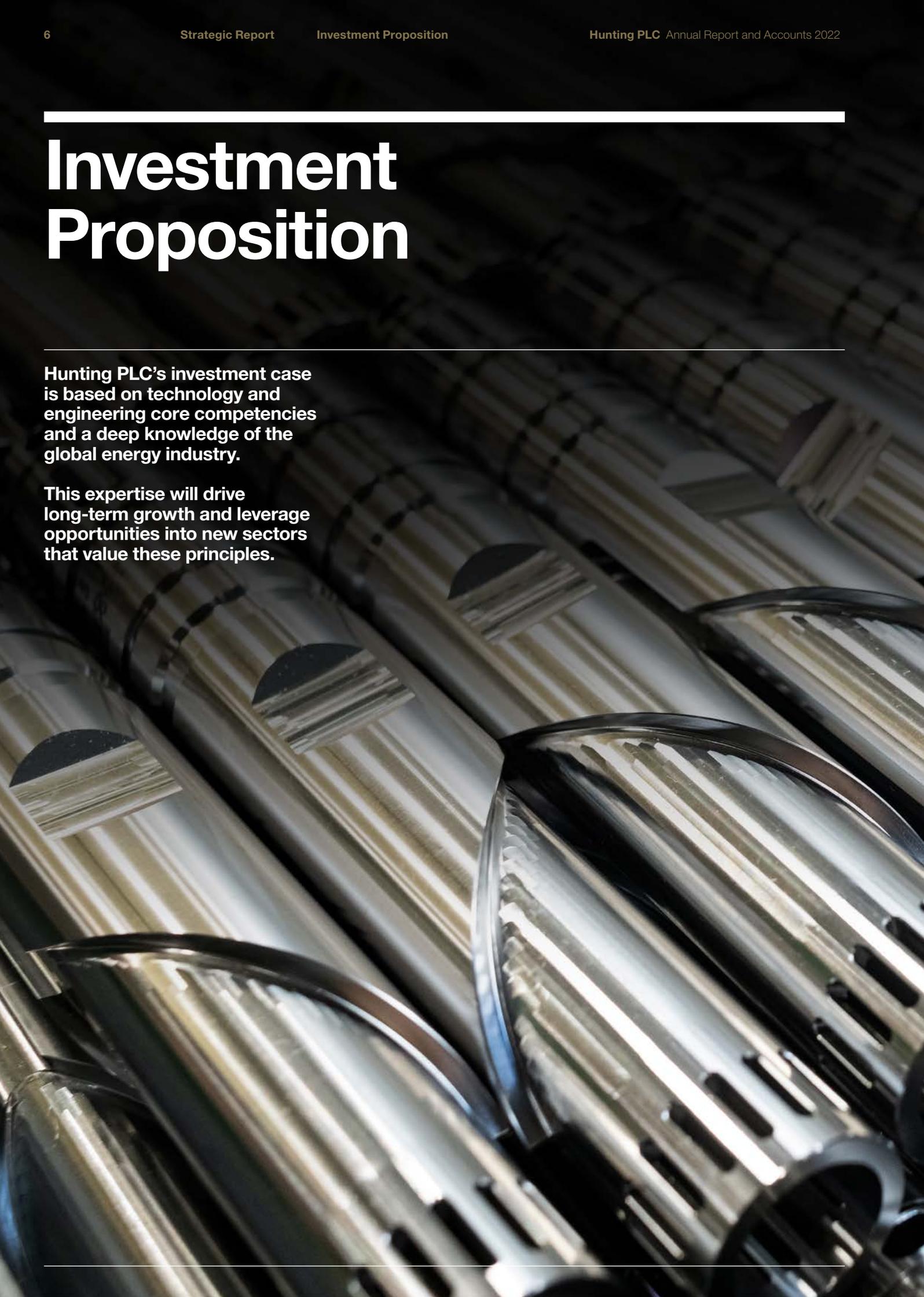
13%

Dividend increase year-on-year

Investment Proposition

Hunting PLC's investment case is based on technology and engineering core competencies and a deep knowledge of the global energy industry.

This expertise will drive long-term growth and leverage opportunities into new sectors that value these principles.



Our core competencies

Leadership in:

- Precision engineering.
- Systems design.
- Print-part manufacturing.

Investing in our people to give:

- Engineering and technical leadership.
- Training and development to drive growth.

Global operating presence with strong controls over:

- Quality assurance.
- Health and safety.

Strong, experienced management team to:

- Pursue growth across complex and competitive sectors.
- Navigate through market cycles.

Our strategic differentiators position us strongly

Diversified portfolio

Hunting has a diversified portfolio of market leading technologies, products and services which address many areas of the oil and gas equipment supply chain.

Efficiency

Our products assist in higher safety protocols and more efficient well construction, completion or intervention procedures, while being cost focused.

Commercial agility

Our commercial agility within the markets we serve helps us to remain a technology leader, often with a strong market share.

Our ESG principles

Our ESG principles help us drive growth, increase safety and lower carbon emissions.

Our sectors of focus are resilient

Oil and gas

The global energy industry, particularly oil and gas, is a long-term driver of economic growth. This is likely to be the case for many years to come.

Energy transition

Energy transition opportunities are complementary to our core oil and gas markets, which is a further area of long-term growth for the Group.

Non-oil and gas

Aviation, medical, power generation and space sectors have long-term growth prospects and are resilient markets which support economic prosperity.

Our financial returns are improving

Strong growth profile

Hunting has increased its revenue, profits and cash flows as market conditions have improved across the year.

Improved margins

Stronger pricing and higher facility utilisation levels have improved operating margins which have increased cash flows.

Improved earnings

As earnings improve this will lead to higher shareholder and capital returns in the form of dividend distributions and capital growth.

Our Operating Segments

Hunting Titan

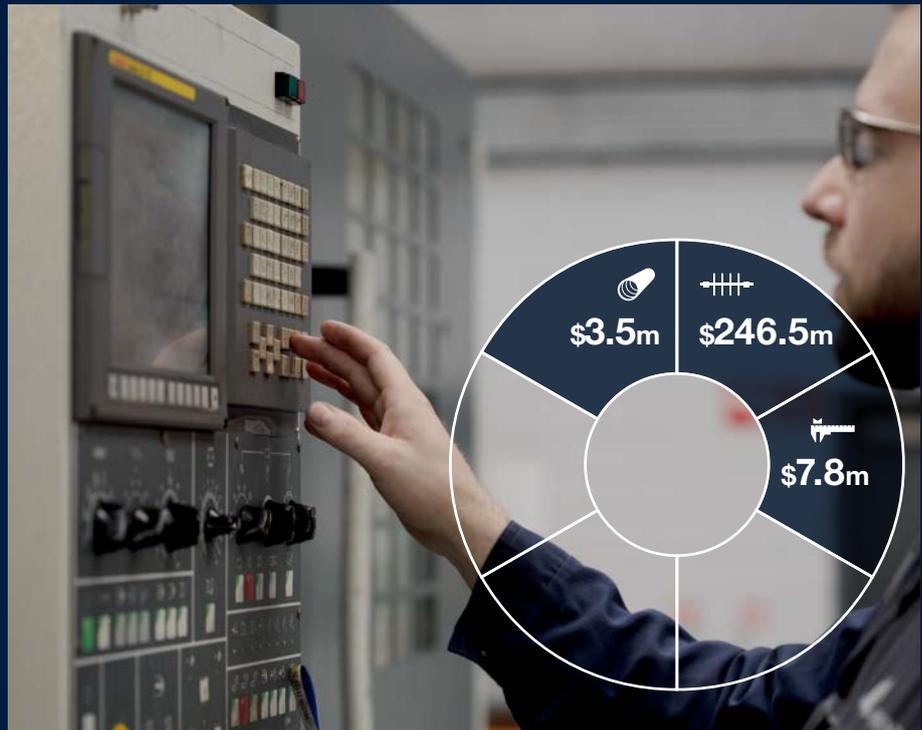
The Hunting Titan operating segment manufactures perforating systems, energetics and instruments, focused mainly on onshore well completions.

The segment operates from five operating sites and 12 distribution centres across North America, but also sells its products internationally.

Key products include H-2™, H-3™ and H-4™ Perforating Systems, the EQUAFrac™ range of shaped charges, the ControlFire™ platform, detonating cord and E-Line™ instrumentation to support conventional and unconventional completions.

Hunting Titan's customer base includes the major service groups and wireline companies.

External revenue was \$257.8m. For further information please see note 2.



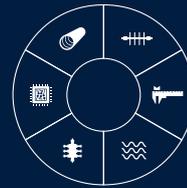
North America

The North America operating segment manufactures the broadest range of products within the Group, including premium connections, well construction and completion accessories, subsea valves, couplings and stress joints, pressure control equipment, electronic circuit boards, MWD/LWD housings, aerospace engine shafts and power generation components.

The segment operates from 13 operating sites mainly in Texas and Louisiana, where the majority of the Group's employees are located.

External revenue was \$325.1m. For further information please see note 2.





External Revenue in 2022 by Product Line

- Oil Country Tubular Goods
- Perforating Systems
- Advanced Manufacturing
- Subsea
- Intervention Tools
- Other Revenue

EMEA

The EMEA operating segment has eight facilities in the Netherlands, Norway, Saudi Arabia, United Arab Emirates and the United Kingdom.

The operating segment has premium connections, well construction and completion accessories, well testing and well intervention manufacturing capabilities. The segment is also a regional sales hub for other product lines manufactured by the Group.

In Aberdeen, UK, the Group also maintains its energy technology and transition incubator business, known as TEK-HUB™.

External revenue was \$69.3m. For further information please see note 2.



Asia Pacific

The Asia Pacific operating segment manufactures premium connections, well completion and construction accessories and well intervention components, supplying into the Middle East and Asia Pacific.

The Group retains operating sites in China, Indonesia and Singapore.

A new threading facility in India is also opening in early 2023, through our joint venture company, to take advantage of the growing market on the sub-continent.

External revenue was \$73.6m. For further information please see note 2.



Our Products and Services

With a diverse product and service offering, which extends to all major oil and gas producing regions of the world, Hunting has the ability to deliver multiple solutions to its clients.

“

Our quality assurance and safety procedures help us compete for a wide range of equipment tenders issued by the energy industry.”



Other Revenue

Other Revenue includes our Trenchless, E&P, Well Testing and Organic Oil Recovery businesses, which form part of Hunting's North America and EMEA operating segments.

Intervention Tools

Hunting's well intervention tools and systems include pressure control equipment and slickline tools systems.



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Oil Country Tubular Goods

The Group owns proprietary premium connection technology, including the SEAL-LOCK™, WEDGE-LOCK™ and TEC-LOCK™ product lines. Hunting also has a number of third party threading licences, which allows us to complete a wider spectrum of threading work for clients.

Hunting operates from a number of global sites, which provide accessories manufacturing capabilities for energy service clients. The Group's stringent quality assurance procedures are a leading differentiator for print-part component manufacturing.

Perforating Systems

Hunting's Perforating Systems offering includes integrated gun systems, energetics, detonating cord, pre-loaded guns and E-Line™ instrumentation.

Hunting Titan has a strong track record in delivering market-leading technology to clients, in what is a rapid-paced sub-sector of the oil and gas industry. Hunting's Perforating Systems include the H-2™, H-3™ and H-4™ Perforating Systems, EQUAFrac™ shaped charges and well intervention products.

Advanced Manufacturing

Hunting's Advanced Manufacturing businesses are positioned to lead the Group's efforts to diversify its long-term revenue streams due to its expertise in precision machining and electronic printed circuit boards.

Products manufactured include MWD/LWD tool housings, high temperature circuit boards and other measurement tooling.

Subsea

Hunting's Subsea Technologies offering includes hydraulic valves and couplings, titanium and steel stress joints and modular production systems, which enable the more rapid delivery of first oil for customers.

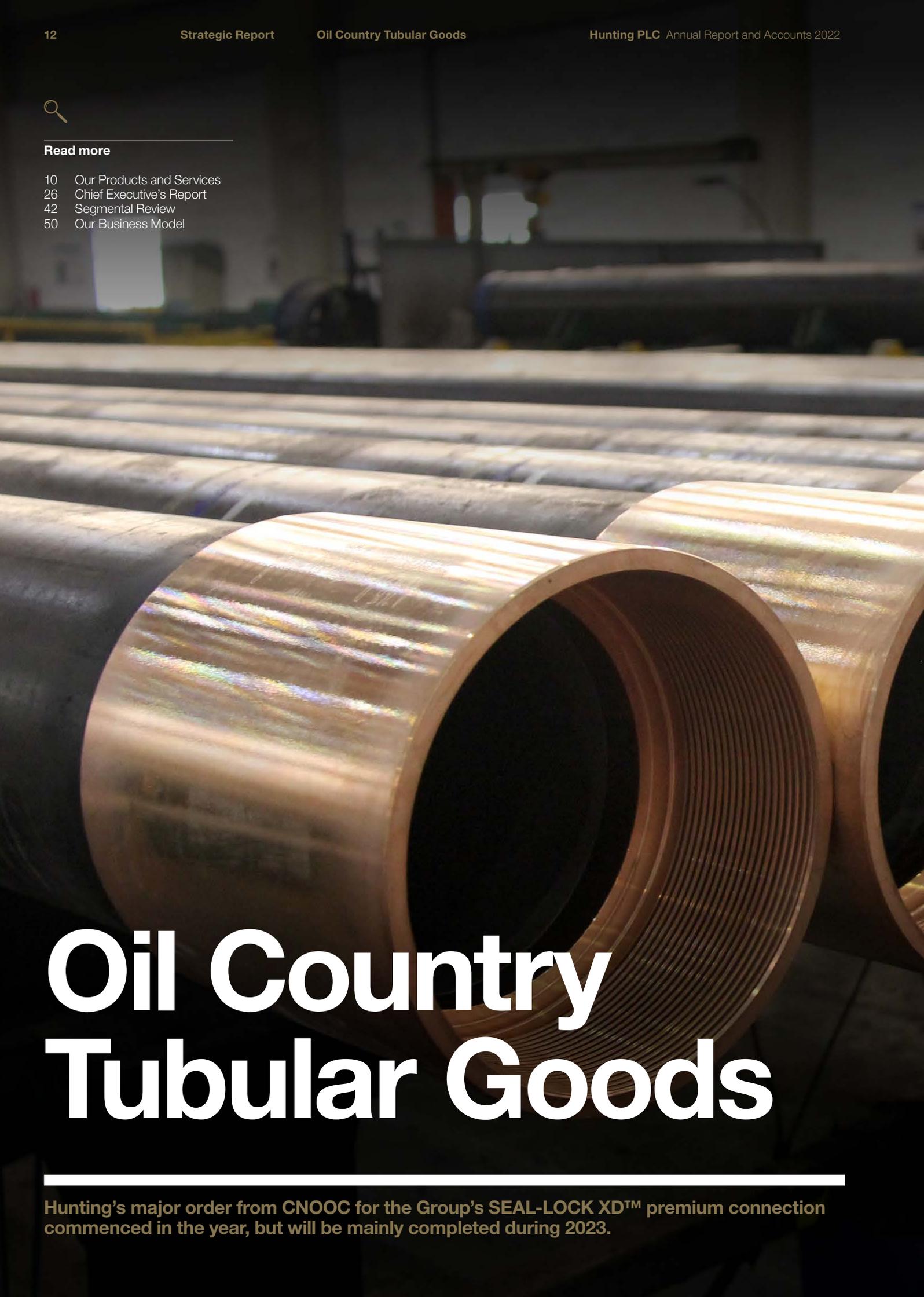
Subsea Technologies is building its business through direct relationships with exploration and production companies as well as through the tier one offshore equipment providers.





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A large photograph of stacked oil country tubular goods (OCTG) in a warehouse. The pipes are arranged in rows, with the foreground pipes showing a close-up of the threaded end. The lighting is dramatic, highlighting the metallic texture and the circular openings of the pipes.

Oil Country Tubular Goods

Hunting's major order from CNOOC for the Group's SEAL-LOCK XD™ premium connection commenced in the year, but will be mainly completed during 2023.

Our global OCTG businesses, which comprise Hunting's premium connections and accessories manufacturing units, have reported strong growth and increasing order books.

Overview

Hunting's OCTG and accessories manufacturing businesses extend across North America, EMEA and Asia Pacific, accessing many of the world's oil and gas basins. OCTG manufacturing is completed in the majority of the Group's facilities, producing premium and semi-premium connections deploying Hunting's three main product lines.

Case Study

Hunting's TEC-LOCK Wedge™ connection is specifically designed for onshore shale drilling. With lateral well sections increasing, the high-torque and compressive capabilities of the connection meet demanding drilling requirements. TEC-LOCK Wedge™ continues to increase its market position in the Permian, Haynesville and Eagle Ford basins in the US.

Revenue \$m

2022	258.8
2021	172.5
2020	264.7

2022 Progress

In North America, demand for our TEC-LOCK™ semi-premium connection improved as customer acceptance and higher activity levels have driven growth in this product line. Sales of the Group's WEDGE-LOCK™ have also increased as offshore activity improved.

Of note has been the \$86m order received for Hunting's SEAL-LOCK XD™ premium connection from CNOOC for a major offshore drilling programme. This order is being completed by our Asia Pacific operating segment during the first half of 2023.

Hunting's OCTG and Accessories sales order books have nearly tripled during 2022 as international orders were also received in the US and as drilling in South America accelerated.

The outlook for this global product line is positive as global drilling spend is likely to increase 29% to \$251.8bn in 2023.

Global drilling spend \$bn

2023f	251.8
2022	195.1
2021	139.1

29%

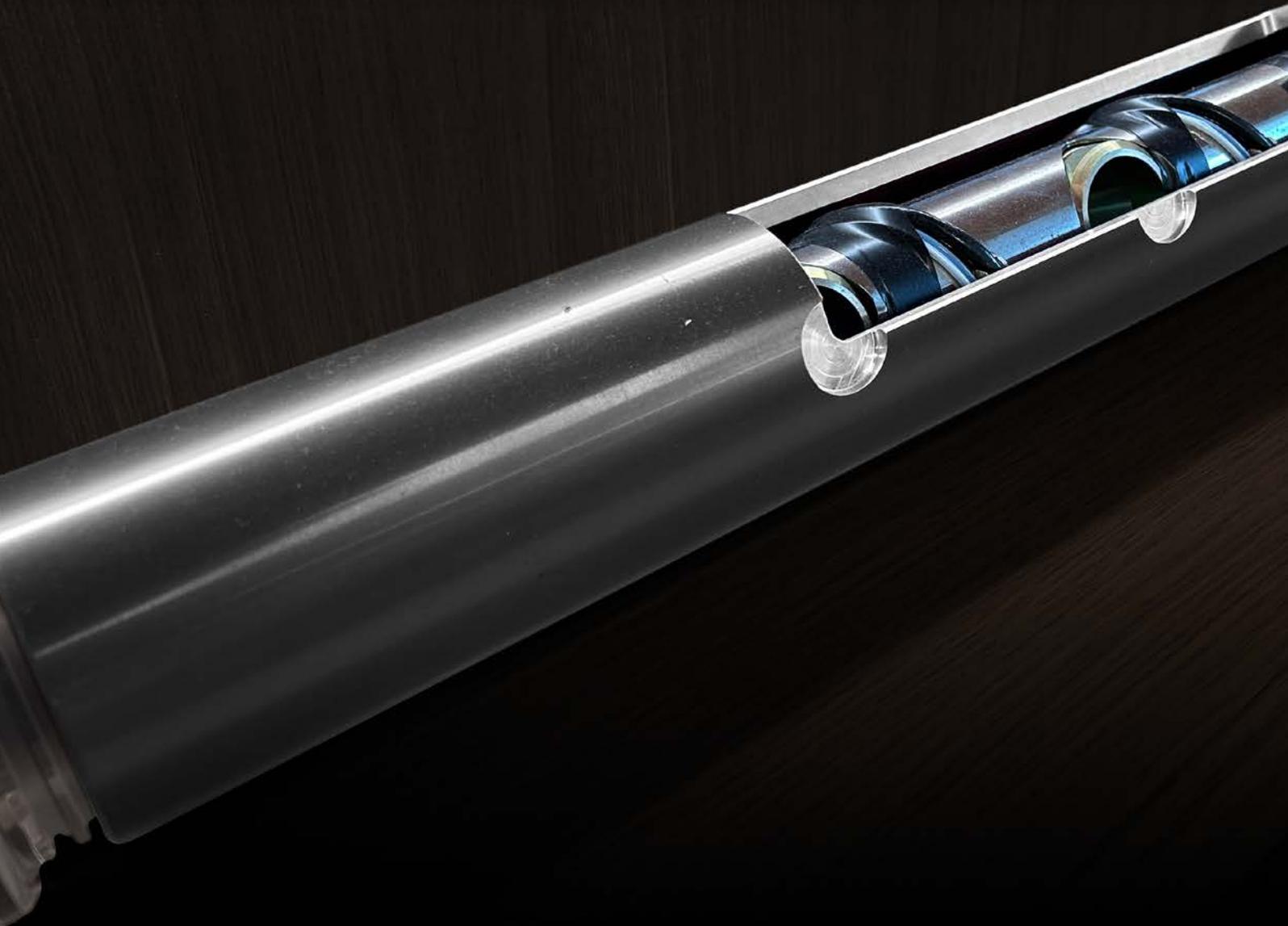
Projected increase in global drilling spend in 2023.

Source: Spears & Associates.



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Perforating Systems

The Group's H-3 Perforating System™ was launched to clients in 2022, and has led to improved safety for clients, as well as increased manufacturing efficiencies.

Technology development and product leadership within the North American onshore region enabled Hunting Titan to maintain a strong position in this competitive market.

Overview

Hunting Titan continues to retain a leading position in the North American completions market. The provision of components and integrated systems for customers enables the Group to address the differing purchasing trends of our clients as the market rapidly evolves.

Case Study

Key to the success of Hunting's perforating systems is the ControlFire™ platform. The system comprises addressable switches and surface instrumentation to enable tool string communication, which automates and simplifies operations. ControlFire™ allows for safe and reliable deployment of casing, plug setting tools and top-fire systems.

Revenue \$m

2022	251.9
2021	181.7
2020	154.5

Sales order book at year-end* \$m

2022	29.8
2021	13.7
2020	8.6

*Hunting Titan operates on relatively short lead times and therefore does not carry a significant order book. Figures above, for the most part, reflect Titan's well intervention and other product lines.

2022 Progress

Revenue has increased steadily since 2020 as the industry recovered from the COVID-19 pandemic. Sales of expendable components and integrated perforating systems have reached monthly highs as North America onshore completions accelerated in 2022.

During the year, Hunting Titan increased the manufacturing of pre-loaded gun systems as clients continued to pivot to this offering. With the introduction of the H-3 Perforating System™ early in the year, clients also migrated to this new product line, which delivers strong in-field efficiencies as well as enabling production improvements to be captured.

Hunting Titan will shortly release the H-4 Perforating System™, a self-orienting perforating system, which will improve orientation accuracy. Along with the release of the H-4 system, a new line of consistent hole shaped charges, EQUAFrac OP™ will be released, which will improve frac efficiency through improved casing hole size variations.

The outlook for 2023 remains positive as market commentators project that US onshore drilling spend will increase 29% in the year ahead to \$130.4bn and in Canada by 13% to \$17.1bn.

North American onshore drilling spend \$bn

2023f	147.5
2022	115.9
2021	76.6

27%

Projected increase in North American onshore drilling spend in 2023.

Source: Spears & Associates.

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Advanced Manufacturing

Hunting Dearborn has made strong progress in diversifying its sales order book to non-oil and gas markets.

Precision engineering and integrated electronics form the basis of the Group's 2030 strategy to develop more non-oil and gas sales. The total external sales order book for Dearborn and Electronics now totals \$121.1m.

Overview

The Advanced Manufacturing group has developed expertise in complex, precision engineering over many years.

Hunting Dearborn has successfully diversified its sales order book to include aviation, naval, power generation and space sales.

Hunting Electronics is also building its presence in the medical and defence sectors given its expertise in high temperature circuit boards.

Case Study

The Electronics business has successfully secured orders from within the defence sector for a range of printed circuit boards and other electronics from contractors based in the US.

Revenue \$m

2022	75.1
2021	59.6
2020	74.3

Sales order book at year-end* \$m

2022	121.1
2021	77.9
2020	54.2

*Advanced Manufacturing represents the sales order books of the Electronics and Dearborn businesses, which include non-oil and gas sales.

2022 Progress

As market conditions improved across the energy industry, enquiries and orders placed have increased steadily throughout 2022.

At year-end the sales order book of the Electronics business was \$49.8m, which comprises c.14% of non-oil and gas sales. Progress has been made in diversifying the revenue profile of the business with new medical and defence-related sales secured.

Within the Dearborn business, the external sales order book ended the year at \$71.3m, which comprises c.68% non-oil and gas orders.

The outlook for 2023 is positive as both businesses complete these orders.

Global onshore drilling spend \$bn

2023f	179.4
2022	140.9
2021	97.3

27%

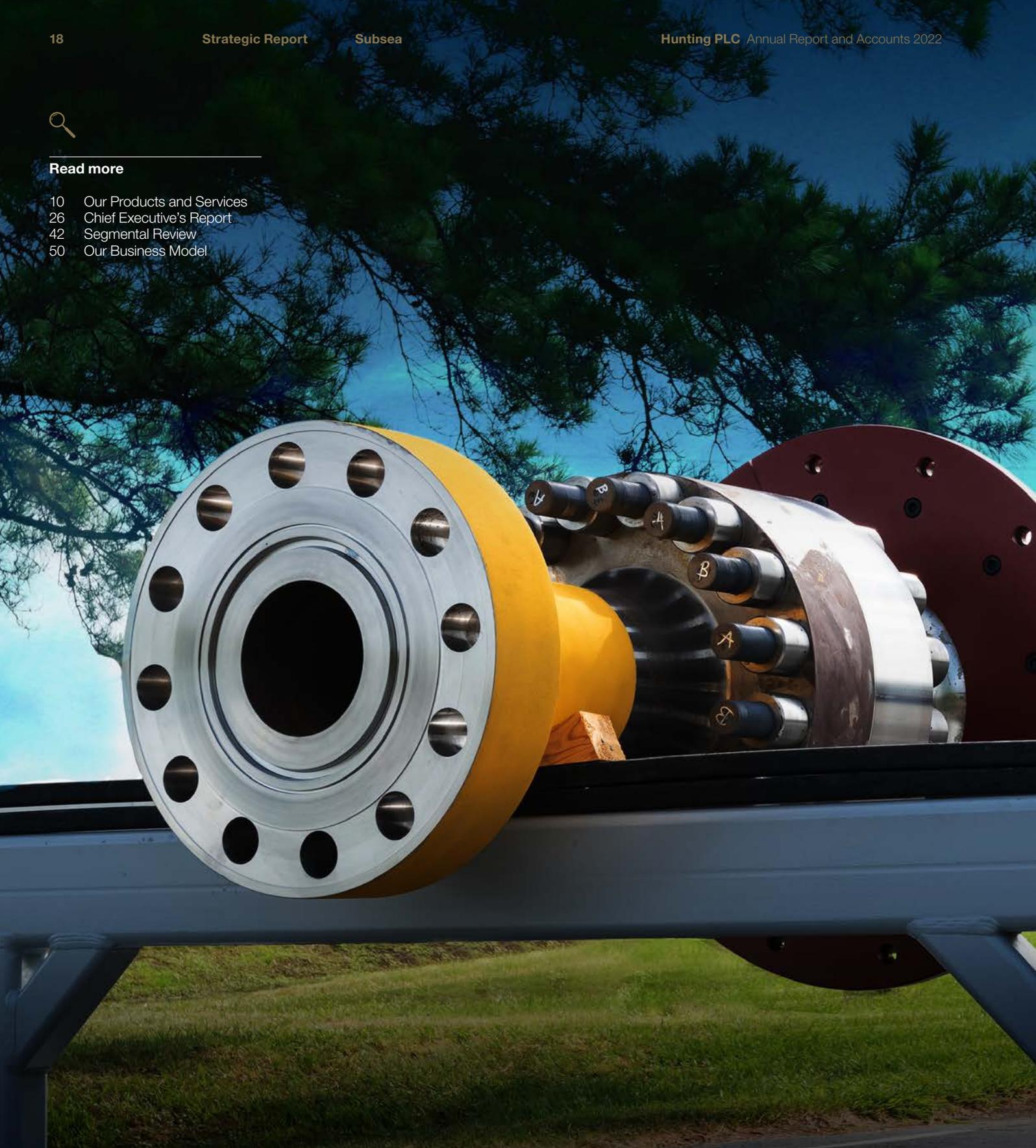
Projected increase in global onshore drilling spend in 2023.

Source: Spears & Associates.



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Subsea

The Group's Subsea Technologies business group has increased its year-end sales order book by \$61m as new orders for titanium and steel stress joints were secured.

Hunting is building its Subsea Technologies group following the acquisitions of RTI Energy Systems and Enpro Subsea. From 1 January 2023, Subsea Technologies will be reported as a new operating segment of the Group.

Overview

The Subsea Technologies businesses manufacture products which are used in subsea production and distribution systems, subsea umbilical risers and flowlines ("SURF"), in addition to subsea hydraulic intervention and decommissioning services.

With manufacturing facilities located in the UK and US and the utilisation of strategic stocking plans, the business group can rapidly address customer needs where shorter lead times are becoming project drivers.

Case Study

Titanium has excellent physical and mechanical properties including being light weight and having excellent fatigue life making it an ideal material to apply to FPSOs as noted below.

Revenue \$m

2022	69.0
2021	58.8
2020	69.8

Sales order book at year-end* \$m

2022	105.1
2021	44.0
2020	35.0

*The sales order book presented above consists of the Stafford, Spring and Enpro entities.

2022 Progress

Newly developed solutions utilising titanium stress joints with steel catenary risers have led to the application of these technologies to floating production, storage and offloading ("FPSO") vessels. Traditionally, stress joints hang from porches located below the water line. The Group's Subsea Spring business developed a new hang-off system called the 'Direct Pull Tube' ("DPT") allowing the hang-off to move closer to the upper deck of the FPSO which increases product (oil and condensate) offloading which previously was being used as ballast on the FPSO.

Strong growth of this application is anticipated over the next five years as DPTs are applied to FPSO units in the Gulf of Mexico, South America, Africa and Asia Pacific.

Global offshore drilling spend \$bn

2023f	72.4
2022	54.2
2021	41.8

34%

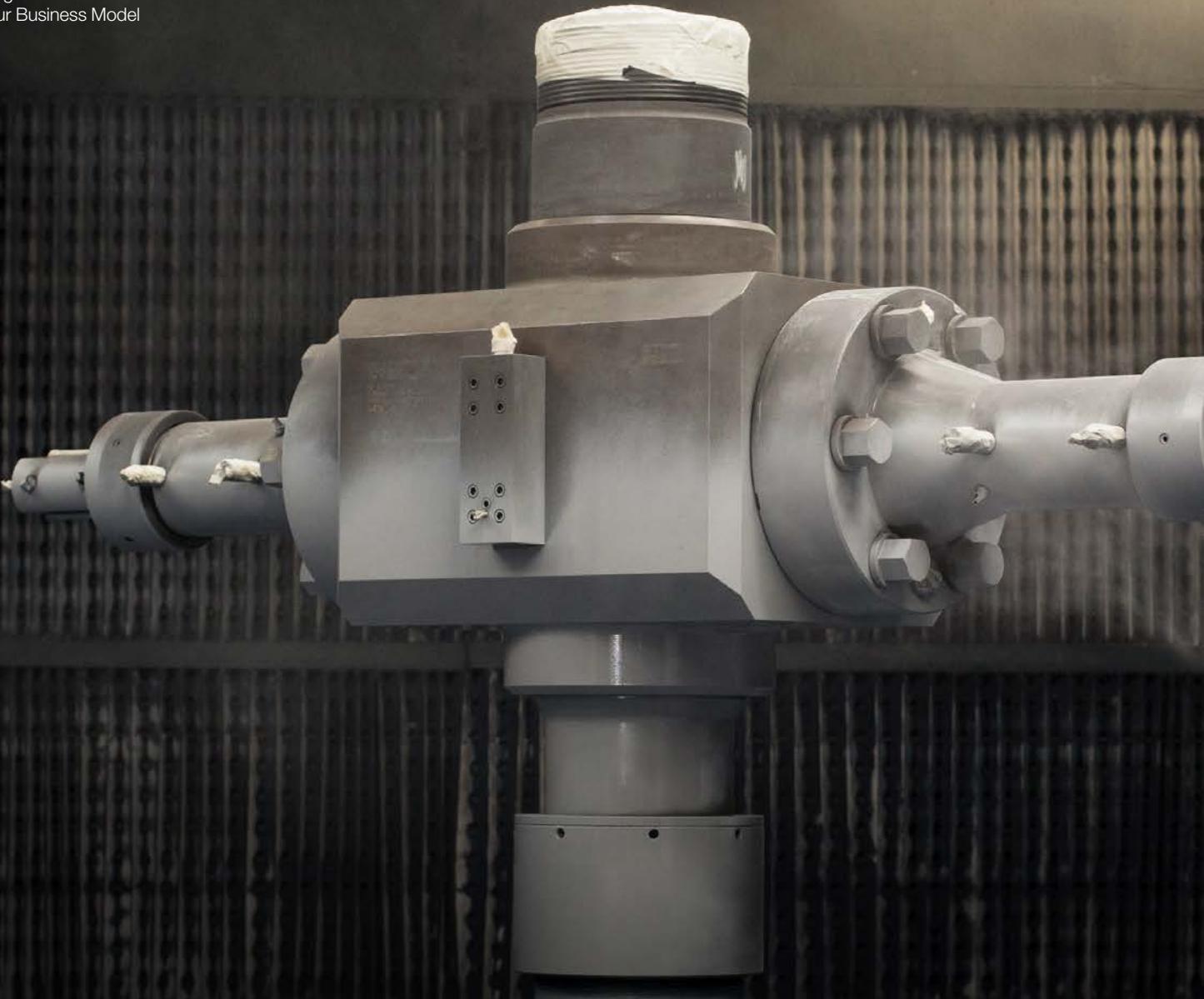
Projected increase in global offshore drilling spend targeted for 2023.

Source: Spears & Associates.



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A large, complex industrial well intervention tool, possibly a packer or plug, is shown in a dark, industrial setting. The tool is metallic and features various components, including a central vertical shaft, a large horizontal body with multiple ports and bolts, and a top section with a white, textured cap. The background consists of dark, vertical slats, suggesting a well or a confined industrial space.

Intervention Tools

The Group's global well intervention businesses have seen good demand for proprietary equipment during the year.

With the rising oil price, capital equipment purchasing is showing strong signs of recovery. This will lead to increased demand for Hunting's well intervention equipment.

Overview

The Group manufactures a range of downhole intervention tools including slickline tools, e-line tools, mechanical plant, coiled tubing and pressure control equipment.

Well intervention equipment manufacturing occurs in Singapore, UK and US.

Revenue
\$m

2022	36.4
2021	25.8
2020	30.7

2022 Progress

During the year, well intervention equipment purchasing returned to growth, following three years of decline due to the COVID-19 pandemic.

Hunting's US and UK well intervention and well testing businesses reported strong increases in enquiries as capital equipment purchasing restarted, leading to a robust increase in year-on-year revenue.

The outlook for the product group is positive as activity levels continue to increase and equipment purchasing accelerates.

Global drilling spend
\$bn

2023f	251.8
2022	195.1
2021	139.1

29%

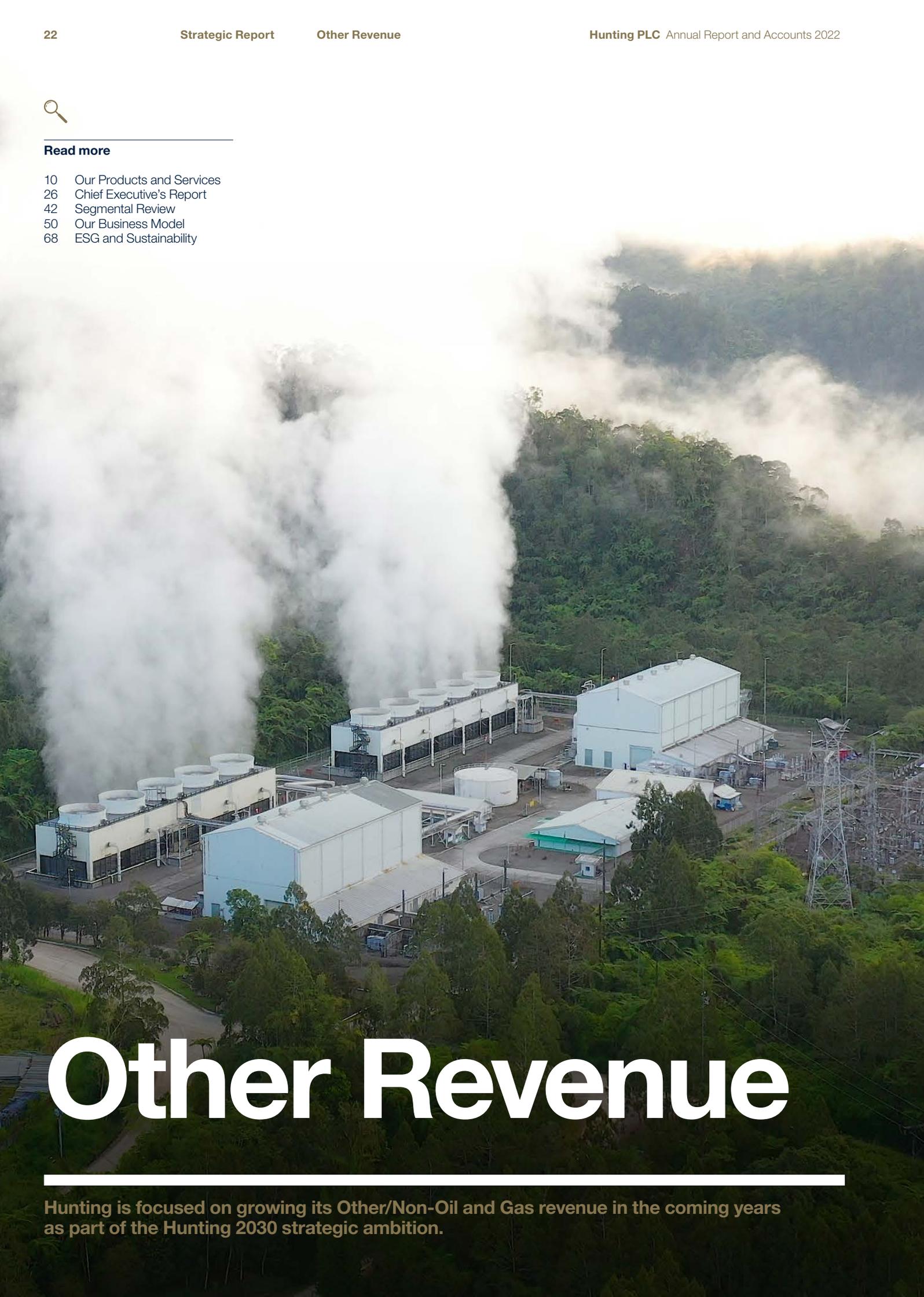
Projected increase in global drilling spend projected for 2023.

Source: Spears & Associates.



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Other Revenue

Hunting is focused on growing its Other/Non-Oil and Gas revenue in the coming years as part of the Hunting 2030 strategic ambition.



Ngatamariki Power Station
Source – Ngatamariki Geothermal System (nzgeothermal.org.nz).

Other revenue, including our Trenchless, E&P and Organic Oil Recovery businesses have made good progress in the year.

Overview

Across the Group, efforts have been stepped up to increase other revenue streams and leverage our core competencies into new markets.

Hunting continues to develop new sales in the telecommunications, defence and medical sectors. The Group has also delivered its first batch of micro-hydro generation systems to a project in the Philippines.

Revenue
\$m

2022	34.6
2021	23.2
2020	22.1

2022 Progress

With the formation of the Group's Energy Transition sales group in December, Hunting is now pursuing tenders for carbon capture and storage and geothermal projects. Key opportunities within Asia Pacific and the US have been identified as key regions given the governmental support for these sectors announced over the past two years.

Hunting has the ability to supply OCTG, connections, valves and couplings to a wide range of onshore and offshore energy transition projects, utilising the expertise of its precision engineering core competencies.

Geothermal OCTG demand
'000s tonnes of steel pipe consumption

2030f	252
2025f	160
2020	110

129%

Geothermal OCTG tonnage growth between 2020 and 2030.

Source: Rystad Energy.

Our Strategy and Related KPIs

Hunting's strategic priorities are based on a business model designed to deliver sustainable long-term shareholder value while recognising our corporate responsibilities.

Overview

Growth

Our aim is to continue to develop our global presence and supply a comprehensive range of products used in the wellbore and by expanding into complementary non-oil and gas sectors. We will grow through capital investment in existing businesses and through acquisition.

Strategic Focus Areas

- Extend global presence and enter new markets
- Acquire complementary businesses
- Enhance existing capacity
- Develop new products

2022 Progress

- Construction commenced on a premium threading facility in India to service domestic and regional energy markets. Production is due to commence in Q2 2023.
- The Subsea Spring business won a number of orders from ExxonMobil to supply titanium stress joints to FPSOs. This is a new application for this product and opens up new global markets for the technology.
- The Group formed an Energy Transition global sales group to pursue opportunities in geothermal and carbon capture markets.

Operational Excellence

We operate in a competitive and cyclical sector, which is high profile and strongly regulated. To be successful we must deliver reliable products, which are quality assured to the highest industry standards and which offer improved cost efficiencies.

- Leverage strong brand
- Maintain and enhance quality control
- Maintain operational flexibility
- Leverage lean manufacturing
- Strengthen relationships with customers and suppliers

- The Group completed field trials of the H-4 Perforating System™, which is a self orientating system. This product complements Hunting's other systems for well completions.
- Progress was made to commercialise the Organic Oil Recovery technology, with new trials being completed.
- The rollout of the D365 ERP system continued in the year, improving efficiencies and standardising our IT systems across all our global businesses.

Strong Returns

In normal phases of the oil and gas cycle, our business has the capability to produce high levels of profitability, strong cash generation and good returns on capital leading to growing dividends to shareholders.

- Extend global presence
- Acquire complementary businesses
- Enhance existing capacity
- Develop new products

- In Singapore, Hunting consolidated its facilities from three locations to a single manufacturing site. This will decrease operating costs and lower carbon emissions.
- The Group returned to profitability and increased dividend distributions in the year to reflect the Group's improving financial performance.

ESG and Sustainability

We are committed to acting with high standards of integrity and creating positive, long-lasting relationships with our customers, suppliers, employees and the wider communities in which we operate.

- Retain experienced senior management team
- Skilled workforce
- Safe operations
- Protect the environment
- Compliance

- HSE performance continues to be a key strategic priority for the Group, with management focused on the training of new employees in Hunting's stringent safety procedures.
- Hunting published data relevant to the SASB reporting framework in March 2022 to support the Group's ESG reporting. Hunting engaged Standard & Poor's Trucost to provide assurance services on Hunting's published carbon data. This is the first step in the process of setting science-based carbon reduction targets.



Related Risks

- Geopolitics
- Competition
- Climate change
- Product quality
- Commodity prices
- Shale drilling

Related KPIs

Revenue (\$m)	Non-Oil and Gas Revenue (\$m)	Adjusted Profit (Loss) from Operations* (\$m)
2022 725.8	2022 47.6	2022 14.6
2021 521.6	2021 37.6	-35.1 2021
2020 626.0	2020 39.8	-16.4 2020

- Product quality
- Key executives
- Competition

ISO 9001:2015 (Quality) Accredited Operating Sites (%)	Quality Assurance – Manufacturing Reject Rate (%)	Operating Footprint (m sq ft)
2022 74	2022 0.13	2022 2.7
2021 80	2021 0.13	2021 2.8
2020 71	2020 0.24	2020 2.8

- Commodity prices
- Competition

Dividends Declared (cents)	Adjusted Operating Margin* (%)	Return on Average Capital Employed* (%)
2022 9	2022 2	2022 1
2021 8	-7 2021	-4 2021
2020 9	-3 2020	-2 2020

- Key executives
- Health, safety and environment

Total Recordable Incident Rate	Scope 1 and 2 GHG Emissions (tonnes CO ₂ e)	Intensity Factor (kg/\$k)
2022 0.97	2022 22,422	2022 30.2
2021 0.99	2021 18,859	2021 36.2
2020 0.67	2020 25,416	2020 40.6

Chief Executive's Report



Jim Johnson
Chief Executive

“The outlook for 2023 remains extremely positive for the industry with capital expenditures projected to increase.”

Introduction

2022 has been a year of rebuilding for the oil and gas industry. As the impact of the COVID-19 pandemic diminished, global economies continued to re-open in the early months of the year, leading to the acceleration of enquiries from clients as drilling projects recommenced or were sanctioned. This increase in market activity has continued throughout the year and is reflected in the Group's improved financial results for 2022 and its steadily building sales order book.

With Russia's invasion of Ukraine in February 2022, the global economic recovery was disrupted with new market supply/demand dynamics being seen as the conflict escalated. International sanctions were implemented along with the move by European governments to reduce their reliance on Russia-sourced oil and gas. Hunting has no material exposure to Russia or Ukraine; however, it is likely that global economies will continue to pursue 'western friendly' oil and gas resources and that North America will be a key and growing source of supply in the coming years. Hunting's presence in this critical market will, therefore, be a driver of mid-term growth. As global commodity prices strengthened in the first half of the year, Hunting's businesses reported higher levels of enquiries and growing order books, which led to new operating shifts being added to meet demand at the majority of the Group's facilities. This increase in activity is reflected in our facility utilisation, leading to the improved financial performance of each operating segment. In respect of our Hunting Titan and North America businesses, this led to strong returns and healthy levels of profitability, which should further improve in 2023.

Our EMEA and Asia Pacific operating segments report narrowing losses, with both forecasting a return to profitability in the year ahead. With the robust outlook of our traditional oil and gas markets, coupled with our efforts to capture sales in energy transition markets, the short-term performance and focus for management will be on pursuing the available opportunities across the energy industry. This will lead to improved margins and returns for our stakeholders.

The Board has approved a broad-based strategy to explore revenue opportunities from other sources to mitigate the volatility seen in the oil and gas industry. Details of our 'Hunting 2030' strategy are noted below.

Notwithstanding these exciting initiatives, we remain firmly committed to the oilfield services sector with our growth ambitions in the industry being unchanged.

On a personal note, with the impact of the pandemic receding, I was pleased to be able to recommence visiting our international operations during the year. In October I attended the official opening of our new Singapore facility and met staff in both Singapore and Indonesia. Our employees are our most important asset and it was good to hear their personal experiences in what have been challenging times for all levels of the organisation. As part of the Board's deliberations in the year, which included reviewing the impact of inflation on our staff and increases to the cost of living, base salary increases were implemented across the Group in Q4 2022 to assist our workforce.

Market Summary

The WTI crude oil price started the year at \$75 per barrel, after averaging at \$68 per barrel in 2021. As the impact of the pandemic continued to ease in January and February, the oil price increased a further 22% and averaged at \$86 per barrel up to 24 February 2022, when the invasion of Ukraine occurred. The oil price then averaged \$96 per barrel for the remainder of the year as the global oil and gas supply/demand balance remained volatile and sanctions against Russia increased, which limited its ability to export and globally distribute oil efficiently. In the second half of 2022, inflationary pressures caused by the invasion started to impact economic growth forecasts, with most commentators projecting a global recession. This had the impact of softening global commodity prices in Q3/Q4. Overall, during 2022, the WTI crude oil price averaged \$94 per barrel, which was 38% higher than 2021, and which supported the positive backdrop to the Group's core trading markets and the revenue growth and return to profitability reported.

Natural gas prices also increased year-on-year as activity and geopolitical changes favourably impacted the global supply/demand balance. Henry Hub natural gas prices averaged \$6.54 per mBtu in 2022 compared to \$3.72 per mBtu in 2021.

Drilling and production spend increased 40% in the year from \$139.1bn in 2021 to \$195.1bn in 2022. Global onshore drilling activity increased 45% from \$97.3bn in 2021 to \$140.9bn in 2022, while global offshore activity increased 30% from \$41.8bn to \$54.2bn.

The outlook for 2023 remains extremely positive for the industry, with capital expenditures projected to increase further as global projects continue to be sanctioned.

Group Financial Summary

Hunting reports a 39% increase in revenue in the year as market activity accelerated due to higher commodity prices during 2022. Revenue increased to \$725.8m, compared to \$521.6m in 2021. Revenue in H1 2022 was \$336.1m (H1 2021 – \$244.4m) and in H2 2022 was \$389.7m (H2 2021 – \$277.2m) as higher oil and gas prices led to improved North American onshore activity and a broad-based increase in international offshore activity reported across many regions.

Attending the opening of Hunting's new facility in Singapore.



Hunting Titan's revenue increased by 41% from \$189.3m in 2021 to \$266.0m in 2022. The segment saw improving demand for its perforating systems including new technologies introduced in the year such as the H-3 Perforating System™, but also strong demand for its pre-loaded guns, instruments and detonating cord, which led to the growth in revenue.

The North America segment has also reported excellent results in the year as demand for premium connections, accessories, steel and titanium stress joints all contributed to the segment's performance. Revenue within the segment increased by 37% in the year to \$349.7m, compared to \$254.6m in 2021. A particular area of impressive growth has been within the Group's Subsea Spring business unit, which won a number of large orders for its steel and titanium stress joints ("TSJs"). In October 2022, the business secured a \$48m order from a client operating in South America to deploy stress joints onto a number of Floating Production, Storage and Offloading ("FPSO") units. The Group's premium connection business also reported a strong increase in sales within Canada as the rig count remained robust throughout the year, with strong demand for Hunting's TKC-4040™ connection.

The EMEA segment reported a year-on-year increase in revenue as international activity levels improved. Overall revenue was \$71.5m in the year, compared to \$58.1m in 2021, a 23% increase. The segment has benefited from the Tubacex contract, which commenced in March 2022, and led the Netherlands facility to return to three operating shifts in the year. Further, the segment also benefited from the restructuring of the European OCTG business, which concluded in December 2021, and which led to higher capital efficiencies and a more agile service offering for our North Sea clients. The Group's Norway and Saudi Arabia businesses also reported an improvement in sales compared to the prior year due to increased interest in our well completion and well intervention product lines.

In the early months of the year, the Asia Pacific segment was impacted by the closure of the Shanghai port, which disrupted the Group's raw material supply chain. However, with the lifting of these restrictions in the middle of the year, the business' performance has improved considerably. A notable success within the segment has been the securing of a contract with CNOOC for up to \$86m to supply OCTG with Hunting's SEAL-LOCK XD™ premium connection applied. The order will mainly be completed during 2023. Overall, the segment's revenue in the year was \$80.4m in 2022 compared to \$48.1m in 2021.

\$725.8m

Revenue

24%

Gross margin

Group EBITDA was \$52.0m in 2022 (2021 – \$3.1m), which reflects the improving market conditions and strengthening Group sales order books. With increased volumes and better leveraging of fixed costs, the Group's EBITDA margin increased from 1% in 2021 to 7% in 2022.

Profit from operations for the year was \$2.0m (2021 – \$79.7m loss).

Adjusting items totalled \$12.6m for the year, with \$3.0m* impacting H1 and \$9.6m in H2. Adjusting items comprised an impairment to goodwill in respect of the Enpro Subsea business unit of \$7.0m and exceptional legal fees totalling \$5.6m. For further information please see note 5.

These items led to an adjusted profit from operations for the year of \$14.6m (2021 – \$35.1m loss).

Strategic Initiatives

i. Expansion of Subsea Technologies Business Group

Hunting's presence within the subsea segment of the oil and gas industry has been steadily growing since 2019, starting with the acquisition of RTI Energy Systems in August 2019, now called Subsea Spring, followed by the acquisition of Enpro Subsea in February 2020.

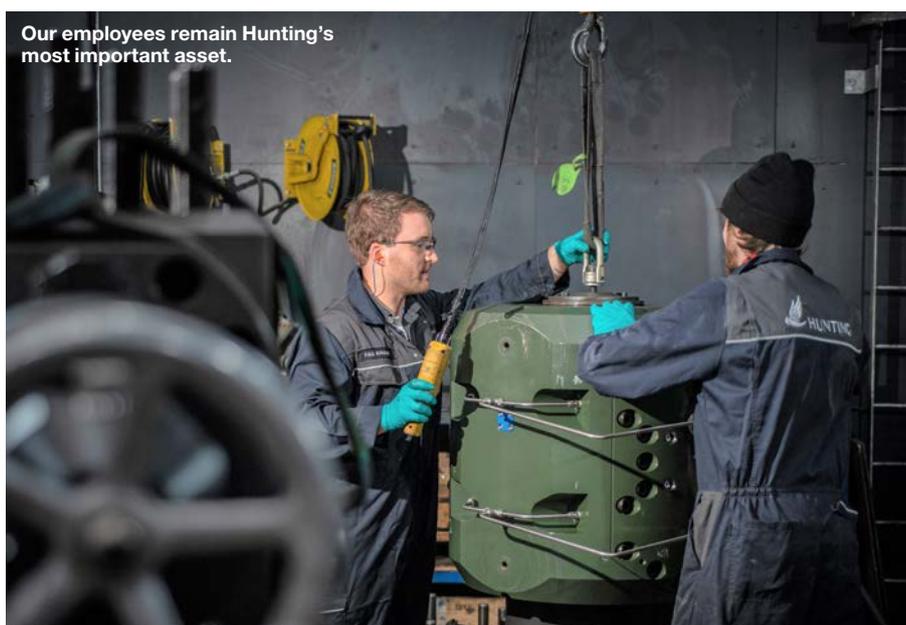
Following the exit from the pandemic and the increase in commodity prices seen from late 2021 and throughout 2022, the global subsea/offshore oil and gas market has shown clear signs of increased activity, with new projects being announced or sanctioned.

The Subsea Spring business has successfully entered a new market for its TSJs with a number of large order wins in the Gulf of Mexico and South America, whereby TSJs are applied to FPSOs. Management are confident that this new application will be adopted by other operators globally and see strong growth in this application in the short to medium term.

The Subsea Stafford and Enpro businesses also saw strong increases in enquiry levels throughout 2022 as operators developed more direct links with component and system suppliers.

It is these three businesses that will form the basis of Hunting's Subsea Technologies operating segment, which was formed on 1 January 2023.

During the year, a number of acquisition opportunities were reviewed, with the Board confident that with the strengthening of valuations, acquisitions in this space will increase in 2023, which will lead to opportunities for growth for this new operating segment.



Our employees remain Hunting's most important asset.

ii. Non-Oil and Gas Diversification

In the past two years, the Advanced Manufacturing group, comprising Hunting's Dearborn and Electronics business units, pursued new non-oil and gas opportunities and at the end of 2022 had a combined sales order book of \$121.1m. Of this figure, c.46% comprises orders from non-oil and gas sectors including medical, aviation, space, power generation and other military-related opportunities. As part of the Hunting 2030 strategic ambition, the Advanced Manufacturing group is now targeting a revenue profile of 70% non-oil and gas by the end of the decade, with the balance of sales being generated by the Group's core oil and gas activities.

iii. Formation of Global Energy Transition Sales Group

In December 2022, Hunting announced the formation of a global Energy Transition sales group to pursue opportunities within the geothermal and carbon capture markets, both of which are seeing strong growth profiles in the coming decades.

Hunting has many technologies and manufacturing capabilities that complement these markets, including its premium connections, couplings and valves and accessories manufacturing expertise.

The Board has set a medium-range sales target of c.\$100m by the end of the decade as part of its long-term strategic ambition.

iv. Launch of New Technology

The Group continues to develop and introduce new technology to clients. Research and development initiatives focus on increasing in-field safety, while also delivering completion efficiencies and lowering drilling and development costs for clients.

In 2022, Hunting Titan launched the H-3 Perforating System™ to customers. The new system increases in-field efficiencies but also lowers manufacturing costs to the Group due to increased automation of a number of production processes. A proportion of the Group's clients have migrated to the H-3 system during H2 2022, with these efforts continuing during 2023.

Hunting Titan has also launched a new proprietary Perf+ shooting panel for well completion procedures. The new panel enables more precise firing accuracy during a hydraulic fracturing procedure and has the ability to generate long-term, in-field cost reductions to clients.

After successful field trials in 2022, Hunting Titan will also launch an H-4 Perforating System™ in Q1 2023. This is a self-orienting system to improve firing and positioning accuracy during a well completion procedure.

v. Operational Footprint

The Group's operating footprint has been streamlined in the year with 29 operating sites (2021 – 31) and 14 distribution centres (2021 – 14) at the year-end.

In May 2022, the Group completed the consolidation of its facilities in Singapore, which led to efficiency gains and lower operating costs across the region, in addition to lowering the carbon footprint of the segment.

Launch of Hunting 2030

As the Group navigated COVID-19 and the slowly receding impact of the pandemic over the past three years, the Board spent a great deal of time discussing how to position Hunting for the next decade.

*H1 2022 profit from operations previously reported in the 2022 Half Year Report of \$1.7m has been adjusted for \$3.0m of legal fees incurred in defending the legal case for the patent infringement claim.

2022 has shown that energy security and robust energy policies are needed by many global governments, given that energy and power are key foundations for economic stability and growth. The cost of living crisis, particularly seen in Europe and other global economies, has underpinned the need for reasonably priced energy to be developed for the consumer. Oil and gas is a key part of the primary energy input, along with other sources including geothermal, nuclear, wind, hydro and solar power.

The Board continued to review its product and service offering and approved Hunting's strategy of retaining the Group's focus on being a key supplier of technology and high precision components to the oil and gas sector of the energy industry.

As part of this strategy, the Group will drive organic and acquisitive growth through its Subsea Technologies offering.

In parallel to the Group's ongoing commitment to focus on oil and gas, new initiatives to diversify Hunting's long-term revenue mix are now underway.

A key element of our long-term growth strategy is to become a significant supplier of key components and technologies to the geothermal and carbon capture sub-sectors of the energy industry. Hunting has a number of readily available technologies and products to supply this emerging sector including OCTG, connections, accessories, valves, couplings and subsea components to support both onshore and offshore projects.

Further, the Group accelerated its efforts to develop a higher proportion of its sales from non-oil and gas sources. Hunting's Advanced Manufacturing group has built significant order backlogs in sectors such as the medical, aviation, power generation and defence industries.

The resultant strategy is being launched as 'Hunting 2030', a broad-based ambition to retain the Group's focus on growing its energy-related businesses, but also to grow non-oil and gas sales to a meaningful proportion of revenue by 2030.

Outlook

The outlook for energy continues to be highly robust, given the demand projections for the year ahead, which continue to indicate a daily requirement of c.102m barrels of crude oil per day – or an increase of c.1.5m to 2.0m barrels per day over what was seen in 2022. The outlook for natural gas remains strong, as customers of Russia-origin natural gas move to other global LNG suppliers.

Despite some macro-economic concerns, the re-opening of China and material under investment in new oil and gas production since 2019 will likely lead to continued growth for all industry participants.

The commercialisation of new technology assists the Group in maintaining market leadership.



Commentators continue to project an average oil price for the year ahead of between \$75 to \$100 per barrel, which is a range that will support new activity in all basins globally. Overall, the short to medium term market outlook remains strongly positive given the economic fundamentals driving the global demand for oil and gas.

For Hunting, all the Group's businesses are seeing improving demand as onshore and offshore projects increase.

Across North America, investment in drilling is projected to grow further, following a strong performance in 2022. This will lead to a steady growth in the demand for our perforating systems, OCTG and accessories businesses.

Our newly formed Subsea Technologies operating segment has delivered strong growth in its revenue profile and sales order book over the past two years. This has been predominantly driven by the Subsea Spring business unit, but with strong market projections for subsea trees and SURF products, Hunting is well placed to capture strong growth in all of our deep water orientated technologies. These opportunities also extend to Hunting's OCTG and accessories businesses, which supply many offshore clients with critical components.

The Advanced Manufacturing group has built a robust sales order book during 2022, which reflects our pursuit of non-oil and gas sales as well as our existing energy-focused product lines.

With the newly formed Energy Transition sales group, Hunting is also well placed to drive a further diversification in our revenue profile, with a primary focus on geothermal and carbon capture projects, as announced separately today.

The EMEA and Asia Pacific operating segments continue to see strong increases in enquiries. There is likely to be good progress in the Middle East, as drilling investment increases, which will drive a return to profitability in the year ahead for these segments.

In summary, Hunting remains in a good position to invest in the market upturn to grow revenue and profitability in the year ahead. Management is targeting further EBITDA margin expansion as price increases, improved facility utilisation and production efficiencies continue to be pursued.

Overall, Hunting has demonstrated its resilience during the industry challenges associated with the effect of COVID-19, which is due to Hunting's committed and skilled workforce, underpinned by a world class HSE performance.

I would like to thank all of our employees for helping to guide Hunting through a particularly challenging period, but now look forward to a new growth phase in our chosen industry and our Company.

On behalf of the Board

Jim Johnson
Chief Executive

2 March 2023

Market Summary

“These market and broader economic conditions place Hunting in a strong position given its broad portfolio of products and services. Hunting’s core competencies can be applied to oil and gas production, onshore or offshore developments, conventional and unconventional projects as well as energy transition technologies.”

Introduction

2022 has seen a range of market movements within the global energy industry, some anticipated and others unforeseen.

During the year, the impact of the COVID-19 pandemic continued to lessen, which led commentators to correctly anticipate broad-based increases in industry activity as global economies continued to reopen and social distancing measures and travel restrictions were lifted.

A key theme, which was highlighted in the early months of 2022, was the under investment in oil and gas production during and preceding the pandemic. This was anticipated to bring supply pressures to the global oil and gas industry as economic growth accelerated and global hydrocarbon reserves continued to deplete.

Russia’s invasion of Ukraine has destabilised the economic balance of many western economies navigating the pandemic, with the price of energy and power increasing materially from February 2022 onwards.

The increase to the cost of living, whether that be in respect of the price of energy, transportation costs, interest rates and other impacts which have not been seen for many decades, has led to the increase in inflation. This has placed further pressures on global commerce as pay rises and increases to interest rates escalated economic pressures.

The overall effect of these various inputs was to put energy security and pricing at the top of most political agendas. The need for reasonably priced energy is now a key priority for many companies and governments to ensure inflation is brought under control.

Commodity Prices

The impact of Russia’s invasion has increased commodity prices and the supply pressures noted above were already being seen in the early months of the year, with the WTI crude oil price increasing from \$75 per barrel to \$92 per barrel in February 2022, when the conflict began.

From February 2022, the price of WTI crude increased to peak at \$124 per barrel in March as capital markets priced in higher supply risk.

In the second half of 2022, inflationary pressures caused by the invasion started to impact economic activity and medium-term growth forecasts, with most commentators projecting a global recession. This had the impact of softening global commodity prices in Q3 2022.

The average price for WTI crude in 2022 was \$94 per barrel, compared to \$68 per barrel in 2021.

Many commentators believe that WTI crude oil will trade between \$75 to \$100 per barrel during 2023, which will support industry activity in the year ahead.

The Henry Hub natural gas price averaged \$6.54 per mmBtu in the year, compared to \$3.72 per mmBtu in 2021. Similar to the WTI crude oil price, the supply/demand balance for gas was impacted by the invasion of Ukraine, with international gas markets shifting to support the changing supply dynamics in Europe as reliance on Russian-imported gas was reduced.

These market and broader economic conditions including higher drilling spend and rig counts place Hunting in a strong position given its broad portfolio of products and services.

Global Drilling Spend

With strengthening commodity prices, coupled with the further diminishing impact of the COVID-19 pandemic, activity levels and drilling spend across the oil and gas sector have accelerated during the year.

In total, global drilling and production spend has increased 40% from \$139.1bn in 2021 to \$195.1bn in 2022 as a broad-based increase in investment occurred as economic activity increased, coupled with the supply/demand impact of Russia’s invasion of Ukraine in March 2022.

Global onshore drilling spend increased 45% from \$97.3bn in 2021 to \$140.9bn in 2022, while global offshore spend increased 30% from \$41.8bn to \$54.2bn.

The outlook for 2023 remains extremely positive for the industry, with drilling spend projected to increase by 29% to \$251.8bn as global projects continue to be sanctioned.

Of note is the 34% increase in offshore spend, which are forecast to outpace the growth of onshore projects.

Global Rig Counts

Global rig counts reported similar growth trends as exploration and production companies re-commenced activity.

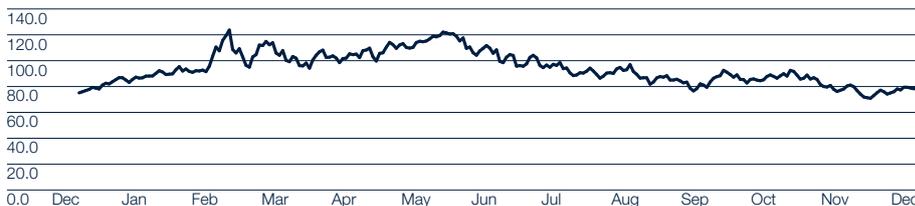
In total, global rig counts have increased 29% from 1,323 units in 2021 to 1,711 units in 2022.

Global onshore rig counts increased 31% from 1,158 units in 2021 to 1,521 in 2022, while global offshore rig counts increased 15% from 165 units to 190 units.

Going forward, 2023 is projected to see steady growth in the rig count, with a 14% increase anticipated, this being led by offshore activity, where a 18% increase in active units is forecast.

WTI Oil Price

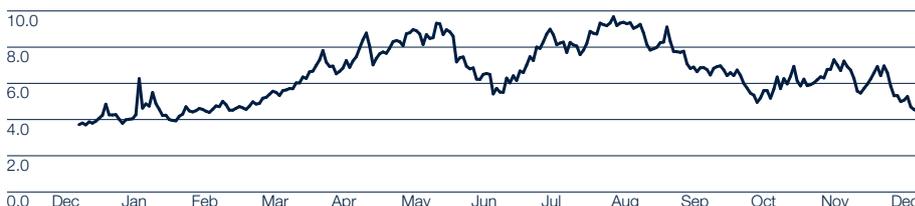
\$ per barrel



Source: FT.com.

Henry Hub Gas Price

\$ per mmBtu



Source: FT.com.



Global Drilling Spend

(\$bn)

● Onshore ● Offshore

2025f	203.8	87.8
2024f	194.2	81.3
2023f	179.4	72.4
2022a	140.9	54.2
2021a	97.3	41.8

Source: Spears & Associates – December 2022 Drilling and Production Report.

Global Rig Counts

(#)

● Onshore ● Offshore

2025f	1,888	254
2024f	1,828	241
2023f	1,721	224
2022a	1,521	190
2021a	1,158	165

Source: Spears & Associates – December 2022 Drilling and Production Report.

North America Drilling Spend

The North American region represents Hunting's largest trading market, with the majority of the Group's facilities located in the US and Canada. Drilling spend and rig count projections for this region, therefore, form a key input into the Group's short- to medium-term strategic planning. Across the US and Canada, drilling and production spend increased by 51% from \$79.1bn in 2021 to \$119.3bn. US onshore drilling makes up the majority of this increase in investment, with \$100.8bn spent in the year compared to \$67.3bn in 2021. Drilling spend in Canada increased 62% to \$15.1bn reflecting the continued investment in oil and gas resources in the country. Going into 2023, the outlook for the North America region remains robust, with a \$32.9bn increase in investment projected to \$152.2bn in the year ahead. The US onshore is projected to increase drilling spend by 29%, the US offshore is projected to increase by 38% and in Canada spend is likely to see 13% growth from 2022.

North America Rig Counts

During 2022, the North America rig count increased by 49% to an average of 898 active units. The US onshore rig count increased by 53% in the year to an average of 705 active units compared to 460 units in the prior year. In Canada, the average rig count increased 37% to an average of 178 units, up from 130 units in the prior year. Across the North American region, rig counts are projected to increase steadily in 2023, with an overall increase of 10% projected to average 986 units compared to 898 in 2022.

International Drilling Spend

During 2022, international drilling and production activity (defined as drilling spend outside of North and South America) was impacted by volatile market conditions as different approaches to the pandemic were applied. With the receding impact of COVID-19, coupled with the gradually increasing international sanctions on Russia and the ongoing impact of the COVID-19 response measures in China, 2022 has been a challenging year for many international operators. Supported by the increasing price of crude oil since February 2022, international drilling and production spend increased 26% from \$60.0bn in 2021 to \$75.8bn in 2022. These increases were more weighted to offshore drilling activity as new deep water projects continued to be sanctioned, however, onshore drilling projects also reported strong growth as the Middle East and South America drilling activity increased in the year. Looking forward to 2023, drilling spend is expected to increase by 32% to \$99.7bn, which represents stronger growth than 2022, providing a positive investment backdrop for Hunting's EMEA and Asia Pacific operating segments.

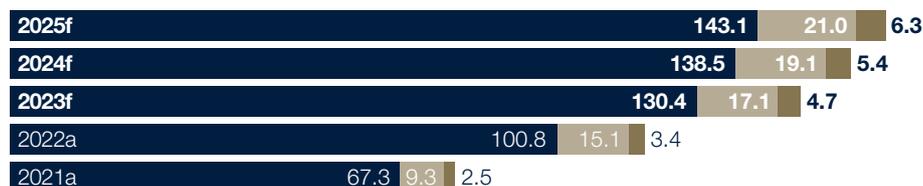
International Rig Counts

During 2022, international rig counts increased by 13% from an average of 719 active units to 813 units. In 2023, the pace of growth is also projected to be higher at 18% to average 960 units.

North America Drilling Spend

(\$bn)

● US onshore ● Canada ● US offshore

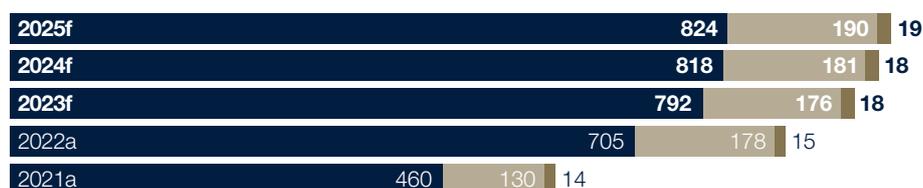


Source: Spears & Associates – December 2022 Drilling and Production Report.

North America Rig Counts

(#)

● US onshore ● Canada ● US offshore



Source: Spears & Associates – December 2022 Drilling and Production Report.

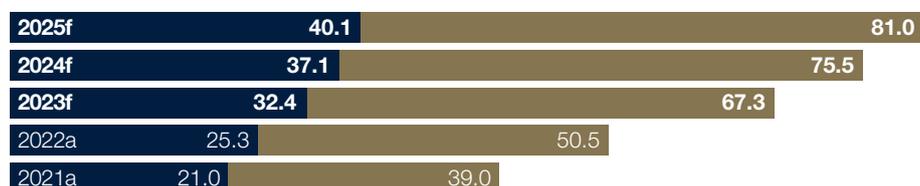
International drilling spend is poised to increase 32% in 2023.



International Drilling Spend

(\$bn)

● Onshore ● Offshore

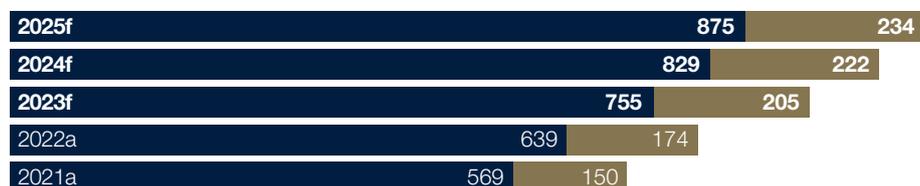


Source: Spears & Associates – December 2022 Drilling and Production Report.

International Rig Counts

(#)

● Onshore ● Offshore



Source: Spears & Associates – December 2022 Drilling and Production Report.

Non-Oil and Gas Markets – Geothermal

The Group has formed a global Energy Transition sales group to pursue opportunities in the geothermal and carbon capture and storage sub-sectors of the energy industry.

As noted in the chart on the right, the geothermal segment of the market is forecast to go through a period of significant growth with annual projected OCTG volumes increasing from c.150,000 to c.250,000 tonnes between 2022 and 2030, with growth being particularly strong in Asia Pacific where many new projects are planned.

As noted on pages 22 to 23, the Group has a variety of products and technologies aligned with the needs of these projects and also the market channels to enable Hunting to build a meaningful position in this market sub-sector.

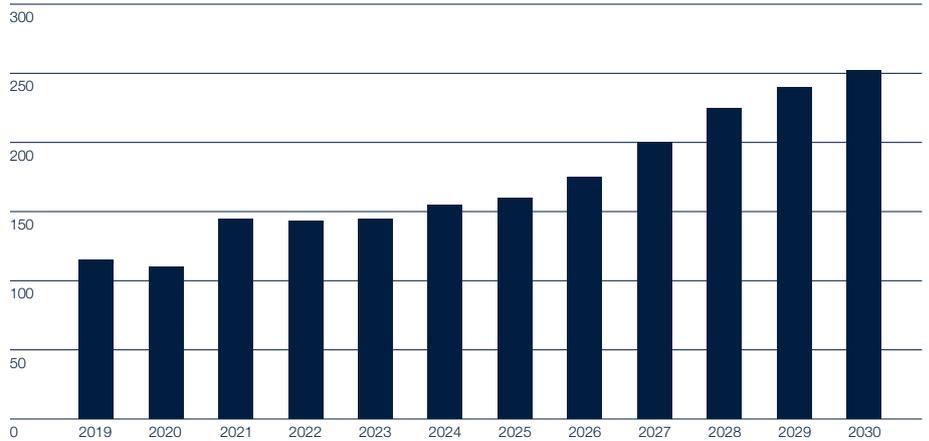
Non-Oil and Gas Markets – Carbon Capture

The global carbon capture and storage (“CCS”) market has also accelerated over the past few years, as companies look for ways to minimise carbon emissions, as well as utilise end of life oil and gas fields.

Commentators are projecting strong growth in the number of CCS projects up to the end of the decade, which will support Hunting’s ambition to develop a meaningful revenue stream from this sector over the next ten years.

The Energy Transition sales group believes that Hunting’s premium and semi-premium connections, OCTG supply channels, couplings and valves and other systems design expertise provide an immediate revenue opportunity for the Group. Key regions of growth include the US and Asia Pacific where investment and government support is accelerating.

Geothermal Market Projections (’000s tonnage of OCTG)

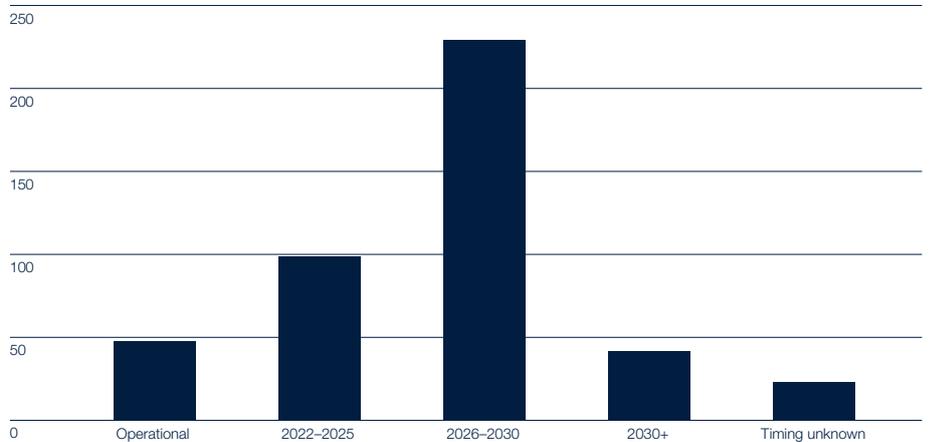


Source: Rystad Energy OCTG dashboard.



Geothermal OCTG tonnage is forecast to grow 129% between 2020 and 2030.

Carbon Capture and Storage Projects (Millions of tonnes per annum)



Source: Wood MacKenzie.

Key Performance Indicators

Our Progress

A number of key performance indicators are used to compare Hunting's business performance and position as well as the delivery of the strategic objectives of the Group. These are regularly reviewed to ensure they remain appropriate.

Overview	2022	2021	2020
Countries with active operations Countries in which Hunting has an active operating site or distribution centre.	11	11	11
Operating footprint (sq ft) Operation and distribution site square footage at year-end. This closely corresponds to "roofline" and includes administrative space within operating units.	2.7m	2.8m	2.8m
ISO 9001: 2015 (Quality) accredited operating sites Percentage of operating sites with ISO 9001: 2015 accreditation.	74%	80%	71%
Internal manufacturing reject rate Percentage of parts rejected during manufacturing processes.	0.13%	0.13%	0.24%
CO₂ intensity factor Scope 1 and 2 carbon dioxide equivalent metric, reported as kilogrammes per \$k of revenue.	30.2	36.2	40.6
Year-end employees The year-end headcount for employees includes part-time staff.	2,258	1,949	1,923
Number of recordable incidents An incident is recordable if it results in death or serious injury resulting in absence from work.	23	19	16
Total Recordable Incident rate (OSHA method) The US Occupational Safety and Health Administration ("OSHA") incident rate is calculated by multiplying the number of recordable incidents by 200,000 and then dividing that number by the number of labour hours worked.	0.97	0.99	0.67

Financial performance is measured on an adjusted basis from operations and, other than revenue, these measures are non-GAAP measures.

➔ For details on the movements of these metrics, please refer to the Group Review on pages 36 to 41.

Revenue (\$m)

Revenue is earned from products and services sold to customers from the Group's principal activities (see notes 2 and 3).

2022	725.8
2021	521.6
2020	626.0

EBITDA (\$m)*

Results before share of associates' and joint ventures' post-tax results, interest, tax, depreciation, impairment and amortisation (see NGM C).

2022	52.0
2021	3.1
2020	26.1

Adjusted Profit (Loss) from Operations (\$m)*

Adjusted profit (loss) from operations before net finance costs and tax (see NGM B).

	2022	14.6
	2021	-35.1
	2020	-16.4

Adjusted Operating Margin (%)*

Adjusted profit (loss) from operations as a percentage of revenue.

	2022	2
	2021	-7
	2020	-3

Adjusted Diluted Earnings (Loss) Per Share (cents)*

Adjusted earnings (loss) attributable to Ordinary shareholders, divided by the weighted average number of Ordinary shares in issue during the year adjusted for all potentially dilutive Ordinary shares (see NGM B).

	2022	4.7
	2021	-27.1
	2020	-10.0

Capital Investment (\$m)*

Cash spend on tangible non-current assets (see NGM M).

2022	16.4
2021	6.6
2020	14.7

Inventory Days*

Inventory at the year-end divided by adjusted cost of sales for the last three months of the year multiplied by 92 days (see NGM F).

2022	159
2021	163
2020	270

Return on Average Capital Employed (%)*

Adjusted profit (loss) before interest and tax, amended to include the share of associates' and joint ventures' post-tax results, as a percentage of average gross capital employed (see NGM R).

	2022	1
	2021	-4
	2020	-2

Free Cash Flow (\$m)*

All cash flows before transactions with shareholders and investment in non-current assets (see NGM O).

2022	-38.4
2021	54.4
2020	47.8

Total Cash and Bank (\$m)*

Total cash and bank comprises cash at bank and in hand, fixed term funds, short-term deposits with less than three months to maturity and money market funds less bank overdrafts (see NGM J).

2022	24.5
2021	114.2
2020	101.7

*Non-GAAP measure ("NGM") see pages 240 to 246.

Group Review



Bruce Ferguson
Finance Director

“Hunting is well positioned for 2023 and beyond, with a sales order book of \$473.0m at the year-end, compared to \$211.5m in 2021.”

Introduction

2022 has seen activity levels across all the Group's operating segments, as global economies continued to re-open following the COVID-19 pandemic. Despite some regional volatility, which impacted our Asia Pacific operating segment in the first half of the year, the prevailing commodity price environment has supported the increases in activity seen across the Group. This has led to a return to operating profit following two years of losses.

The positive commodity price environment has led to an increase in activity within Hunting's US businesses resulting in a strong performance from our Hunting Titan and North America operating segments. International energy markets have also improved materially in the year, in the first instance, due to the receding impact of COVID-19, but also due to the need for new investment in oil and gas production, following years of under investment in upstream operations. This has benefited the Group's North America, EMEA and Asia Pacific operating segments, which all reported year-on-year increases to revenue.

Energy security also returned to the top of most political agendas in the year. With the invasion of Ukraine by Russia, Western economies have re-evaluated their energy supply chains, resulting in new growth opportunities in regions such as the North Sea, as governments reduce their reliance on Russia-sourced oil and gas.

This geopolitical shift is likely to be positive for the Group in the long term given its operational exposure to low-risk oil producing countries, including Canada, South East Asia, UK and US.

Group revenue, therefore, increased in 2022 by 39% to \$725.8m compared to \$521.6m in 2021 as market conditions improved. Revenue in H1 2022 was \$336.1m, with EBITDA of \$23.6m* and in H2 2022 revenue strengthened further to \$389.7m, with EBITDA of \$28.4m. With increased volumes and better leveraging of fixed costs, the Group's EBITDA margin increased from 1% in 2021 to 7% in 2022 (H1 2022 – 7%; H2 2022 – 7%).

As activity levels improved, the growing investment in inventory has led to a reduced total cash and bank position at the year-end. At 31 December 2022, total cash and bank was \$24.5m compared to \$114.2m in the prior year. Working capital increased from \$278.0m in 2021 to \$362.8m to fund this growth in revenue and EBITDA.

Hunting is well positioned for 2023 and beyond, with a sales order book of \$473.0m at the year-end, compared to \$211.5m in 2021. Management estimates that \$402.3m of the current open orders will generate revenue in 2023, with the vast majority of the remaining \$70.7m due to be recognised in 2024. The increased duration of our order book reflects the development of our subsea and advanced manufacturing businesses.

*EBITDA for H1 of \$20.6m previously reported in the 2022 Half Year Report has been adjusted for \$3.0m of legal fees incurred in defending the legal case for the patent infringement claim.

Basis of Preparation

In line with current practice and guidance, the Group has presented its consolidated income statement on a statutory basis only, without an "underlying" or "middle" column. The Board believes that this enhances the transparency of the Group's financial statements. However, the Board continues to monitor the Group's progress using adjusted profitability measures, and reviews and approves the adjusting items proposed by management, as the Group believes these adjusted measures aid the comparison of the Group's operating performance from one period to the next. The Group's adjusted trading results have been highlighted in the narrative below, with reconciliations between the statutory and adjusted results detailed in NGM B. The definition and calculation of a range of other NGMs including EBITDA, total cash and bank, working capital, free cash flow and ROCE can be found on pages 240 to 246.

Market Summary

Global drilling and production spend increased 40% in 2022 to \$195.1bn compared to \$139.1bn in 2021. During the year, global onshore drilling spend was \$140.9bn compared to \$97.3bn in 2021, while global offshore drilling spend was \$54.2bn in 2022, compared to \$41.8bn in 2021. Across North America (being Canada and the US), drilling spend increased 51% from \$79.1bn in 2021 to \$119.3bn in 2022, while international spend increased 26% from \$60.0bn in 2021 to \$75.8bn in 2022.

As detailed in the Market Summary, the average North American rig count increased from 604 active units in 2021 to 898 units in 2022, while the international average rig count increased from 719 active units in 2021 to 813 units in 2022. This market data supports Hunting's financial performance in the year, as noted below.

Results from Operations

In 2022, the Group reported a 39% increase in revenue to \$725.8m (2021 – \$521.6m) driven by the higher activity levels and industry capital expenditure noted above. In H1 2022, the Group reported revenue of \$336.1m, which increased by 16% in H2 2022 to \$389.7m as activity and industry investment accelerated.

Gross profit in the year was \$171.4m compared to \$64.9m in 2021. This was driven by higher sales volumes and facility utilisation, leading to a better absorption of overheads. As noted in the Chief Executive's statement, the gross margin increased from 12% in 2021 to 24% in 2022.

Following the charges for selling and distribution costs, administration and other net operating expenses totalling \$169.4m (2021 – \$144.6m charges), profit from operations in 2022 was \$2.0m compared to a loss from operations of \$79.7m in 2021.

Revenue within the Hunting Titan operating segment increased 41% from \$189.3m in 2021 to \$266.0m as market conditions strengthened leading to higher levels of sales of pre-loaded perforating systems, detonation cord and associated instrumentation, coupled with the introduction of new technology, including the H-3 Perforating System™. The adjusted profit from operations was \$15.9m (2021 – \$0.9m loss) and following the adjusting item noted below, which totalled \$5.6m (2021 – \$8.1m), the reported profit from operations \$10.3m (2021 – \$9.0m loss).

The North America segment, which contains the Group's widest product offering and which services both offshore and onshore US, Canadian and international drilling markets, recorded a 37% increase in revenue from \$254.6m in 2021 to \$349.7m as domestic and international energy markets returned to growth. Of note has been the strong performance in the premium connections, OCTG and accessories manufacturing business units, where strong increases in revenue and sales order books have been recorded. In Canada, the business reported strong results in the year as activity improved, leading to robust sales and EBITDA being recorded within the business unit. The segment's Subsea Technologies business group has reported strong order wins in the year, particularly for its titanium stress joints, which are being deployed on to FPSO units in Guyana and in other regions such as the Gulf of Mexico.

While the sales order books within the Advanced Manufacturing group increased strongly in the year, some supply chain and labour constraints persisted throughout the year, leading to a financial outturn below management's expectations. The North America segment's adjusted profit from operations was \$8.1m (2021 – \$16.1m loss) and following the adjusting item noted below, which totalled \$7.0m (2021 – \$22.6m), the reported profit from operations was \$1.1m (2021 – \$38.7m loss).

The Group's EMEA operating segment has reported significantly reduced losses, following the restructuring of the European OCTG business group in December 2021. With the adoption of a less capital intensive business model in the UK, the segment has focused on threading services and OCTG logistics in the UK, leading to a positive sales performance as general market conditions improved. The segment's OCTG facility in the Netherlands approached full capacity towards second half of the year, following the commencement of an OCTG threading order for Tubacex, which is being deployed to Brazil. Sales across the Middle East also improved as the region returned to growth. The adjusted and reported loss from operations was \$6.0m as no adjusting items were recorded in the year. In 2021, the adjusted loss from operations was \$11.2m and the reported loss from operations was \$26.2m.

Despite ongoing COVID-19 lockdown measures in China leading to the closure of the Shanghai port in early 2022, the Group's Asia Pacific operating segment reported improved revenue, as activity across Asia Pacific and the Middle East increased. The business has seen a material increase in enquiries in the second half of 2022 and, in August 2022, won an \$86m order for OCTG and threading services with CNOOC. This order will be predominantly completed in 2023. The adjusted and reported loss from operations was \$3.4m as no adjusting items were recorded in the year. In 2021, the adjusted loss from operations was \$6.9m and the reported loss from operations was \$6.8m.

Group Segment Summary

Business unit	2022			2021		
	Segment revenue \$m	Adjusted** profit (loss) from operations \$m	Reported** profit (loss) from operations \$m	Segment revenue \$m	Adjusted** loss from operations \$m	Reported** loss from operations \$m
Hunting Titan	266.0	15.9	10.3	189.3	(0.9)	(9.0)
North America	349.7	8.1	1.1	254.6	(16.1)	(38.7)
Europe, Middle East and Africa	71.5	(6.0)	(6.0)	58.1	(11.2)	(26.2)
Asia Pacific	80.4	(3.4)	(3.4)	48.1	(6.9)	(6.8)
Central	–	–	–	–	–	1.0
Inter-segment elimination	(41.8)	–	–	(28.5)	–	–
Group total	725.8	14.6	2.0	521.6	(35.1)	(79.7)

**Adjusted results reflect adjusting items determined by management, which are described in NGM A. Reported results are based on the statutory results for operations as reported under UK adopted International Financial Reporting Standards.

Net finance expense during the year was \$1.7m (2021 – \$2.0m). Hunting's share of associates' and joint ventures' losses reduced from \$3.8m in 2021 to \$2.7m. The loss incurred in 2022 largely reflects the Group's share of losses in Rival Downhole Tools in which Hunting retains a 23.5% interest.

Following these charges, the Group's loss before tax was \$2.4m (2021 – \$85.5m loss).

The net charge for tax was \$1.3m in 2022 (2021 – \$4.2m). The effective tax rate ("ETR") was, therefore, (54)% (2021 – (5)%). The Group's ETR is significantly different to that which might be expected when applying the weighted average tax rate of 4% to the losses made by the Group. The main drivers of this difference continue to be the impact of the mix of profits and losses in different businesses, which is distorted when deferred tax is not fully recognised in loss-making jurisdictions, primarily the US.

Following the charge for tax, the loss for the year was \$3.7m (2021 – \$89.7m loss), with a loss of \$4.6m attributable to Hunting's shareholders, leading to a diluted loss per share of 2.8 cents (2021 – 53.2 cents loss per share).

Adjusting Items

During the year, the Group recorded two adjusting items. Following the annual review of goodwill, an impairment charge of \$7.0m was recognised in relation to Enpro Subsea. Hunting also incurred legal fees of \$5.6m in defending a claim made by a competitor against the Group relating to a patent infringement. These adjustments, which impacted profit from operations, totalled \$12.6m. In 2021, adjustments to profit from operations totalled \$44.6m, as shown in the table below, and included the amortisation of acquired intangible assets of \$6.7m; an \$8.6m impairment charge for the Fordoun property following the transaction with Marubeni-Itochu; and \$25.9m for inventory provisions largely related to the economic downturn following the COVID-19 pandemic. For further information, please see NGM A.

Adjusting Items

Adjusting item

	2022 \$m
Impairment of goodwill	(7.0)
Legal fees	(5.6)
Total adjustment to profit from operations	(12.6)

Adjusting item

	2021 \$m
Amortisation of acquired intangible assets	(6.7)
PPE impairments	(8.6)
Net inventory impairments	(25.9)
Restructuring costs	(2.0)
Settlement of warrant claim	(1.7)
Loss on disposal of business	(0.9)
Gain on disposal of Canadian assets	0.2
Gain on surrender of lease	1.0
Total adjustment to loss from operations	(44.6)
Gain on surrender of lease	(0.3)
Total adjustment to loss before tax	(44.9)

Non-GAAP Profit Measures

Group EBITDA of \$52.0m increased significantly from \$3.1m in 2021 due to the improved commercial backdrop observed during a large part of 2022, as shown in NGM C.

As discussed earlier, adjustments of \$12.6m were made to profit from operations resulting in adjusted profit from operations of \$14.6m, leading to an adjusted operating margin of 2%. In 2021, the adjusted loss from operations was \$35.1m after taking into account adjusting items of \$44.6m, resulting in an adjusted operating margin of (7)%.

Following the net interest charge and Hunting's share of losses from associates and joint ventures, adjusted profit before tax was \$10.2m in 2022. In 2021, after adjustments of \$44.9m, as shown in the table below, the adjusted loss before tax was \$40.6m.

There was no tax on either adjusting item in 2022, so the adjusted ETR for the year, as detailed in NGM D, was 13%. In 2021, there was a tax credit of \$0.7m on the adjusting items, leading to an adjusted ETR of (12)%.

The adjusted profit after tax attributable to Ordinary shareholders was, therefore, \$8.0m (2021 – \$43.7m loss), leading to adjusted diluted earnings per share of 4.7 cents (2021 – 27.1 cents loss per share).

Cash Flow

Hunting reported an EBITDA of \$52.0m in 2022 (2021 – \$3.1m) that, when adjusted for non-cash share-based payment charges, resulted in a cash inflow of \$61.9m (2021 – \$12.3m).

As noted above, activity levels have increased across the Group in the year leading to an investment in working capital. During 2022, there was an outflow of working capital totalling \$86.6m (2021 – \$22.8m inflow) as sales increased and inventory and raw material purchasing increased to keep pace with customer demand. Inventories, therefore, increased during the year, with a \$72.3m cash outflow recorded compared to a \$26.6m inflow in 2021.

However, inventory days (NGM F) have decreased from 163 days at the 2021 year-end to 159 days at 31 December 2022. Trade receivables increased by \$75.8m from \$157.2m in 2021 to \$233.0m in 2022, broadly in line with the increase in revenue recorded, resulting in a cash outflow of \$76.2m (2021 – \$19.0m outflow). Trade receivable days (NGM G) decreased to 84 days at 31 December 2022 compared to 87 days at the 2021 year-end despite an increase in the trade receivables balance. Trade payables increased with a \$61.9m inflow in the year.

During the year, the Group's leasing arrangements gave rise to cash payments of \$8.0m (2021 – \$10.6m). In 2021, lease payments included \$1.3m to exit a lease at Biggin Hill. The lower amount in 2022 also reflects the leases exited in relation to the Singapore facility consolidation and the change in the UK headquarters.

Net interest and bank fees paid in the year were \$2.9m, which reflected the increased costs of putting in place the ABL facility, offset by interest received on cash balances held across the Group during the year.

As a consequence of the Group's trading results across its varying jurisdictions, tax payments of \$3.9m were made in the year (2021 – \$0.6m tax received).

Proceeds from the disposal of assets and businesses totalled \$9.0m and included a net \$5.0m received following the sale of a property in Casper, Wyoming and a net receipt of \$2.4m to exit the leased property at Benoi Road in Singapore. In 2021, proceeds from the disposal of assets and businesses totalled \$35.9m, which predominantly related to the disposal of the UK OCTG business to Marubeni-Itochu as part of the European OCTG restructuring.

Gains on business and asset disposals of \$2.8m (2021 – \$0.6m gain) relate to gains on the disposal of PPE and held-for-sale assets.

Legal fees of \$5.6m were paid in the year to defend the Group against a patent infringement claim made by a competitor.

Summary Group Cash Flow	2022	2021
	\$m	\$m
EBITDA (NGM C)	52.0	3.1
Add: share-based payments	9.9	9.2
	61.9	12.3
Working capital movements (NGM L)	(86.6)	22.8
Lease payments	(8.0)	(10.6)
Net interest and bank fees paid	(2.9)	(0.4)
Net tax (paid) received	(3.9)	0.6
Proceeds from business and asset disposals	9.0	35.9
Net gains on business and asset disposals	(2.8)	(0.6)
Legal fees to defend patent infringement claim	(5.6)	–
Settlement of warranty claim	–	(1.7)
Restructuring costs	–	(2.0)
Other (NGM N)	0.5	(1.9)
Free cash flow (NGM O)	(38.4)	54.4
Capital investments (NGM M)	(16.4)	(6.6)
Intangible asset investments	(5.6)	(2.7)
Investments in businesses	(3.5)	(8.9)
Convertible financing – Well Data Labs	–	(2.5)
Dividends paid to equity shareholders	(13.6)	(12.8)
Net purchase of treasury shares	(7.7)	(7.6)
Net cash flow	(85.2)	13.3
Foreign exchange	(4.5)	(0.8)
Movement in total cash and bank (note 26)	(89.7)	12.5
Opening total cash and bank	114.2	101.7
Closing total cash and bank (NGM J)	24.5	114.2

In 2021, the Group paid \$1.7m to settle a warranty claim in relation to the transfer of assets, and their condition, as part of a corporate transaction in 2020.

Restructuring costs paid totalled \$2.0m in 2021, reflecting the limited changes to the Group's organisational structure in that year.

As a result of the above and other cash inflows of \$0.5m, a net outflow of \$38.4m for free cash flow was recorded compared to a net inflow of \$54.4m in 2021.

Capital investment increased during the year and totalled \$16.4m (2021 – \$6.6m). Expenditure in the year included \$3.9m for Hunting Titan, mainly in respect of the automation of the Pampa facility and the development of pre-loaded guns; \$7.2m for North America, with \$1.9m on recommissioning one of US Manufacturing's facilities and \$2.1m on Dearborn mostly in relation to a new shot peen machine; \$2.3m in respect of the relocation of the Group's facility in Tuas, Singapore, which was funded by the receipt of \$2.4m from the exit of the Benoi Road lease; and \$1.5m on the relocation to the UK's new headquarters in London.

Intangible asset investments were \$5.6m (2021 – \$2.7m), with \$1.6m in Hunting Titan relating to internal development costs for new products and technology, \$2.3m in software and IT infrastructure across the Group, and \$1.7m in relation to distribution rights.

During the year, the Group made a further investment in Cumberland Additive totalling \$1.6m, increasing the Group's equity share to 29.2%, and \$1.9m into its Indian joint venture with Jindal SAW.

In total, investments in associates and joint ventures were \$3.5m (2021 – \$5.1m). In 2021, the Group acquired the 40% non-controlling interest in HES UK, which was purchased from Marubeni-Itochu for \$3.8m.

During 2021, the Group provided \$2.5m in convertible financing to Well Data Labs.

Dividends paid to Hunting PLC shareholders in the year totalled 8.5 cents per share (2021 – 8.0 cents), which absorbed \$13.6m (2021 – \$12.8m). A 2022 Final Dividend totalling 4.5 cents per share has been proposed by the Board, which will be paid on 12 May 2023, subject to approval by shareholders at the Company's Annual General Meeting in April 2023.

During the year, 2.1m Ordinary shares were purchased as treasury shares through Hunting's Employee Benefit Trust for a total consideration of \$7.9m (2021 – \$7.9m). These shares will be used to satisfy future awards under the Group's share award programme. This was offset by \$0.2m (2021 – \$0.3m) received on the disposal of treasury shares.

Overall, in the year, the Group recorded a net cash outflow of \$85.2m (2021 – \$13.3m inflow), which was predominantly driven by the absorption of cash into working capital as noted above.

As a result of the above cash outflows and \$4.5m foreign exchange losses, total cash and bank was \$24.5m (NGM J) at the year-end (31 December 2021 – \$114.2m).

Balance Sheet

Property, plant and equipment was \$256.7m at 31 December 2022 (2021 – \$274.4m). Depreciation of \$26.6m, disposals of \$7.0m and other items of \$1.1m more than offset additions of \$17.0m to give the closing balance noted.

Right-of-use assets totalled \$26.0m at 31 December 2022 compared to \$24.7m at 31 December 2021. The movement during the year included additions of \$5.1m as new lease arrangements were entered into, largely in relation to the move of the Company's UK headquarters. Lease modifications were \$3.8m including a lease extension taken on a facility in Wuxi, China, offset by lease curtailments largely in relation to the change in the UK headquarters. Additions and modifications were offset by depreciation of \$6.4m and adverse foreign exchange movements of \$1.2m, leading to an overall net increase of \$1.3m being recorded.

Goodwill reduced by \$8.6m from \$164.1m to \$155.5m following an impairment charge of \$7.0m in relation to Enpro Subsea and adverse foreign exchange movements of \$1.6m.

Other intangible assets reduced by \$0.5m to \$35.7m at 31 December 2022. Additions of \$5.7m on internal development of new products, distribution agreements and software systems were offset by amortisation charges of \$4.4m and adverse foreign exchange movements of \$1.8m.

Investments in associates and joint ventures increased by \$0.7m to \$20.1m at 31 December 2022. The investment of \$1.9m in the joint venture company with Jindal SAW and the additional investment in Cumberland Additive of \$1.6m were offset by the Group's share of losses from associates and joint ventures recognised in the year of \$2.7m and adverse foreign exchange movements of \$0.1m.

Balance Sheet

Summary Group Balance Sheet	2022	2021
	\$m	\$m
Property, plant and equipment	256.7	274.4
Right-of-use assets	26.0	24.7
Goodwill	155.5	164.1
Other intangible assets	35.7	36.2
Investments in associates and joint ventures	20.1	19.4
Working capital (NGM E)	362.8	278.0
Taxation (current and deferred)	4.0	1.4
Provisions	(8.9)	(8.1)
Other net assets (NGM H)	4.3	2.7
Capital employed (NGM I)	856.2	792.8
Total cash and bank (NGM J)	24.5	114.2
Lease liabilities	(30.6)	(31.8)
Shareholder loan from NCI	(3.9)	(3.9)
Net (debt) cash (note 26)	(10.0)	78.5
Net assets	846.2	871.3
Equity shareholders' funds	844.6	869.9
Non-controlling interests	1.6	1.4
Total equity	846.2	871.3

As markets improved, the working capital requirements of the Group grew throughout the year, leading to an overall increase of \$84.8m (NGM E), with the balance at 31 December 2022 being \$362.8m (2021 – \$278.0m). Inventory increased by \$67.7m to \$272.1m at the year-end, which included inventory provisions of \$50.0m compared to provisions of \$59.5m in 2021. Receivables increased significantly by \$75.8m to \$233.0m as activity levels improved. The increases in inventories and receivables were partly offset by a \$58.7m increase in trade and other payables to \$142.3m.

Net tax assets on the balance sheet were \$4.0m at 31 December 2022 compared to a net tax asset of \$1.4m in the prior year. Net tax assets have risen largely as a result of the recognition of previously unrecognised deferred tax assets, reflecting improved profit expectations in certain business units in the UK and Middle East.

Provisions increased to \$8.9m (2021 – \$8.1m) in the year and other net assets increased by \$1.6m to \$4.3m (2021 – \$2.7m) as fees related to the Asset Based Lending facility were capitalised on inception.

As a result of the above changes, capital employed in the Group increased by \$63.4m to \$856.2m. The return on average capital employed was, therefore, 1% in 2022 compared to (4)% in 2021 (NGM R).

Net debt (note 26) at 31 December 2022 was \$10.0m (2021 – \$78.5m net cash). Net debt includes \$30.6m of lease liabilities, with little change from 2021. Total cash and bank balances decreased by \$89.7m during the year, as described above, to \$24.5m (NGM J).

Total equity at 31 December 2022 was \$846.2m, which, after non-controlling interests of \$1.6m, resulted in equity shareholders' funds of \$844.6m (2021 – \$869.9m).

This is a decrease of \$25.3m since 31 December 2021 and reflects the loss for the year attributable to equity shareholders of \$4.6m; dividends paid of \$13.6m; the net purchase of treasury shares of \$7.7m and adverse foreign exchange movements and other items of \$8.8m, being offset by a net credit of \$9.4m in relation to share awards.

Financial Capital Management

Hunting ended 2022 with a robust balance sheet and a total cash and bank balance of \$24.5m (2021 – \$114.2m). As previously reported, on 7 February 2022 the Group entered a new \$150m Asset Based Lending ("ABL") facility, which replaced the \$160m Revolving Credit Facility ("RCF").

Given the "covenant-light" structure of the ABL, the new facility has materially increased the Group's liquidity through the trading cycle and provides Hunting with a more flexible and reliable source of committed funding to pursue new growth opportunities.

In our Going Concern assessment on page 111, the Directors consider the likelihood that the Group will require access to the facility, or any other source of external funding, to support our existing operations in the next 12 months.

Capital employed is managed in order to ensure an appropriate level of financing is available for the Group's day-to-day operations. The balance of debt and equity is managed having due regard to the respective cost of funds and their availability.

The Group operates a centralised treasury function, with policies and procedures approved by the Board. These cover funding, banking relationships, foreign currency, interest rate exposures and cash management, together with the investment of surplus cash.

The Group operates in a number of geographic territories and results are generated in a number of different currencies. The US dollar is the most significant functional currency; however, where this is not the case, the Group is subject to the effects of foreign exchange rate fluctuations with respect to currency conversions.

Individual entities are generally required to borrow from the central treasury function in their functional currency. The treasury function's strategy is to manage its own currency exposure by using foreign exchange swaps to convert US dollars into the different currencies required by the entities. Spot and forward foreign exchange contracts are also used to mitigate the exposure caused by purchases and sales in non-functional currencies.

The Group's liquidity is monitored by the central treasury function on a daily basis and a variety of cash forecasts, looking at different time horizons, are prepared on a periodic basis.

Management's judgement is that the level of headroom available under the Group's total credit facilities provides ongoing flexibility and continues to support the business as outlined in this Strategic Report. Further detail on financial risks is provided within note 30.

\$160.0m Revolving Credit Facility

The Group retained access to its \$160.0m multi-currency RCF for the first five weeks of 2022, with covenants and terms remaining unchanged until the facility was cancelled on 7 February 2022, as part of the refinancing exercise detailed below.

No amounts were drawn in the facility up to its cancellation. The covenants that prevailed for the first few weeks of 2022, which exclude the impact of IFRS 16 adoption for covenant testing purposes, included:

- The ratio of net debt to consolidated EBITDA permitted under the revolving credit facility must not exceed a multiple of three times (the “leverage covenant”); and
- Consolidated EBITDA must also cover relevant finance charges by a minimum of four times (the “interest cover covenant”).

\$150.0m Asset Based Lending Facility

On 7 February 2022, the Company concluded a refinancing of its core borrowing facilities by entering into a \$150m Asset Based Lending (“ABL”) facility. The ABL facility has a four-year term maturing on 7 February 2026 and replaces the \$160.0m Revolving Credit Facility. An accordion feature of up to \$50.0m has also been agreed. Assuming there is lender support to do so at the appropriate time, this feature allows the Company to increase the total facility quantum to \$200.0m.

Although the ABL is a “covenant-light” funding solution, financial covenants are still a feature. However, unlike the RCF, the ABL financial covenants are only measured under certain conditions, principally once utilisation of the facility goes through a predefined threshold i.e. 87.5% of the “Line Cap” (“Line Cap” is defined as the lesser of the total facility amount and the Borrowing Base), at which point the Fixed Charge Cover Ratio (“FCCR”) is measured and must be complied with. The FCCR is a financial covenant that looks back over the trailing 12-month period to assess whether EBITDA covers the Company’s Fixed Charges at a ratio of at least 1:1.

The main objective of the refinancing was to deliver a more flexible funding arrangement, leveraging the strength of the Group’s balance sheet to unlock bank funding by linking the Group’s borrowing capacity to secured asset values rather than earnings. The ABL construct provides a degree of insulation against the historical cyclicalities of the oil and gas sector and the sensitivity of a conventional RCF earnings-based covenant regime.

The three asset classes that form the “Borrowing Base” against which bank capital can be advanced are North American trade receivables, inventories and freehold properties. These asset classes have demonstrated strong value resilience “through the cycle”. The Borrowing Base may be recalibrated periodically based on the then-prevailing in-scope asset values, as would be typical for facilities of this nature. Accordingly, availability under the ABL facility will fluctuate to the extent that the underlying asset values change over time, either up or down.

Whereas the RCF depended on a certain level of EBITDA being maintained to access the facility, the amount available in an ABL structure moves in line with the borrower’s balance sheet, which, in Hunting’s case, is historically much more stable than earnings. It is this robustness in Hunting’s balance sheet that underpins the commercial justification for moving the Group’s funding base from an earnings-based RCF into an ABL arrangement.

The collateral reporting cycle for the period ending 31 December 2022 delivered asset values (after the discounts as prescribed by the terms of the ABL credit agreement have been applied) amounting to \$164.3m. The difference between the total facility quantum available to the Company under the ABL (i.e. \$150.0m) and the discounted asset values described above was \$14.3m. This is referred to as “Suppressed Availability”. This figure represents the amount of over collateralisation provided by the Group and, subject to the constraints and thresholds described above in terms of when compliance with the FCCR covenant testing is triggered, means that not only does the entire \$150.0m remain available for utilisation by the Group, but collateral values can, in aggregate, move downwards by this amount before access to ABL proceeds are impeded.

Annual field examinations and asset appraisals are conducted by specialist, bank appointed, third-party valuation firms in order to assess the nature and commercial viability of the secured ABL assets, so that appropriate discounts, or “advance rates”, can be determined. The initial asset appraisals were completed in H2 2021 and consequently the advance rates to be applied in each category for the first 12 months of the ABL’s tenor were imputed. The annual review of the relevant prevailing discount rates was conducted during September and October of 2022. The findings of the Field Examiners concluded that no adjustment to the discount rates would be required.

As previously reported, the opening availability at 7 February 2022 was based on in-scope trade receivables and inventory balances only. The legal process to finalise accession of the in-scope freehold properties successfully completed on 7 July 2022, at which point an additional \$37.5m was added to the Borrowing Base, enabling access to the full \$150.0m facility quantum from that point onwards, again subject to the thresholds and constraints described above.

In January 2023, one of the banks in the ABL lending group provided a \$2.4m letter of credit in favour of one of the Group’s major customers, which has an expiration date of February 2026. This amount has been permanently carved out of the total facility amount that Hunting is able to utilise under the ABL.

In summary, the ABL structure continues to provide the Group with access to consistently higher levels of committed liquidity than would have been available under the now-cancelled RCF, due to significantly reduced sensitivity to the prevailing earnings environment.

It is management’s view that, despite the significant reduction in cash balances since December 2021 to fund the current increase in working capital, the Group’s primary source of financing remains resilient and continues to provide a strong foundation on which the strategic growth aspirations of the Company may be established.

Due to the exchange control restrictions in China, in the year, three additional working capital credit facilities totalling CNY240.0m (\$34.7m) were arranged to provide support for the large OCTG supply contract awarded to the Group’s Chinese subsidiary by CNOOC. The facilities were organised bilaterally between the Company and three local banks namely Bank of Jiangsu (CNY50.0m), ICBC (CNY25.0m) and HSBC China (CNY165.0m). The facilities have been arranged on an uncommitted, unsecured basis. Further details relating to the specifics of these facilities can be found in note 30.

On behalf of the Board



Jim Johnson
Chief Executive



Bruce Ferguson
Finance Director

2 March 2023

Segmental Review

Throughout 2022, Hunting has reported against four operating segments, which reflect the geographic split of our global businesses.

From 1 January 2023, Hunting will be reporting its Subsea Technologies businesses as a separate operating segment.

Hunting Titan

Hunting Titan launched new products in the year, including the H-3 Perforating System™, which aligns with evolving onshore completion techniques.

The segment also increased its manufacturing capacity for pre-loaded guns to address customer demand.

To meet the increasing activity across the oil and gas industry, Hunting Titan has invested in new capacity in Mexico.



North America

Hunting's North America operating segment has seen a strong return to growth in the year, as demand for OCTG and accessories manufacturing increased strongly as domestic and international projects restarted.

In Canada, Hunting's OCTG business has seen continued growth leading to good profits being reported, following the restructuring of the business in 2020.

The Advanced Manufacturing group increased its sales order book in the year, with strong progress being made to diversify revenue with non-oil and gas sales.

The Subsea Technologies group also has reported a strong run of large order wins in the year, particularly for its titanium and steel stress joints.



EMEA

During 2022, the Group transitioned its European OCTG operations to a new business model, following the restructuring that concluded at the end of 2021. Hunting now focuses on threading services and pipe logistics in the UK.

In the year, Hunting's Netherlands and Aberdeen facilities commenced a major OCTG threading order for Tubacex, which led to new shifts being added.

With the market growth seen in the Middle East, activity within the Group's Dubai and Saudi Arabia facilities increased.



Asia Pacific

While the Asia Pacific segment was impacted by the closure of the Shanghai port in the early part of the year, in H2 2022 the segment saw a strong return to growth as the impact of the pandemic declined.

The segment secured Hunting's largest ever OCTG order in August 2022, with a \$86m contract with CNOOC. This will predominantly be completed during 2023.

The segment has also consolidated its facilities in Singapore and has now integrated its OCTG, accessories and well intervention manufacturing capabilities into a single site.



Hunting Titan

		2022	2021
Market Indicators*			
US land – average rig count	#	705	460
US land – drilling spend	\$bn	100.8	67.3
Canada – average rig count	#	178	130
Canada – total drilling spend	\$bn	15.1	9.3
Revenue			
Perforating Guns and Hardware	\$m	106.1	66.1
Energetics	\$m	69.7	49.1
Instruments	\$m	70.7	61.9
Perforating Systems	\$m	246.5	177.1
Other Products	\$m	11.3	7.3
External revenue	\$m	257.8	184.4
Inter-segment revenue	\$m	8.2	4.9
Segment revenue	\$m	266.0	189.3
Profitability			
EBITDA	\$m	24.7	8.0
EBITDA margin	%	9	4
Operating profit (loss)	\$m	10.3	(9.0)
Adjusting items	\$m	5.6	8.1
Adjusted operating profit (loss)	\$m	15.9	(0.9)
Adjusted operating margin	%	6	0
Other Financial Measures			
Capital investment	\$m	3.9	1.1
Property, plant and equipment	\$m	51.9	54.0
Inventory	\$m	122.6	85.5
Operational			
Headcount (year-end)	#	656	517
Headcount (average)	#	595	449
Sales order book – external	\$m	29.8	13.7
Operating sites	#	5	5
Service and distribution centres	#	12	12
Operational footage	Kft ²	651	651

*Source: Spears & Associates – December 2022 Drilling and Production Report.

Introduction

Hunting Titan's business focuses predominantly on the US and Canadian onshore drilling and completion markets. The segment manufactures from five main operating sites, four in the US and one in Mexico.

Hunting Titan has a network of distribution centres throughout the US and Canada from which the majority of the segment's sales are derived. Hunting Titan also utilises the global manufacturing footprint of the wider Group to assist in meeting customer demand and, during the year, the Electronics business unit, which is part of the North America operating segment, continued to manufacture switches on behalf of Hunting Titan.

Market Overview

US onshore drilling and production spend increased by 50% in 2022 to \$100.8bn, up from \$67.3bn in 2021. The average US onshore rig count increased by 53% in 2022 to 705 active units compared to 460 units in 2021.

In Canada, drilling spend increased 62% from \$9.3bn in 2021 to \$15.1bn in 2022, while the average rig count increased by 37% in the year to 178 active units, compared to 130 units in 2021.

This market data underpins the strong growth in the performance of Hunting Titan throughout the year driven by the higher price for WTI crude oil along with the increase in the number of active frac jobs reported in the year.

Segment Performance

Segment revenue increased 41% to \$266.0m (2021 – \$189.3m), given the continued strengthening of US and Canadian onshore drilling markets seen throughout the year. During the year, Hunting Titan's international sales increased by 24% from \$27.2m in 2021 to \$33.6m in 2022, as drilling increased within Asia Pacific, the Middle East and South America. Further, inter-segment sales increased 67% from \$4.9m in 2021 to \$8.2m in 2022.

EBITDA for the year was \$24.7m up significantly from \$8.0m in 2021, with an EBITDA margin of 9% compared to 4% in 2021, reflecting the improved performance in all four of the segment's revenue streams.

Profit from operations for the year was \$10.3m (2021 – \$9.0m loss), which reflects the higher production volumes recorded during 2022 as market activity increased, coupled with the impact of some price increases implemented.

An adjusting item totalling \$5.6m was charged in the year, relating to legal expenses incurred in defending a patent infringement challenge from a competitor.

Adjusted profit from operations was therefore \$15.9m for the year (2021 – \$0.9m loss).

Hunting Titan's revenue streams are divided into four sub-groups: (i) perforating guns and hardware; (ii) energetics; (iii) instruments; and (iv) other.

Perforating Guns and Hardware

Sales of Perforating Guns and Hardware increased 61% in the year from \$66.1m in 2021 to \$106.1m in 2022.

During the year, Hunting Titan has introduced the H-3 Perforating System™ to clients in North America. The system allows for in-field efficiency increases in well completion procedures, as well as allowing internal manufacturing efficiencies to be captured to improve production costs. Across the year, there has been strong customer acceptance of the new system and sales volumes have increased steadily throughout.

Internationally, the Group has focused its sales efforts on the E-Gun™ perforating system and in the year saw increased sales volumes in South America and the Middle East.

In line with the evolving industry, demand for pre-loaded gun ("PLG") systems has increased in the year, driven in part by the focus on completion costs by clients. Sales volumes of PLG systems have increased 98% in the year, with the Group now stocking PLGs at its Milford, Pampa, Williston and Brockway facilities.

In H2 2022, the Group began an investment programme to expand the manufacturing of perforating systems at the Group's Mexico facility, to support demand in North and South America.

With this new capacity coming on stream during 2023, the Group is planning to increase its manufacturing volumes of gun systems by c.20% during 2023.

Energetics

During 2022, sales volumes of energetics charges also increased as market activity recovered, leading to higher year-on-year revenue. Price increases were implemented during the year as demand increased. Overall, sales of Energetics increased 42% in the year from \$49.1m in 2021 to \$69.7m in 2022.



Titan has invested in new perforating system manufacturing capacity in Mexico to meet demand across North America.

Following investment in the production of detonating cord since 2020, Hunting Titan sold c.2.0m feet to both internal and external clients during the year compared to c.0.5m feet in 2021, with manufacturing volumes increasing steadily with demand throughout 2022.

Instruments

Sales of addressable switches and instruments have increased materially in the year and have outperformed management's expectations.

Due to component supply chain constraints, and to ensure the Group delivered for its customers in the year, Hunting Titan focused its switch sales to those integrated into the Group's perforating systems.

Sales volumes of addressable switches increased c.10% in the year as commodity prices and the rig count continued to strengthen throughout the year. Overall, sales of instruments increased 14% in the year from \$61.9m in 2021 to \$70.7m in 2022.

New Technology

Hunting Titan continues to develop and introduce new technology to clients to support in-field activity, in the drive to increase safety and lower completion costs.

In late 2022, Hunting Titan launched a new high temperature rated ControlFire™ switch, which allows for new markets to be pursued domestically in the US and internationally.

The Group will shortly be launching the H-4 Perforating System™, which is a self-orientating system that will improve the accuracy of well completions. Along with H-4™, EQUAFrac OP™, a new line of consistent hole shaped charges designed for the H-4™ will also be launched.

Hunting will also be launching a new Perf+ shooting panel to clients during 2023. The new panel will have the ability to automate firing and increase accuracy during a frac-job and will support further in-field efficiencies for the Group's clients.

Manufacturing and Distribution

At the year-end, Hunting Titan operated from five operating sites and 12 distribution centres, located in the US and Canada.

Hunting Titan has invested in additional detonating cord capacity.



Other Financial Information

During the year, Hunting Titan recorded capital investment of \$3.9m (2021 – \$1.1m) mainly relating to new production capacity in Mexico, investment in new automated manufacturing cells at the Group's Pampa facility, in addition to new equipment purchases for the Milford and Wichita Falls facilities.

Inventory increased by \$37.1m to \$122.6m in the year, as market conditions improved across all areas of the business, coupled with the forward purchasing of critical components and raw materials.

As the US onshore drilling market improved throughout the year, selected recruitment commenced within the segment, leading to a 27% year-on-year increase in headcount to 656 (2021 – 517).

North America

		2022	2021
Market Indicators*			
US land – average rig count	#	705	460
US offshore – average rig count	#	15	14
US – total drilling spend	\$bn	104.2	69.8
Canada – average rig count	#	178	130
Canada – total drilling spend	\$bn	15.1	9.3
Revenue			
OCTG and Premium Connections	\$m	154.3	97.1
Advanced Manufacturing	\$m	67.3	55.4
Subsea Technologies	\$m	69.0	58.8
Intervention Tools	\$m	10.5	5.8
Other product lines	\$m	24.0	15.8
External revenue	\$m	325.1	232.9
Inter-segment revenue	\$m	24.6	21.7
Segment revenue	\$m	349.7	254.6
Profitability			
EBITDA	\$m	30.1	6.0
EBITDA margin	%	9	2
Operating profit (loss)	\$m	1.1	(38.7)
Adjusting items	\$m	7.0	22.6
Adjusted operating profit (loss)	\$m	8.1	(16.1)
Adjusted operating margin	%	2	-6
Other Financial Measures			
Capital investment	\$m	7.2	4.1
Property, plant and equipment	\$m	180.0	195.1
Inventory	\$m	108.7	78.1
Operational			
Headcount (year-end)	#	973	836
Headcount (average)	#	909	837
Sales order book – external	\$m	312.5	156.4
Operating sites	#	13	14
Service and distribution centres	#	2	2
Operational footage	Kft ²	1,324	1,380

*Source: Spears & Associates – December 2022 Drilling and Production Report.

Introduction

Hunting's North America segment incorporates the US businesses and the OCTG business in Canada, and generates revenue from most of the Group's product lines.

The main areas of focus, for most businesses in the segment, are the domestic US and Canada markets, with the Subsea and Advanced Manufacturing businesses more internationally focused. In addition, the segment manufactures components on behalf of Hunting Titan, when required.

The segment also generates a large proportion of the Group's non-oil and gas sales, which are derived from the Advanced Manufacturing group and the Trenchless business that services the telecommunications sector.

Market Overview

US total drilling and production spend increased by 49% in 2022 to \$104.2bn, up from \$69.8bn in 2021, driven by higher commodity prices reported during the year.

The average US onshore rig count increased by 53% in 2022 to 705 active units compared to 460 units in 2021, which supported Hunting's onshore businesses within the North America segment. The average US offshore rig count increased in the year to 15 active units compared to 14 units in 2021.

In Canada, drilling spend increased by 62% from \$9.3bn in 2021 to \$15.1bn in 2022, while the average rig count increased by 37% in the year to 178 active units compared to 130 units in 2021.

Segment Performance

In 2022, segment revenue increased by 37% from \$254.6m in 2021 to \$349.7m in 2022 as activity and enquiry levels improved materially during the year. Price increases have been implemented across most product lines within the segment as market conditions improved and demand increased, leading to EBITDA of \$30.1m (2021 – \$6.0m) and an EBITDA margin of 9% (2021 – 2%).

The segment recorded a profit from operations of \$1.1m (2021 – \$38.7m loss), reflecting the higher volumes and prices recorded across the period.

Adjusting items totalled \$7.0m in the year and comprise the goodwill impairment of the Enpro Subsea business unit. Adjusting items in 2021 totalled \$22.6m and mainly comprised the inventory provision of \$18.9m.

After adjusting items, the segment recorded an adjusted profit from operations of \$8.1m (2021 – \$16.1m loss) and an adjusted operating margin of 2% (2021 – (6)%).

OCTG and Premium Connections

The Group's North America OCTG, Premium Connections and Accessories manufacturing businesses saw strong growth during 2022 as activity levels within Hunting's core trading markets accelerated.

During the year, demand for Hunting's proprietary TEC-LOCK Wedge™ semi-premium connection continued to accelerate as US onshore clients increased drilling activity. As the year progressed, enquiries for offshore drilling projects increased, utilising the Group's SEAL-LOCK™ and WEDGE-LOCK™ connections and, notably, in larger diameter sizes more common with deep water drilling projects.

In Canada, the segment's OCTG business saw a strong performance in the year as drilling expenditures and rig counts increased. Following the restructuring of the Group's Canadian business in 2020, which saw the closure of the manufacturing facility and the adoption of a third-party outsourced manufacturing business model, the business has returned to profitability, driven by demand for Hunting's TKC-4040™ connection.

The sales order book within the Premium Connections business unit has more than tripled during 2022, reflecting the strengthening outlook for both onshore and offshore activity across the region, with a strong outlook for 2023 anticipated.

The Accessories Manufacturing business unit saw a similar increase to its sales order book in the year, which has supported the domestic growth seen across Hunting's US businesses, but has also successfully won material orders for offshore drilling projects in South America where activity has grown strongly, particularly in Brazil and Guyana, as development projects continue to be sanctioned. All facilities within this business group have moved to a two shift pattern during the year, reflecting the steadily increasing demand of most products.



Well intervention equipment being prepared for shipping.

Further, as market conditions improved, price increases were implemented on most product lines within these businesses.

Advanced Manufacturing

The Advanced Manufacturing group has seen its total sales order book increase by 55%, ending 2022 with a value of \$121.1m.

The Hunting Dearborn business unit made strong in-roads into building its non-oil and gas business, with new order wins in the power generation, aviation and space sectors being secured in the year. Hunting Dearborn's sales order book was \$71.3m at the year-end and comprised c.68% of non-oil and gas work. During 2022, the business experienced some supply chain constraints, particularly in the sourcing of high-nickel alloy raw materials, which has slowed the delivery of some orders. However, this issue receded as the year has progressed.

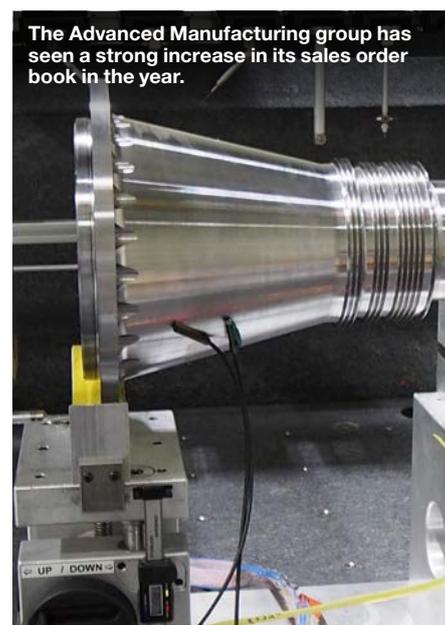
Within the Hunting Electronics business unit, the sales order book has also increased steadily in the year and reached \$49.8m at the year-end. The business was impacted by supply constraints for microchips during the year, which affected all industries, and led to performance below management's expectations. However, this issue is declining and the business is likely to see a strong 2023 as the above order book is worked through. The Electronics business is also pursuing more non-oil and gas revenue and, as part of the Hunting 2030 strategic ambition, now targets a sales mix of 70% of non-oil and gas sales by the end of the decade.

Subsea Technologies

2022 was a strong year of growth for the Group's Subsea Technologies business group, which comprises the Spring, Stafford and Enpro business units. Subsea Technologies' sales order book has increased by 139% to \$105.1m at the end of the year.

The Subsea Spring business unit won a number of large orders during the year to supply its steel and titanium stress joints ("TSJs") to clients operating in the Gulf of Mexico and in South America, which will be for subsea developments tying back to traditional floating production platforms and FPSO facilities. The latter application is particularly innovative as the use of TSJs improves the cash flow efficiencies of an FPSO as more oil can be removed from these vessels over time, bringing the oil to market quicker and thus generating cash flows for operators in shorter timescales. This innovative design, of hanging the stress joints from the porches above the water line, drastically improves safety and simplifies installation procedures. The Subsea Spring business believes that TSJs can be applied to all new-build FPSOs globally and, therefore, sees strong growth opportunities in Africa and Asia Pacific, as well as good growth in the US and South America.

The Stafford business unit saw a strong increase in enquiry levels for its hydraulic valves and couplings in the year as global activity levels increased.



The Advanced Manufacturing group has seen a strong increase in its sales order book in the year.

The Enpro business unit reported a more challenging year as new projects utilising its technology did not materialise in the time frames anticipated by management. However, in line with the rest of the segment, the outlook for Enpro's Flow Access Modules, in addition to Energy Transition opportunities, positions the business positively for 2023.

As noted elsewhere, the Subsea Technologies business group will be a separate operating segment of the Group with effect from 1 January 2023.

Well Intervention

The Group's well intervention business saw good growth in the year as clients recommenced the purchasing of capital equipment, leading to a much-improved financial performance.

Other Product Lines

The Trenchless business unit reported a particularly strong year as telecommunication infrastructure programmes across the US continued, which generated strong demand for the business' drill stems. Given that the rollout of 5G networks across the US will continue into the medium term, the outlook for this business is extremely promising.

Other Financial Information

During the year, the North America segment recorded capital investment of \$7.2m (2021 – \$4.1m), as new equipment was purchased at a number of the segment's facilities.

Inventory increased by \$30.6m to \$108.7m as activity increased across all of the segment's business units.

The year-end headcount increased to 973 (2021 – 836), as rehiring recommenced across most business units, in line with the sales order book increases noted elsewhere in this report.

EMEA

(Europe, Middle East and Africa)

		2022	2021
Market Indicators*			
Europe – average rig count	#	74	82
Europe – well count	#	687	717
Europe – spend	\$bn	14.5	12.6
North Sea – average rig count	#	30	26
North Sea – spend	\$bn	13.4	11.2
Middle East – spend	\$bn	19.0	16.5
Revenue			
OCTG and Premium Connections	\$m	32.4	30.3
Intervention Tools	\$m	20.9	15.4
Perforating Systems	\$m	5.4	4.6
Other product lines	\$m	10.6	7.4
External revenue	\$m	69.3	57.7
Inter-segment revenue	\$m	2.2	0.4
Segment revenue	\$m	71.5	58.1
Profitability			
EBITDA	\$m	(2.1)	(7.3)
EBITDA margin	%	-3	-13
Operating loss	\$m	(6.0)	(26.2)
Adjusting items	\$m	-	15.0
Adjusted operating loss	\$m	(6.0)	(11.2)
Adjusted operating margin	%	-8	-19
Other Financial Measures			
Capital investment	\$m	0.7	0.5
Property, plant and equipment	\$m	14.3	9.7
Inventory	\$m	23.6	23.1
Operational			
Headcount (year-end)	#	247	224
Headcount (average)	#	226	220
Sales order book – external	\$m	28.3	21.8
Operating sites	#	8	8
Operational footage	Kft ²	236	236

*Source: Spears & Associates – December 2022 Drilling and Production Report.

Introduction

Hunting's European operations comprise businesses in the UK, Netherlands and Norway. These operations provide OCTG (including threading, pipe storage and accessories manufacturing) and well intervention products in the UK; OCTG and well testing equipment manufacturing in the Netherlands; and well intervention services and distribution in Norway.

Hunting's Middle East operations are located in Dubai, UAE and Dammam, Saudi Arabia. The Group's operations in Saudi Arabia are through a 65% arrangement with Saja Energy.

Market Overview

Activity across the EMEA region has increased as energy security and the higher commodity price environment stimulated new activity.

Within Europe, drilling spend increased 15% from \$12.6bn in 2021 to \$14.5bn in 2022. Of note has been the increase in the average rig count in the UK North Sea from 8 to 10 units, which supported Hunting's UK OCTG business.

In the Middle East region, drilling spend also increased by 15% from \$16.5bn in 2021 to \$19.0bn in 2022. The rig counts in Iraq and Saudi Arabia have also increased strongly at 33% and 18% respectively, reflecting the restart of drilling following the exit from the COVID-19 pandemic.

Segment Performance

The EMEA operating segment's revenue increased by 23% in the year from \$58.1m in 2021 to \$71.5m in 2022. The segment's EBITDA loss narrowed during the year and was \$2.1m compared to a loss of \$7.3m in 2021 and the EBITDA margin went from (13)% to (3)%.

The loss from operations was \$6.0m (2021 – \$26.2m loss) for the year. There were no adjusting items for the year. In 2021, the adjusted loss from operations for the segment was \$11.2m after adjustments totalling \$15.0m, including impairments to the carrying values of PPE and inventories being recorded.

OCTG and Premium Connections

2022 has been a year of transition for the segment, following the restructuring of the European OCTG business in December 2021. The UK business unit successfully won new clients, including new threading contracts for clients operating in the North Sea, but also increased its pipe storage and logistics business for a wider range of customers who operate in the region.

The Group's Netherlands facility also had a successful year, with the business winning an OCTG threading contract with Tubacex for a project in Brazil. The contract began in March 2022 and continued throughout the year, with a third shift being added in Holland during Q3 2022 to complete this important order. Hunting's Aberdeen threading and accessories manufacturing business has supported this contract and increased to two shifts in 2022.

Well Intervention and Well Testing

The segment saw a notable increase in enquiries for well intervention products in the second half of the year, as clients recommenced capital equipment purchasing. Of note has been the increase in activity in Saudi Arabia and Norway, where new orders were secured as activity increased.

The Group's Well Testing business unit recorded a steady performance in the year.

Organic Oil Recovery

Hunting's licensed Organic Oil Recovery ("OOR") technology made strong progress towards commercialisation during 2022, following COVID-19 delays in pilot tests.

During the year, the business progressed dialogue with clients operating in Angola, Kuwait, Nigeria, Oman, Saudi Arabia and the UK, most of which have progressed to formal dialogue with respect to pilot tests and reservoir treatments to improve oil recovery within end-of-life fields.

Of note has been the Scott field treatment in the UK, which commenced in November 2022. CNOOC, the operator of the field, has accelerated its plans for this technology following the initial treatment and test results reported in 2021.

Other Financial Information

During the year, there was limited investment in property, plant and equipment.

Inventory increased marginally to \$23.6m compared to December 2021 of \$23.1m.

There was an increase in the average headcount from 220 at the end of 2021 to 226. As part of the segment's restructuring, 11 employees were transferred to Marubeni-Itochu in 2022.

Asia Pacific

		2022	2021
Market Indicators*			
Far East – average rig count	#	171	160
Far East – spend	\$bn	17.9	12.6
Middle East – spend	\$bn	19.0	16.5
Revenue			
OCTG and Premium Connections	\$m	68.6	42.0
Other product lines	\$m	5.0	4.6
External revenue	\$m	73.6	46.6
Inter-segment revenue	\$m	6.8	1.5
Segment revenue	\$m	80.4	48.1
Profitability			
EBITDA	\$m	(0.7)	(3.6)
EBITDA margin	%	-1	-7
Operating loss	\$m	(3.4)	(6.8)
Adjusting items	\$m	-	(0.1)
Adjusted operating loss	\$m	(3.4)	(6.9)
Adjusted operating margin	%	-4	-14
Other Financial Measures			
Capital investment	\$m	2.6	0.4
Property, plant and equipment	\$m	7.7	6.5
Inventory	\$m	19.3	18.8
Operational			
Headcount (year-end)	#	309	302
Headcount (average)	#	301	341
Sales order book – external	\$m	102.4	19.7
Operating sites	#	3	4
Operational footage	Kft ²	531	545

*Source: Spears & Associates – December 2022 Drilling and Production Report.

Introduction

Hunting's Asia Pacific operating segment covers three operating facilities across China, Indonesia and Singapore and services customers predominantly in Asia Pacific and the Middle East. In Singapore, Hunting manufactures OCTG premium connections and accessories and well intervention equipment. The Group's Indonesia facility completes threading and accessories work. In China, the Group operates from a facility in Wuxi, which has OCTG threading and perforating gun manufacturing capabilities.

Market Overview

Across the Asia Pacific region drilling spend increased 42% from \$12.6bn in 2021 to \$17.9bn in 2022, with the average rig count increasing 7% as activity improved rising from 160 to 171 units as drilling increased in Indonesia, Malaysia, Thailand and Vietnam.

As noted previously, Middle East drilling spend increased 15% in the year from \$16.5bn in 2021 to \$19.0bn in 2022, with the increases being led by new drilling in Iraq and Saudi Arabia.

In China, drilling spend is estimated to have increased 5% from \$23.4bn in 2021 to \$24.5bn in 2022.

Segment Performance

Revenue in the year increased 67% to \$80.4m compared to \$48.1m in the prior year, as market conditions improved, particularly in the second half of the year. In the early months of 2022, the segment's performance was impacted by the closure of the Shanghai port, which led to raw material supply chain constraints. However, this position eased in the second half of the year.

The segment's EBITDA loss narrowed from \$3.6m in 2021 to \$0.7m in 2022, and the EBITDA margin improved from (7)% to (1)%. The loss from operations for 2022 was \$3.4m compared to \$6.8m in 2021. There were no adjusting items in the year. The adjusted loss from operations in 2021 was \$6.9m.

OCTG and Premium Connections

In H1 2022, the segment saw reduced trading as raw material supply chain constraints resulted from the closure of the Shanghai port in China. However, as these restrictions were lifted, the performance of the segment improved in the second half.

In May 2022, the Singapore facilities were consolidated into a single site in the Tuas port region. The new facility, totalling c.58,200 sq ft, now provides OCTG, accessories and well intervention manufacturing in a single location. This will increase efficiencies and lower the carbon footprint of the Group's operations in the region.

In August 2022, the Group announced a major OCTG supply contract with CNOOC, which management estimates to be valued at up to \$86m. The order requires China-sourced OCTG to be threaded with Hunting's proprietary SEAL-LOCK XD™ premium connection and will be used in an offshore drilling project. The majority of the order will be completed during 2023.

During the year, a key development for the business was the recommencement of drilling in the Kurdistan region of Iraq and Kuwait, as COVID-related restrictions were lifted. In H2 2022, new tenders were issued, with the Group securing a number of orders with operators in the region. The outlook for new opportunities is extremely promising as drilling and market conditions improve across the Middle East.

India Joint Venture

During the year, the Group progressed the development of its new threading facility in the Nashik province, adjacent to Jindal SAW's steel mill.

In H2 2022, equipment deliveries and staff training commenced, with new employees visiting the Group's Singapore and US facilities.

Threading is due to commence in H1 2023 to take advantage of the domestic oil and gas market across the Indian sub-continent, as local materials sourcing requirements imposed by the government on new oil and gas drilling projects increase.

New Technology

In parallel with the segment's traditional oil and gas activities, Hunting continued its collaboration with Helios Energy to develop and manufacture micro-hydro generators. Installations were completed in the Philippines in the year, following successful trials in 2021.

The segment is also developing its network within the geothermal sub-sector of the market, as new projects are commissioned across the region.

Other Financial Information

Inventory increased during the year to \$19.3m (2021 – \$18.8m).

Additions of \$2.6m to PPE in the year were modest and includes the \$2.3m investment in the new Singapore facility, which was funded by the receipt of \$2.4m to exit the Benoi Road facility.

There was a slight increase in the headcount from 302 to 309 in the year, as activity levels improved.

Our Business Model

Hunting's financial and operational resources enable us to leverage our core competencies in systems design and production, precision engineering and quality print-part manufacturing. This allows us to add value for our stakeholders.



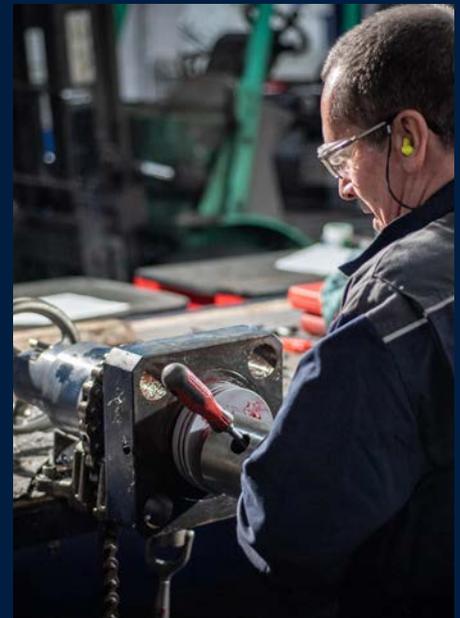
We have a strong brand and reputation

Hunting's standing in the global oil and gas industry is supported by our skilled employees, our manufacturing and safety policies, and our aim to be close to where our customers operate. A key part of our strategy for growth and ambition for a high calibre reputation is through our commitment to our clients, with many oil service and exploration and production companies relying on our expertise.



We have skilled manufacturers

The training and development of our employees helps us deliver for our customers. We operate complex machinery, underpinned by rigorous Health and Safety and Quality Assurance protocols, which support our service and products offering.



We add value for our customers

A common theme across all of our businesses is our ability to add value for our customers, which is achieved by providing high-technology products that lower the cost of operation, resolve technical problems, or simply enable a job to be completed more quickly or safely, without compromising on quality.



We develop proprietary technology

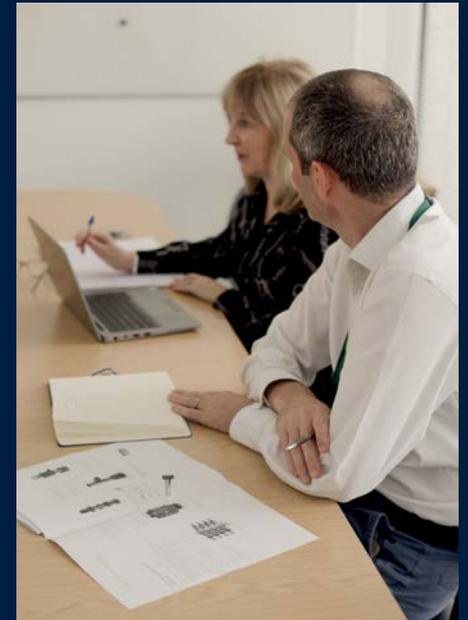
Developing our own proprietary technologies has been a strategic objective for the Group. Through the development of our proprietary know-how, we are well positioned to secure market share by utilising our intellectual property.

We strategically source critical materials

The Group has a strategy of ensuring that critical materials are not sourced from a single supplier, which provides assurance to our customers that we will always be in a position to deliver. Long lead-time material supplies are regularly reviewed to ensure market pricing remains competitive. Hunting's strategic sourcing includes working with a wide range of suppliers with regular two-way dialogue on quality expectations.

Strong stakeholder engagement

Our engagement activities with our customers, suppliers and employees enable the Board to understand the needs of all our key stakeholders, and allow us to execute our strategy more efficiently. The discussions with our customers help us shape our new product development strategy, as clients seek to commercialise oil and gas reserves as safely and cost effectively as possible.



We train and develop our people

The Group has a strong reputation for being a responsible employer, which is reflected in the average tenure and voluntary workforce turnover rate. This demonstrates Hunting's commitment to its employees and its drive to nurture a mutually beneficial relationship between the Company and its employees.

Significant capital resources

The Group retains a strong balance sheet, supportive shareholders and a \$150m Asset Based Lending facility, which was finalised in February 2022. This financial strength will assist us in our growth strategy in the coming years.

Our operational resources, products and services drive value creation for our stakeholders.

01. Our Resources

Our financial capital and operational resources, including our human capital, enable us to be a critical supplier in the oil and gas supply chain.

These resources are also being applied to energy transition and non-oil and gas sectors.

Financial

Shareholders

→ For more information, see pages 61 and 62

Lenders

→ For more information, see page 62

Operational

Facilities

→ For more information, see page 55

Quality Assurance

→ For more information, see page 55

Intellectual Property

→ For more information, see page 55

Employees

→ For more information, see pages 62 and 63



02. Our Operating Segments

Our global presence enables us to deliver for a client wherever our expertise is required.

Hunting's leading Quality Assurance protocols and robust Health and Safety practices help us leverage our position in the supply chain.

Health, Safety and Environment ("HSE")

Hunting Titan

North America

Europe, Middle East and Africa ("EMEA")

Asia Pacific

Quality and Operational Excellence

→ For more information, see pages 55 to 57



03. Our Products and Services

Hunting’s diverse product portfolio enables us to participate in most oil and gas projects undertaken by our clients.

Our intellectual property portfolio supports our position in the supply chain and is a barrier to entry for other potential suppliers.

Oil Country Tubular Goods (“OCTG”)

Perforating Systems

Advanced Manufacturing

Subsea

Intervention Tools

Other

➔ For more information, see pages 58 and 59



04. Our Stakeholders

Our stakeholders enable us to deliver our business strategy. Our employees work closely with customers and suppliers and through that engagement we help to position the Company for the future.

Shareholders and Lenders

Customers

Employees

Suppliers

Environment

Governments

Communities

➔ For more information, see pages 60 to 67



01. Our Resources



A significant portion of our manufacturing occurs in high-end, specialist facilities utilising sophisticated machines.”

29

Operating sites

2.7m sq ft

Operating footprint

1,317

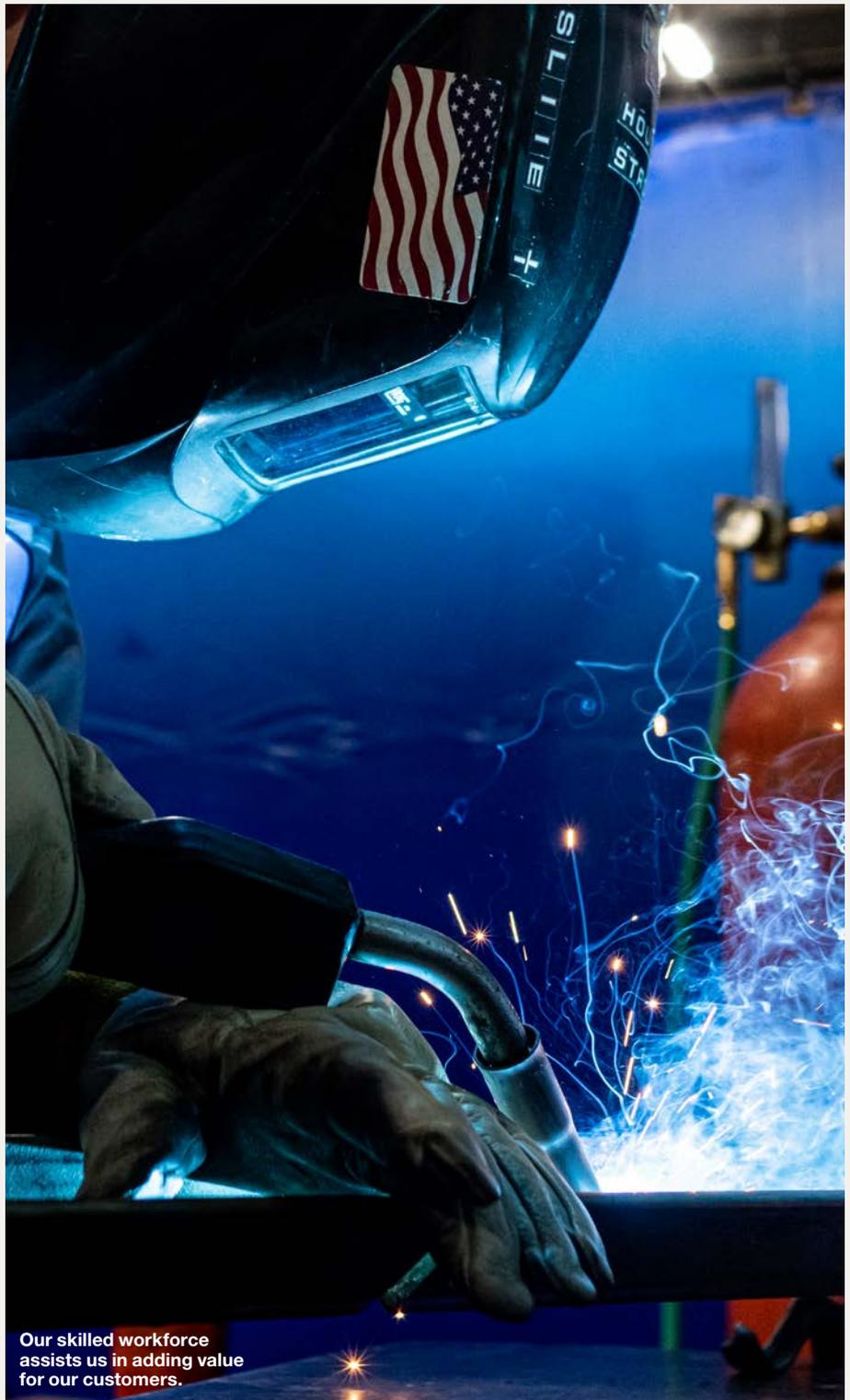
Machines

\$256.7m

Net book value PPE

74%

ISO 9001: 2015 (Quality) accredited facilities



Our skilled workforce assists us in adding value for our customers.

Management Principles

Our approach to managing the Group’s operations is based on four core principles:

Develop Our People

People are at the heart of our business. Our broad product portfolio demands experienced machining and production engineers across our manufacturing disciplines and facilities. Our administration, finance and sales staff are also encouraged to develop their skills through training and professional development programmes.

Empower Our Business Units

Our chosen industries of focus are fast-paced sectors where product requirements and customer demands can operate on short lead times. Our business leaders are empowered to react quickly to local market conditions and opportunities when they arise.

Apply Unified Operating Standards and Procedures

Demanding health, safety and quality assurance policies are developed centrally and then applied locally. We continually monitor and raise our operating standards.

Maintain a Strong Governance Framework

The Group’s senior managers and their teams operate within a tight framework with short chains of command to the Chief Executive.

Operational Facilities

The Group has an established global network of operating sites and distribution centres located close to our customers and within the main global oil and gas producing regions. Our operating sites are used for the manufacture, rental, trading and distribution of products.

The manufacture of goods and the provision of related manufacturing services is, by far, the main source of income for the Group. A significant portion of our manufacturing occurs in high-end, specialist facilities utilising sophisticated machines. In Hunting’s rental businesses it is critical that an appropriate range of equipment is stored and maintained. Generally, this must be configured to meet specific customer requirements.

In certain product lines, particularly OCTG, Hunting holds inventory to support its customers’ requirements and to take advantage of particular market opportunities. Our distribution centres are primarily used in the Hunting Titan and intervention tools business groups, where close proximity to drilling operations is important.

Quality Assurance

Hunting’s reputation and standing within the global energy industry is supported, in part, by the provision of strongly quality-assured products.

Each product line manufactured by the Group has a bespoke quality assurance programme, which operates under Group-level principles.

Detailed policies are implemented within all facilities and are reported to the Board at each meeting of Directors, in addition to more detailed reports being presented to the Ethics and Sustainability Committee, which supports the Group’s wider ESG and sustainability objectives.

In 2022, the Group’s manufacturing reject rate was 0.13% (2021 – 0.13%).

Quality Assurance/Manufacturing Reject Rate (%)

2022	0.13
2021	0.13
2020	0.24

Facility ISO 9001: 2015 Accreditations (%)

2022	74
2021	80
2020	71

Facility ISO Accreditations

The Group is committed to enhancing its production and operational quality, with a number of facilities being certified ISO 9001: 2015 (quality), ISO 14001 (environment) and ISO 45001 (occupational Health and Safety management) compliant, indicating that globally recognised standards and systems are in place. In 2022, the Group consolidated its facilities in Singapore, leading to the reduction noted.

More facilities across the Group are working towards these ISO accreditations, continuing the Group’s commitment to monitoring and enhancing quality, while reducing the environmental impact of our operations and improving Health, Safety and Environmental (“HSE”) standards.

Hunting’s Quality Management System (“QMS”) is certified and accredited for these ISO standards. Operational and production excellence is a key driver of our engagement and relationship with customers.

Quality assurance for each component manufactured is a key differentiator in our drive to be an industry-leading provider of critical components and measurement tools.

Intellectual Property

Developing our own proprietary technologies is a strategic objective for the Group. Through the development of our technologies and proprietary know-how, we are well positioned to secure market share by protecting our intellectual property (“IP”). Our substantial IP portfolio provides us with a competitive advantage and allows us to enjoy better margins and more operational flexibility.



Our Quality Assurance procedures underpin Hunting’s standing and reputation within the oil and gas industry.

02. Our Operating Segments

Hunting reports its performance mainly based on its key geographic operating regions. Hunting Titan is a large, separate division, which is reported as a stand-alone segment that operates in several geographic locations.



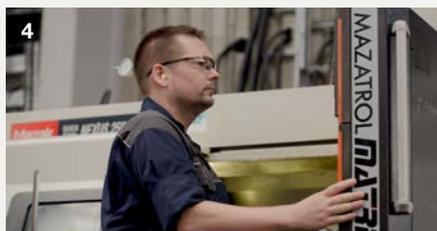
1



2



3



4

Image key

- 1 Precision engineered parts are the basis of our revenue.
- 2 An Enpro FAM unit being deployed.
- 3 Hunting Dearborn manufactures complex components.
- 4 Skilled engineers underpin our reputation.

Hunting Titan

Hunting Titan manufactures and distributes perforating products and accessories. The segment's products include perforating gun systems, shaped charge technologies, detonating cord and well completion instrumentation.

The business has four manufacturing facilities in the US and one facility in Mexico, supported by 12 distribution centres, primarily located in Canada and the US.

North America

The North America segment supplies OCTG, premium connections, subsea equipment, intervention tools, electronics and complex deep hole drilling and precision machining services for the US and overseas markets.

The North America segment has 13 operating facilities, mainly located in Texas and Louisiana.

Europe, Middle East and Africa ("EMEA")

The EMEA segment derives its revenue from the supply of OCTG, pipe storage, threading services and the manufacture of intervention tools. The segment has operations in the Netherlands, Norway, Saudi Arabia, the UAE and the UK.

The segment also acts as a sales hub for other products manufactured globally by the Group, including OCTG and perforating systems.

Asia Pacific

Revenue from the Asia Pacific segment is primarily derived from the manufacture of premium connections and accessories and OCTG supply. Manufacturing facilities are located in China, Indonesia and Singapore. The facility in China also manufactures perforating guns for Hunting Titan.

Through its joint venture with Jindal SAW, the segment is also establishing a new threading facility in India.

	Operational sites	Distribution centres	Year-end employees
Hunting Titan	5 (2021 – 5)	12 (2021 – 12)	656 (2021 – 517)
North America	13 (2021 – 14)	2 (2021 – 2)	973 (2021 – 836)
Europe, Middle East and Africa (“EMEA”)	8 (2021 – 8)	0 (2021 – 0)	247 (2021 – 224)
Asia Pacific	3 (2021 – 4)	0 (2021 – 0)	309 (2021 – 302)

**Image key**

- 1 Our products are used in many parts of the wellbore.
- 2 High end CNC machinery is a critical part of our manufacturing base.

Total	29 (2021 – 31)	14 (2021 – 14)	2,258 (2021 – 1,949)
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Total year-end employees includes 73 (2021 – 70) head office and corporate personnel.

03. Our Products and Services

Overview

Oil Country Tubular Goods (“OCTG”)

Operating Basis:
Manufacturing
Trading



OCTG are steel alloy products and comprise casing and tubing used in the construction and completion of the wellbore. Hunting machines threads to connect OCTG using flush or semi-flush joints and can manufacture premium and semi-premium connections and accessories using our own technologies such as SEAL-LOCK™, WEDGE-LOCK™ and TEC-LOCK™.

We are licensed to apply a variety of third-party thread forms and generic API threads. We source OCTG products from a significant number of major global steel producers and have strong, long-term relationships in the US, Canada, Europe and Asia Pacific. Hunting also trades pipe, which is a lower margin activity, to help support customer relationships.

Perforating Systems

Operating Basis:
Manufacturing

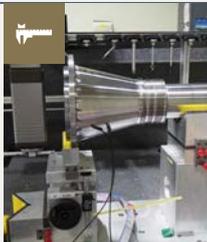


Hunting Titan manufactures perforating systems, energetics, firing systems and logging tools. Products are mainly used in the completion phase of a well. The production, storage and distribution of energetics is highly regulated and there are significant barriers for new entrants to the market.

The business mainly “manufactures to stock” and hence uses a wide distribution network. Some manufacturing is done to order, sourced from international telesales.

Advanced Manufacturing

Operating Basis:
Manufacturing



Advanced Manufacturing includes the Hunting Dearborn business, which carries out deep hole drilling and precision machining of complex measurement-while-drilling/ logging-while-drilling (“MWD/LWD”) and formation evaluation tool components.

The Hunting Electronics business manufactures printed circuit boards capable of operating in extreme conditions. These businesses work collaboratively with customers implementing their designs to their specifications.

Subsea

Operating Basis:
Manufacturing



The Subsea division produces high quality products and solutions for the global subsea industry covering titanium and steel stress joints, hydraulic couplings, chemical injection systems, valves, weldment services, flow access modules and plug and abandonment products.

Hunting's Subsea Technologies business group is focused on deep water developments, with customers ranging from integrated majors to deep water OEM equipment providers.

From 1 January 2023, the Subsea Technologies businesses will be reported as a separate operating segment.

Intervention Tools

Operating Basis:
Manufacturing
Equipment
Rental
Trading



The Group manufactures a range of downhole intervention tools, including slickline tools, e-line tools, mechanical plant, coiled tubing and pressure control equipment.

The rental component of this business is capital intensive and results are dependent on asset utilisation and rental rates.

Other Revenue

Operating Basis:
Manufacturing



Across the Group, efforts have been stepped up to diversify revenue streams and leverage our core competencies into new markets. In the year, Hunting has developed new sales streams in the military and medical sectors, primarily via our Dearborn and Electronics businesses.

In the year, the Group's Asia Pacific segment delivered its first batch of micro-hydro generation systems.

The Group has also established a global energy transition sales group to pursue carbon capture and geothermal business opportunities.

Differentiators	Global Operating Presence	Related Strategic Focus Areas	Related Principal Risks	Revenue – \$m						
Hunting is one of the largest independent providers of OCTG connection technology, including premium connections.	<ul style="list-style-type: none"> North America EMEA Asia Pacific 	During the year, the Group commenced the construction of a new premium threading facility in India to serve the domestic and regional markets.	<ul style="list-style-type: none"> Commodity prices Shale drilling Competition Product quality 	<table border="1"> <thead> <tr> <th>2022</th> <th>258.8</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>172.5</td> </tr> <tr> <td>2020</td> <td>264.7</td> </tr> </tbody> </table>	2022	258.8	2021	172.5	2020	264.7
2022	258.8									
2021	172.5									
2020	264.7									
Hunting has a market-leading position in the US, supported by a strong portfolio of patented and unpatented technology.	<p>Operating sites:</p> <ul style="list-style-type: none"> North America Mexico China <p>Distribution centres:</p> <ul style="list-style-type: none"> North America Asia Pacific 	Hunting Titan continues to launch new technology to clients and, in the year, introduced the H-3 Perforating System™.	<ul style="list-style-type: none"> Commodity prices Shale drilling Competition Product quality 	<table border="1"> <thead> <tr> <th>2022</th> <th>251.9</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>181.7</td> </tr> <tr> <td>2020</td> <td>154.5</td> </tr> </tbody> </table>	2022	251.9	2021	181.7	2020	154.5
2022	251.9									
2021	181.7									
2020	154.5									
Hunting Dearborn is a world leader in the drilling of high grade, non-magnetic components. As a Group, Hunting has the ability to produce fully-integrated, advanced downhole tools and equipment, manufactured, assembled and tested to the customer's specifications.	<ul style="list-style-type: none"> North America 	Both businesses within the Advanced Manufacturing group have successfully diversified their sales order books, with the Dearborn business, in particular, winning new aviation, power generation and space-related sales.	<ul style="list-style-type: none"> Commodity prices Product quality 	<table border="1"> <thead> <tr> <th>2022</th> <th>75.1</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>59.6</td> </tr> <tr> <td>2020</td> <td>74.3</td> </tr> </tbody> </table>	2022	75.1	2021	59.6	2020	74.3
2022	75.1									
2021	59.6									
2020	74.3									
Hunting's expertise ranges from the manufacture of high pressure seals to complex welding of stress joints.	<ul style="list-style-type: none"> North America EMEA 	The Subsea Spring business has won new orders for its titanium stress joints, which are being utilised on FPSO facilities, which is a new market for this product.	<ul style="list-style-type: none"> Commodity prices Product quality 	<table border="1"> <thead> <tr> <th>2022</th> <th>69.0</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>58.8</td> </tr> <tr> <td>2020</td> <td>69.8</td> </tr> </tbody> </table>	2022	69.0	2021	58.8	2020	69.8
2022	69.0									
2021	58.8									
2020	69.8									
Hunting offers a comprehensive range of tools, including innovative and proprietary technologies.	<ul style="list-style-type: none"> North America EMEA Asia Pacific 	The Group has restructured its sales function and organisational structure in 2022.	<ul style="list-style-type: none"> Commodity prices Competition 	<table border="1"> <thead> <tr> <th>2022</th> <th>36.4</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>25.8</td> </tr> <tr> <td>2020</td> <td>30.7</td> </tr> </tbody> </table>	2022	36.4	2021	25.8	2020	30.7
2022	36.4									
2021	25.8									
2020	30.7									
Hunting's complex, precision machining capabilities are applicable to many other sectors outside of oil and gas. The Group has successfully positioned itself with a number of defence-related businesses who recognise our expertise.	<ul style="list-style-type: none"> North America Asia Pacific 	Hunting has continued to develop non-oil and gas sales, with most operating segments now tasked with increasing sales into sectors outside of oil and gas.	<ul style="list-style-type: none"> Product quality 	<table border="1"> <thead> <tr> <th>2022</th> <th>34.6</th> </tr> </thead> <tbody> <tr> <td>2021</td> <td>23.2</td> </tr> <tr> <td>2020</td> <td>22.1</td> </tr> </tbody> </table>	2022	34.6	2021	23.2	2020	22.1
2022	34.6									
2021	23.2									
2020	22.1									

04. Our Stakeholders

Introduction

The Group's stakeholders enable the delivery of Hunting's business model and strategy. Stakeholder engagement forms a key element of our culture and is an area which has increased over the past few years. Understanding the needs of our shareholders, customers, suppliers and workforce is achieved through regular dialogue.

Shareholders and Lenders

Our shareholders provide equity capital to the Group. The Directors regularly engage with shareholders to discuss strategy, governance and other matters. This feedback is used to refine our strategic plans.

Our Employees

Hunting's employees deliver our strategic plans. As the COVID pandemic receded in the year, engagement activities increased, with the Directors meeting employees at the Dearborn facility in June 2022, where a town hall was organised and questions were put to the Board.

Our Customers

Our clients are critical to the financial success of the Group. Customer dialogue helps us shape our product development strategy and provides focus to our service offering.

Suppliers

Hunting's focus on our supply chain has increased in importance during 2022 as raw material and component costs have increased. We have worked hard to ensure a secure supply chain in the year, to enable us to continue to deliver for our customers.

Environment and Climate

The Group takes seriously its commitment to environmental compliance and stewardship. We have continued to increase and refine our climate-related disclosures. Our Task Force on Climate-related Financial Disclosures ("TCFD") statement, in line with the UK's Listing Rules requirements, provides key information to stakeholders about the impact of the Group's activities on the environment, along with the Group's efforts to manage and mitigate its direct and indirect climate change impacts. In 2022, Hunting also commenced a process to assure its carbon data, which will support the future setting of science-based carbon reduction targets.

Governments

The Group has continued its engagement with local tax authorities in the year to remain fully compliant with all evolving legislation.

Communities

Hunting continues to assist communities through a wide range of activities, including fund raising events or community donations. Each region is encouraged to develop their own community engagement initiatives to align with local cultural practices as well as Hunting's corporate values.

Image key

- 1 Stakeholder communications are an area of focus for management.
- 2 Most of our facilities are ISO 9001: 2015 compliant.
- 3 Precision engineering is a core competence, which will support our diversification strategy.



1



2



3

Shareholders

Hunting's shareholders provide a key source of capital to enable growth for the longer term. The Group has one class of Ordinary shares. At 31 December 2022, the total number of Ordinary shares in issue was 164.9m (2021 – 164.9m), and the number of shareholders on the register was 1,285 (2021 – 1,337).

During the year, the Group purchased 2.1m Ordinary shares, which were transferred to Hunting's Employee Benefit Trust, for a total cost of \$7.9m.

Returns achieved by shareholders, by holding the Company's Ordinary shares, are measured through Total Shareholder Return ("TSR"). TSR forms a large portion of the longer-term remuneration paid to the executives of the Group, with demanding vesting targets measured against our industry peers.

In 2022, Hunting PLC's Ordinary shares achieved a TSR of 102% on an annualised basis, reflecting the Group's return to growth and improving market outlook. For the definition of TSR please see page 255.

Shareholder Engagement

Regular shareholder engagement meetings are organised through an annual calendar of work.

The Chief Executive and Finance Director meet institutional investors following the publication of the Group's half and full-year financial results – and throughout the year.

The Chairman and Senior Independent Director meet investors annually to discuss governance and other matters.

Major Shareholders

The Company's major shareholders, as at 31 December 2022, are listed in the table below.



Major Shareholders

At 31 December 2022

	Notes	Number of Ordinary shares	% of ISC
BlackRock, Inc.	6	13,209,147	8.0
J P Morgan Asset Management		12,493,386	7.6
Hunting Investments Limited	(1/4/5)	11,003,487	6.7
Franklin Templeton		10,705,975	6.5
GLG Partners		9,080,364	5.5
Schroder Investment Management		6,990,651	4.2
Slaley Investments Limited	(5)	6,424,591	3.9
Orbis Investment Management		6,354,213	3.9
Hunting Employee Benefit Trust		5,310,062	3.2
J Trafford – as trustee	(2/5)	5,228,660	3.2
David RL Hunting	(1/2/3/4/5)	194,120	0.1
– as trustee		3,157,750	1.9
– other beneficial		1,875,950	1.1
Dimensional Fund Advisers		5,024,878	3.1
Issued share capital – at 31 December 2022		164,940,082	

- Included in this holding are 9,437,743 Ordinary shares held by Huntridge Limited, a wholly owned subsidiary of Hunting Investments Limited. Neither of these companies is owned by Hunting PLC either directly or indirectly.
- After elimination of duplicate holdings, the total Hunting family trustee interests shown above amount to 5,228,660 Ordinary shares.
- David RL Hunting and his children are or could become beneficiaries under the relevant family trusts of which Mr Hunting is also a trustee.
- David RL Hunting is a director of Hunting Investments Limited.
- In 2014, Hunting Investments Limited, Slaley Investments Limited, certain Hunting family members, including Richard H Hunting and David RL Hunting and the Hunting family trusts, to which James Trafford is a trustee (together known as "the Hunting Family Interests"), entered into a voting agreement. The voting agreement has the legal effect of transferring all voting rights of Hunting PLC Ordinary shares held by the Hunting Family Interests to a voting committee. The beneficial ownership of Hunting PLC Ordinary shares remains as per the table shown above. At 2 March 2023, the Hunting Family Interests, party to the agreement, totalled 24,195,900 Ordinary shares in the Company, representing 14.7% of the total voting rights.
- On 26 January 2023, the Company was informed that BlackRock had reduced its holding to 6.7% of the issued share capital.

Total Shareholder Return

(Absolute %)

Year	TSR (%)
2022	102.0
2021	-22.2
2020	-45.2

Dividend Per Share Declared

(cents)

Year	Dividend (cents)
2022	9.0
2021	8.0
2020	9.0

\$846.2m

Net Assets at 31 December 2022

Board Engagement and Decision Making – Shareholders

The Directors of Hunting receive a report detailing the Company's major shareholders at each Board Meeting, with a briefing by the Chief Executive and Finance Director on meetings with shareholders that have recently occurred, with key matters being regularly discussed following this engagement.

The Board also sets the Company's dividend policy, following a review of the financial performance for the relevant reporting period and considers proposals by the executive Directors on the level of distribution. The Group's Audit Committee reviews dividend proposals as part of its regular programme of work and makes a recommendation to the Board. Dividends are declared on the announcement of each set of Group results and are usually paid in May, following shareholder approval at the Company's Annual General Meeting, and in October. Given the proportion of UK shareholders on the share register, the Group's current practice is to declare dividends in US dollars, but pay in Sterling. The Directors are proposing a 2022 Final Dividend of 4.5 cents per share, which will be subject to approval by shareholders at the 2023 AGM.

Our Lenders

In 2022, the Group replaced its \$160m multi-currency revolving credit facility with a \$150m Asset Based Lending ("ABL") facility. The ABL lending group now comprises Wells Fargo and HSBC.

Board Engagement and Decision Making – Lenders

The Directors are briefed at each Board meeting by the Finance Director on the Group's financial position and the relationship with members of the bank lending group. Regular meetings between the Chief Executive, Finance Director, Group Treasurer and the ABL lenders were held during the year to brief the banks on the performance and position of the Group.



Image key

- 1 Our machinists receive regular safety briefings.
- 2 Regular customer dialogue assists us in developing our long-term strategy.
- 3 Our quality assurance procedures support our standing in the industry.

Our Employees

Hunting's reputation, which has been built over many years, is underpinned by its highly skilled employees, who are key to fulfilling the Group's strategic objectives. At 31 December 2022, the Group had 2,258 employees (2021 – 1,949) across its global operations. As the Group's businesses recovered from the impact of COVID-19, along with a return to growth of its core trading markets, most businesses commenced hiring programmes to meet anticipated demand.

The Group is committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives.

Employees are offered benefits on joining the Group, including healthcare cover, post-retirement benefits and, in certain instances, when Group outperformance in terms of operational or financial targets has been delivered, participation in annual bonus arrangements.

The Group has a strong reputation for being a responsible employer, which is reflected in the average tenure and voluntary workforce turnover rate noted below. This demonstrates Hunting's commitment to its employees and its drive to nurture a mutually beneficial relationship between the Company and its employees.

9 years

Average employee tenure
(2021 – 10 years)

13%

Group employee voluntary turnover rate
(2021 – 11%)

Hunting takes diligent steps to achieve full compliance with all relevant regional laws covering employment and minimum wage legislation. As a responsible employer, full and fair consideration is given to applications for positions from disabled persons. The Group's ethics policies support equal employment opportunities across all of Hunting's operations.

While the Board, through the work of the Ethics and Sustainability Committee, monitors procedures to comply with our published Code of Conduct, responsibility for our employees lies, for the most part, with local management to enable local matters to be addressed, with all businesses complying with the Group's ethical employment and human rights policies as published in the Hunting PLC Code of Conduct (located at www.huntingplc.com).

Health and Safety

Across all of its global operations, the Group is committed to achieving and maintaining the highest standards of safety for its employees and other stakeholders. Hunting has a culture of aiming for best practice and employs rigorous Health and Safety practices.

In the year, the number of hours worked increased by 24% to 4.7m hours (2021 – 3.8m hours) as trading increased within the Group's businesses.

The Group's target is to achieve zero recordable incidents. Each local business is required to develop tailored Health and Safety policies to suit their environment. These incorporate the Group's approach to putting safety first and, at a minimum, complying with local regulatory requirements.

During the year, there were no fatalities across the Group's operations (2021 – nil), with 23 recordable incidents (2021 – 19). The total recordable incident rate ("TRIR") was 0.97 compared to 0.99 in 2021. This incident rate reflects a 2% year-on-year decrease compared to the prior year, despite new employees being hired and activity increasing throughout the year. The industry average incident rate in 2022 was 4.0 (2021 – 4.0). The total near miss frequency rate ("TNMFR") was 0.97 in 2022 (2021 – 0.78) reflecting 66 near misses (2021 – 15). The increase in near misses mainly relates to new employees joining the Group.

During 2022, the Group enhanced its SASB reporting compliance to include vehicle incident data. Please see pages 100 and 101 for more information on compliance with the SASB reporting framework.

Total Recordable Incident Rate ("TRIR")

2022	0.97
2021	0.99
2020	0.67

Total Near Miss Frequency Rate ("TNMFR")

2022	0.97
2021	0.80
2020	0.68

9

Number of Vehicle Incidents

→ For further reporting on Health and Safety, see page 81.

Training

The Group operates an embedded Health and Safety training programme for its employees, with an on-boarding programme for new employees. The Group also provides ethics training through a Code of Conduct course, to ensure awareness of our published policies. The programme incorporates anti-bribery and corruption, modern slavery, fraud and tax modules to ensure our employees understand their responsibilities on joining the Group.

→ For further reporting on employee attraction, retention and development, and employee engagement, see page 82.

Human Rights

We are committed to respecting and upholding the human rights of all our employees. Our approach is set out in our Code of Conduct, and training in respect of human rights and responsibilities is provided to employees on a regular basis.

→ For further reporting on our approach to human rights, see page 83.

→ Our Modern Slavery statement can be found on our website.

Diversity

Hunting's policies promote prejudice-free decision making, ensuring all stakeholder interests are taken into consideration and commit Hunting to building a working environment in which all individuals are able to make best use of their skills, free from discrimination, victimisation, harassment and/or bullying, and in which all appointments are based on merit.

Gender and ethnicity suggestions made in the Hampton-Alexander and Parker reviews have been noted by the Board and will be taken into consideration as the Board is refreshed over the coming years, with the new reporting requirements published by the Financial Conduct Authority noted on page 122.

→ For further reporting on diversity and inclusion, see page 82.

Whistleblowing

The Board of Hunting has established procedures whereby employees can raise concerns in confidence, by contacting the Chairman or Senior Independent Director.

The Group also uses an independent whistleblowing service operated by SafeCall.

Contact information for both these lines of reporting is published on staff notice boards across the Group's facilities and within the Group's magazine published twice yearly, the "Hunting Review", which is available to all employees.

Board Engagement and Decision Making – Employees

Through the Ethics and Sustainability Committee, the Board has formalised the reporting of Human Resources and HSE matters, with the Group's Chief HR Officer and Director of QAHSE providing reports at each meeting of this recently formed Committee. These senior managers are also members of the Executive Committee.

The Directors organised an employee engagement event at the Group's Dearborn facility in June 2022, where employees were able to ask questions to the Board.

In addition, Anell Bay, the Company's designated non-executive Director for employee engagement, met with the Group's senior leadership team in September 2022, where further dialogue was held.

All reports to the Group's SafeCall service are taken seriously, with care being taken to retain confidentiality and anonymity of all callers. Each report is investigated thoroughly, with the Board receiving briefings from Keith Lough, the Company's Senior Independent Director. During the year the Group received two reports to the SafeCall service (2021 – one report).

→ For further reporting on our approach to business ethics, see page 83.

Our Customers

As a key participant in the oil and gas equipment supply chain, Hunting's broad portfolio of products and services enables the Group to cover a large proportion of the needs of the global energy industry, including onshore and offshore drilling projects and conventional and unconventional resource development, supported by selected high value services to help our customers achieve their strategic objectives.

A common theme across all of our businesses is our ability to add value for our customers, which is achieved by providing high-technology products that lower the cost of operation, resolve technical problems, or simply enable a job to be completed more quickly or safely, without compromising quality.

A major area of the Group's customer discussions in the year was the improving outlook for energy demand and the ability of the supply chain to meet client needs as and when equipment purchasing recommenced in earnest.

Hunting continues to engage its customer base proactively to ensure our clients meet their strategic objectives and continue to assist customers with technology developments to lower production costs or increase in-field safety.

Customer Engagement

Client engagement is key to the Group's understanding of the short- to medium-term needs of our various clients. This dialogue helps us shape our strategy and focus our product research and development programmes.

In the year, the Group continued to launch new products that directly addressed customer needs, some of which resulted from close customer collaboration in response to in-field technical challenges. As part of our active dialogue and engagement with our customer base, key clients are usually invited to our facilities to review our production capabilities and processes, review new technology and brainstorm on future projects.

Customer contact reports are a regular feature of our sales function, which often include issues or concerns, in-field performance feedback and overall customer satisfaction. Hunting's customer-facing sales teams are directly supported by the Group's engineering, quality assurance and health, safety and environment teams, which all assist in the provision of key operational performance information that supports global tenders and the overall sales function.

Our Customer Channels to Market

		Split of Group revenue
	Operators Operators are the end consumers of our products and related services. These include national oil companies, international oil companies and independent exploration and production companies.	c.11%
	Service Companies Our primary route to market is via other service providers, which generate the majority of our revenue. These include "1st tier" service companies who can provide project management services to operators. Key customers include Halliburton, Baker Hughes and Schlumberger.	c.58%
	Steel Mills and Other Oil and Gas Steel mills are key suppliers to our business; however, in some circumstances we can perform threading services for them or supply OCTG products.	c.24%
	Other Revenue Non-oil and gas sales are led by our Trenchless, E&P, Well Testing operations, which have developed new customers within the aviation, defence, medical, space and telecommunications sectors.	c.7%

Further, to embed the Group into our customer base, Hunting is a member of a number of industry and trade association bodies including:

- American Petroleum Institute ("API");
- Society of Petroleum Engineers;
- International Association of Drilling Contractors;
- Aberdeen Renewable Energy Group;
- Carbon Capture & Storage Association; and
- DeepWind.

The Group also attends various industry conferences annually to profile the Group's products and services.

Anti-Bribery and Corruption ("ABC")

The Group has processes and procedures in place to monitor and assess the risk of bribery and corruption occurring. Hunting's Code of Conduct training course includes detailed modules on ABC compliance and risk assessment procedures. Twice a year, each major business unit completes a risk assessment process, detailing management's views on its risk profile against 16 key ABC considerations, and includes details of the mitigating controls in place for each of these risks. As part of the Group's Internal Audit function's work programme, a review of these risk registers is undertaken where the bribery and corruption risk profile is challenged.

Ethics and Governance

Hunting's close relationship with its customers is also enhanced by our ethical policies and transparent ways of doing business. All of our major customers receive our Code of Conduct, which includes a commitment to be transparent in our business dealings. Due diligence on new customers is also undertaken to ensure the Group complies with international trading and sanctions legislation. Where relevant, we ask our clients to complete "end user" declarations to confirm that Hunting's products do not conflict or breach trading restrictions or sanctions legislation. The Group also has strong entertainment and hospitality approval policies, which support our commitment to conduct business with the highest ethical standards.

Board Engagement and Decision Making – Customers

In parallel with the commercial dialogue and engagement undertaken by our leadership teams with our customers, the Board of Hunting, in support of its statutory stakeholder duty, has approved the development of the Group's strategy by reviewing and approving capital investment projects that directly support future customer needs. Board approvals are also required for contracts over a certain monetary value. The Board approved these capital investments, either as part of the approval of the Strategic Plan or Annual Budget process. In each case, the Board was satisfied that there was good alignment between the final capital allocation and the Board's consideration of customer matters.

➔ For further reporting on our approach to Business Ethics, see page 83.

Our Suppliers

Hunting's supplier base facilitates the Group in achieving its purpose of providing high quality products that our customers can rely on and trust. The Group ensures that critical materials are not sourced from a single supplier, which provides assurance to our customers that Hunting will always be in a position to deliver. Long lead-time material supplies are regularly reviewed to ensure market pricing remains competitive. Hunting's management of its supply chain includes working with a wide range of suppliers with regular two-way dialogue on quality expectations. Often, supply chain managers visit the facilities of our suppliers to review procedures, including Quality Assurance, Health and Safety performance and employment practices. In the case of new suppliers, including those who provide key components, first article inspection procedures are in place prior to issuing the order, to ensure quality and delivery expectations are met.

Ethics and Governance

As with the Group's customer base, Hunting completes due diligence on its supplier base and communicates its ethics policies to its major suppliers. The Group's Code of Conduct is issued to its suppliers and specifically our Modern Slavery policy, which highlights the Group's ethical trading and fair labour policies. During 2022, the Group commenced the rollout of a Supplier Code of Conduct to support its ethical trading policies.

➔ For further reporting on our approach to Business Ethics, see page 83.

Board Engagement and Decision Making – Suppliers

The Board, through the work of the Ethics and Sustainability Committee, reviews the Group's supply chain risk profile and reviews engagement reports on the Group's dialogue with suppliers. This leads to discussion and challenge by the Directors.

Environment

Introduction

Carbon and climate matters have become an area of close scrutiny in recent years, with the Board overseeing the development and introduction of strong governance and reporting initiatives that will support Hunting's commitment to these issues for the long term. The Directors are mindful that all commitments made by the Group should remain proportionate to the size and profile of our operations, but also to protect our earnings and shareholder returns, which form the basis of our investment case. Hunting has disclosed its Scope 1 and 2 greenhouse gas emissions since 2013, with the reporting process integrated into our non-financial reporting framework. This has led to attention being given to energy efficiency programmes, which have included low energy and higher efficiency solutions being introduced into many of the Group's facilities, along with the migration to lower carbon electricity arrangements.

Governance

The Board of Hunting recognises the importance of a strong governance framework to address carbon and climate matters as well as long-term sustainability. In 2021, the Group formed the Ethics and Sustainability Committee, which comprises the independent non-executive Directors of the Company. The committee monitors and reviews a range of non-financial reporting matters, including the Group's total carbon footprint, our reporting against the framework published by the Task Force on Climate-related Financial Disclosures ("TCFD"), ESG, bribery and corruption, modern slavery and sanctions as well as other key areas. The Board has appointed Jim Johnson, Hunting's Chief Executive, to oversee the development of these matters and coordinate regular reporting of these issues to the Board. The Chief Executive has in turn empowered the Hunting Executive Committee to develop strong carbon reduction and climate change planning processes for integration into the Group's day-to-day operations.

Group Climate Policy and Commitment to the Paris Accords

The Board of Hunting has committed to the principles published in the 2015 Paris Agreement, which aims to limit the increase in global temperatures. The Group's Climate Policy was published in January 2020 and was updated in January 2023 and can be found at www.huntingplc.com.

As part of the Company's commitment to manage and reduce its carbon footprint, in December 2022, the Board approved a new carbon reduction ambition, whereby Hunting will now target a 50% reduction in its Scope 1 and 2 emissions, from its base-line year of 2019, by 2030. The Group is migrating its electricity supplies to renewable energy sources, which is a key initiative in its carbon reduction efforts. The Board believes that these new carbon reduction targets are realistic and achievable.

The Company has begun a process to independently assure its carbon data with a view to setting science-based targets in the near future.

For further information on Hunting's climate and ESG and wider Sustainability efforts, please see pages 68 to 101.

Annual Greenhouse Gas Emissions

To monitor the impact of Hunting's operations on the environment, and in compliance with UK Company Law, the Group collates greenhouse gas ("GHG") data in accordance with the principles of the Kyoto Protocol. Hunting is committed to addressing environmental issues and embedding a low carbon culture within our operating facilities and our employees. New facilities take into account environmental impact considerations, including protection from extreme weather events, such as wind storms and flooding. The Company has elected to disclose the breakdown of its greenhouse gas emissions, to enable stakeholders to understand the overall mix of emissions and the likely areas of emissions reduction, as the Group continues to evolve its initiatives to contain and reduce its carbon footprint.

Tonnes CO ₂ e	2022	2021	2020	2019 (base line year)
Scope 1				
– Fuel consumption, including natural gas	2,411	1,680	3,267	4,128
– Vehicle consumption, including diesel and gasoline	3,367	2,491	3,338	2,972
Total	5,778	4,171	6,605	7,100
Scope 2				
– Electricity consumption	16,644	14,688	18,811	28,774
Total	16,644	14,688	18,811	28,774
Total Scope 1 and Scope 2 greenhouse gas emissions	22,422	18,859	25,416	35,874
Intensity Factor – kg of CO₂e per \$k of revenue	30.2	36.2	40.6	37.4

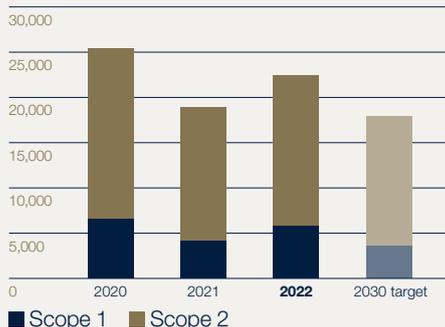
The Group submits its greenhouse gas data to the Carbon Disclosure Project, which is available at www.cdp.net. The data reported, and carbon dioxide conversion factors used to report the Group's carbon footprint, are based on those published by BEIS and DEFRA in the UK (www.defra.org.uk) and the International Energy Agency. The Group has also participated in a number of other initiatives, including the Energy Saving Opportunity Scheme, which requires Hunting's UK facilities to be audited for energy efficiency, with recommendations provided to reduce energy usage.

In 2022, total Scope 1 and 2 GHG emissions were 22,422 tonnes (2021 – 18,859 tonnes). In the UK, total Scope 1 and 2 emissions in 2022 were 359 tonnes of carbon dioxide equivalent compared to 474 tonnes in 2021.

Intensity Factor

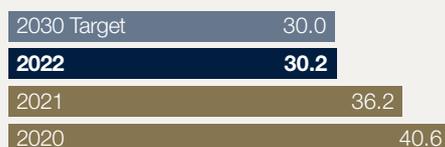
The Group's intensity factor is based on total carbon dioxide equivalent emissions divided by the Group's revenue in 2022, and was 30.2kg/\$k of revenue, compared to 36.2kg/\$k of revenue in 2021.

Scope 1 and 2 Carbon Dioxide Equivalent Emissions (tonnes)



Intensity Factor

(kilogrammes CO₂ per \$k revenue)



Board Engagement and Decision Making – Environment

The Board has continued to oversee the development of carbon and climate initiatives, which includes the Group's maiden TCFD report, which was published in the 2021 Annual Report in March 2022. Hunting has commenced an initiative to assure its carbon data with Standard & Poor's Trucost which will lead to further initiatives to reduce the Group's carbon and climate impact. Further, as part of this process, the development of ESG initiatives and carbon data management has been introduced into the annual bonus objectives of the executive Directors, as noted in the Annual Report on Remuneration.

Governments

Hunting's global operating footprint extends across 11 countries.

As a consequence of this, the Group interacts with a number of global regulators, governments and tax authorities to ensure that Hunting retains a good reputation and business standing within each region of operation and also seeks to comply with all applicable and relevant local laws and regulations.

As a UK premium-listed public company, the Financial Conduct Authority ("FCA") is the Group's primary regulator. However, each operating segment retains a close relationship with the relevant local tax and legal authority.

With the assistance of the Group's brokers and legal advisers, the relationship with the FCA is closely managed as and when relevant matters arise.

Given the sensitivity of interacting with government officials, with respect to the risk of bribery, the Group's internal procedures include analysis of which customers and suppliers are government-owned, with all externally-facing employees trained in the Group's anti-bribery and corruption policies.

Tax Strategy

Hunting is committed to acting with integrity and transparency in all tax matters relating to the countries in which we operate.

Simply put, our tax strategy is to comply with local tax regulation, and pay taxes when due. The tax contributions from Hunting's global activities include the following sources:

- Corporate income taxes;
- Employment taxes;
- Social security taxes;
- Property taxes;
- State taxes;
- Consumption taxes (Value Added Taxes, Goods and Services Taxes and Insurance Premium Taxes);
- Carbon taxes; and
- Fuel duties.

When evaluating how we should organise our business affairs, a wide variety of factors are considered, including operational efficiency, risk management and taxation. If tax regulations allows us to organise our commercial business affairs in a manner which reduces tax costs, while meeting our overall objectives, we will do so, but we will not carry out tax evasion or create artificial structures. If necessary, we engage professional tax or legal advisers to ensure that we have interpreted tax law correctly. We will not enter into transactions that have a main purpose of interpreting tax law that is opposed to its original intention or spirit.

Board Engagement and Decision Making – Governments

The Group's tax governance is managed as follows:

- The Board reviews the Group's tax strategy and policies on an ongoing basis, with regular updates on the tax position provided at each Board Meeting;
- As part of the work of the Audit Committee, tax matters are also monitored. Further, details can be found in the Audit Committee Report on pages 155 to 159;
- Day-to-day matters are delegated to the Group's Head of Tax and a small team of in-house tax professionals who hold a combination of accounting and tax qualifications;
- An annual review of our tax policies form part of our internal Group Manual review procedures; and
- Ongoing monitoring of tax legislation that will have an impact on us, including engaging specialist advisers when appropriate.

Communities

The Board encourages community-focused initiatives, with the Executive Committee responsible for identifying local activities and projects to support. This delegation allows regional cultural practices to be taken into account.

Local community sponsorships or charitable donations are encouraged, following approval by a member of the Board or Executive Committee.

Most businesses within the Group normally host "Open House" days at facilities to allow customers, suppliers, employees' families and other members of the local community to see our operations.

Community initiatives are regularly reported in the Group's magazine, the "Hunting Review", which profiles the Group's operations, employees and community work.

➔ For further reporting on community engagement, see pages 81 and 82.

Section 172(1) Statement

This statement has been prepared in compliance with the Companies (Miscellaneous Reporting) Regulations 2018.

The Board of Hunting PLC considers that, in complying with its statutory duty during 2022 and under section 172 of the Companies Act 2006 (the "Act"), the Directors have acted in good faith and in a manner which they believe is likely to promote the continued success of the Company, for the benefit of its members and stakeholders as a whole.

The Board also engages with its stakeholders, when considering major strategic decisions, in the following ways:

- Each year the Board reviews its short and long-term strategy. In recent years these have remained consistent, with a focus on maintaining a firm financial foundation, improving facilities and investing in the development of new technology and in our workforce.
- The Board aims to ensure that our employees work in a safe environment, that they receive appropriate training and are rewarded for their efforts.
- Over the years, we have fostered long-standing relationships with our customers, suppliers and our external advisers. We base our philosophy on sharing our core values with our key stakeholders throughout the supply chain and by keeping in regular contact with suppliers and customers, advising them of our market strategy and product innovation.
- As a Company operating in the oil and gas industry, we regularly monitor the impact of our activities on the environment and on the communities in which we operate, in particular where we maintain active manufacturing facilities.
- As a Board, we endeavour to operate responsibly and to make carefully considered decisions. We encourage high standards of business conduct from our employees and try to lead by example.

Following engagement with a wide range of stakeholders, the following actions were taken:

- Our global Human Resources function continues to monitor workforce remuneration, hiring and retention policies to ensure our employees are paid fairly when compared to similar companies in our sector.
- As part of our ongoing employee engagement, the majority of US employees have undertaken harassment training in 2022.
- Our Code of Conduct training programmes were updated during the year, with a full rollout to all Group employees planned for 2023.
- Following consultation with investor groups in 2021, the Board has implemented climate change reporting procedures. These included:
 - risk assessments were carried out by all businesses;
 - engagement of Standard & Poor's Trucost to assure our carbon data;
 - enhancement of carbon reporting policies to ensure further alignment with the GHG Protocol published by World Resources Institute; and
 - NEBOSH Award in Environmental Awareness at Work training was provided to all UK Managers.
- Hunting's TEK-HUB™ continues to build relationships with innovative individuals and organisations that are developing technologies which align with our customers' and wider stakeholders' requirements.
- The Company has recently sold a series of micro-hydro generating systems to generate electricity for rural communities in the Philippines.
- Following the implementation of our strategy to diversify some of our technical expertise into non-oil and gas sectors, the Board has been in discussions with customers to deliver high precision engineering technology to the medical, defence and electronics sectors.
- The Board continues to monitor senior management engagement with customers, suppliers and other stakeholders.

The following sections and cross references provide a summary of where details of key stakeholder and associated engagement and decision making is located within the 2022 Annual Report and Accounts, and also some of the considerations taken by the Board in fulfilling their duty under section 172(1) of the Act:

- shareholders (pages 61 and 62);
- lenders (page 62);
- employees (pages 62 and 63);
- customers (page 64);
- suppliers (page 65);
- environment and climate change (pages 65 and 66);
- governments (page 66); and
- communities (page 66).

On behalf of the Board



Jim Johnson
Chief Executive



Bruce Ferguson
Finance Director

2 March 2023

Environmental, Social and Governance (ESG)

Introduction

Operating responsibly and ethically is firmly embedded in our strategy and culture. Over the past two years we have formalised our ESG programmes, which are reported to the Board's Ethics and Sustainability Committee. We have also reported in line with the SASB standards and have accounted for our contribution towards the UN Sustainable Development Goals ("SDGs").

Governance

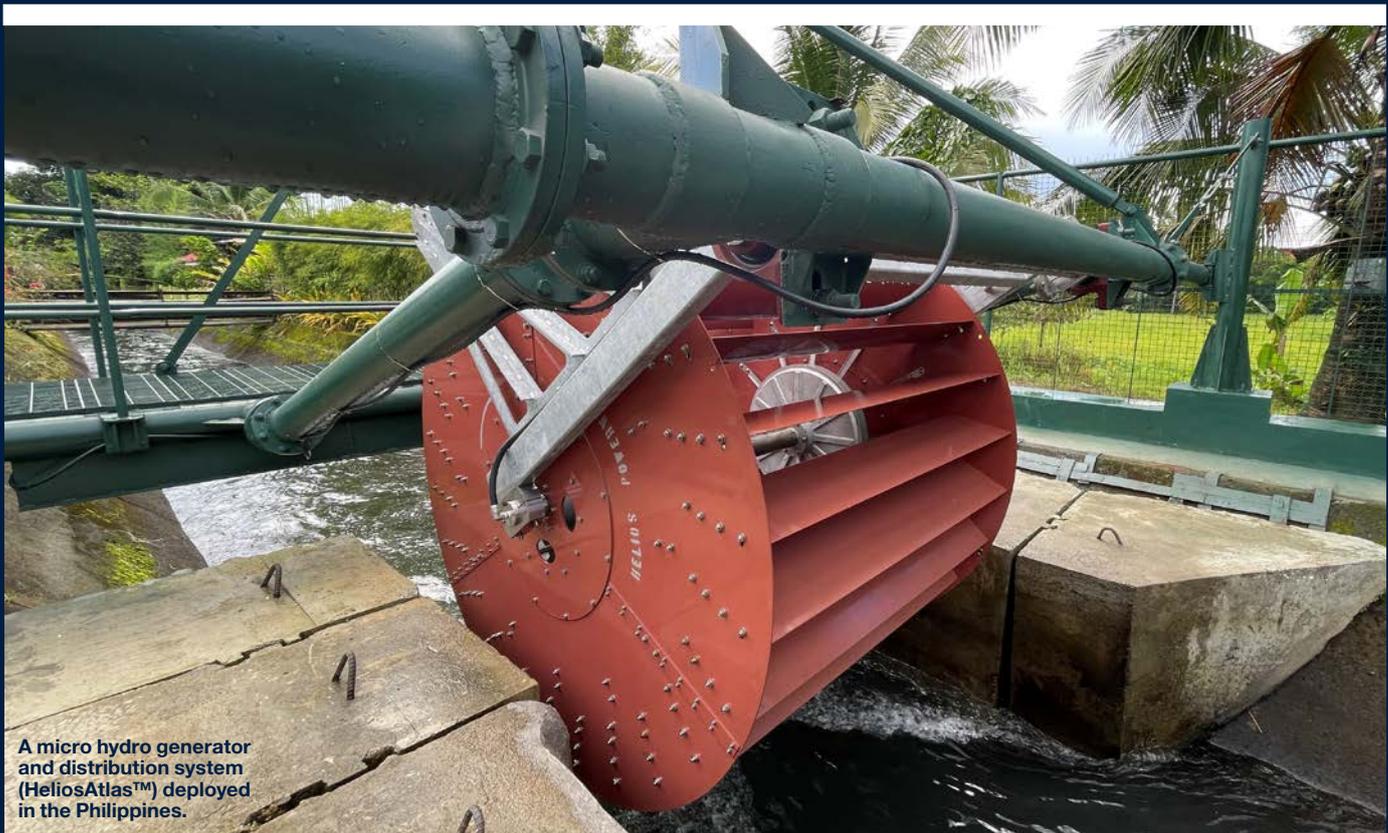
The establishment of the Ethics and Sustainability Committee in 2021 signalled the Group's commitment to monitoring, managing and mitigating ESG matters that are both financially material in influencing the value of the business and are important to our markets, our employees, other stakeholders and the environment. These areas are overseen by the Ethics and Sustainability Committee, with executive responsibility vested in our Chief Executive, supported by the Executive Committee and internal ESG steering group.

During 2022, Hunting further enhanced its carbon reporting policies with further alignment with the GHG Protocol published by the World Resources Institute and updated its data collection platform to improve data accuracy. In the year we appointed Standard & Poor's Trucost to assure our 2022 carbon data against the AA1000 standard.

Our Approach to ESG

People are at the heart of our business, and ensuring the safety, health and well-being of every person employed by the Company, or associated with our business, is a priority.

Operating responsibly and ethically, with a focus on the most efficient allocation of resources, is firmly embedded in our strategy and culture. This is reflected in our reporting, where the most significant material issues are discussed throughout this report.



A micro hydro generator and distribution system (HeliosAtlas™) deployed in the Philippines.

At a glance

Ethics and Sustainability Committee

Committee established in 2021 and met on two occasions in 2022.

Safety remains a priority

Zero

Fatalities
(2021 – zero)

23

Recordable incidents
(2021 – 19)

Carbon assurance procedures introduced

Appointment of Standard & Poor's Trucost ("S&P") to assure our carbon data collection in line with the AA1000 standard.

Gender diversity improvements

37%

of the Board are women
(2021 – 29%)

28%

of senior management are women
(2021 – 25%)

24%

of overall workforce are women
(2021 – 23%)

Waste and environmental impact

Zero

Environmental fines or recordable environmental incidents

Decarbonisation journey continues

New carbon reduction targets set in December 2022.

22,422

Scope 1 and 2 GHG emissions in tonnes CO₂e
(2021 – 18,859 tonnes CO₂e)

30.2

Intensity factor in kg CO₂e/\$'000 of revenue
(2021 – 36.2)

Our sustainability framework

Our approach to ESG is illustrated through our sustainability framework, which underpins our ambition to create long-term and sustainable value for all our stakeholders.

Within the context of sound ESG governance at a Board and Executive level, our six key areas of focus are:

- 1 Operating safely
- 2 Supporting and developing our people
- 3 Delivering innovative, high quality and reliable products
- 4 Fostering mutually beneficial partnerships
- 5 Supporting communities around us
- 6 Managing our environmental performance and mitigating our impacts

We indicate the progress we have made against these commitments on the pages that follow. As we progress our reporting journey, we will set, align, and report on additional targets and KPIs for all these commitments.

Our six focus areas align with the material issues that we have identified and support our contribution to the United Nations' Sustainable Development Goals ("SDGs").

Our Ambition

Creating long-term, sustainable value, responsibly.

Our Commitments



What this means





Image key
1 Jim Johnson (Chief Executive) and Liese Borden (Chief HR Officer) taking part in the Trees for Houston initiative at the Hunting Bayou.
2 Celebrating Safety Milestones – 10 years Accident-Free in Batam, Indonesia.
3 Hunting’s QAHSSE in the UK.

How we report

Framework/standard	What this is	Our disclosure and where to find it
Task Force on Climate-related Financial Disclosures (“TCFD”)	A framework for climate-related financial disclosure that is structured around four thematic areas: governance, strategy, risk management, and metrics and targets, with a strong focus on risks and opportunities related to the transition to a low-carbon economy.	Full adoption of TCFD in 2022, following initial disclosure in 2021. For further information please see pages 88 to 101.
CDP (formerly the Carbon Disclosure Project)	Operates a global disclosure system, via an annual survey, to support companies, cities and regions in measuring and managing environmental impacts.	We make an annual submission to CDP. For further information please see page 79.
Sustainability Accounting Standards Board (“SASB”)	SASB Standards, part of the IFRS Foundation, guide the disclosure of financially material sustainability information by companies to their investors, having identified the subset of ESG issues most relevant to financial performance in 77 industries.	We report against two standards: Oil & Gas – Services and Industrial Machinery & Goods, to the degree that these are relevant. For further information please see pages 100 and 101.
United Nations Sustainable Development Goals (“SDG”)	The SDGs comprise 17 interlinked global goals designed to be a “blueprint to achieve a better and more sustainable future for all”.	We have identified SDGs 3, 5, 6, 7, 8, 9, 12, 13 and 17 as areas where we can make a positive contribution.
Global Reporting Initiative (“GRI”)	GRI is an independent standard-setting organisation, which enables businesses to report on their significant impacts on the economy, environment and society, including impacts on human rights.	Our materiality assessment and ongoing reporting has been informed by the guidance published by GRI. For further information please see our website www.huntingplc.com .
UK Modern Slavery Act	The Act requires organisations to develop and publish a Modern Slavery Act statement in the form of an annual report, outlining the steps taken to combat human trafficking and modern slavery throughout its supply chain.	The Board approves our annual Modern Slavery Act statement, which is signed by the Chief Executive. We report annually on our website www.huntingplc.com .
UK Bribery Act	This requires organisations to put in place adequate procedures to prevent, monitor and risk assess bribery and corruption.	We report on this through our Annual Report each year. Reports are presented to the Ethics and Sustainability Committee twice a year.
UK Payments to Government regulation 2015	This requires large and publicly listed oil, gas, mining and logging companies incorporated in the UK to annually disclose the payments they make to governments on a country-by-country and project-by-project basis.	We report annually on our website www.huntingplc.com .
ISO 14001	An international standard for designing and implementing an environmental management system.	Our Quality Management System is compliant with these standards. Energy, Carbon, HSE and Quality Assurance reports are reviewed by the Ethics and Sustainability Committee twice a year.
ISO 50001	An international standard for designing, implementing and maintaining an energy management system.	

Innovation and trust determines our success

Our purpose is central to and permeates every aspect of what we do and how we do it.

Our purpose

To be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.

Core competencies

- Systems Manufacturing
- Precision Engineering
- Print-part manufacturing

In the oil and gas sector

Oil Country
Tubular Goods
("OCTG")

Perforating
Systems

Advanced
Manufacturing

Subsea

Intervention
Tools

and in other sectors

Carbon capture
&
geothermal

Data analytics
&
Machine learning

Medical

Aviation
&
Space

Naval

Power Generation

Our material ESG issues

In 2021, we undertook a materiality assessment in which we:

- identified key issues that determine our ability to create value as a business, as well as those issues that could affect the decision making of stakeholders in relation to the Company, first through a benchmarking exercise and second through direct interviews;
- mapped and prioritised these issues based on stakeholder feedback;
- considered the inputs of company leadership and aligned with our business priorities; and
- identified and reported on ten material ESG issues.

In 2022, we have continued to review and consider the external landscape and sought feedback from stakeholders. We have again considered inputs from leadership in confirming our material issues and mapping these against our commitments that form part of our sustainability framework.

Our commitments	Material issue	What we measure	Where to find it
Operating safely Achieving and maintaining the highest standards of safety for our employees, customers, suppliers and the public.	<ul style="list-style-type: none"> • Health and Safety. 	<ul style="list-style-type: none"> • Fatalities. • Total recordable incident rate. • Near miss frequency rate. • Vehicle incidents. 	For further information please see pages 63 and 82.
Supporting and developing our people Attracting and retaining our highly skilled workforce. Providing training and development. Promoting diversity and workplaces that are free of prejudice.	<ul style="list-style-type: none"> • Employee Engagement. • Diversity and Inclusion. 	<ul style="list-style-type: none"> • Voluntary turnover. • Representation of women on the Board, in management and in the workforce. • Engagement level. 	For further information please see pages 82 and 83.
Delivering high quality products and services Meeting and pre-empting the needs of our customers and the environment, through innovation, customisation and the highest levels of quality control.	<ul style="list-style-type: none"> • Quality Assurance. 	<ul style="list-style-type: none"> • Manufacturing reject rate. • % of facilities compliant with ISO 9001: 2015. 	For further information please see page 55.
Fostering mutually beneficial partnerships Fostering sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. Respect for human rights.	<ul style="list-style-type: none"> • Business ethics. • Human rights. 	<ul style="list-style-type: none"> • Whistleblowing incidents. 	For further information please see page 83.
Supporting communities around us Making a positive contribution to the communities in which we operate.	<ul style="list-style-type: none"> • Community engagement. 	<ul style="list-style-type: none"> • Charitable donations. 	For further information please see pages 81 and 82.
Managing our environmental performance, mitigating our impacts Protecting and minimising our impact on the environment in which we operate and where our products are used. Focus on climate change – setting and achieving emissions reductions and mitigating climate-related risks.	<ul style="list-style-type: none"> • Environmental stewardship. • Climate reporting and decarbonisation strategy. • Climate change adaption and transition. 	<ul style="list-style-type: none"> • TCFD reporting. • GHG emissions and intensity. • Water consumption. • Environmental incidents. • Waste monitoring. 	For further information please see pages 78 to 80.

Our contribution to the SDGs

The 2030 Agenda for Sustainable Development, adopted by all United Nations member states in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“SDGs”), which are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

At Hunting, we believe we can make a contribution towards achieving these goals, and that every contribution – no matter how small – can have an impact on the betterment of our society and the environment in which we operate.

We have identified nine SDGs as areas where we can make a positive contribution.

Good health and well-being



The health and safety of our employees is of utmost importance to us. We have a responsibility for the health and safety of those who use or are affected by our services and equipment. We believe that we can address employee and community health through the systems we have in place, the training and support we provide, our access to healthcare, and through innovation and technology – by building and implementing safety-enhancing features in the work we do.

Affordable and clean energy



Through the technology, products and services we provide to the oil and gas sector, we assist in the safe, and reliable extraction of resources, while minimising environmental impacts.

Responsible consumption and production



As a responsible and efficient operator we strive to limit the consumption of the materials we use, and to increase recycling and integration into the circular economy. We are conscious of the need for responsible sourcing of materials.

Gender equality



Our aim is to ensure that our workplaces and decision making are free from prejudice, and that hiring and promotion is based on merit. Not only do we aim to improve gender representation in our business, but we are specifically seeking to promote diversity on our Board and among our senior leadership.

Decent work and economic growth



We have a skilled and diverse workforce, operating in 11 countries across the globe. We place a great focus on attracting and retaining talented employees, and ensuring that they are engaged and can develop to their full potential. We have measures in place to identify and guard against modern slavery and human trafficking.

Climate action



We recognise that climate change is a global challenge and a risk to our business, and that we can make a positive contribution towards climate change mitigation by improving our energy efficiency mix, and reducing our GHG emissions. We also recognise the need to understand and plan for climate change impacts and transition.

Clean water and sanitation



We monitor and manage our water usage, understanding that water is a valuable and constrained resource, especially in some of the regions in which we operate. We protect water resources, guarding against potentially hazardous emissions to water bodies.

Industry, innovation and infrastructure



We support inclusive and sustainable industrialisation, and produce and work with innovative technology that is safe and efficient.

Partnership for the goals



We recognise that the achievement of the SDGs requires partnership and collaboration.

Through Hunting’s TEK-HUB™, we seek to attract innovative individuals and companies to develop technology partnerships. By working in true collaboration, we will bring innovations to market under licence.

Singapore – new facility, lower carbon footprint

Hunting's consolidated facility in Singapore is yielding significant benefits.

The Group has now brought together the manufacturing of all product lines under one facility, to generate operational synergies and to reduce costs.

New office opening ceremony in Singapore. Jim Johnson (Chief Executive) and Daniel Tan (Managing Director – Asia Pacific).



\$2.3m

Singapore facility investment

c.45%

Reduction in electricity consumption in Singapore targeted

After a lengthy search, the integrated and award-winning development at JTC Space @ Tuas presented itself as a good real estate fit for Hunting. Most importantly, the new location needed to meet the Company's ambition for a sustainable operating site, allowing Hunting to put into practice environmental stewardship. The new development started on the right low-carbon footing as it followed guidelines set out by Singapore's Building and Construction Authority ("BCA").

This site was also a suitable location to accommodate the sizable workforce – it has a number of prominent green features, boosting the health and wellbeing of the workforce, to create a sustainable workplace. The new Hunting location is also conveniently situated within walking distance of public transport, including the Gul Circle Mass Rapid Transit ("MRT") station on the East West line, and several bus stops.

All operating activities were transferred to JTC Space @ Tuas by April 2022. The successful consolidation of the three product lines – OCTG, Completion Accessories and Well Intervention into a single highly efficient facility has resulted in enhanced administrative efficiency, improved quality services to our customers, and substantial reduction in our carbon footprint.

The building has been awarded the "Green Mark Platinum" certification by BCA. This is the highest award and accolade available in the Green Mark Incentive Scheme, a building rating system that is supported by a comprehensive framework, designed to evaluate a building's environmental impact and performance.

A key feature has been the built-in resource efficiency that will decrease electricity and water consumption through:

- the east-west orientation of the building, which reduces heat gain;
- the installation of highly efficient chilled water plants in the industrial complex, which is used for the air-conditioning systems;
- the installation of energy-efficient LED lighting throughout the facility and, in all common areas, occupancy sensors to control lighting when not in use;
- the use of accredited water fittings that reduce water flow rates and consumption; and
- its proximity to the MRT station system, which is an electric powered railway transportation – the principal mode of public transport in Singapore.

Hunting will continue to take action to reduce its carbon emissions, with existing plans already in place to further lower the carbon footprint of the Tuas facility in Singapore. This includes the option to install a rooftop Solar PV System to further reduce carbon emissions.



Sustainability was at the heart of our decision when choosing to consolidate our facilities at JTC Space @ Tuas. We have plans in place to further lower our carbon footprint. One way to achieve this is by optimising resource efficiency, including the possibility of installing solar panels."

Daniel Tan
Managing Director
Asia Pacific

www.huntingplc.com

Environmental stewardship

Our Commitment:

Protecting and minimising our impact on the environment in which we operate and where our products are used.

Material Issues:

- Environmental stewardship;
- Climate reporting and decarbonisation strategy; and
- Climate change adaptation and transition.

SDGs



Environmental management and compliance, the efficient use of natural resources such as energy, water and raw materials, as well as reducing our waste footprint, are critical areas for the business.

The Group's Quality Management System ("QMS") is compliant with the globally recognised ISO 14001 (Environmental) standard and 74% of our facilities are operated in compliance with this standard, as well as ISO 50001 (Energy Management), as we demonstrate our commitment to operating in an environmentally responsible manner with the aim of reducing the environmental impact of our global footprint.

Among the environmentally responsible initiatives that we have continued to implement across the Group during the year are:

- The introduction of energy efficiency solutions, including more efficient lighting;
- Improved water capture and recycling; and
- Increased waste recycling.

These initiatives are continuously enhanced to incrementally reduce the Group's overall carbon footprint and environmental impact.

Energy and Climate Change

Energy management, carbon emissions and related climate matters have become the subject of global focus, and intense external and internal scrutiny in recent years.

At Hunting we recognise the reality of climate change, and the role that companies have in mitigating our contributions and addressing its impacts.

The Hunting Board has committed to the principles published in the 2015 Paris Agreement, which aims to limit the increase in global temperatures.

Our Climate Policy was updated in January 2023. The Board has overseen the development and introduction of strong governance and reporting initiatives that will support Hunting's commitment to these issues in the short, medium and long term. A significant development during the year has been the advancement of our TCFD reporting.

Our Carbon Measurement, Reporting and Targets

Hunting has disclosed its Scope 1 and 2 GHG emissions since 2013, in accordance with the principles of the Kyoto Protocol, with the reporting process integrated into our non-financial reporting framework. Since our Scope 1 and 2 emissions are under our control, we choose to report and reduce these as a priority.

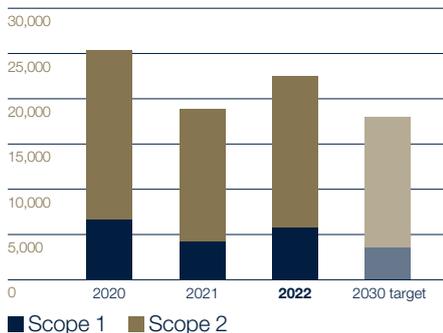
In 2022, the Board approved a new carbon reduction target of 50% from our 2019 base-line year by 2030. The Group continues to drive our intensity factor (calculated as total emissions divided by revenue) to less than 30.

In 2023, we will commence the collection of certain Scope 3 emissions, including electricity transmission and distribution emissions, commuting and business travel emissions and relevant supply chain emissions.

Hunting's Carbon Reporting Roadmap

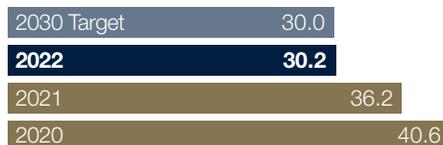
2013	2019	2020	2021	2022 and beyond	
Began Scope 1 and 2 GHG emissions reporting.	Publication of first carbon reduction and intensity targets.	Initial TCFD disclosures published, including governance and physical risk analysis. External advisers appointed.	First TCFD disclosures. TCFD Steering group formed.	Full TCFD disclosure. S&P Trucost appointed to assure carbon data collation processes against AA1000 standard.	Science-based targets considered.

Scope 1 and 2 Carbon Dioxide Equivalent Emissions (tonnes)



Intensity Factor

(kilogrammes CO₂ per \$k revenue)



Our Carbon Footprint

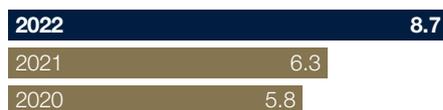
Setting our Scope 1 and 2 emissions targets means we have given attention to improving our energy efficiency programmes, including the introduction of low energy and higher efficiency solutions into many of the Group's facilities, along with the migration to lower carbon electricity arrangements. We are also undertaking initiatives to increase the contribution of renewables to our energy mix. Importantly, we aim to introduce a low carbon culture within our operating facilities and among our employees.

We are migrating the electricity we purchase towards more renewable and sustainable sources. In the US, where the majority of the Group's facilities are located, wind generation capacity is substantial, giving the Board confidence that a large proportion of our carbon footprint (predominantly Scope 2 electricity usage) can be eliminated by moving to renewable energy. In the UK, the Group's Aberdeen and London operations have secured renewable energy supplies. The Group also participates in a number of other initiatives, including the Energy Saving Opportunity Scheme, which requires Hunting's UK facilities to be audited for energy efficiency, with recommendations provided to reduce energy usage.

Electricity purchased – Group (GWh)



Renewable energy purchased – Group (GWh)



We participate in the annual CDP survey, and our latest submission is available on www.cdp.net. The data reported, and carbon dioxide conversion factors used to report the Group's carbon footprint, are based on those published by BEIS and DEFRA in the UK (www.defra.org.uk) and the International Energy Agency.

To monitor Hunting's climate related risks and opportunities, the Group has elected to adopt three primary carbon and climate metrics:

- Scope 1 and 2 GHG emissions (tonnes CO₂e);
- Intensity factor (kg of CO₂e per \$'000 of revenue); and
- Non-oil and gas revenue (\$m and %).

The Group's total Scope 1 and 2 emissions in 2022 were 22,422 tonnes CO₂e (2021 – 18,859 tonnes CO₂e).

In the UK, total Scope 1 and 2 emissions in 2022 were 359 tonnes CO₂e (2021 – 474 tonnes CO₂e).

The Group's intensity factor is based on total carbon dioxide equivalent emissions divided by the Group's revenue in 2022, and was 30.2 kg/\$k of revenue (2021 – 36.2 kg/\$k of revenue).

We are also starting to collect certain Scope 3 emissions data during 2023.

Climate Change Impact and Transition

As our world transitions to a low carbon economy in response to, and to mitigate, climate change, there will be a significant impact on our business and our ability to create value. Currently, around \$47.6m or 7% of our revenue contribution is from non-oil and gas sectors (2021 – \$37.6m or 7%).

Our efforts to align our business model to take into account and pre-empt this transition, and the opportunities that this potential for diversification has for the business, are described in our Climate Change statement.

An integral part of our risk management approach ensures that new facilities take into account environmental impact considerations, including protection from extreme weather events, such as severe storms and flooding.

Annual Energy Summary

Energy Type	Units	2022	2021	2020
Natural gas – Group	GWh	7.9	8.5	13.7
Natural gas – UK	GWh	0.7	0.2	2.6
Vehicle consumption and process emissions – Group	Tonnes CO ₂ e	3,367	2,491	3,338
Vehicle consumption and process emissions – UK	Tonnes CO ₂ e	0.7	1.4	3.3
Electricity purchased – Group	GWh	43.4	40.5	48.6
Electricity purchased – UK	GWh	0.4	1.4	1.4
Renewable electricity purchased – Group	GWh	8.6	6.3	5.8
Renewable electricity purchased – UK	GWh	0.4	0.3	0.4

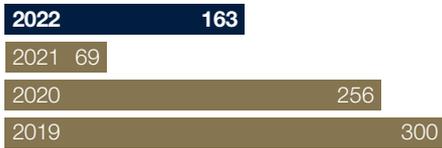
Water Management

Water management is becoming a key feature of Hunting's sustainability strategy, with measures being introduced to recycle more fresh water across the Group's facilities. Our primary water consumption is for property and equipment needs. Hunting has a number of water supplies, some provided by utility networks and some from boreholes drilled at some locations. Our long-term sustainability plans include measuring all water inputs and, from 2023, we will be reporting the percentage of water recycled in line with SASB guidance.

We monitor our water usage and operational risk, and have adopted proactive water management. Where water is used as part of our manufacturing process, the waste (e.g. cooling) water is not discharged into the original water source. For example, as part of the regional Environmental and Water Management strategy in the EMEA region, the Fordoun site monitors the water discharged from operational activities twice per calendar year. Additionally, we are committed to conserving and protecting freshwater resources whenever possible – from water withdrawal, to use and reuse where possible; whilst contaminated water is collected and disposed of as special waste, destined for further recycling.

In the year, there was an increase in water consumption as activity levels increased across the Group.

Fresh Water Consumption ('000 cubic metres)



Waste Management and Recycling

We are mindful of the need to responsibly source and consume materials.

During the year, the majority of the Group's facilities had at least one recycling programme in place. In 2019, the Group initiated a new process to quantitatively collect recycling information on metal, paper/wood and plastics.

Scope 1 and 2 Greenhouse Gas Emissions (tonnes CO₂e) per operating segment

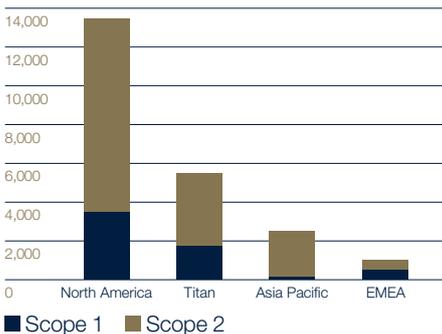


Image key

- 1 A micro-hydro generator installed in the Philippines.
- 2 Metal recycling is practiced in the majority of facilities.

Society – people and communities

Our Commitment:

- Supporting and developing our people: Attracting and retaining our highly-skilled workforce. Providing training and development. Promoting diversity and workplaces that are free of prejudice.
- Fostering mutually beneficial partnerships: Fostering sound and positive partnerships with our customers and suppliers, industry bodies and regulators in the regions in which we operate. Respect for human rights.
- Supporting communities around us: Making a positive contribution to the communities in which we operate.

Material Issues:

- Health and Safety;
- Employee engagement;
- Diversity and inclusion;
- Human rights; and
- Community engagement.

SDGs



Our ability to successfully deliver on our objectives, and the reputation that we have built over many years, rests on the values and behaviours of our highly skilled and committed employees. At 31 December 2022, the Group employed 2,258 people across our global operations (2021: 1,949 people). With 43% of these employees employed in our North America operations, 29% at Hunting Titan, 14% in Asia Pacific, and 11% in the EMEA (Europe, Middle East and Africa) operating segment.

Health and Safety

Hunting is committed to achieving and maintaining our high standards of safety, health and environment goals of “No Accidents, No Harm to People, and No Damage to the Environment”.

Our culture has entrenched best practice, and we employ rigorous Health and Safety practices. Our HSE policy guides the way we work, putting safety first and, at a minimum, complying with local regulatory requirements. Our approach ensures:

- Regular audit and maintenance reviews of facilities;
- Appropriate training and education of all staff;
- That we seek the accreditation and alignment of long-standing internal programmes with internationally recognised standards; and
- Regular reporting to the Board.

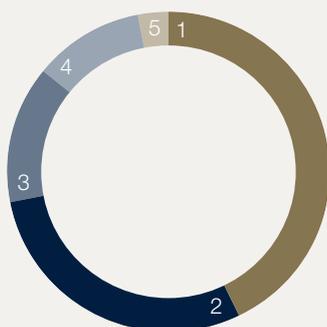
Each local business is required to develop tailored Health and Safety policies to suit their environment. Hunting has defined rules and guidelines for HSE training, protective equipment, and high-risk operations. This is covered by the Group’s Health, Safety and Environmental Global Manual that is accredited to ISO 14001: Environmental Management System and in accordance with ISO 45001: Occupational Health and Safety Management System. Our target is to achieve zero recordable incidents. In 2022:

- There were no fatalities in the Group (2021 – 0).
- Recordable incidents 23 (2021 – 19).

The total recordable incident rate is calculated by multiplying the number of incidents by 200,000 and dividing the total numbers of hours worked based on guidance issued by the Occupational Safety and Health Administration (“OSHA”). In 2022, this was 0.97 in the US (2021 – 0.99). The industry average incident rate in 2022 was 4.0 (2021 – 4.0).

The near miss frequency rate is calculated by multiplying the number of incidents by 200,000 and dividing by the total numbers of hours worked. In 2022, our near miss rate was 0.97 (2021 – 0.78) as a result of 66 near misses (2021 – 15).

Employees By Region (at year-end)



1. US 43%
2. Hunting Titan 29%
3. Asia Pacific 14%
4. EMEA 11%
5. Central 3%

Town Hall QAHSE meeting in Singapore.



We have engaged specialist services to provide climate, noise and air quality testing to achieve an accurate sample of our operations to ensure compliance and safety for all its employees. As a result of this monitoring, we have been able to continuously improve the working conditions across all platforms.

Through our internal HSE Management System OnBase, processes, communication, training and reporting are now completely seamlessly captured within one application across the Group, and ensure that all operations are in compliance with local regulatory agencies.

We operate an embedded Health and Safety training programme for all employees, with each shop-floor member of staff attending weekly "Tool Box" sessions, where HSE messaging is re-enforced.

Employee Attraction, Retention and Development

To attract and retain our highly skilled staff, and to address the key demands of the industry, our employees are remunerated fairly, which, in addition to a base salary, can comprise a range of healthcare and pension benefits and can include an annual bonus that reflects performance levels.

We are committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives.

Employee Engagement

Since 2019, we have increased our engagement activities through perception surveys and town hall meetings. In addition, engagement processes have been embedded within all business units to enhance transparent two-way dialogue between the Board and the Group's employees.

Our first all-employee Gallup Q12 survey took place in 2019. We are planning on repeating the survey in 2023; we will again utilise Gallup's Q12 survey.

Our employees are also encouraged to engage in dialogue with management to raise issues of concern. These procedures are supported by an independent reporting service operated by SafeCall, where confidential matters can be raised with the Board.

Diversity and Inclusion

We are a responsible employer. We are committed to creating a positive workplace environment for all our employees that is safe, respectful, fair and inclusive – free of any form of harassment, bullying and discrimination. Our approach focuses on recruitment, training and development, conditions of work and disciplinary procedures.

Hunting's Gender Diversity Policy commits us to:

- an embedded culture of equal opportunities for all employees, regardless of gender;
- require external recruitment consultants to submit their diversity policies to the Group prior to appointment;
- ensure that external consultants appointed by Hunting provide the right Board shortlists comprising of an appropriate gender balance; and
- a periodic review by the Nomination Committee of its progress in complying with best practice recommendations.

Hunting is committed to an ethnically diverse workforce, across its global operating footprint in 11 countries. We remain North America focused, with over 74% of employees from the region at 31 December 2022.

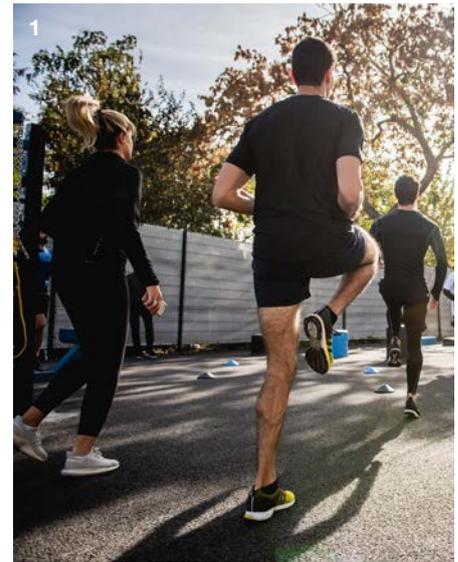
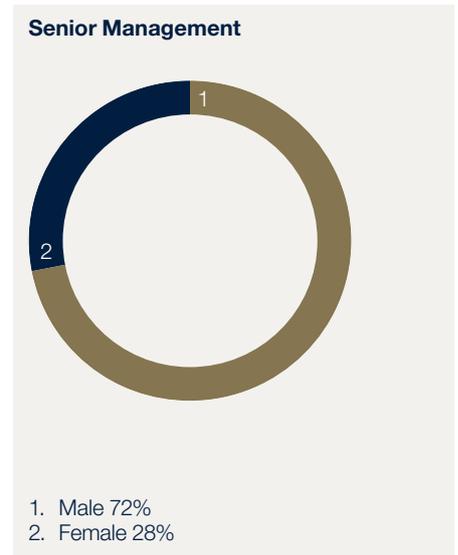
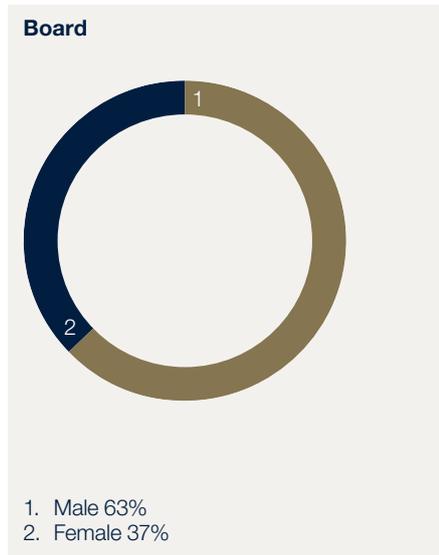
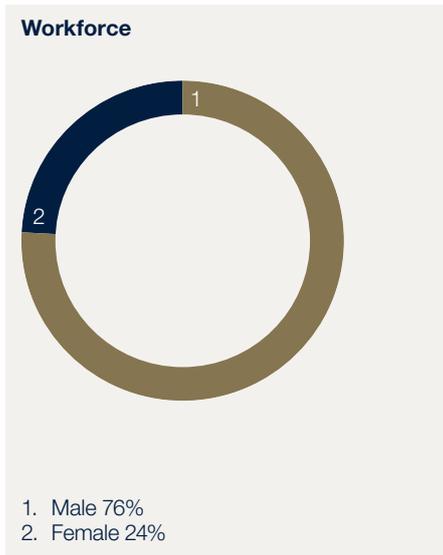


Image key

- 1 Employee fitness sessions.
- 2 Hunting's Asia Pacific community outreach initiative.



ESG governance

Our Commitment:

- Fostering mutually beneficial partnerships: Fostering sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. Respect for human rights.

Material Issues:

- Business ethics; and
- Human rights.

SDGs



We pride ourselves on the way in which our values are lived in our daily interactions, within the business and outside of it, and are committed to upholding the highest levels of integrity and ethics in all our business dealings.

Business Ethics

Hunting's Code of Conduct (the "Code") underpins all of our engagements, internally and externally.

In it, our CEO Jim Johnson notes that: "At the heart of our success has been an ethos of honesty and integrity".

All employees and business partners are provided with a copy of the Code and are expected to adhere to it. The Code of Conduct deals with a broad range of issues, including:

- Preventing corruption, including measures that prevent bribery and corruption in our dealings with government officials;
- Personal integrity, including money laundering;
- Conflicts of interest;
- Employee share dealing;
- Human rights;
- Harassment and equal opportunity; and
- Our approach to national and international trade, including compliance with laws and regulations, competition, and export and import controls.

As part of a compulsory programme for new employees, the Group provides ethics training through a Code of Conduct training course, to ensure awareness of our published policies.

Hunting's Code of Conduct training course includes detailed modules on ABC compliance and risk assessment procedures.

Through the SafeCall facility, we have created a confidential channel of communication to the Board, both within the business and in our supply chain, to report any breaches of the Code.

Human Rights

We are committed to upholding the human rights of all our stakeholders including employees, local communities, customers and suppliers, and achieve this through measures which include:

- Providing a safe and comfortable working environment for all employees and contractors;
- Respecting the rights of each individual, with a zero-tolerance approach to any form of discrimination, harassment or bullying;
- Providing training and development programmes to our global workforce;
- Acting with honesty, transparency and integrity in all of our dealings with our workforce.

This is implemented through our Code of Conduct within the business and, increasingly, in our supply chain.

We have a zero-tolerance stance on slavery and trafficking, and we expect the same from our business and trading partners.

We demonstrate our compliance to corporate regulations through:

- our Ethical Employment and Trading Policy;
- our Modern Slavery, Human Trafficking Transparency Statement; and
- Hunting's Ethics Reporting Procedures.



At the heart of our success has been an ethos of honesty and integrity."

Health and safety is a top priority

While health and safety has always been a top priority for Hunting, the arrival of COVID-19 presented an opportunity for the Group to review and refine its approach to its HSE management reporting systems. Given that in-person site visits became more challenging, the need for a seamless, integrated and cloud-based system became imperative, and has since been implemented.



Not only does the HSE management system provide for continuous reporting by all operating sites in a consistent and 'live' manner, it also provides useful insights, e.g. risk analysis, for management review and action. By monitoring and tracking 'real time' information, any potential areas of concern can be flagged and investigated, promoting a proactive safety culture.

The management system became fully operational in 2022. It allows Hunting to continuously enhance it, making it a dynamic management system that adapts to any new requirements at a Group, country and operational level. This is an additional safeguard to maintain compliance with respective regulatory agencies.

While this integrated management system has been a significant step forward in the collation and analysis of data, Hunting recognises that people remain a fundamental component of health and safety. Any system relies on the integrity of data collation and capture, and suitable checks are in place for this. Moreover, the behavioural aspect of health and safety remain a priority, particularly in recognising the dangers of workplace complacency, especially when performing routine jobs and repetitive tasks. This is where refresher safety training and ongoing communication play a significant role. Hunting places great emphasis on receiving suggestions to improve our procedures, in particular from shop-floor employees. Safety suggestion boxes and observation cards are installed at all facilities.

These are anonymous and are presented and discussed in quarterly management meetings, attended by all levels of the organisation, including managing directors, with a view to implementing corrective and preventative action plans to identify and eliminate hazard, risk, and unsafe behaviours.

HSE is recognised as a top priority right from the top of the organisation, with the Chief Executive personally driving safety engagements, and at least quarterly reporting and reviews at every level of the organisation, right up to the Board.



Technology development to drive industry efficiency

Driving technology enhancements to improve efficiencies via collaboration.

Hunting's TEK-HUB™ is an innovative company-customer partnership that seeks to attract individuals and companies in co-developing and accelerating the commercialisation of new technologies.



By collaborating with technology developers, we see benefits at several levels:



1
By taking technologies to market and into the field in a reduced timeframe, society accesses the benefits of that technology on a wider scale sooner. This is particularly important for technologies that reduce or offset carbon emissions. Organic Oil Recovery is an example of a technology that increases oil production, but CO₂ cost per barrel is very low compared to drilling, completing and bringing a new well online.



2
By collaborating with technology developers, Hunting avoids duplicating efforts to solve the same problem. There are financial, time and opportunity costs and energy/CO₂ savings, which free up resources to solve new problems. For example, Hunting's Ezi-Shear Seal valve demonstrates how developing an existing technology and deploying it into Hunting's core markets significantly reduced the time to market without duplicating development efforts.



3
The sales effort involved in commercialising a new product is energy intensive, particularly for small companies with no or limited international presence. Compare that to Hunting, with regional sales offices around the globe, which provides the opportunity for shorter travel distances to regional customers, compared to taking international flights. By combining multiple customers and technologies/product lines into each trip, the carbon cost per sale is minimised.

Our approach to collaboration.



For developers, the benefits of partnering with Hunting are significant, including access to capital, an international presence and an established and extensive customer base.

If you're a technology developer and are interested in finding out more about how Hunting can help you develop and market your idea through a global partnership, get in touch using the email address on page 248.

Task Force on Climate-Related Financial Disclosures (“TCFD”)

2022 has seen the Directors focus on the progression of the Group’s reporting pillars of Strategy, Risk Management and Metrics and Targets.

Compliance

Under FCA Listing Rule 9.8.6(8)b for premium listed companies, Hunting is required to report on a ‘comply or explain’ basis against the TCFD Recommendations and Recommended Disclosures in respect of the financial year ended 31 December 2022. The climate-related financial disclosures, which follow, are consistent with the four reporting pillars of (i) Governance (page 89); (ii) Strategy (pages 90 to 96); (iii) Risk Management (pages 96 and 97); and (iv) Metrics and Targets (pages 97 to 99) contained within the TCFD Recommended Disclosures. The Directors believe that Hunting is compliant with Listing Rule 9.8.6(8)b, with the following one exception:

- Hunting has not reported its Scope 3 emissions as recommended by part (b) of Metrics and Targets and has not completed a materiality assessment. This is due to the complexity of the Group’s global businesses and its respective supply chains and the costs associated with gathering this data. The Group anticipates to be compliant no later than 2025.

The Company has not committed to a Net Zero Target, as noted below, however; during 2023 a Net Zero plan will be developed, as required by the recommendations published by the UK government.

Climate Policy

In 2020, the Directors approved a Climate Policy (located at www.huntingplc.com), which commits the Board to Group-level monitoring of climate-related opportunities and risks.

This Policy acknowledges the global goal to limit global warming to 1.5°C in line with the Paris Accords and commits the Group to assisting in the delivery of this ambition through a reduction in its global carbon footprint.

In December 2022, the Board set new targets to be delivered by 2030. The Group will endeavour to reach these targets in the coming years as low-carbon initiatives are extended throughout the Company and are made more widely available in each geographic region of operation.

Progress in 2022

The Directors’ approach to the development of the Group’s TCFD reporting in 2022 has been to focus on the progression of the reporting pillars of Strategy, Risk Management and Metrics and Targets.

Strategy

During 2022, the Board of Hunting has considered and approved a broad-based strategic ambition to pivot its revenue and therefore its investment profile to more non-oil and gas sales. The Board has approved a strategy to target a material increase in non-oil and gas sales by 2030, to include energy transition and other markets such as medical, defence and power generation sales which align to the existing core competencies of the Group.

Risk Management

In 2021, management developed a Group-level climate change risk assessment and completed due diligence on its geographic footprint, to evaluate the transition and physical risk profile of the Group, based on different climate change scenarios extending to 2050. In 2022, management broadened the risk assessment framework to include inputs from each business unit within the Group to understand the risk profile of the proposed pivot to lower oil and gas-related sales, in addition to the physical risks associated with Hunting’s asset base. The risk assessment presented on pages 96 and 97 incorporates these additional disclosures. The Group has begun to develop a high level model which explores the financial impact of each business unit based on three scenarios including (i) a ‘Business as Usual’ global warming scenario (ii) a Middle Case or a 2.0°C global warming scenario and (iii) a ‘Rapid Transition’ scenario or a 1.5°C global warming scenario. Further disclosures in respect of this analysis are likely to be developed in the coming years.

Metrics and Targets

The Directors of Hunting have reviewed its carbon reduction targets, which were initially published in 2019, and have increased its reduction target to 50% (from 10%) from its base-line emissions year of 2019 by 2030. This new target relates to the Group’s operational Scope 1 and 2 emissions only.

Carbon Data Collection and Assurance

During 2022, management implemented a more detailed carbon data reporting policy which aligns to the GHG Protocol issued by the World Resources Institute (www.wri.org) and also enhanced the data collection methodology through the Group’s global financial consolidation system.

To support this data collection, the Group appointed Standard & Poor’s Trucost to provide assurance services against the AA1000 standard over Hunting’s policies and Scope 1 and 2 greenhouse emissions data which are being externally published. The results of this process are to be delivered to the Company in April 2023.

Carbon Reduction Commitment

The Board believes that its primary strategy to reduce its carbon footprint will be through the securing of renewable energy electricity contracts for all of the Group’s facilities.

C.80% of Hunting’s Scope 1 and 2 greenhouse gas emissions are derived from the consumption of electricity, with each business unit now tasked with reducing its reliance on fossil fuel originated electricity.

The Directors have considered a possible commitment to a Net Zero target, but after further analysis of its current emissions profile they are still not able to make this commitment given the level of emissions derived from its North America operations. This is due to the lack of available renewable electricity capacity in Texas where the majority of the Group’s facilities are located. As noted above, the Directors have, however, committed to a stronger carbon reduction target by 2030.

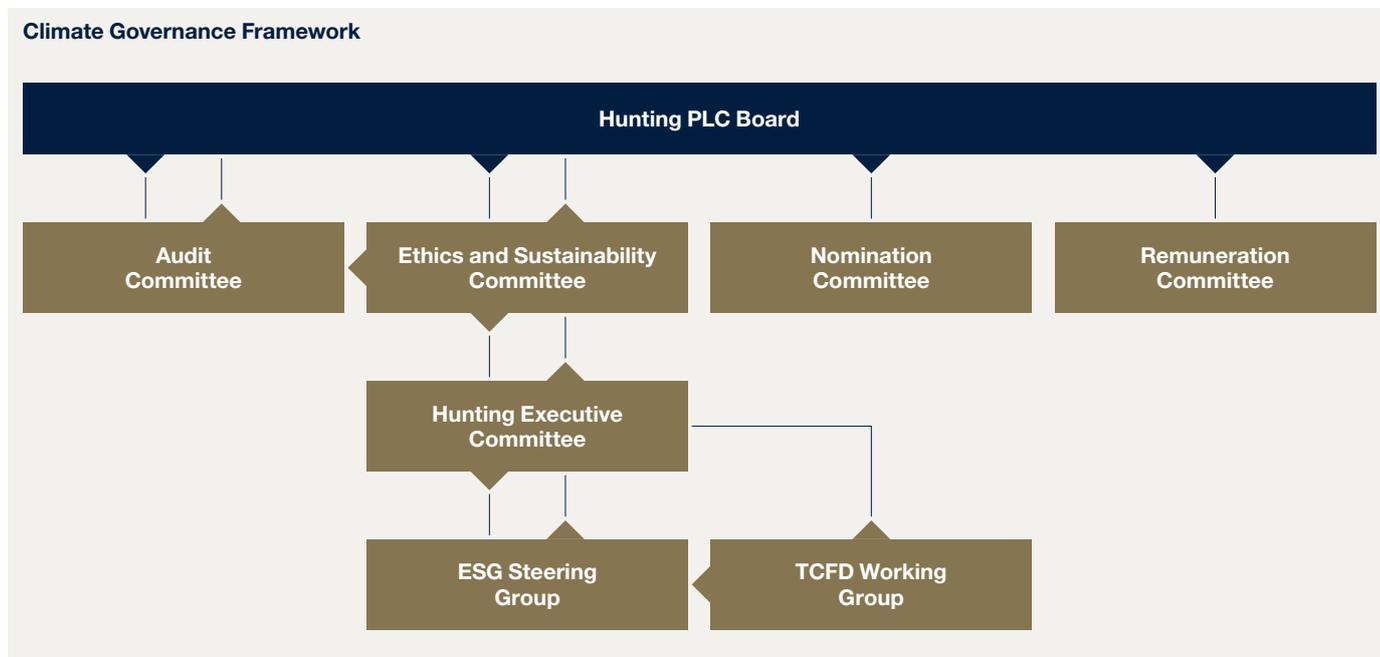
However, the Board notes that the Group’s total Scope 1 and Scope 2 emissions in 2022 were 22,422 tonnes of CO₂e and at a carbon price of €97 per tonne (www.carboncredits.com) on 21 February 2023, the total cost to the Group to purchase carbon offsets would have been c.€2.2m.

Scope 3 Emissions Reporting

In 2023 management is to complete a base-line assessment and commence the collection of certain Scope 3 data including electricity transmission and distribution emissions, commuting and business travel emissions and certain supply chain emissions.

Governance

The Board of Hunting has put in place a robust climate-related governance framework to oversee and deliver on its objectives going forward. This governance framework is summarised below.



Disclosure (a) Board Oversight

The Chief Executive has been charged with oversight and responsibility for all TCFD matters. Since 2020, the Board has been briefed by the Group's central compliance function and the Group Company Secretary on the TCFD reporting requirements and the work streams underway across the Group to assess compliance. This includes evaluation of the transition and physical risks facing the Group and the opportunities climate change presents to the Company.

Climate change perspectives and strategic initiatives including the pursuit of energy transition opportunities as well as the pivot of revenue to more non-oil and gas sales are therefore included in the Board's strategic planning discussions, which include merger and acquisition opportunities being considered.

Further, in 2021 the Directors appointed WillisTowersWatson ("WTW") to assist in the assessment of the Group's physical risk profile, based on the location of its current and non-current assets. This exercise will be repeated in 2024. The Board maintains an Ethics and Sustainability Committee to monitor Hunting's overall governance and reporting framework in the area of climate change and wider ESG issues. The Ethics and Sustainability Committee comprises the non-executive Directors of the Company (pages 116 and 117).

The Committee meets twice a year, with carbon, climate and TCFD matters being regular agenda items.

This Committee also monitors, on behalf of the Board, Hunting's progress against its current emissions reduction targets. All members of the Board attend each meeting of the Committee, with its activities and actions completed during the year detailed on pages 129 to 131.

While the Ethics and Sustainability Committee reviews these important non-financial matters, the Audit Committee retains key oversight of Hunting's public disclosures on these areas, including the information contained in its Annual Report and other Stock Exchange announcements and the evaluation of the risk profile of the Group in respect to climate change. Further, the Audit Committee reviews the climate-related risk assessments prepared by each business unit, and a consolidated climate risk register prepared by the Group's central finance function.

Disclosure (b) Management's Role in Assessing Climate risks and Opportunities

Members of the Group's senior leadership team including the Group Company Secretary, Chief HR Officer, General Counsel and Director of QAHSE are invited to meetings of the Ethics and Sustainability Committee. These managers in turn are supported by the Hunting Executive Committee; a formal ESG internal steering group comprising operational and finance staff; and a TCFD steering group, the latter being charged with developing formal reporting and new strategies to curtail the Group's carbon footprint, to reduce its impact on the environment and to provide direction on Hunting's sustainability ambitions.

The responsibility of managing climate risks is vested in the Executive Committee which comprises the senior operational leaders of the Company. The Group's central compliance function oversees TCFD external reporting and compliance matters and works with the Executive Committee to develop that Company's climate-related objectives.

Management completed a Group-level climate risk register in 2021 and in 2022 developed a broader risk register following input from each business unit. The results of this process are noted on pages 90 and 91. As part of this process, strategic opportunities were considered by each business unit which formed part of the Group's wider plan to pivot revenue to more non-oil and gas revenue and the new market opportunities which underpin this strategy.

A summary of the transition and physical risks facing the Group are presented on pages 92 to 96.

As noted above, in 2022, more granular local reporting and data collection protocols were implemented across all of the Group's business units, with regular briefings organised by the central compliance function.

For more information of the Group's wider governance framework, please refer to the Corporate Governance Report on pages 119 to 126.

Strategy

Disclosure (a) – Description of Risks and Opportunities in the Short, Medium and Long term

Hunting has not presented risk management analysis based on the geographic split of its global operations or by the various industry sectors it sells products and services as recommended by part (a) of Strategy. Hunting is a global energy services group, focused, almost entirely, on the oil and gas industry and therefore each of its global operating segments are faced with the same climate change opportunities and risks. Therefore, the Board believes this approach to climate change analysis not to be relevant to Hunting.

Climate Risk Management

As noted in the Risk Management section on pages 102 to 109, the Group has a broad-based risk management process, which includes a submission by each business unit three times a year of the major risks, and mitigating controls, facing their operations. This is reviewed by the Group's Audit Committee. Climate Change risk has been included as a principal risk, given the Group's focus on the oil and gas industry as well as current sentiment within financial and investment markets towards traditional energy businesses. As part of the Hunting's TCFD reporting, Hunting's central compliance function prepares a Group-level climate risk assessment, which assesses the short, medium and long-term risks including corporate-level risks such as consideration to reputation and wider financial market risk, given the scrutiny of climate change by investors and lenders.

During 2022, the Group issued a business unit risk assessment questionnaire which gives a deeper consideration to Hunting's longer-range risks, including revenue and expenditure risks, in addition to analysis of major cash generating units within the Group in respect to the impact of climate change. The central compliance function oversees the Group's annual insurance renewal for all of Hunting's businesses, working with specialists from WTW and in 2021 completed a physical climate risk assessment for Hunting's climate exposures which extends to 2050.

In the table below, 'short term' references a timeframe of less than five years; 'medium term' references a timeframe of between five and 10 years; and 'long term' references a time scale of greater than 10 years.

Climate Change Risk Analysis – based on a 'Rapid Transition or 1.5°C or lower' climate change scenario to 2050

Category	Description of Risk	Management Actions
1. Market		
Transition Risk Rating: Low/Medium Timeframe: Long Term Financial Impact: Revenue	<p>Hunting's primary revenue streams are derived from the oil and gas industry.</p> <p>The drive by many global governments and economies to reduce emissions may impact long term oil and gas demand, which in turn will impact Hunting's long term revenue profile.</p>	<p>During 2022, the Board reviewed a number of primary energy demand scenarios developed by Wood Mackenzie and the International Energy Agency ("IEA"), which included energy transition projections and oil and gas demand scenarios to 2050. These are noted on page 92. From this analysis, the Directors of Hunting believe that there is a robust outlook for oil and gas in the long term i.e. to 2050 and beyond, which will drive strong demand for Hunting's energy-focused products through this timeframe. The Directors will continue to monitor these projections and government legislation and will also track its customers and suppliers who are also developing compliance to this long-range change to the energy industry. As noted on pages 28, 29 and 95, the Board is putting initiatives in place to diversify its revenue streams, which do not rely on the global oil and gas market, to minimise earnings volatility over time but also to address this long-term revenue risk profile as noted in the Chief Executive's Statement on pages 26 to 29 and also on page 95.</p>
2. Technology		
Transition Risk Rating: Low/Medium Timeframe: Long Term Financial Impact: Revenue	<p>Hunting's products and services are primarily targeted at the oil and gas industry, given its expertise and know-how of this sector.</p> <p>Should the pace of the energy transition be more rapid than what is currently projected, certain of the Group's product lines and technologies will be less adaptable to a lower carbon energy world or could become obsolete.</p>	<p>The Directors believe that the Group's engineering excellence, particularly within the Group's Advanced Manufacturing group has the ability to diversify the long term revenue streams of the Group. As part of the business unit level risk assessment the adaptability to non-oil and gas markets was explored. Most businesses across the Group believe that revenues from new markets, using Hunting's core competencies will enable a level of transition to occur and are therefore well placed to develop non-oil and gas sales. In December 2022, a global Energy Transition sales group was formed to pursue carbon capture and geothermal revenue. Please refer to Climate Opportunities on pages 95 and 96.</p>
3. Labour		
Transition Risk Rating: Medium/High Timeframe: Short to Medium Term Financial Impact: Expenditures	<p>Historically, the oil and gas sector has provided highly competitive rates of pay and benefits and, therefore, has always been an attractive sector to work in.</p> <p>However, with recent volatility across the industry, along with the global climate agenda, there has been a change in perception of the global oil and gas sector, which may present a continuing risk of attracting and retaining skilled talent. The consequence of this risk is that employee costs may rise in the short to medium term to ensure Hunting can achieve its strategic objectives.</p>	<p>The Directors have monitored labour risk during 2022 through the Remuneration and Ethics and Sustainability Committees to ensure possible labour market issues in Hunting's various regions of operation are minimised.</p> <p>In the year, Group-wide pay increases were implemented to attract and retain employees.</p>

Climate Change Risk Analysis continued

Category	Description of Risk	Management Actions
4. Insurance and Tax		
Transition Risk Rating: Low/Medium Timeframe: Short to Medium Term Financial Impact: Expenditures	As a premium listed Company focused on the oil and gas industry, Hunting is faced with the likelihood of increased operating costs, including insurance and tax costs. It is possible that Hunting's insurance costs could rise in the future, given its presence in the global energy supply chain in addition to the location of certain facilities in the Gulf of Mexico. Further, it is likely that western governments will introduce taxation on companies, based on carbon footprint.	The Board has announced a 2030 Strategy which will target a material increase in non-oil and gas revenue by 2030. This initiative, in part, is to support a less volatile earnings profile, but also to minimise sector-related cost increases such as Directors' & Officers' liability insurance seen across the energy sector. Further, given that the Group has a relatively low carbon footprint, compared to other energy companies such as exploration and production businesses, any carbon related taxation is likely to be modest, given Hunting's drive to reduce Scope 1 and 2 emissions.
5. Assets		
Physical Risk Rating: Low/Medium Timeframe: Long Term Financial Impact: Assets and Liabilities	The global operating footprint of the Group, is potentially exposed to the impact of more volatile and severe weather events due to climate change. These events have the ability to damage the Group's property, plant and equipment thus impairing Hunting's ability to generate revenue.	In 2021, Hunting focused its climate change analysis on the physical risks facing the Group including carrying out an assessment of each operational location in respect of possible extreme weather risks out to 2050. The outcomes to this analysis are presented on pages 94 to 96. In 2022, the Group completed long-range financial impact analysis on its major cash generating units. The Directors believe that given Hunting's long-term presence in Louisiana and Texas, which periodically suffers from tornadoes and other extreme weather events, has given the Group strong experience in managing this risk. The Directors are therefore satisfied that appropriate attention is given to this area.
6. Financial Markets		
Transition Risk Rating: Medium Timeframe: Short to Medium Term Financial Impact: Capital and Financing	With the increased attention climate change is being given by financial markets, the standing of energy-related companies has come under increased scrutiny in recent years. Many investors who wish to invest in the oil and gas sector look for evidence of a Net Zero plan as part of their investment screening. Energy transition risk imputed by shareholders, lenders and market commentators has the potential to impact funding support from equity/debt financial institutions.	The Directors believe that investors and lenders will be more demanding in respect of the provision of financing in the future. However, this risk is partially mitigated by the Board's Hunting 2030 Strategy and its ongoing access to equity capital markets.
7. Regulatory, Legal and Compliance		
Transition Risk Rating: Medium Timeframe: Short to Medium Term Financial Impact: Expenditures Capital and Financing	Regulatory and compliance risk with respect to climate has increased in the past year, including the introduction of TCFD reporting requirements and the demand for long-term planning disclosures to address climate change. The Directors of Hunting believe that regulatory and compliance costs are likely to increase over time as companies address carbon and climate issues, which will likely require additional human capital to meet stakeholder expectations as well as to develop and implement Net Zero strategies.	As noted in the Risk Management section on pages 96 and 97, the Directors believe that regulatory compliance with climate change legislation could differ substantially given the various government and political agendas where Hunting's stakeholders are located. Management are continuously monitoring regulatory and compliance changes across its various jurisdictions.
8. Reputation		
Transition Risk Rating: High Timeframe: Short to Medium Term Financial Impact: Capital and Financing	Many stakeholders have become more aware of climate change, linking a Company's response to the climate debate to long term reputation. Many companies are beginning to respond to this reputational risk by addressing stakeholder concerns, which range from strong carbon reduction commitments to publishing energy transition strategies.	The Directors believe that a proportionate response to climate change planning is being implemented, which protects shareholders' short to medium term interests, including earnings and capital returns. Over time, the Directors will increase the disclosures in this area as longer-term plans are agreed. The Directors monitor the Company's market capitalisation against the value of its net assets which provides an indication of how various investors view Hunting's response to climate change.

Disclosure (b) – The Impact of Climate Risks and Opportunities

Climate Risks Transition Risks

Market and Revenue

The Directors regularly receive reports from the Chief Executive on the short to medium-term outlook for oil and gas demand, given that this is a key revenue driver for the Group.

As noted in the Market Summary, market indicators include rig count data and drilling and production spend data, published by Spears & Associates, supports the Group's wider financial reporting needs, including impairment reviews.

During 2022, the Board has also continued to review the long-term outlook for energy, specifically the current thinking in respect to oil and gas demand.

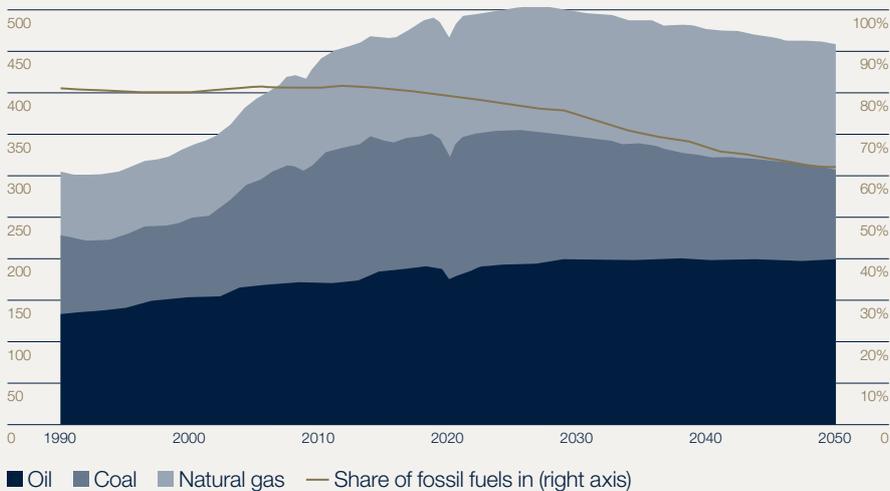
In October 2022, the International Energy Agency ("IEA") issued its annual energy outlook which provides a perspective on the long-term changes to energy demand and its primary energy inputs. As noted in the chart opposite, the outlook for oil and gas, which is assumed to be a 'Business as Usual' scenario, remains robust to 2050 with oil demand remaining flat for this timescale, with a small decline in natural gas demand. Overall the contribution of oil and gas to the total energy mix reduces from c.80% to 60%, although the majority of this decline is related to coal and gas inputs.

The Board has also commissioned energy demand analysis from Wood MacKenzie which analyses a range of climate change scenarios. These range from a 'Business as Usual' scenario where global governments do not achieve their carbon reduction ambitions, to a 'Rapid Transition' scenario where current climate change commitments are fully met, which will contain global warming to a maximum of 1.5°C as prescribed by the 2015 Paris Accords. The chart opposite provides a high level view of the possible changes to global oil and gas demand and therefore to Hunting's revenue profile to 2050, which indicates a possible c.60% reduction in revenue in a "Rapid Transition" scenario.

These energy demand scenarios have implications for Hunting's long-term strategy as the Group's products and services, and overall revenue profile, is driven by oil and gas demand and investment in the exploration and production of hydrocarbons.

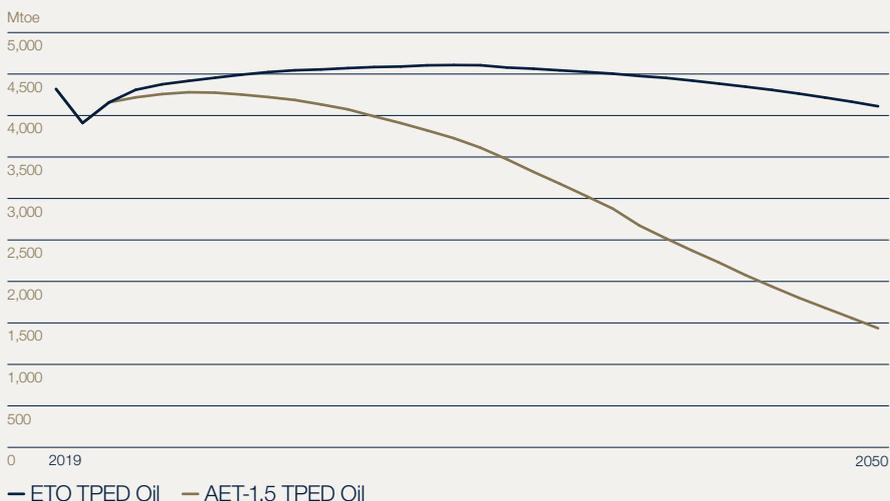
Impact: The Board believes that this primary energy mix to 2050 published by the IEA supports Hunting's long-term focus on energy, underpinned by the pivot to non-oil and gas sales in this timescale.

IEA Projected Fossil Fuel Demand: 1990-2050



Source: IEA.

'Business As Usual' and 'Rapid Energy' Transition Scenarios for Energy Demand: 2020 to 2050



Source: Wood MacKenzie.

Technology

International commentators believe that climate reduction commitments are very challenging, given (a) the pace of global warming and (b) the absence of technologies to assist in material carbon mitigation and reduction. The Directors of Hunting believe that its strategic ambition to assist its clients in making drilling operations safer and more efficient will place Hunting in a valuable part of the energy transition narrative, as brownfield developments extract oil and gas more efficiently, reducing the need for green field project developments.

Impact: Hunting's current technology offering enables the efficient and safe delivery of hydrocarbons. While there is a risk that certain products could become obsolete in the long term, the Directors believe that a number of its product lines are directly applicable to the energy transition and non-oil and gas markets which provides a level of resilience to its long-range revenue profile.

Regulatory, Legal and Compliance

International policies and legislation in respect to climate change and climate action have increased in pace, examples of which include new reporting procedures introduced into the UK for publicly listed companies along with the encouragement for all businesses to commit to a Net Zero ambition.

Further to this, initiatives such as the UK's Energy Savings Opportunities Scheme, which required energy audits of businesses to identify carbon-reduction measures, provide an indication of western governments' ambitions to achieve carbon containment.

Impact: It is likely that climate-related legislation will increase over time, which will lead to higher compliance, legal, operational and administrative costs to keep pace with these new regulations.

Reputation

Hunting's standing in the global oil and gas industry underpins the Group's strategic objectives of delivering strongly quality-assured products and services to its customers. The oil and gas market is highly competitive and therefore Hunting's operational objectives focus on strong HSE and Quality Assurance procedures, which are disclosed on pages 55 to 57, to maintain our leadership in the industry.

Hunting's association with the oil and gas industry is, however, believed to be a medium risk in the long term in respect to investor and shareholder perceptions, given the negative media attention of traditional primary energy sources.

However, the Directors believe that Hunting's strong relationships with customers and suppliers will support its ambition to play a key role in the energy transition, which will support the Board's ambitions to pivot revenue to more non-oil and gas sources. Further, the Directors believe that secure energy sources from regions such as North America continue to play a key role in global economic stability.

Impact: Hunting's reputation and standing in the energy industry is critical to its long term resilience. Participation in the oil and gas industry has a potentially negative impact on reputation which may manifest itself in a lower share price and market capitalisation of the Company; however, this is offset by the positive contribution of the Group's products and technology relevant to the energy transition.

Expenditures

Hunting has not completed detailed analysis of the long-term impact of climate change on the cost base of the Group, however, notes that key components to its cost structure could be impacted over time. Further work in the area is to be completed during 2023.

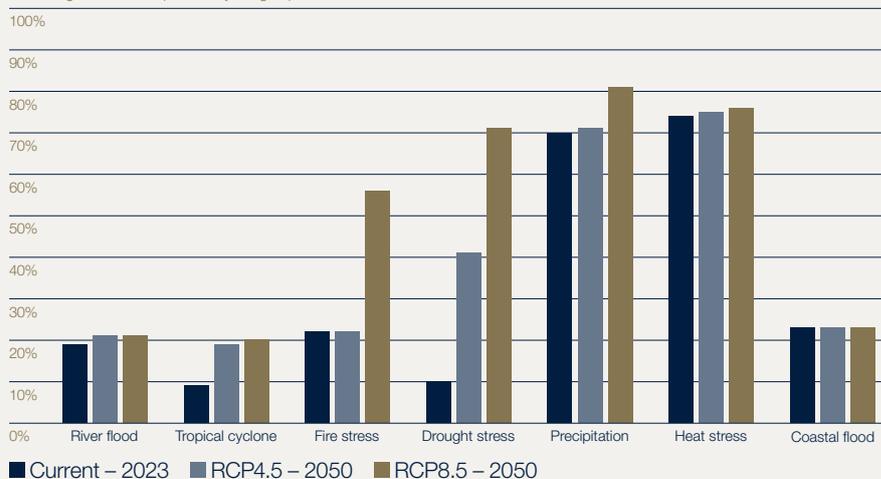
Labour Costs – Hunting's products and services are delivered by a highly skilled workforce comprising of engineers, machinists and professional services staff. The competition for talent remains a principal risk to the Company as noted on page 109, with employment costs likely to increase in the long term, to attract and retain employees to the oil and gas industry.

Tax Costs – to encourage the pivot away from traditional oil and gas primary energy sources, it is likely that taxation of companies by governments based carbon footprint may be introduced in the future. Given the modest level of emissions produced by the Group, the Directors believe that the potential tax cost to the Group is low, as noted on page 91.

Energy Costs – in 2022 electricity costs totalled \$4.5m. It is possible that as the energy transition progresses, the cost of electricity will increase as more expensive primary energy sources are adopted.

Facility Exposure To Severe Weather Events based on RCP4.5 and RCP8.5 climate scenarios to 2050

Percentage of facilities operated by the group



Source: Company.

Legal and Regulatory Costs – with

increased stakeholder pressure to reduce the consumption of oil and gas generally, it is likely that new legislation will be introduced in the medium to long term, which will increase compliance costs.

Insurance Premiums – the Group maintains a broad-based insurance programme covering many risk areas. Property damage and business interruption policies are in place, which cover potential losses to severe weather events.

Given the location of certain of the Group's facilities in Texas and Louisiana which are subject to wind storms, it is possible that the cost of this insurance cover will increase over time as the long term risk profile of these operations increases.

However, the Directors believe that given Hunting's diversified operational footprint, the risk of loss of operations is low. However, the cost of insurance cover could potentially increase given the concentration of the Group's facilities in Texas and Louisiana.

Litigation Costs – climate-related litigation is a further potential cost pressure which may materialise over time, as activism increases.

Access to Equity and Debt Capital Markets

The Group relies on equity and debt markets to fund its businesses. These stakeholders are increasingly demanding strong ESG and long-term sustainability credentials from companies, and in the absence of this, is unlikely to fund businesses which do not give attention to this. The Group has access to a \$150m Asset Based Lending facility to 2026, with discussions already underway with key stakeholders to identify key ESG metrics to support future re-financing.

Assets and Liabilities

The Group has completed high level scenario analysis to examine the potential impact of climate change on the current and non-current assets of the Group.

Capital and Financing

The Group has not completed detailed analysis of its cash flows in respect of climate change, however the Directors note the following in respect to future capital allocations:

Capital Investments – it is likely that new investment in facilities will occur over time to align with the physical risks to the Group's facilities noted on pages 94 to 96.

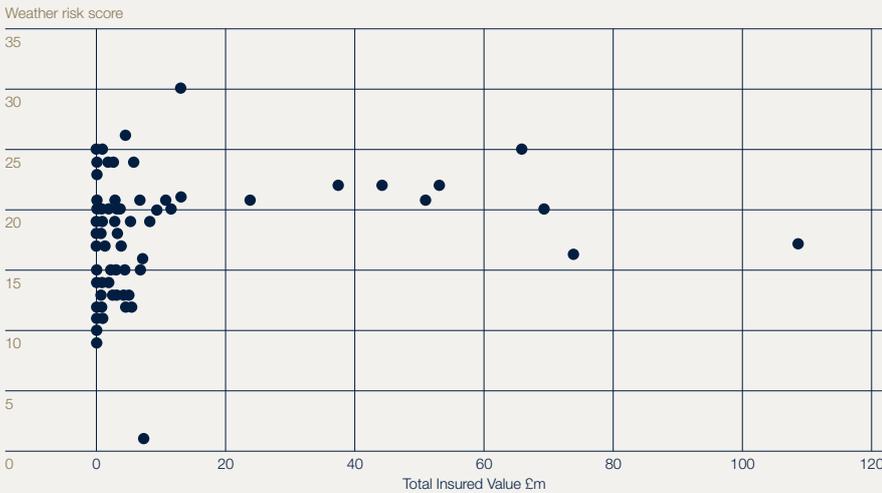
The Directors believe that Hunting's diverse operational footprint will in the short to medium term mitigate the majority of operational risks as many sites are configured in similar ways.

Dividends – the Directors note that shareholder distributions are a key element to the Group's investment case and will endeavour to support this strategy in the long term.

Capital allocations may change over time to enable the Group to pivot to non-oil and gas revenue streams, which may lead to lower distributions.

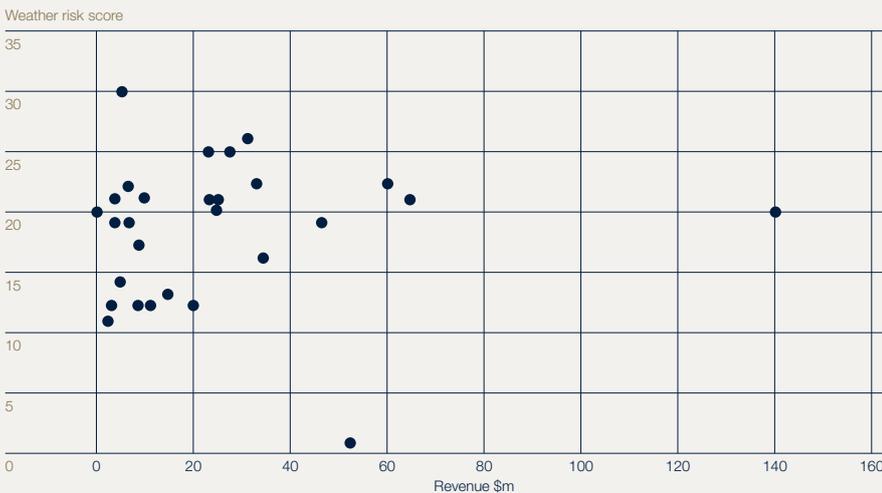
Acquisitions – Hunting has a strategy to develop its non-oil and gas revenue which in part will be funded by internally generated cash flows.

Total Invested Value (£m) by facility vs Weather Risk Score (max = 48)



Source: Company.

Revenue (\$m) by facility vs Weather Risk Score (max = 48)



Source: Company.

WTW has evaluated the longer-range climate risk to the Group's operating locations, applying the following two scenarios up to 2050:

- Scenario 1 – RCP4.5 (an increase in global temperature by 2-3°C by 2050).
- Scenario 2 – RCP8.5 (an increase in global temperatures by 4°C by 2050).

It can be noted that in climate scenarios 1 and 2 there is an increase in weather risk, in respect of:

- (i) tropical cyclones;
- (ii) fire stress;
- (iii) precipitation; and
- (iv) drought stress.

However, all other risks are currently known and evaluated by the Board under the Group's current operational risk programme. It is therefore noted that, on this basis, the Group's asset base risk is appropriately mitigated for the long term with actions and controls in place.

The charts on the left present the insured asset values and revenue risk of the Group, by location, as a function of the weather event scores independently applied by WTW.

WTW applied a risk factor to 14 weather events of between 0 and 5, with the maximum possible score of 48 for all weather events.

The total insured value figure is the value of assets held at each location, which are covered by Hunting's global insurance programme and which covers both property damage and business interruption insurances.

It can be noted all facilities report a weather risk score of between 10 and 30, with only a small number of facilities recording a higher concentration of insured assets by value.

The Board believes that the overall asset risk is mitigated across the Group's diversified physical global operations.

The Directors have also received reports detailing where key products lines are manufactured and the relative climate risk associated with each of these sites.

Physical Risks

In December 2021, the Board and the Ethics and Sustainability Committee reviewed an independent report that presented the Group's physical risk profile with respect to climate change and which presented analysis of Hunting's operating locations and their respective risk profiles against a variety of weather events.

The report also detailed a longer-range risk analysis incorporating a number of climate scenarios and how this could potentially impact the Group's operations. The results of this analysis are summarised below.

Impact: Given the concentration of facilities in Texas and Louisiana, locations that periodically experience tornadoes and wind storms, c.80% of the Group's operating locations are in higher-risk locations.

All facilities are built to withstand these weather events, which minimises production downtimes when these events occur. Recent weather events in the US have shown that facilities facing such weather are only offline for a few days at a time.

As part of the Group's strategic planning, the majority of products and services offered by Hunting can be manufactured in multiple facilities, which mitigates the risk of loss of revenue.

Similar to the asset and weather risk chart, the Directors have reviewed the Group's revenue by operating location as a function of WTW weather event scores.

The Board understands which facilities are key revenue generators and the risk of loss should a weather event hit a particular facility. It can again be noted that a small number of facilities have a higher concentration of revenue, however, the overall revenue risk is mitigated across the Group's diversified global operations.

Climate Opportunities

Resource Efficiency

The Group retains an ongoing lean manufacturing programme which is aimed at increasing productivity and reducing costs of operation. In 2022, the costs saving estimated by this programme were \$1.4m. Key resource inputs for the Group include the availability of power and water.

Energy Source

The Group's carbon emissions footprint, presented as a function of operating segment is noted on pages 80 and 99. The Board believes that simple, but meaningful, carbon reduction strategies will drive down the Group's emissions and include:

- i. Moving electricity contracts for Group facilities to renewable-based energy arrangements;
- ii. Building a zero emission vehicle fleet over time, including heavy and light duty vehicles and the provision of all-electric cars to relevant staff;
- iii. Installation of solar panels on relevant facilities, for a zero emission base load energy feed; and
- iv. Tree and grass planting strategy at Group facilities to offset residual carbon emissions.

Products and Services

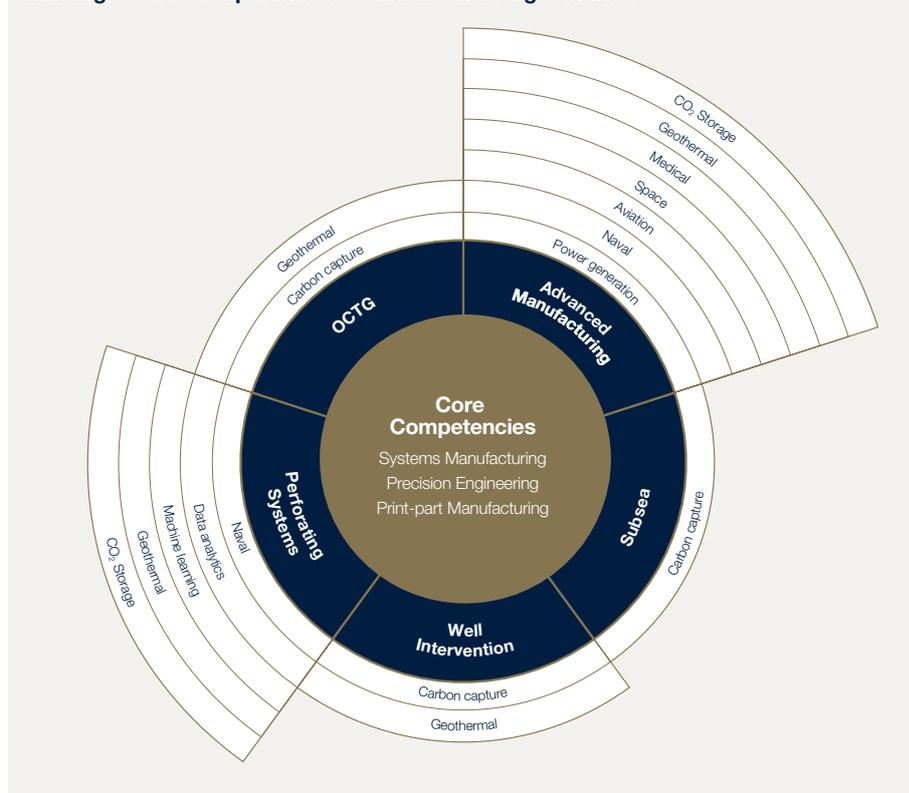
The Directors of Hunting have assessed the opportunities that climate change presents to the Group and note the following:

i. Participation in Non-oil and Gas Primary Energy Development

An area of focus within the global energy industry is geothermal energy development. These projects present a long-term opportunity for the Company to provide Oil Country Tubular Goods ("OCTG") premium and semi-premium connections and accessories to operators. Hunting has industry leading products and expertise in this area and therefore accessing these markets is believed to be relatively low risk. The Group has analysed the global market for geothermal and believes that the Asia Pacific and North America regions hold good opportunities to develop revenue in this sector given the number of projects announced over the past two years.

The Directors also note that a number of the Group's major customers are also commencing the climate journey, with energy transition plans being announced. Hunting's relationship with key exploration and production companies and international energy service groups has been established over many years, with Hunting being a trusted member of the global energy supply chain. The Board therefore believes that Hunting can successfully leverage its brand and reputation to remain a key participant in the Energy Transition.

Hunting's Core Competencies – Current and Target Markets



ii. Participation in Carbon Capture and Storage Projects

As noted in the Market Summary, on page 33, a large number of carbon capture and storage projects are to be completed within the 2025 to 2030 timeframe, to offset carbon dioxide build-up in the atmosphere. These projects, which require carbon dioxide re-injection into known oil and gas fields, or greenfield developments, present a long-term opportunity for the Company to provide OCTG, premium and semi-premium connections and accessories to operators. The Group's Energy Transition sales group is exploring stronger participation in this market.

iii. Diversification into Other Non-oil and Gas Sectors

The chart above illustrates the Group's key product lines and core competencies and demonstrates that the majority of Hunting's businesses have expertise to diversify into other growth sectors, such as medical, space, aviation and naval. Hunting has launched a medium term strategy to materially increase non-oil and gas sales by 2030, which is supported by this analysis and has taken steps to drive new sales, particularly within the Group's Advanced Manufacturing group.

Supply Chain

Our commitment to the delivery of innovative, high-quality, and reliable products is of material importance to the achievement of our 'total customer satisfaction' goal, and this is reflected in our Quality Policy and our Sustainability Framework. Hunting's total commitment to Quality is shown through operational excellence, and comprehensive Quality Management System ("QMS") supported by strong management oversight, which includes supply chain risk management. This is no easy task, especially with the various disruptions that have affected supply chains worldwide.

The Group's supply chain is predominantly related to raw material supplies, including the responsible resourcing of readily available materials such as carbon steel, nickel, and chrome-based specialist steel alloys which are used in the manufacture of Hunting's various products. Traditionally, these materials constitute a very low risk in terms of availability and price changes. Over the last few years, we have seen significant supply chain disruptions, resulting in a strong surge in demand, price increases and uncertain availability.

Measuring and reducing carbon emission across the Company's supply chain is intricate and challenging, but Hunting's role in this effort is driven by products which deliver more efficient drilling procedures. The Company is increasing its efforts to communicate its carbon reduction ambitions to its supplier base, through a Supplier Code of Conduct which was introduced in Q4 2022.

A small proportion of our products contain electronic components which can contain critical materials as defined by the National Research Council. These are a very small proportion of our purchased materials and constitute a low risk to the Company. However, for critical materials such as tungsten, required for Hunting Titan's charge production, we carry out regular risk assessments to identify potential supply chain risks. In addition, all other identified critical raw materials and/or components are regularly reviewed, forecasted for sales, availability, and projected market pricing, to create a purchase plan.

At all times, Hunting has existing mitigation plans in place should there be a supply chain interruption. For example, we maintain, and in some circumstances have increased, a safe stock, or buffer stock, for critical materials and components. We also have a highly diverse and multiple approved suppliers in place as part of our supply chain, for example ranging from Chinese to domestic US steel mills. In some areas, we have expanded our approved supplier list.

Adaption and Mitigation

As noted above, the Group is pivoting revenue to more non-oil and gas sources, including the development of Energy Transition revenue including geothermal and carbon capture opportunities.

Investment in Research and Development

Hunting's investment in the research and development of new products and technologies is a strategic objective to maintain market leadership in its core markets. In 2022, research and development expenditure totalled \$4.8m.

Operations

The majority of the Group's operations are orientated to the oil and gas industry; however, all businesses have been tasked with developing more non-oil and gas revenue.

Acquisitions and Divestments

As noted elsewhere, the Group's ambition to develop more non-oil and gas sales will be achieved through targeted acquisitions and an overall strategic rebuilding of the Group's portfolio.

In December 2021 Hunting exited from the capital intensive OCTG pipe supply business in Aberdeen as part of a wider restructuring to cut costs and to refocus the EMEA operating segment on growth and profitability.

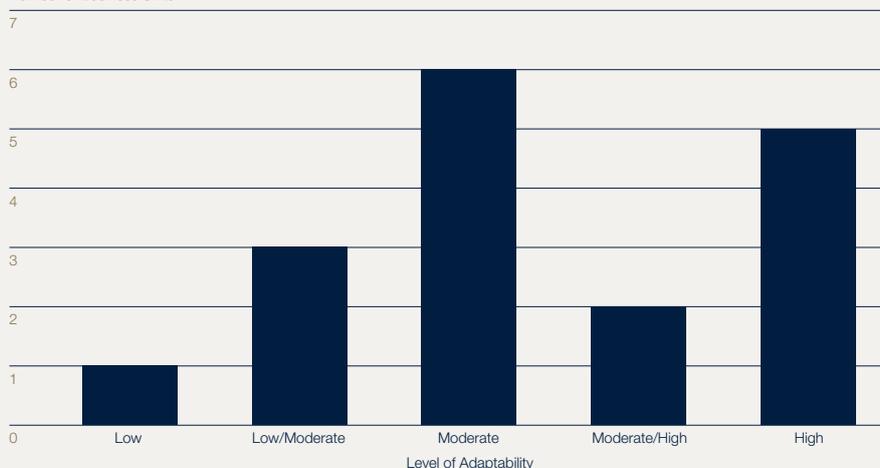
Access to Capital

The Group maintains a \$150m Asset Based Lending facility which matures in 2026.

The Directors believe that Hunting continues to have access to both equity and debt markets, given the strength of its position in the oil and gas, and wider energy industry.

Business Unit Resilience and Adaptability

Number of Business Units



Disclosure (c) – Climate resilience based on a 1.5°C scenario

As part of the TCFD risk assessment process, disclosures from each of the Group's business units were requested, which included details of the resilience of its operations and business model in a 1.5°C climate scenario by 2050. While Hunting is currently focused on the oil and gas sector, the Group retains diverse manufacturing capabilities and participates in sectors as diverse as aerospace, medical and space.

A key factor that will determine the impact on the Group is the adaptability of our businesses to transition to different sectors. Until our plans are further developed we have taken a conservative approach and have considered how adaptable our businesses are with minimal capital investment.

Furthermore, for some of our businesses the opportunities to adapt will depend on the potential development of new markets such as carbon capture and storage, the use of hydrogen as an energy source together with the expansion of the geothermal market and our ability to compete in these areas. The chart above summarises this assessment, with the majority of the Group's businesses reporting a 'Moderate' or 'High' level of adaptability if energy markets changed materially.

The Directors have also considered the potential impact that climate change could have on the financial statements of the Group. All businesses, with the exception of the Electronics, Dearborn and Trenchless units i.e. c.7% of 2022 revenue reported that long-term revenue would decline materially, by at least 50%, in the Rapid Transition scenario. The Group has also started to develop a high-level model focused on the long-term financial impact of different climate change scenarios, including 'Business as Usual', 'Middle Case' and 'Rapid Transition' scenarios.

Risk Management

Hunting's climate-related Risk Management disclosures are detailed on pages 90 and 91. During 2022, the Group's central compliance function developed a specific climate-change risk assessment process to be completed by each business unit within the Group to enable an integrated risk register to be assembled.

Disclosure (a) Climate Risk Identification

The Directors' view is that climate change risk is a principal risk to the Group and has been embedded into our Risk Management processes to which the Group's senior leadership team can respond in an appropriate manner. Further information on climate change risk can be found on page 107 within Risk Management.

Each business unit within the Group completes a broad-based risk assessment three times a year. The results of the process are consolidated into a Group-level risk register, which includes details of the risk and the associated mitigating controls. This includes financing, reputational, legal and insurance risk as well as other operational risks faced by the Company. The Group's Audit Committee reviews the Group-level risk register three times during the year as part of its annual schedule of work with input from the Group Finance Director, Group Financial Controller, the Head of Risk and Reporting and the Internal Auditor.

In 2022, the Group's central compliance function introduced a climate-specific risk questionnaire to all businesses within the Group, which asked for key information on transition and physical risks related to climate change, as well as strategic opportunities as the energy transition accelerates. The risk assessment framework was based on the TCFD guidance as illustrated in the chart on page 97.

The results of the process were reviewed and consolidated by the Group's central compliance and finance functions and fed into the scenario analysis presented on page 96. This analysis was reviewed by the Directors at its meeting in February 2023 and will be debated further at the meeting of the Ethics and Sustainability Committee in June 2023. Further, this analysis will be completed annually as part of the Group's wider risk management procedures.

Disclosure (b) Climate Risk Management

Following the risk identification process, management has been challenged to develop processes and procedures to mitigate and reduce its climate related risks and impact. This includes the reduction of the carbon footprint of each business units; management of the physical risk profile of each business or facility, which includes dialogue with the Group's insurers and other business units to develop production synergies for Hunting's product portfolio; and the broader efforts to decarbonise the Group's supply chain, whether that be to develop non-oil and gas sales or to introduce more efficient products and services to reduce the environmental impact of our customers oil and gas activities.

Disclosure (c) Integration of Climate Risk Identification and Management

The climate-related governance processes highlighted on page 89 have been introduced to allow the Board to have direct oversight of the risks, opportunities and climate-related strategies being considered by the Group's management.

There is also direct access between the Directors, Chief Executive and senior management team to enable climate matters to be challenged. Further, the senior management team has empowered each business unit leader to address climate matters on a decentralised basis, to enable regional considerations to be integrated into the Group's overall processes. In addition, the Board has ensured that financially-orientated risks are reviewed by the Audit Committee, with the broader strategic and operational risks being reviewed by the Ethics and Sustainability Committee to ensure broad-based challenge is given to management and all levels of the workforce on this important area.

Metrics and Targets

Disclosure (a) Metrics

To monitor Hunting's climate related risks and opportunities, the Group has elected to adopt a broad number of metrics to enable investors to monitor climate-related risks and opportunities. These are presented in the accompanying table on page 98.

Disclosure (b) Scope 1 and 2 Emissions

The Group currently collects Scope 1 and 2 greenhouse emissions data based of the Greenhouse Gas Protocol published by the World Resources Institute. The data is consolidated on an operational control basis, through the Group's central finance global financial consolidation system.

Carbon dioxide equivalent emissions are calculated using factors published by DEFRA in the UK to derive its total Scope 1 and 2 emissions.

Scope 1 emissions in 2022 were 5,778 tonnes (2021 – 4,171 tonnes) and Scope 2 emissions were 16,644 tonnes (2021 – 14,688 tonnes).

Between 2020 and 2021, the Group reported a reduction in its greenhouse gas emissions, primarily driven by lower trading activity due to the COVID-19 pandemic, but also due to a wider restructuring of the Group to prepare for a return to growth of its core markets. This process has included Hunting closing and consolidating certain facilities. As noted last year, the Directors anticipated an increase to emissions in 2022, as global energy markets recovered in line with economic activity.

As noted earlier, the Group has not completed a materiality assessment in respect of its Scope 3 emissions and has not reported any Scope 3 emissions in this report.

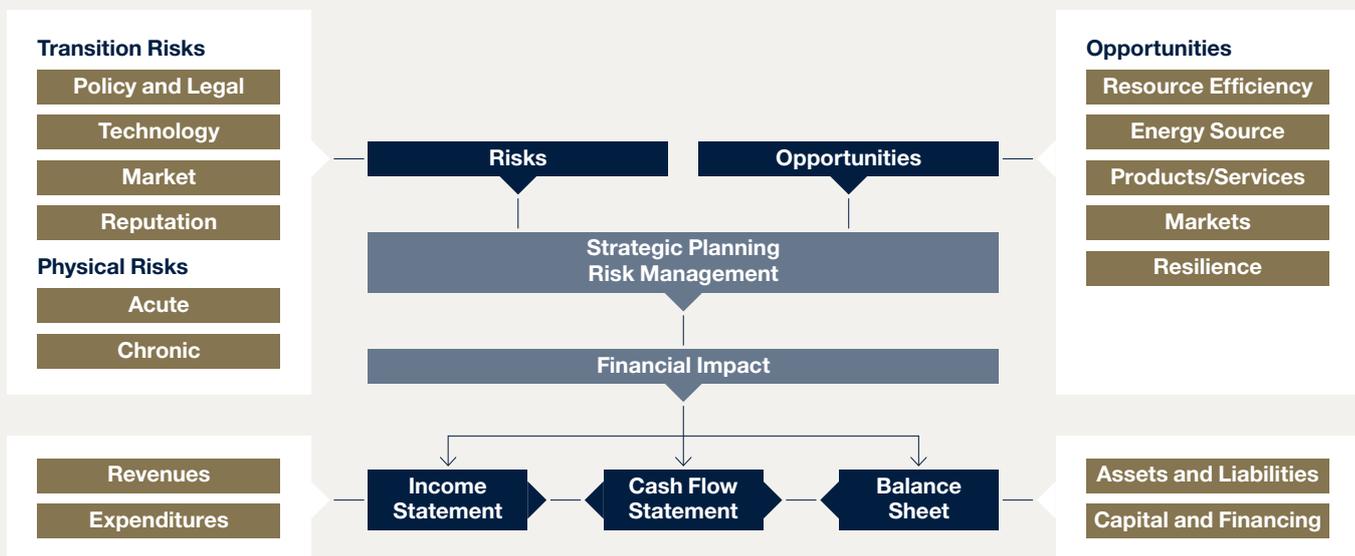
Disclosure (c) Targets

In 2019, the Group published its maiden carbon reduction targets, committing to a 10% reduction in total Scope 1 and Scope 2 emissions within 10 years while containing its intensity factor (calculated as total emissions divided by revenue) to less than 30. The base year for these targets was the carbon data reported within Hunting's 2019 Annual Report and Accounts.

Following further discussion in 2022, the Directors have agreed to increase the Group's Scope 1 and 2 emissions reduction target to 50% below the 2019 base-year by 2030. The equates to absolute emissions of 17,937 tonnes by 2030.

The Group has also set increased non-oil and gas targets by 2030.

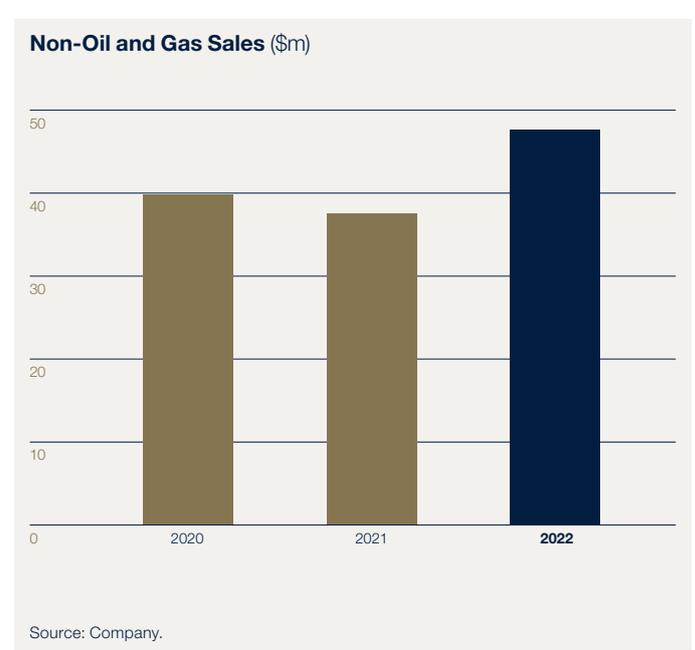
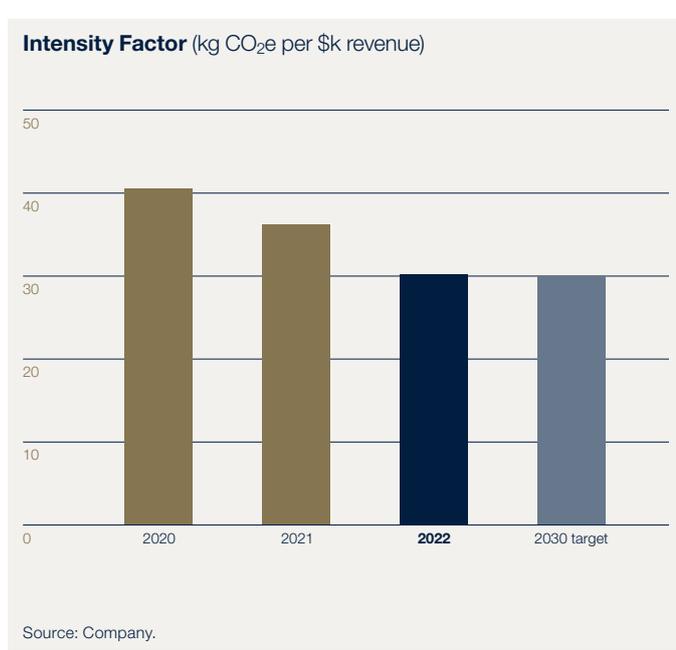
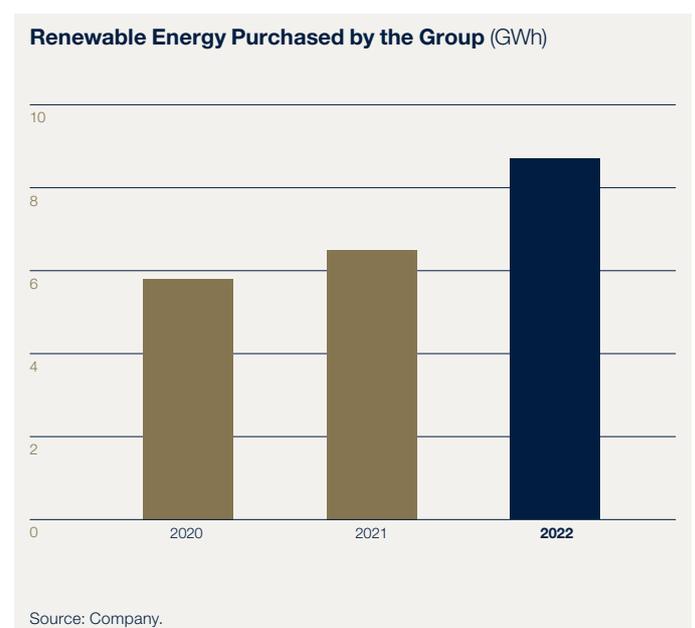
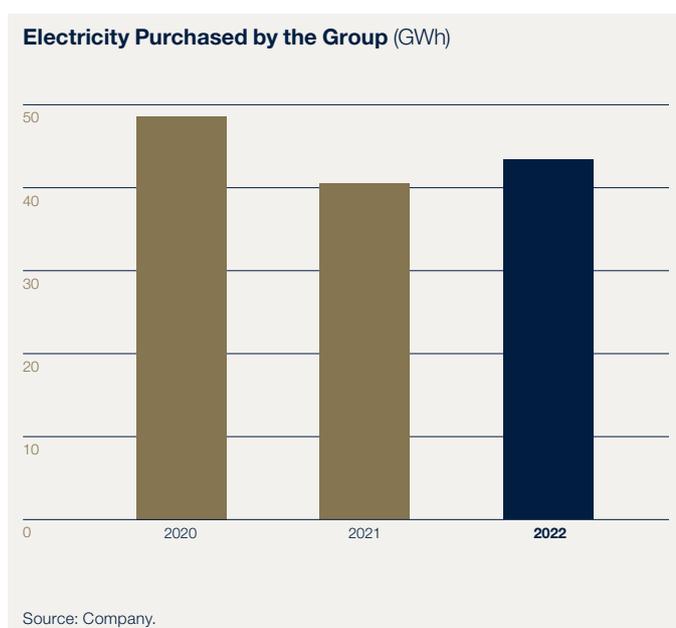
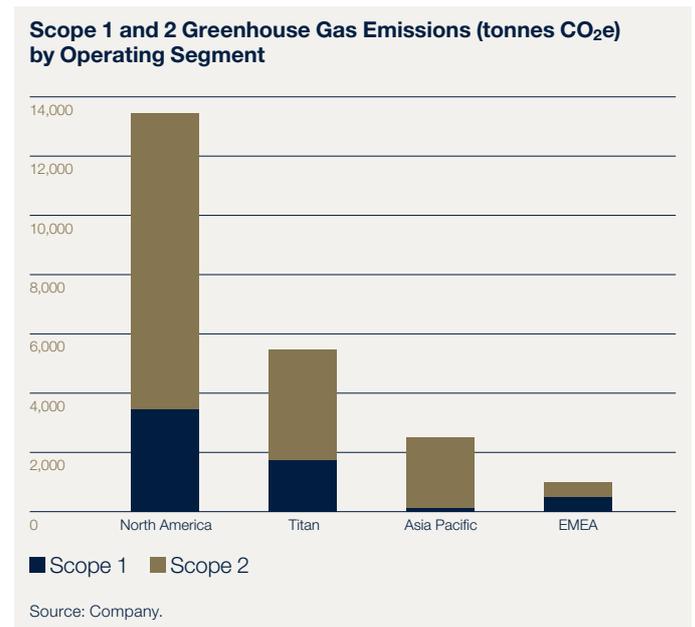
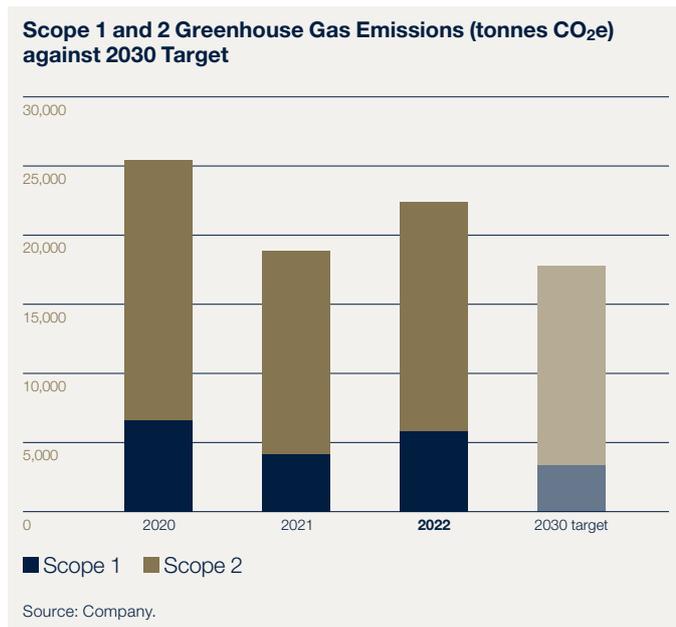
TCFD Risk Assessment Chart



Source: TCFD – Recommendations of the Task Force on Climate-Related Financial Disclosures – 2017.

Sector Specific and Cross-Sector Metrics & Targets

Metric	Description of Metrics/Reason for adoption	2022	2021
Revenue – oil and gas: \$m	Hunting's core markets are oil and gas related, therefore the long term monitoring of this measure assists in the understanding of the Group's resilience.	678.2	484.0
Revenue – non-oil and gas: \$m	Hunting's longer-term resilience can, in part, be monitored by the development of non-oil and gas sales.	47.6	37.6
Expenditure – total cost of electricity: \$m	The long-term cost of energy, including the purchasing of renewable energy, is a key metric to understanding the financial impact of the energy transition.	4.5	4.1
Expenditure – insurance premiums: £m	The cost of insurance, including product liability and property damage/business interruption cover, is a key metric in understanding the Group's perceived risk profile.	4.3	4.1
Expenditure – research and development: \$m	The long-term diversification to non-oil and gas revenue will require investment in new technology and research.	4.8	4.7
Assets and Liabilities – capital expenditures: \$m	The investment in non-current assets provides an indication of the long-term viability of the Company's investment case.	22.0	9.3
Scope 1 GHG emissions: tonnes	Hunting's Scope 1 carbon footprint provides investors data on the Group's contribution to climate change.	5,778	4,171
Scope 2 GHG emissions: tonnes	Hunting's Scope 2 carbon footprint provides investors data on the Group's contribution to climate change.	16,644	14,688
Water consumption: '000s cubic metres	Hunting's water consumption provides investors with data on this impact on the planet.	163	69
Lean manufacturing savings: \$m	The Group's drive for higher efficiencies in its operations provides an indication of its efforts to lower its environmental impact.	1.4	3.2
Carbon emissions offset cost: €m	The cost of purchasing carbon credits (Scope 1 and 2 emissions only) to become a Net Zero business.	2.2	1.8
Market capitalisation: \$m	The value of the Group's equity provides an indication of the future value of the Group's cash generating assets.	662.4	378.0
Net asset value: \$m	The book value of the Group's assets, compared to the Company's market capitalisation, provides an indication of the future value investors place on the Group's assets.	846.2	871.3
Renewable energy purchased: GWh	The level of renewable energy purchased provides an indication of the Group's drive to lower emissions.	8.6	6.3
Assets exposed to heat stress risk: %	The proportion of assets exposed to heat stress risk provides an indication of the physical risk exposure of the Group.	74	74
Assets exposed to precipitation risk: %	The proportion of assets exposed to precipitation risk provides an indication of the physical risk exposure of the Group.	70	70



Sustainability Accounting Standards Board Information

Oil & Gas – Services

Topic	Accounting metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Emissions Reduction Services & Fuels Management	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles; and (2) off-road equipment.	Quantitative	EM-SV-110a.1	Yes	Environment	Pages 65 and 66
	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts.	Discussion and Analysis	EM-SV-110a.2	Yes	Task Force on Climate-Related Financial Disclosures	Pages 88 to 100
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions.	Quantitative	EM-SV-110a.3	n/a		
Water Management Services	(1) Total volume of fresh water handled in operations; and (2) percentage recycled.	Quantitative	EM-SV-140a.1	Yes	Environmental Stewardship: Water Management	Page 80
	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts.	Discussion and Analysis	EM-SV-140a.2	Yes	Environmental Stewardship: Water Management	Page 80
Chemicals Management	Volume of hydraulic fracturing fluid used, percentage hazardous.	Quantitative	EM-SV-150a.1	n/a		
	Discussion of strategy or plans to address chemical-related risks, opportunities and impacts.	Discussion and Analysis	EM-SV-150a.2	n/a		
Ecological Impact Management	Average disturbed acreage per (1) oil and (2) gas well site	Quantitative	EM-SV-160a.1	n/a		
	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities.	Discussion and Analysis	EM-SV-160a.2	n/a		
Workforce Health & Safety	(1) Total recordable incident rate (TRIR); (2) fatality rate; (3) near miss frequency rate (NMFR); (4) total vehicle incident rate (TVIR); and (5) average hours of health, safety and emergency response training for: (a) full-time employees, (b) contract employees, and (c) short-service employees.	Quantitative	EM-SV-320a.1	Yes Yes Yes n/a	Our Stakeholders: Health and Safety Society: People and Communities	Page 63 Pages 81 and 82
	Description of management systems used to integrate a culture of safety throughout the value chain and project life cycle.	Discussion and Analysis	EM-SV-320a.2	Yes	Society: People and Communities	Pages 81 and 82
Business Ethics & Payments Transparency	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	Quantitative	EM-SV-510a.1	Yes	Our Stakeholders: Anti-Bribery and Corruption ("ABC") and Payments to Governments	Pages 64 and 66
	Description of the management system for prevention of corruption and bribery throughout the value chain	Discussion and Analysis	EM-SV-510a.2	Yes	Our Stakeholders: Training Our Customers: Anti-Bribery and Corruption	Page 63 Page 64
					ESG governance: Business Ethics	Page 83
Management of the Legal & Regulatory Environment	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry.	Discussion and Analysis	EM-SV-530a.1	Yes	Our Business Model: Our Stakeholders	Pages 60 to 66
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks.	Discussion and Analysis	EM-SV-540a.1	n/a		

Activity Metrics

Activity metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Number of active rig sites	Quantitative	EM-SV-000.A	n/a		
Number of active well sites	Quantitative	EM-SV-000.B	n/a		
Total amount of drilling performed	Quantitative	EM-SV-000.C	n/a		
Total number of hours worked by all employees	Quantitative	EM-SV-000.D	Yes	Our Stakeholders: Health and Safety	Page 63

Industrial Machinery & Equipment

Topic	Accounting metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Energy Management	(1) Total energy consumed; (2) percentage grid electricity; and (3) percentage renewable.	Quantitative	RT-IG-130a.1	Yes	Our Business Model: Our Environment	Pages 65 and 66
Employee Health & Safety	(1) Total recordable incident rate (TRIR); (2) fatality rate; and (3) near miss frequency rate (NMFR).	Quantitative	RT-IG-320a.1	Yes Yes Yes	Our Stakeholders: Health and safety Society: People and Communities	Page 63 Pages 81 and 82
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles.	Quantitative	RT-IG-410a.1	n/a		
	Sales-weighted fuel efficiency for non-road equipment.	Quantitative	RT-IG-410a.2	n/a		
	Sales-weighted fuel efficiency for stationary generators.	Quantitative	RT-IG-410a.3	n/a		
	Sales-weighted emissions of: (1) nitrogen oxides (NOx); and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines.	Quantitative	RT-IG-410a.4	n/a		
Materials Sourcing	Description of the management of risks associated with the use of critical materials.	Discussion and Analysis	RT-IG-440a.1	Yes		Page 65
Remanufacturing Design & Services	Revenue from remanufactured products and remanufacturing services.	Quantitative	RT-IG-440b.1	n/a		

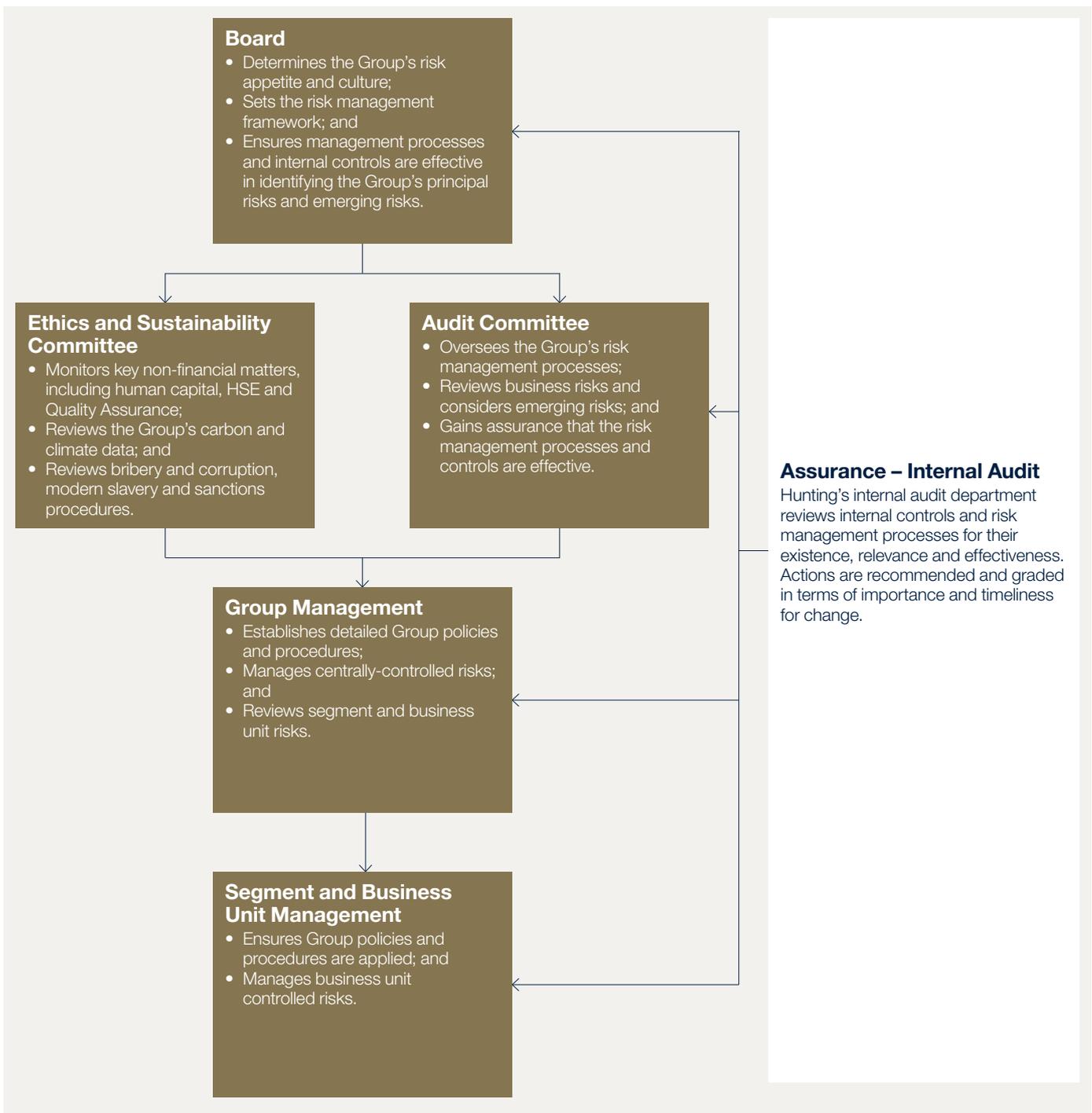
Activity Metrics

Activity metric	Category	SASB Code	Reported by Hunting	Section	Page navigation
Number of units produced by product category	Quantitative	RT-IG-000.A	n/a		
Number of employees	Quantitative	RT-IG-000.B	Yes	Our Business Model: Our Operating Segments	Pages 56 to 57

Risk Management

Roles and Responsibilities

The Board has set risk management roles and responsibilities as illustrated below:



Introduction

The oil and gas industry is highly regulated and demands high specification products that meet stringent quality criteria, given the challenging environments in which these products are used. Hunting's risk management and internal control processes are, therefore, designed to appropriately mitigate the operating risks inherent in this sector, whilst allowing the Group to achieve its strategic objectives and deliver value to shareholders.

External Risks

The Board recognises that a number of risks are not within the direct control of management, including energy market factors such as commodity pricing and daily supply/demand dynamics driven by economic or geopolitical movements and climate change. These factors are regularly assessed by the Board and are considered alongside the risk management framework operated by the Group.

The roles and responsibilities within the risk management hierarchy are described in detail below.

The Board

The Board of Hunting has responsibility for developing and maintaining a robust risk management framework and for monitoring the Group's system of internal control to ensure it remains effective and fit for purpose.

The Board is also responsible for developing the Group's strategic objectives. The balance between the Board's desire to meet these strategic objectives and its appetite for risk creates the risk culture within the Group, which impacts capital investment decision-making, consideration of new acquisitions, other organic growth opportunities and management of finances.

The Board's appetite for risk is key to establishing effective systems of internal control and risk management processes.

The Board's review and debate of risk follows detailed discussions by the Chief Executive and Finance Director with members of the Executive Committee. By reviewing and debating the relevant evidence, the Board then develops an appreciation for the contributory factors that generate a particular risk.

Subsequently, through delegation, the Board establishes the extent to which the risk should be mitigated relative to its impact and the cost to the Group. The Board, for example, has little appetite for high levels of exposure to geopolitical risk and, consequently, the Group's expansion strategy has avoided countries that are considered to be significantly unstable or too high risk to maintain a physical presence, notwithstanding the potential benefits that may be generated. Advice on risk management is sought by the Board from both internal and external sources.

The risk management processes are further supported by:

- understanding the current and evolving market environment;
- challenging executive management on new growth opportunities;
- reviewing proposed new product developments and capital investment projects; and
- consideration and discussion over emerging risks.

Audit Committee

Segment and business unit management establish and undertake risk management processes that are relevant to the risk profile of each business unit.

The key risks and emerging risks are identified and reported to Group management three times a year, from which a Group Risk Register is maintained covering the key risks to the Group, including all financial, operational and compliance matters.

On behalf of the Board, the Audit Committee seeks to ensure that risk management processes are established within the framework set out by the Board and, as part of this assessment, conducts a formal review of the Group's Risk Register three times a year.

The Group's Principal Risks are disclosed on pages 105 to 109. In addition, once a year, the Audit Committee seeks assurance with regard to the effectiveness of the internal financial controls based on a self-assessment exercise carried out by local management. The appropriateness of these self-assessments is checked by Internal Audit, on a sample basis, as part of its routine programme of work. The Internal Audit department reports directly to the Audit Committee. The relationship with the external auditor is monitored by the Audit Committee which is responsible for completing the review of the effectiveness of the external auditors.

Ethics and Sustainability Committee

The Ethics and Sustainability Committee was established in 2021 to improve Board oversight and guidance on these matters. The Committee reviews and monitors the Group's policies, targets, initiatives and reporting on a wide range of activities that includes: greenhouse gas emissions, compliance with the Task Force for Climate-Related Financial Disclosures, recycling, bribery and corruption, modern slavery and trading sanctions compliance. The Committee also reviews whistleblowing procedures, stakeholder engagement and section 172 reporting. Although the Audit Committee has final approval on externally reported information, the Ethics and Sustainability Committee has the power to formulate and instigate initiatives through Group management.

Group Management

All Group business units operate in accordance with the Hunting Group Manual which sets out Group policies and procedures, together with related authority levels, and identifies matters requiring approval or notification to central management or to the Board.

Included within the Group Manual are policies covering general finance requirements, taxation responsibilities, information on Hunting's internal control and risk management framework, legal compliance and governance. Compliance is also monitored and subject to review by the Internal Audit department. The Group Manual also incorporates and mandates the Group's accounting policies. This is periodically supported by documents that are prepared centrally and circulated throughout the Group in order to advise local management and establish major accounting and policy changes on a timely basis. Group management is responsible for ensuring the risk management processes approved by the Audit Committee are implemented across the Group. Group management is also responsible for identifying treasury-related risks, such as currency exposures, that are subsequently managed by Group Treasury, in accordance with the treasury risk management policies contained in the Group Manual. Group management is also responsible for managing the global insurance programme.

Segment and Business Unit Management

The management of each business unit has responsibility for establishing an effective system of controls and processes for its business, which, at a minimum, meets the requirements set out in the Group Manual and complies with any additional local requirements. Local management is empowered, under Hunting's decentralised philosophy, to manage the risks in their respective markets.

Assurance

The Board uses a number of functions and reporting procedures to provide assurance that the risks identified by management are appropriate for the Group as a whole.

Hunting's Internal Audit department reviews the Group's businesses covering operational areas including:

- inventory management;
- purchasing supply chain;
- large project risk;
- IT controls;
- customer credit risk; and
- ethics compliance, including bribery and corruption.

The Group's risk management processes are further supported by an internal Quality Assurance department that is headed by the HSE and Quality Assurance Director, who reports directly to the Chief Executive. This department also undertakes periodic audits that monitor quality control and safety within the Group's product lines and provides regular reports to the Board.

Hunting also receives guidance from a number of external advisers. In particular, guidance from the Group's insurance broker, who arranges, among other policies, the annual renewal of a worldwide credit insurance policy for the Group. Compliance with the policy requires each business unit to undertake certain procedures, including vetting new customers and maintaining appropriate creditworthiness data, that further strengthens the Group's credit management processes.

Insurance brokers also ensure gaps in cover are identified and in recent years have advised on cyber risk and ongoing weather-related risks.

Hunting's external auditor provides assurance to the Board regarding the accuracy and probity of Hunting's consolidated financial statements. The auditor also reviews all of Hunting's non-financial statements, including governance disclosures included in the Annual Report, and provides observations on the financial controls in operation across the Group based on the external audit.

Hunting's legal advisers assist the Board in ensuring that Hunting is compliant with the Financial Conduct Authority's Listing Rules, Disclosure Guidance and Transparency Rules sourcebook and UK Company Law, and that there is an understanding across the Group of its obligations under current sanctions legislation.

Additionally, Hunting relies on market and investor advice from its corporate brokers and financial advisers. The Board is satisfied that the above sources of assurance have sufficient authority, independence and expertise to enable them to provide objective advice and information to the Board and also takes this into account when assessing the robustness of the risk management and control process.

Risk Management Procedures

The Board has reviewed its risk management, principal risks and internal control processes and confirms that the procedures in place are robust and proportionate to Hunting's global operations and position in its chosen market.

Hunting's internal control system, which has been in place throughout 2022 and up to the date of approval of these accounts, is designed to identify, evaluate and manage the principal risks to which the Group is exposed, as well as identify and consider emerging risks to which the Group may be exposed in the future. Internal controls are regularly assessed to ensure they remain appropriate and effective.

This system of internal control is designed to manage rather than eliminate risks, therefore it can only provide reasonable but not absolute assurance against material misstatement or loss in the consolidated financial statements and of meeting internal control objectives.

The Directors have reviewed the effectiveness of the Group's system of internal control and have taken into account feedback from the Audit Committee for the period covered by the consolidated financial statements. No significant failings or weaknesses were identified in the review process.

The key elements to understanding, establishing and assessing Hunting's internal control system are as follows:

Business Risk Reporting

Three times a year, local management formally reviews the specific risks faced by their business, based on current trading, future prospects and the local market environment. The review is a qualitative assessment of the likelihood of a risk materialising and the probable financial impact if such an event were to arise. All assessments are performed on a pre-controls and post-controls basis, which allows management to continually assess the effectiveness of its internal controls with separate regard to mitigating the likelihood of occurrence and the probable financial impact. These principal local risks are reported to Group management. In addition, in order to heighten Group monitoring of the potential for fraud, local management reports on local fraud risk irrespective of its perceived potential low impact on the local business.

The local risks that have the greatest potential impact on the Group are identified from these assessments and incorporated into the Group Risk Register, which is also reviewed by the Audit Committee three times a year, and is scrutinised and challenged by the Board. An appropriate executive Director, together with local management, is allocated responsibility for managing each separate risk identified in the Group Risk Register.

Emerging Risks

Alongside the process of identifying the Group's current risks, management is challenged to identify and consider emerging risks that may impact the Group at some point in the future.

Management monitors emerging risks through observing press comment including industry-specific journals, discussions with shareholders, advisers, customers and suppliers, attendance at structured forums, review of comments published by other companies, review of insurance company risk assessments, and internal debate by senior executive committees. The Audit Committee has not identified any risks emerging through 2022 and as at the year-end.

Financial Controls Self-assessment

Business unit management completes an annual self-assessment of the financial controls in place at their business unit. The assessment is qualitative and is undertaken in context with the recommended controls identified within the Group Manual. Gaps between the recommended controls and those in place are assessed and improvements are actioned within a targeted timeframe when these are identified as a necessary requirement. Results of the assessments are summarised and presented to the Audit Committee annually.

Reporting and Consolidation

All subsidiaries submit detailed financial information in accordance with a pre-set reporting timetable. This includes weekly, bi-monthly and quarterly treasury reports, annual budgets, monthly management accounts, periodic short-term and mid-term forecasts, together with half-year and annual statutory reporting. The Group's financial accounting consolidation process is maintained and regularly updated, including distribution of the Group Manual to all reporting units. All data is subject to review and assessment by management through the monitoring of key performance indicators and comparison with targets and budgets. The Group monitors and reviews new UK Listing Rules, the Disclosure Guidance and Transparency Rules sourcebook, accounting standards, interpretations and amendments, legislation and other statutory requirements.

Strategic Planning and Budgeting

Strategic plans, annual budgets and long-term viability financial projections are formally presented to the Board for adoption and approval and form the basis for monitoring performance.

Quality Assurance

Most of the business sectors in which the Group operates are highly regulated and subsidiaries are invariably required to be accredited by the customer or an industry regulator, to national or international quality organisations. These organisations undertake regular audits and checks on subsidiary procedures and practices, ensuring compliance with regulatory requirements. The Board monitors compliance by receiving Quality Assurance reports at each meeting from the Director of Quality Assurance. The Group has received accreditations from many organisations including the American Petroleum Institute (for example API Spec 5CT and API Spec Q1 certifications), the International Organization for Standardization (for example ISO 9001:2015 and ISO 14001 certifications) and the Occupational Health and Safety Assessment Series (for example OHSAS 18001 certification).

Health, Safety and Environment (“HSE”)

All facilities have designated and qualified HSE personnel appointed to ensure the Group’s policies and procedures are adopted and adhered to. All local HSE personnel report to the Group’s HSE and Quality Assurance Director. All facilities arrange regular training and review sessions to ensure day-to-day risks are managed and shared with the wider workforce.

Expenditure Assessment and Approval Limits

All significant capital investment (business acquisitions and asset purchases) and capital divestment proposals require approval by the Chief Executive up to certain thresholds. Major capital investment or divestment require approval by the Board. Detailed compliance and assurance procedures are completed during a capital investment programme and project reviews and appraisals are completed to compare actual returns achieved with those projected within capital investment proposals.

Updates to the Group’s policies and procedures are communicated to the relevant personnel by way of periodic revisions to the Group Manual, which is issued to all business units.

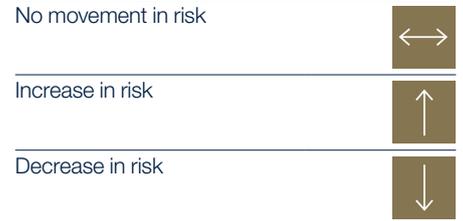
Principal Risks

The status of Hunting’s exposure to each of its principal risks, the movement in these risks (post-controls) during the year and the effectiveness of the Group’s internal controls in mitigating risks are summarised in the accompanying two graphs set out below.

The extent of Hunting’s exposure to any one risk may increase or decrease over a period of time. This movement is due either to a shift in the profile of the risk arising from external influences, or is due to a change in the effectiveness of the Group’s internal control processes in mitigating the risk.

A detailed description of each principal risk, the controls and actions in place and the movement in the year are given in the following section.

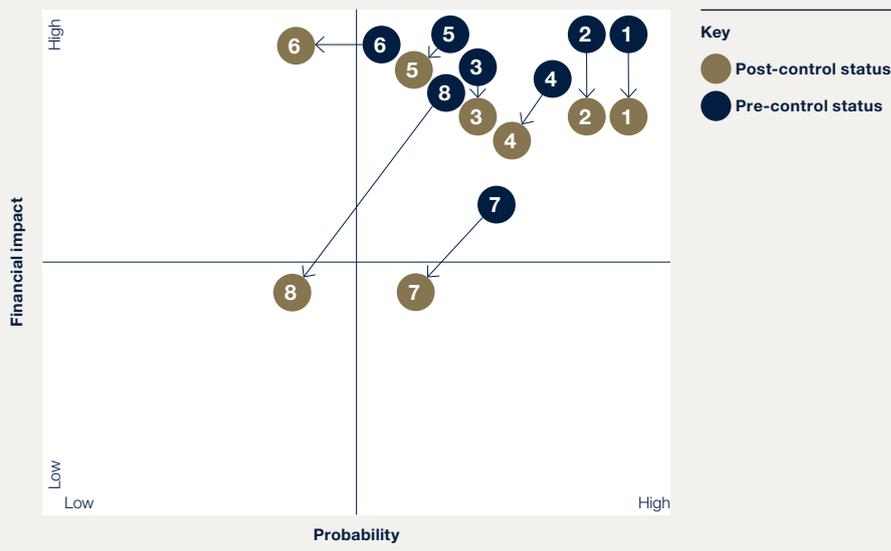
The Group’s principal risks are identified below and on the pages following. While we have presented these as separately identified risks, discrete events will often affect multiple risks and this is considered by the Board when assessing the impact on the Group.



Movement in Risks (Post-control) During the Year



Effectiveness of Internal Controls



1. Competition



Nature of the Risk

The provision of goods and services to oil and gas drilling companies is highly competitive. As the demand for oil and gas services and products weakened during the COVID period, competitors reduced prices in order to maintain market share in certain market segments. This increased pressure on Hunting's businesses to do likewise and consequently margins were put under pressure and this continues despite growing demand in the current market. Competitors may also be customers and/or suppliers, which can increase the risk of any potential impact.

Technological advancements in the oil and gas industry continue at pace and failure to keep ahead will result in lost revenues and market share.

Competition risk also arises in respect of the sourcing of supplies such as raw materials and labour when markets are tight and supply chains are constrained. Looking further ahead, advancements in alternative energy sources are considered a risk to the oil and gas market in the long term.

Movement in the Year

Competition to source inputs to the oil and gas services industry was strong throughout 2022. With the world emerging from the COVID pandemic, demand for products from oil and gas services suppliers is rising, triggering supply chain issues, rising raw materials prices and a tightening of the market for skilled machinists, all of which underpins the persistently high level of competition risk. Consequently this risk has not moved over the last twelve months.

Controls and Actions

Management teams having been working to widen the Group's sources of supplies, have introduced structured training programmes to internally develop a higher proficiency of new machinists in working on multiple product lines and has increased starting salaries for entry-level operators.

Hunting has a number of high specification proprietary products that offer operational advantages to its customers. The Group continually invests in research and development that enables it to provide technological advancement and a strong, ever-widening, product offering. Hunting continues to maintain its standards of delivering high quality products, which has gone some way in sheltering the pricing pressure impact on margins.

Hunting's operations are established close to their markets, which traditionally enables the Group to offer reduced lead-times and a focused product range appropriate to each region. With supply chain issues, including a tight labour market, arising from the increased market demand, exacerbated by geopolitical events, Hunting management has worked ever more closely with customers in order to develop their awareness of these challenges, to place orders with Hunting earlier than usual and to be more consenting of longer lead-times in the short-term. Local management maintains an awareness of competitor pricing and product offering. In addition, senior management maintains close dialogue with key customers and seeks to maintain the highest level of service to preserve Hunting's reputation for quality. The Group has a wide customer base that includes many of the major oil and gas service providers and no one customer represents an overly significant portion of Group revenue. In addition, the Group continues to widen its product offering beyond the oil and gas market, as detailed within the Chief Executive's Statement on pages 26 to 29.

The Group's operating activities are described in detail on pages 50 to 67.

2. Geopolitics



Nature of the Risk

The location of the Group's markets is determined by the location of Hunting's customers' drill sites – Hunting's products must go where the drilling companies choose to operate. To compete effectively, Hunting often establishes a local operation in those regions; however, significantly volatile environments are avoided.

The Board has a strategy to develop its global presence and diversify geographically.

Operations have been established in key geographic regions around the world, including expansion into India, recognising the high growth potential these territories offer. The Group carefully selects from which countries to operate, taking into account the differing economic and geopolitical risks associated with each geographic territory.

Movement in the Year

Geopolitical issues remain a feature of the modern world in which the Hunting Group operates. The scale and nature of these geopolitical issues, and their impact on the Group, actual and potential, have increased since Russia's invasion of Ukraine and the increased global involvement, real and rhetorical, in the conflict. In addition, tensions between the US and China have also been exacerbated during this period, both regions of which are important markets for the Group. Consequently this risk has heightened over the last twelve months despite the new growth opportunities arising from governments initiating energy security measures in order to reduce their reliance on Russia-sourced oil and gas.

Controls and Actions

Areas exposed to high political risk are noted by the Board and are strategically avoided. Global sanctions and international disputes are also closely monitored with compliance procedures in place to ensure Hunting avoids high risk countries or partners. The Board and management closely monitor projected economic trends in order to match capacity to regional demand. In the medium term, the Group's investment in Jindal Hunting Energy Services Limited, a new joint venture in India, is expected to reduce reliance on Chinese mills for export business.

The Group's exposure to different geographic regions is described on pages 56 and 57.

3. US Shale Drilling



Nature of the Risk

The Group provides products to the oil and gas shale drilling industry. Oil and gas produced from US onshore shale remains a relatively expensive source of hydrocarbons, despite advances in technology that continue to reduce these costs, and the production life of a shale well is relatively short compared with conventional wells.

Consequently, shale drilling is more sensitive to a decline in commodity prices compared with conventional sources, so it is more likely to be curtailed when prices drop and therefore more likely to negatively impact what has become a steadily increasing revenue stream for the Group (see the risks associated with commodity prices).

Movement in the Year

Shale production forecasts by market observers such as the US Energy Information Administration predict a slow pace of recovery, with some of the larger firms identifying overworked oilfields and less productive new wells. Consequently there remains uncertainty over the timing and rate of recovery of shale drilling and as a result the potential for an adverse impact on future results as cash flows generated from trading activity due to a protracted reduction in shale drilling activity remains high.

Controls and Actions

The Board monitors rig count and general completion activities within the US shale industry. In addition, local management maintains an ongoing dialogue with key customers operating within the US market.

In addition to providing products specifically designed for onshore shale drilling, such as the TEC-LOCK Wedge™ connection, the Group maintains a diverse portfolio of products that extends beyond supplying the shale drilling industry, including products for conventional drilling and the manufacture of high-precision and advanced technology components for both the onshore and offshore markets.

Many of the Group's facilities have the flexibility to reconfigure their manufacturing processes to meet a change in the pattern of demand.

The Group's operating activities are described in detail on pages 50 to 67.

4. Climate Change



Nature of the Risk

Failure to adapt to climate change or to mitigate the Company's impact on the environment has the potential to damage the Company's reputation and cause issues in a number of areas, including:

- potential destruction of demand for hydrocarbons if an aggressive carbon reduction policy is adopted;
- financial institutions may increase their margins on borrowings;
- difficulty in attracting appropriate executives and other employees;
- loss of investors and market analysts; and
- restrictions in the type of use for leased assets imposed by climate-conscious lessors.

In addition, climate change has the potential to cause the following beyond the Company's influence:

- increased incidence and severity of flooding, countryside fires and abnormal weather patterns causing disruption to the Company directly and/or our customers and suppliers;
- loss of customers or suppliers through their own failure to comply with climate based regulations;
- increased cost and/or incidences of asset purchases in order to comply with new technological regulations;
- energy costs and liability insurance premiums increase; and
- increased taxation on perceived non-sustainable industries as governments set about using the tax system to pay for their net carbon emissions targets.

Movement in the Year

Climate change transitioned from an emerging risk to a principal risk for Hunting during 2021. Climate risk commenced the 2022 financial year as a high risk and has remained high throughout the year.

Controls and Actions

The Group takes seriously its commitment to environmental compliance and stewardship. We have continued to increase and refine our climate-related disclosures. In December 2022, the Board approved a new carbon reduction ambition whereby Hunting will now target a 50% reduction in its scope 1 and 2 emissions, from its base-line year of 2019, by 2030. The Group is migrating its electricity supplies to renewable energy resources and the Company has begun a process to assure its carbon data with a view to setting science-based targets in the near future. The Board has committed to the principles published in the 2015 Paris Accord, which aims to limit the increase in global temperatures. The Group's Climate Policy was published in January 2020 and updated in December 2022. In addition, the Group has established the following workgroups:

- an Ethics and Sustainability Committee to monitor and review non-financial climate-based matters;
- the Executive Committee is charged with the responsibility of reducing carbon emissions;
- an ESG Steering Group to develop reporting procedures that include the impact of climate change on the Group;
- an internal TCFD Working Group; and
- an Energy Transition project team in Aberdeen to pursue projects which align to the evolving industry.

The Group's environmental, climate and TCFD disclosures are described in detail on pages 68 to 85 and 88 to 101.

5. Commodity Prices



Nature of the Risk

Hunting is exposed to the influence of oil and gas prices, as the supply and demand for energy is a key driver of demand for Hunting's products.

Oil and gas exploration companies may reduce or curtail operations if prices become, or are expected to become, uneconomical and, therefore, continuation of prices above these levels is critical to the industry and the financial viability of the Hunting Group.

Adverse movements in commodity prices may also heighten the Group's exposure to the risks associated with shale drilling (see the risks associated with shale drilling).

Movement in the Year

Hunting's exposure to this risk was relatively high at the start of the year and has remained as such during the year. The WTI oil price commenced the year at \$75 a barrel, increased to over \$120 in the summer and declined to \$80 at the year-end, reflecting the volatility caused by differences in the supply and demand and other influences such as geopolitics. Furthermore, the prices of many of the Group's raw materials have been increasing due to supply constraints and rising inflation.

Controls and Actions

Working capital, and in particular inventory levels, are closely managed to ensure the Group remains sufficiently agile to meet changes in demand.

The Group's products are used throughout the life cycle of the wellbore and each phase within the life cycle generates demand for a different range of products and services. The Board and management closely monitor market reports on current and forecast activity levels associated with the various phases of the life cycle of the wellbore in order to plan for and predict improvements or declines in activity levels.

The Group is undertaking a measured diversification into non-oil and gas sectors which should mitigate this risk. In addition, management continues to reduce production costs and develop new technologies, including automation and robotics, that help mitigate the impact of any further adverse movement in commodity prices in the future.

Further information on the movement in commodity prices during the year is detailed on page 30.

6. Health, Safety and the Environment ("HSE")



Nature of the Risk

Due to the wide nature of the Group's activities, it is subject to a relatively high number of HSE risks and the laws and regulations issued by each of the jurisdictions in which the Group operates.

The Group's exposure to risk therefore includes the potential for the occurrence of a reportable incident, the financial risk of a breach of HSE regulations, and the risk of unexpected compliance expenditure whenever a law or regulation is renewed or enhanced.

The Group, its customers and its suppliers are dependent on personal interaction which has the potential to disrupt, or even close business operations if personnel become unavailable.

Movement in the Year

The Group experienced an HSE recordable incident rate of 0.97 in the year, which is significantly below the industry average (4.0) and is similar to the Group's record in prior years. This particular risk pertaining to HSE incidents therefore continues to be relatively low post-controls.

Controls and Actions

The Board targets achieving a record of nil incidents and full compliance with the laws and regulations in each jurisdiction in which the Group operates.

Every Group facility is overseen by a Health and Safety Officer with the responsibility for ensuring compliance with current and newly issued HSE standards. Local management is focused on the training of new employees in Hunting's stringent safety procedures.

The Board receives a Group HSE compliance report at every Board meeting.

The Group's HSE performance is detailed on pages 63, 81 and 82.

7. Key Executives



Nature of the Risk

The Group is highly reliant on the continued service of its key executives and senior management who possess commercial, engineering, technical and financial skills that are critical to the success of the Group.

Movement in the Year

Executives with fungible skills are capable of migrating to other industries with less exposure to cyclicalities and may consequently move to where the prospects of career growth may appear to be brighter; the impact of COVID-19 on the oil and gas industry highlighted the risk of this issue. The risk of losing a key executive was therefore heightened in 2021 as a result and remained at that level throughout 2022.

Controls and Actions

Remuneration packages are regularly reviewed to ensure that key executives are remunerated in line with market rates including enhanced pension arrangements. External consultants are engaged to provide guidance on best practice. In response to the heightened risk of losing key executives, base salaries were raised during 2021 and 2022 and a new pension scheme was set up for certain US employees in order to provide an incentive to remain with the Group.

Senior management regularly reviews the availability of the necessary skills within the Group and seeks to engage suitable staff where they feel there is vulnerability.

Details of executive Director remuneration are provided in the Remuneration Committee Report on pages 132 to 135.

8. Product Quality



Nature of the Risk

The Group has an established reputation for producing high quality products capable of withstanding the hostile and corrosive environments encountered in the wellbore. A failure of any one of these products could adversely impact the Group's reputation and demand for the Group's entire range of products and services.

With the pandemic declining globally, business activity has started to pick up placing constraints on the market for recruiting skilled machinists particularly in the US, which has the potential to compromise product quality in the near term.

Movement in the Year

The risk of poor product quality or reliability has remained unchanged during the year, with no significant issues raised by the Group's customers or during the Board's internal monitoring process.

Controls and Actions

Quality assurance standards are monitored, measured and regulated within the Group under the authority of a Quality Assurance Director who reports directly to the Chief Executive. Starting salaries for new recruits have been increased in order to attract more experienced operators and businesses in the Group have established structured training programmes that will improve the proficiency of their machinists and enable them to work on multiple product lines. Where appropriate, a formal programme of machine maintenance and asset replacements has been established in order to mitigate the risk of machine breakdowns affecting product quality.

The Group's commitment to product quality is detailed on page 55.

Viability and Going Concern

Viability statement

Introduction

Hunting has a diverse global customer base underpinned by strong, long term relationships. The Group provides a large range of products and services through its manufacturing and distribution facilities, which are located in a number of countries across the globe.

In considering the Group's long term viability, the Board regularly assesses the risks to its business model, strategy, future performance, solvency and liquidity. These assessments are supported by the risk management processes described on pages 104 and 105 and include a review of the Group's exposure to the oil and gas industry, competitor action, customer plans, geopolitics and the robustness of the supply chain.

Assessment Period

The Group's customers are principally involved in the exploration for and production of oil and gas. Given the nature of the industry and the planning cycles involved, these activities can cover periods of no more than several weeks up to several years from start to end.

Hunting's management works closely with its customers, discussing their operational plans and related capital expenditure programmes, with a natural focus on the earlier years in which projects will be in progress, or committed, and for which requirements for goods or services from Hunting will be more certain. The outlook for the Group beyond this period is generated from management's assessment of industrial data and projections published by industry commentators and analysts, including statistics on exploration and production expenditure, footage drilled and rig activity. These macro, longer term forecasts are subject to significant volatility.

Due to the complexities in projecting forward any meaningful outlook beyond three years, the Group's bank funding facilities are generally limited to a similar period. This enables the Group to reduce the risk of either being underfunded or overfunded, thereby mitigating non-utilisation fees, beyond the foreseeable future by being able to negotiate new facilities to accommodate revised operational and strategic changes expected during that additional period. The current Asset Based Lending facility ("ABL") is a four-year \$150m bank borrowing facility that commenced in February 2022 and includes an option that allows Hunting to increase the facility by \$50m subject to the lenders' credit approval. Financial projections beyond this period are too uncertain for the Group to commit to a longer facility. The Group's Treasury department generally aims to initiate negotiations for a facility renewal approximately twelve months before the maturity date and the most recent outlook would contribute to those discussions.

Taking these factors into consideration, the Board believes that a three-year forward-looking period, commencing on the date the annual accounts are approved by the Board, is the appropriate length of time to reasonably assess the Group's viability.

Consideration of Principal Risks

The nature of the Group's operations exposes the business to a variety of risks which are noted on pages 105 to 109. The Board regularly reviews the principal risks and assesses the appropriate controls and further actions as described on pages 104 and 105 given the Board's appetite for risk as described on pages 103 and 104. The Board has further considered their potential impact within the context of the Group's viability.

Despite the cash-positive position at 31 December 2022, the Group started to utilise the ABL in January 2023 in order to fund the additional working capital requirements that are inherently required by a growing business that continues to win sizeable sales contracts. These contracts are generally for less than one year and often incorporate interim milestone payments to the Group. Consequently, utilisation of the ABL is expected to significantly reduce as cash inflows are received from H1 2023 and the Group is expected to be cash-positive by the end of 2023.

Assumptions

In assessing the long term viability of the Group, the Board made the following assumptions:

- global exploration and production spend, excluding Russia, China and Central Asia, is expected to rise by 59% from 2022 to 2026;
- demand for energy service products improves in the medium term, given the global outlook for oil and gas demand, which is driven by growth within emerging markets, partly driven by the recovery post-COVID and sustained demand from developed markets. These are the fundamental drivers of Hunting's core business of manufacturing, supplying and distributing products and services which enable the extraction of oil and gas;
- the Group's reduced cost base, actioned during the COVID period, enables the business to remain competitive within the weaker sectors of the global energy markets, particularly within the offshore and international markets;
- the Group continues to widen its customer base beyond the oil and gas industry, including the aerospace, military, power generation and medical markets; and
- the Group will continue to have a medium to low exposure to higher risk countries given the proportion of its current revenues and profits and losses derived from politically stable regions such as North America, Europe and South East Asia.

In addition, a downside case of the financial projections was produced to model a meaningful deterioration in market conditions and this revealed no concerns regarding viability.

Conclusion

The Board believes that the Group's strategy for growth, its positive approach towards mitigating its impact on climate change, the diverse customer, supplier and product base, the resilience of its business model and the positive outlook for the oil and gas industry, in the medium term provide Hunting with a strong platform on which to continue its business. The Directors therefore have a reasonable expectation that Hunting will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Going concern statement

Introduction

The Group's principal cash outflows include capital investment, labour costs, inventory purchases, lease payments, purchase of treasury shares and dividends. With the exception of lease payments, the timing and extent of these cash flows are controlled by local management and the Board. The Group's principal cash inflows are generated from the sale of its products and services, the level of which is dependent on overall market conditions, the variety of its products and its ability to retain strong customer relationships. Cash inflows are further supported by the Group's credit insurance cover against customer default that, at 31 December 2022, covered the majority of its trade receivables, subject to certain limits.

Current and forecast cash/debt balances are reported on a weekly basis by each of the business units to a centralised treasury function that uses the information to manage the Group's day-to-day liquidity and longer term funding needs.

The Group has access to sufficient financial resources, including a \$150m secured committed Asset Based Lending facility ("ABL"), which commenced in February 2022. Throughout 2022, the ABL and the Group's prior borrowing facility were undrawn. In early 2023, the Group will temporarily utilise the ABL in order to fund the Group's expanding business. The Group's internal financial projections indicate that the Group is expected to return to a cash-positive position during 2023 and consequently has sufficient liquidity to meet its funding requirements over the next twelve months.

Review

In conducting its review of the Group's ability to remain as a going concern, the Board assessed the Group's recent trading performance and its latest forecasts and took account of reasonably predictable changes in future trading performance. The Board also considered the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. In addition, management sensitised the forecasts to reflect plausible downside scenarios. These demonstrated that the Group is able to maintain sufficient cash resources to meet its liabilities as they fall due over the next twelve months. The Board is also satisfied that no material uncertainties have been identified.

Conclusion

The Board is satisfied that it has conducted a robust review of the Group's going concern and has a high level of confidence that the Group has the necessary liquid resources to meet its liabilities as they fall due. Consequently the Board has considered it appropriate to adopt the going concern basis of accounting in preparing these consolidated financial statements.

Directors' Report

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with United Kingdom adopted international accounting standards. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB. The Directors have also chosen to prepare the parent company financial statements under United Kingdom adopted international accounting standards. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements of the financial reporting framework are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors at their meeting on 28 February 2023.

Directors

The Directors of the Company during the year and up to the date of signing these accounts are listed on pages 116 and 117.

Registered Office

On 24 June 2022, the Company moved its registered office to 30 Panton Street, London, SW1Y 4AJ.

Companies Act 2006

Section 415

In compliance with section 415 of the Companies Act 2006, the Directors present their report and the audited financial statements of Hunting PLC for the year ended 31 December 2022.

The Strategic Report incorporates the Chairman's Statement, Chief Executive's Statement and Outlook, Market Summary, Key Performance Indicators, Group Review, Segmental Review, Stakeholder Engagement disclosures, Business Model and Strategy ESG and Sustainability and Risk Management and is located on pages 4 to 109.

As permitted by legislation, the Board has chosen to set out, within the Strategic Report and Corporate Governance Report, some of the matters required to be disclosed in the Directors' Report, which it considers to be complementary to communicating Hunting's financial position and performance, as follows:

- changes in the Group and its interests (pages 28 and 29);
- dividends (page 5);
- future developments (pages 28 and 29);
- risk management, objectives and policies (pages 102 to 105);
- bribery and corruption (pages 63 to 66);
- ethnicity and diversity (page 82); and
- greenhouse gas emissions and environmental matters (pages 65 and 66, 68 to 80 and 88 to 101).

In addition, information relating to the Directors' indemnity provisions and dividend waivers, Annual General Meeting, dividends, Directors' powers and interests, share capital, political donations, research and development and significant agreements, can be found within the Shareholder and Statutory Information section located on pages 248 to 251.

The Companies (Miscellaneous Reporting) Regulations 2018

As required by The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), the Board of Hunting PLC has prepared a section 172(1) statement, which can be found on page 67 and also on the Group's website www.huntingplc.com.

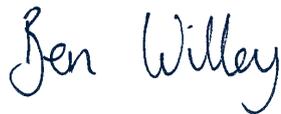
The Directors' Stakeholder Engagement and decision making disclosures are summarised within the Strategic Report on pages 60 to 66, and include cross references to the various engagement activities across the Group's operations.

Additional disclosures in respect of customers, suppliers and other key business relationships can also be found within the Strategic Report.

Approval of Accounts

The 2022 Annual Report and Accounts, were approved by the Directors at its meeting on Tuesday 28 March 2023.

By order of the Board



Ben Willey
Company Secretary

2 March 2023

Corporate Governance



John (Jay) F. Glick
Chairman



Developments in the year have shown that many economies need secure oil and gas, therefore the Group's strategy to focus on this important sector is proving to be correct."

Chairman's Overview

Introduction

2022 has been a year which has seen the global energy industry return to growth, following the challenges of the past two years due to the COVID-19 pandemic.

Following a slow first quarter, momentum in industry activity accelerated throughout the remainder of the year as many western economies rolled back COVID-19 restrictions, allowing travel, entertainment and hospitality and industrial growth to occur.

For Hunting, this macro-economic improvement has been reflected in the Group's financial results for the year, with strong increases in revenue and a return to an adjusted profit before tax.

Developments in the year have shown that many economies need secure oil and gas, therefore the Group's strategy to focus on this important sector is proving to be correct. As part of our 2030 strategic ambition, Hunting is also planning for a longer-term pivot to other industries which need our skills and core competencies. Good progress has been made on many fronts to improve performance and efficiencies, while pursuing growth opportunities within and without the oil and gas sector.

I would therefore like to commend Jim Johnson, our Chief Executive, for the efforts over the past two years in steering the Group successfully through those difficult times, while placing Hunting on solid foundation for the future.

ESG and Sustainability

From a governance perspective, 2022 has been a year which has seen the embedding of procedures which were implemented in 2021, which included our focus on ESG and Sustainability matters, with Hunting making great progress throughout the year, including the setting of stronger carbon emissions targets and widening of our climate-related risk procedures.

This is detailed throughout this report with some of the Board's decision making reflecting Hunting's progress in respect to ESG matters across the Group, with the Company remaining well positioned to develop these further in the year ahead.

While Hunting has always fostered a fantastic working environment, new processes to attract new employees has also been a key initiative in the year as our businesses show clear signs of growth.

Board Changes

In March 2022, the Board proposed Paula Harris as a new, independent, non-executive Director, submitting her election to shareholders for approval. At the Company's Annual General Meeting ("AGM") in April 2022, the necessary votes in favour were received, with Paula joining the Board and all of its Committees on 20 April 2022.

At the AGM, the Company also saw the retirement of Richard Hunting, after nearly 50 years of service to Hunting. While the Board will miss his counsel, we wish him a happy retirement.

As part of the Board's long-term rotation and succession planning in January 2023 Stuart Brightman was appointed as a new, independent non-executive Director. Stuart brings strong manufacturing, strategy and investor engagement expertise to the Board. With our 2030 strategic ambition now being announced, he will be playing a major part in the oversight of this long-term pivot of the Group's revenue to new sectors outside of oil and gas.

While the Board's gender balance has temporarily shifted due to Stuart's appointment, further recruitment to the Board is planned for the coming year.

Later in 2023, the Board will also begin planning for my own retirement in 2024. This process will be led by Keith Lough, Hunting's Senior Independent Director and announcements will be made in due course as this process evolves.

Dividends

Reflecting the Board's confidence in the future performance of the Company, based on the strong market fundamentals of the oil and gas industry, the Directors increased the Interim Dividend paid to shareholders to 4.5 cents per share. This distribution was paid in October 2022.

The Directors are proposing a Final Dividend of 4.5 cents per share, to be approved by shareholders at the 2023 AGM. Subject to this approval, the dividend will be paid on 12 May 2023, bringing the total distribution to shareholders to \$14.4m (2021 – \$12.6m).

Remuneration of the Executive Directors

The Remuneration Committee has spent a great deal of time over the past two years balancing the performance of the Company with a suitable and fair level of remuneration to the executive Directors. The Board, as a whole, has been supportive of a fair application of the Directors' Remuneration Policy during this time but has also applied downward discretion to share awards during 2020 and 2021 which reflect, in part, the broader shareholder experience during COVID-19.

For 2022, the Remuneration Committee has approved the payment of an annual bonus which reflects the exceeding of targets set at the start of the year, and as activity accelerated in H2 2022. The bonus payments reflect the maximum opportunity to both executive Directors, reflecting a strong performance of the Company in the year.

In line with the workforce base salary increases proposed by management, in October 2022 the Remuneration Committee also approved a 5% base salary increase to both Jim Johnson and Bruce Ferguson. The new salaries were applied in December 2022.

In summary, the Board is satisfied with the decision making of the Committee, given the challenges over the past two years and the clear return to growth and stronger profitability.



John (Jay) F. Glick
Chairman

2 March 2023

9.0 cents

Dividends declared in the year
(2021 – 8.0 cents)

5%

Average base salary increases
across workforce
(2021 – 9%)

“The Directors are proposing a Final Dividend of 4.5 cents per share, to be approved by shareholders at the 2023 AGM.”

Board of Directors

John (Jay) F. Glick

Non-executive Chairman

Nationality

American.

Length of Service

8 years; appointed to the Board as a non-executive Director in 2015 and is viewed as independent. In 2017, Jay was appointed non-executive Chairman. In September 2020, Jay was re-appointed for a further, three-year term. Age 70.

Skills and Experience

Jay was formerly the president and chief executive officer of Lufkin Industries Inc and, prior to that, held several senior management roles within Cameron International Corporation.

External Appointments

Jay is currently a non-executive director and chairman of TETRA Technologies Inc.

Committee Membership

N E I



Arthur James (Jim) Johnson

Chief Executive

Nationality

American.

Length of Service

31 years; appointed to the Board as a Director and Chief Executive in 2017. Age 62.

Skills and Experience

Jim held senior management positions within Hunting from 1992 up to his appointment as Chief Operating Officer of the Group in 2011. In this role, he was responsible for all day-to-day operational activities of the Company. Jim is a member of, and chairs the Executive Committee.

External Appointments

None.

Committee Membership

I



Bruce Ferguson

Finance Director

Nationality

British.

Length of Service

29 years; appointed to the Board as a Director and Finance Director in 2020. Age 51.

Skills and Experience

Bruce is a Chartered Management Accountant and has held senior financial and operational positions within the Group since 1994. From 2003 to 2011, Bruce was the financial controller of the Group's European operations. From 2011, Bruce held the position of managing director of Hunting's EMEA operating segment and has been a member of the Executive Committee since its formation in 2018.

External Appointments

None.

Committee Membership

I



Annell Bay

Non-executive Director

Nationality

American.

Length of Service

8 years; appointed to the Board as a non-executive Director in 2015 and is viewed as independent. In February 2021, Annell was re-appointed for a final three-year term. Annell is Chair of the Remuneration Committee and is also the Company's designated non-executive Director for employee engagement. Age 67.

Skills and Experience

Annell was formerly a vice-president of global exploration at Marathon Oil Corporation and, prior to that, vice-president of Americas Exploration at Shell Exploration and Production Company.

External Appointments

Annell is currently a non-executive director of Apache Corporation and Verisk Analytics Inc.

Committee Membership

N E R A



Key to committees

N	Nomination Committee
E	Ethics and Sustainability Committee
R	Remuneration Committee
A	Audit Committee
I	By invitation
Chair	Chair

Stuart M. Brightman

Non-executive Director

Nationality

American.

Length of Service

Appointed to the Board in January 2023 as a non-executive Director and is viewed as independent. Age 66.

Skills and Experience

Stuart has spent the majority of his career at TETRA Technologies Inc. ("TETRA"), Dresser Inc. and Cameron Iron Works. During his time at TETRA, Stuart held the position of Chief Operating Officer between 2005 and 2009, when he was appointed Chief Executive Officer, a position he held to 2019, before his retirement from the business.

External Appointments

Stuart is currently a non-executive director of NexTier Oilfield Solutions Inc.

Committee Membership**N E R A****Carol Chesney**

Non-executive Director

Nationality

American and British.

Length of Service

5 years; appointed to the Board as a non-executive Director in 2018 and is viewed as independent. Carol is Chair of the Audit Committee. In April 2021, Carol was re-appointed for a further three-year term. Age 60.

Skills and Experience

Carol is a Fellow of the Institute of Chartered Accountants in England and Wales. Carol was formerly the Group Financial Controller and, latterly Company Secretary of Halma plc.

External Appointments

Carol is currently a non-executive director of IQE plc.

Committee Membership**N E R A****Paula Harris**

Non-executive Director

Nationality

American.

Length of Service

1 year; appointed to the Board as a non-executive Director in April 2022 and is viewed as independent. Age 59.

Skills and Experience

Paula has extensive oilfield services experience following a 33 year career at Schlumberger, the international energy services group, where latterly she was Director of Stewardship.

External Appointments

Paula is currently a non-executive director of Chart Industries, Inc and Helix Energy Solutions Group, Inc.

Committee Membership**N E R A****Keith Lough**

Senior Independent Non-executive Director

Nationality

British.

Length of Service

5 years; appointed to the Board as a non-executive Director in April 2018 and appointed Senior Independent Director in August 2018. In April 2021, Keith was re-appointed for a further three-year term. Age 64.

Skills and Experience

Keith was formerly the non-executive Chairman of Gulf Keystone Petroleum Limited and previously held a number of executive positions within other energy-related companies, including British Energy plc and LASMO plc.

External Appointments

Keith is currently the non-executive Chairman of Rockhopper Exploration plc and Southern Water.

Committee Membership**N E R A**

Executive Committee

Jason Mai

Managing Director – Hunting Titan

Nationality

American.

Length of Service

7 years; joined Hunting in 2016.
Age 54.

Daniel Tan

Managing Director – Asia Pacific

Nationality

Singaporean.

Length of Service

15 years; joined Hunting in 2008.
Age 60.

Scott George

Managing Director – North America

Nationality

American.

Length of Service

13 years; joined Hunting in 2010.
Age 49.

Liese Borden

Chief HR Officer

Nationality

American.

Length of Service

5 years; joined Hunting in 2018.
Age 61.

Dane Tipton

Managing Director – Subsea Technologies

Nationality

American.

Length of Service

13 years; joined Hunting in 2010.
Age 51.

Ryan Elliott

Chief IT Officer

Nationality

American.

Length of Service

10 years; joined Hunting in 2013.
Age 45.

Randy Walliser

Manager Director – Canada

Nationality

Canadian.

Length of Service

4 years; joined Hunting in 2019.
Age 62.

Gregory T. Farmer

Global Director – QAHSE/Compliance

Nationality

American.

Length of Service

30 years; joined Hunting in 1993.
Age 56.

Stewart Barrie

Managing Director – EMEA

Nationality

British.

Length of Service

11 years; joined Hunting in 2012.
Age 54.

Ben Willey

Group Company Secretary

Nationality

British.

Length of Service

13 years; joined Hunting in 2010
and was appointed Group
Company Secretary in 2013.
Age 49.

Corporate Governance Report

Compliance

The Board of Hunting PLC has adopted governance principles aligned with the 2018 UK Corporate Governance Code (the “Code”), which can be found at www.frc.org.uk. Hunting PLC is reporting its Corporate Governance compliance against this Code.

The Board has assessed its compliance with the Code and notes the following provision to which it is not compliant:

The pension contribution rate of the Chief Executive (who is resident in the US) currently does not align with the workforce as required by provision 38 of the Code. Mr Johnson was appointed prior to the implementation of the 2018 Code. It should be noted that since his appointment to the Board in 2017, the pension contribution Jim Johnson received from the Company averaged 11% of base salary. Under the current Directors’ Remuneration Policy, the Board has agreed that the pension contribution rates for all new executive Director appointments will be capped at 12% of base salary, in line with the UK workforce.

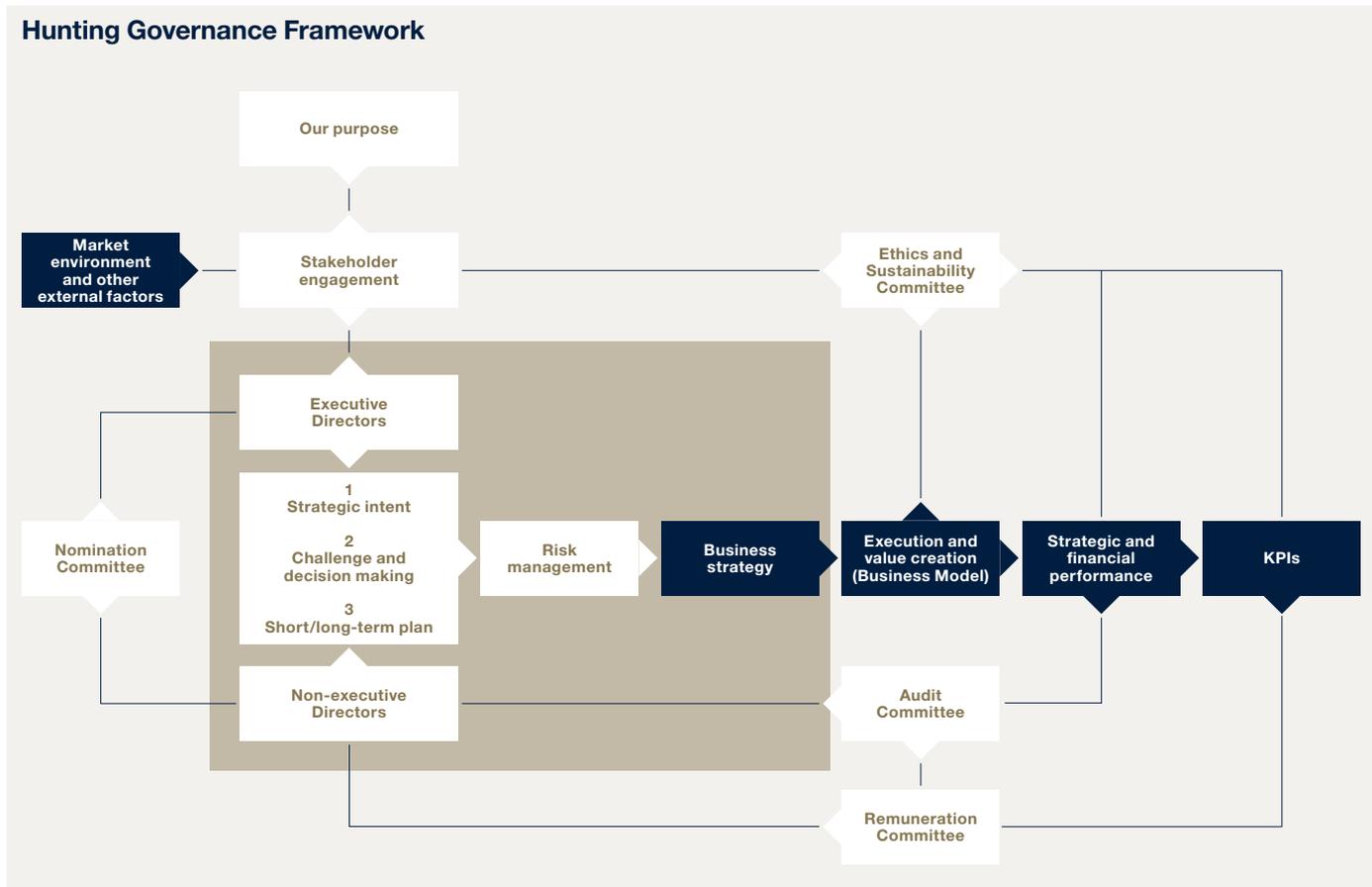
As noted in the Remuneration Committee Report, during 2022 the Committee has overseen the development of a new deferred savings plan in the US, which will be implemented in 2023. The new plan allows for the Group’s US senior employees to make additional pension savings contributions over the US 401k limit. The contribution rates of this new plan fully align executive management to the workforce, with an overall contribution rate of 6% of base salary. The Board believes these arrangements align with typical US compensation practices and enables Hunting to be competitive in this key labour market. Should any future Chief Executive of the Company be appointed by the Board who is resident in the US, it is anticipated that they will be offered participation in this new savings plan.

Governance Framework

Introduction

Subject to the Company’s Articles of Association, UK legislation and any directions prescribed by resolution at a general meeting, the business of the Company is managed by the Hunting PLC Board (“the Board”).

The Board is responsible for the management and strategic direction of the Company, to ensure its long-term success by generating value for its shareholders, while giving due consideration to other stakeholders, as prescribed by UK law.



The Board discusses strategic planning and long-term growth objectives. Once the Board has agreed on these strategic plans, they are rolled out across the Group's operations and relayed to key stakeholders more generally.

Embedded within strategic planning is the Group's appetite for risk. The Group's Risk Management framework (see pages 102 to 105), and supporting procedures, help the Board refine its decision making, as the opportunities and risks for long-term success and growth are evaluated against the risk appetite and culture of the Group. Following this, the Group's Business Strategy and Model are put into action.

The Board has four subcommittees to which it delegates governance and compliance procedures:

- the Nomination Committee, whose report can be found on pages 127 and 128;
- the Ethics and Sustainability Committee, whose report can be found on pages 129 to 131;
- the Remuneration Committee, whose report can be found on pages 132 to 154; and
- the Audit Committee, whose report can be found on pages 155 to 159.

These Board Committees support the Directors in their decision making.

The work of the Nomination Committee supports the Board's responsibility for ensuring that a framework of recruitment and retention of talent is in place to run the Company and that succession is well planned and executed in a timely manner.

The Ethics and Sustainability Committee was formed in 2021 to support the Group's development of environmental, climate, social and governance ("ESG") decision making. As long-term sustainability and climate-related matters become more important to our stakeholders, this Committee has been formed to oversee and monitor our existing practices, but to also monitor new long-term strategies to reduce our impact on the environment, improve our sustainability and to monitor our stakeholder engagement procedures and to oversee our ethics policies.

The Remuneration Committee ensures that executive pay remains aligned with Company performance, workforce remuneration and the broader shareholder experience. The Remuneration Committee ensures the executive Directors remain motivated and incentivised, as the senior leadership team executes the Board approved strategy on a day-to-day basis.

The Audit Committee's responsibilities include reviewing the Group's financial results and challenging management, internal audit and external audit functions.

The Board and its Committees are further supported by an Executive Committee, comprising of senior leaders across the Group. The Executive Committee oversees the implementation of the Group's growth objectives and ensures that the risks and opportunities presented are actively managed.

Board Leadership and Company Purpose

(Section 1 of the Code)

Responsibilities of the Board

The Board of Hunting PLC has clearly defined areas of responsibility, which are separate to those of the Chairman, executive Directors and the Committees of the Board. The non-executive Directors approve the strategic goals and objectives of the Company, as proposed by the executive Directors.

The Board approves all major acquisitions, divestments, dividends, capital investments, annual budgets and strategic plans.

The Board has overall leadership of the Company, setting the values of the Hunting Group and providing a strong tone from the top, which all businesses within the Group and their employees are encouraged to adopt.

Governance principles of the Company are set by the Board and key Group-level policies are reviewed and approved by the Directors.

The Directors monitor Hunting's trading performance, including progress against the Annual Budget, reviewing regular management accounts and forecasts, comparing forecasts to market expectations and assessing other financial matters. They review and approve all public announcements, including financial results, trading statements and set the dividend policy of the Group.

The internal control and risk management framework and associated procedures are reviewed by the Board; however, key monitoring procedures are delegated to the Audit Committee. Remuneration of the executive Directors is set by the Remuneration Committee, who also review and monitor the remuneration of the Executive Committee, as well as monitoring the remuneration structure of the wider workforce.

The Board approves all key recommendations from the Nomination Ethics and Sustainability, Remuneration and Audit Committees and approves all appointments to these Committees.

Board Activities

Board and Committee materials are circulated in a timely manner ahead of each meeting.

At each meeting, the Chief Executive updates the Board on key operational developments, provides an overview of the global oil and gas market, reports on Health and Safety, and highlights milestones reached towards the delivery of Hunting's strategic objectives. The Finance Director provides an update on the Group's financial performance, position, trading outlook, banking arrangements, legal issues, analyst discussions and statutory reporting developments relevant to Hunting. These topics lead to discussion, debate and challenge among the Directors.

The Group's governance framework includes the Board and the Executive Committee. Medium-term planning initiatives are formalised within the Executive Committee, which are then reviewed regularly by the Board and are supported by periodic presentations by members of the Executive Committee.

The Board met eight times in 2022 (2021 – seven times), with the attendance record noted below:

Number of meetings held	8
Number of meetings attended (actual/possible):	
Annell Bay	8/8
Carol Chesney	8/8
Bruce Ferguson	8/8
John (Jay) Glick	8/8
Paula Harris (from 20 April 2022)	5/5
Richard Hunting (to 20 April 2022)	3/3
Jim Johnson	8/8
Keith Lough	7/8

2022 Board Meetings and Agenda Items	26 Jan	28 Feb	20 Apr	31 May	27 Jul	24 Aug	5 Oct	7 Dec
Standing Items								
Chief Executive's Report	•	•	•	•	•	•	•	•
Finance Director's Report	•	•	•	•	•	•	•	•
Operational Reports		•		•		•		•
Quality Assurance, Health, Safety & Environmental Reports		•		•		•		•
Shareholder Report		•	•	•	•	•	•	•
Other Items								
Annual/Interim Report and Accounts		•				•		
Board Evaluation								•
Risk Review	•							
AGM Preparation		•						
Trading Statement		•	•			•		
Strategy			•	•		•		•
Organisation and Personnel Review and Succession			•					•
Annual Budget								•
Chairman/Senior Independent Director Investor Feedback	•					•		

Tenure

The average tenure of the Board, at 2 March 2023, is four years (2021 – nine years).

Within the non-executive Directors the average tenure is five years (2021 – eleven years), following the retirement of Richard Hunting.

None of the independent non-executive Directors have been in the role for greater than nine years. Jay Glick was appointed to the Board in 2015 and appointed Chairman in 2017.

For the appointment of executive Directors, the Company enters into a Service Contract with the Director, which reflects the terms of employment, remuneration and termination, taking into account the country of residence and local employment laws applicable at the time of appointment.

For more information on the Service Contracts of the current executive Directors, please see the Remuneration Committee Report on page 143.

Composition and Diversity

At the Company's 2022 Annual General Meeting ("AGM") on 20 April 2022, Richard Hunting retired from the Board after nearly 50 years of service to Hunting, which included being Chair of the Company from 1989 to 2017. The Board is grateful for Richard's service and advice over many years and wish him a happy retirement.

As part of the Board's focus on refreshing its skills and expertise as Hunting enters another growth phase, in March 2022, Paula Harris was proposed for election at the AGM. Following receipt of the relevant votes in favour, Paula joined in the Board at the conclusion of the AGM. Ms Harris has joined all of the Committees of the Board from appointment.

Further, on 3 January 2023, the Company announced the appointment of Stuart Brightman as an independent non-executive Director. Mr Brightman has joined all of the Committees of the Board from appointment.

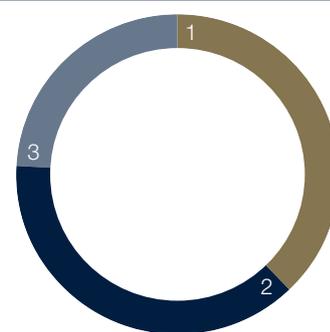
The Director search process completed in 2022 has explored the required skills and expertise to assist the Company in its next phase of growth, with a strong list of candidates interviewed, with the search process to continue in 2023 to address the geographic and gender balance of the Board.

Recent appointments are part of a planned and orderly succession of the Board, as Jay Glick and Anell Bay will be retiring as Directors in 2024.

For further information on the biographical details of the Board of Directors, please see pages 116 and 117.

Board Tenure

1. < 3 years 38%
2. 3-6 years 38%
3. 6-9 years 24%



4 years

Average tenure of the Board
– at 2 March 2023
(2021 – 9 years)

5 years

Average tenure of the non-executive Directors
– at 2 March 2023
(2021 – 11 years)

With this process of refreshing, the diversity of the Board is as follows:

Board of Directors and Executive Committee

At 2 March 2023

Gender

	Number of Board Members	% of Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
Men	5	63	4	11	92
Women	3	37	–	1	8
Other categories	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

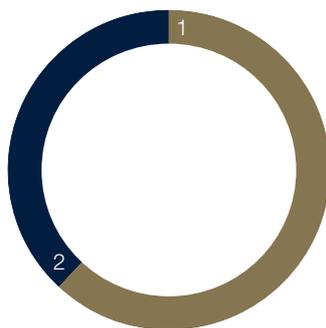
Ethnicity

	Number of Board Members	% of Board	Number of senior positions on the Board (CEO, CFO, SID and Chair)	Number in executive management	% of executive management
White British or other White (including minority-white groups)	7	87	4	10	83
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	2	17
Black/African/Caribbean/Black British	1	13	–	–	–
Other ethnic group, including Arab	–	–	–	–	–
Not specified/prefer not to say	–	–	–	–	–

With this gender balance and current allocation of roles within the composition of the Board, Hunting is compliant to one of the three requirements under Listing Rule 9.8.6. The Directors anticipate that this non-compliance to the gender and senior role requirements will be resolved within the next 12 months as the refreshing of the Board continues.

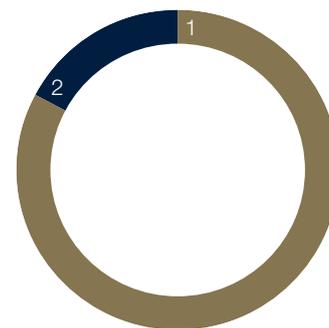
Board Gender Diversity

1. Male 63%
2. Female 37%



Board Ethnic Diversity

1. Caucasian 87%
2. Other 13%



Purpose

To be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.

At the heart of Hunting's long-term strategy and success is a reputation based on trust and reliability. Hunting's products are designed to operate in a safe and reliable way, to ensure our customers meet their strategic objectives, while protecting people and the environment. Our strategy aims to offer technically differentiated products that meet these customer demands.

We choose to operate in the oil and gas industry, which supports the energy demands of today's global community. Our customers are constantly pursuing higher levels of safety and reliability and better efficiencies, leading to a lower cost of operation, while aiming to be good stewards of the environment, through a safe and responsible approach to oil and gas field development. This drives our ambition to deliver innovative technologies and products to enable us to lead the market and be the supplier of choice.

Our products and services include precision-engineered components that are quality assured to exceed the highest levels of industry regulation. Our employees are highly trained to ensure our operations are safe and deliver total customer satisfaction.

The Directors have approved Hunting's continued focus on energy-related markets, while using the earnings generated from that sector to diversify into other sectors that utilise our core competencies and offer an attractive return.

Culture

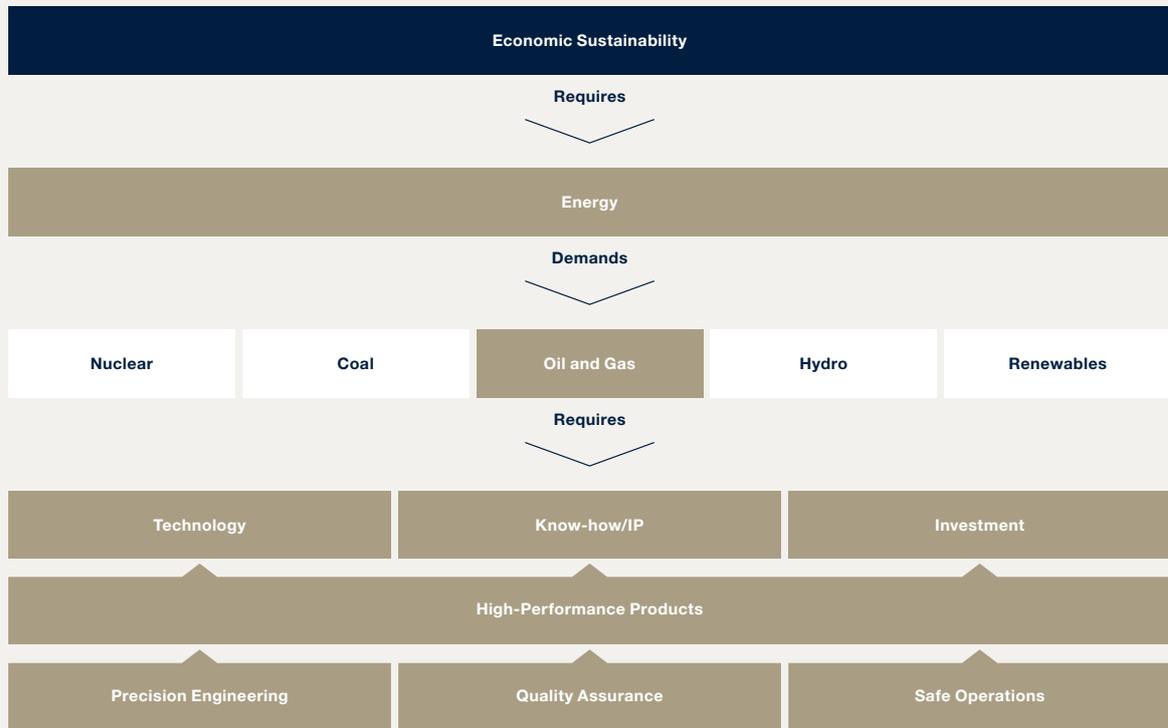
The Group has been operating since 1874 and, therefore, has a long history, with a strong culture, including support for employees across all of its global operations. The Culture of the Group extends to maintaining high business standards and creating value for investors by building strong and lasting relationships with its core stakeholders. More information on engagement with, and support to, the Group's key stakeholders can be found on pages 60 to 66.

To retain our staff, and to address the key demands of the industry, our employees are fairly remunerated, which, in addition to a competitive base salary, can comprise a range of healthcare and pension benefits and can include an annual bonus that reflects performance levels. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds.

At the heart of Hunting's culture is our people. To ensure we deliver for our customers, we train and develop our people to make sure we maintain a highly skilled workforce ready to deliver quality-assured products and services.

The Group's flat management structure has short chains of command, which allows for rapid, considered decision-making that empowers and enables our employees to be part of the process to take the Group forward.

Our Purpose – to be a trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.



Our Culture – to train and develop our people to make sure we maintain a highly skilled workforce.



Engagement processes have been embedded within all business units to enhance transparent two-way dialogue between the Board and the Group's employees. During the year, the Board met with employees at our Dearborn business, as part of our ongoing engagement programme.

Our employees are also encouraged to engage in dialogue with management to raise issues of concern. These procedures are supported by an independent reporting service operated by SafeCall, where confidential matters can be raised with the Board.

In the year, the Directors reviewed the organisational structure of the Group, noting its simplicity, with short chains of command to allow for rapid business decision making. It was noted that this also allowed all levels of the workforce to communicate with the senior management team directly. As part of its regular Board meeting schedule, the Directors review HSE and Quality Assurance reports from the Group's global operations.

In line with the recommendations of the Code, the Board has established procedures to monitor Culture and to ensure the views of the workforce are understood by the Directors. In 2019, the Group launched a global, all-employee engagement survey. The results of the survey were reviewed by the Directors, with appropriate actions being undertaken, following a number of areas of feedback that were received. It is anticipated that the survey will be repeated in 2023. Supporting this initiative has been a process of formalising other employee engagement initiatives including management briefings and introducing roundtable employee discussion forums.

Shareholder Views

The Chairman and Senior Independent Director met with shareholders in January 2022 and January 2023 to discuss governance, strategy and other matters. During the year, the Chief Executive and Finance Director also regularly met shareholders to discuss performance and strategy. Investor meeting feedback reports are also prepared by the Group's advisers and are circulated to the Directors.

Annual General Meeting

The Annual General Meeting ("AGM") of the Company is the normal forum for all shareholders to meet the Directors and to ask questions about the strategy and performance of the Group. The formal business of the AGM includes receiving the Annual Report and Accounts, approving remuneration policies and outcomes, re-electing Directors, appointing the auditor and providing the Directors with powers to transact Company business on behalf of its members. The Chief Executive normally provides a presentation of the Group's performance and answers questions from shareholders.

At the Company's Annual General Meeting in April 2022, an open meeting was held where shareholders had the opportunity to meet the Directors and to ask questions. All resolutions were passed at the AGM with good majorities, with no resolutions receiving less than 80% of votes in favour. Details of the resolutions put to shareholders at the meeting can be found within the Notice of Meeting located within the "General Meetings" section of the Company's website www.huntingplc.com.

The Company's 2023 Annual General Meeting is again being planned as an open meeting. Shareholders will be able to access the AGM via a webcast, where questions can be submitted ahead and during the meeting to be answered by the Board.

Stakeholder Engagement

Details of engagement activities with all our key stakeholders and the Board can be found, within the Strategic Report, on pages 60 to 66.

Speak Up/Whistleblowing Service

An independent and anonymous whistleblowing reporting service has been in place for many years, allowing any employee access to the Board to raise matters of concern. During the year, there were two reports received through the SafeCall service (2021 – one report). Reports received are reviewed by Keith Lough, the Group's Senior Independent Director, who also receives and approves all investigation reports and corrective actions.

Conflicts of Interest

Each Director is required to declare any potential conflict of interest that exists, or which may arise. These are formally recorded by the Company Secretary. Appropriate decision making, in light of this declaration, is undertaken which could include a Director not participating in a Board decision or vote. Each Director is required to complete a declaration of known conflicts of interest annually.

Division of Responsibilities

(Section 2 of the Code)

The Hunting Board comprises the non-executive Chairman, Chief Executive, Finance Director and five independent non-executive Directors, one of whom is the Senior Independent Director.

The profiles and experience of each Director are found on pages 116 and 117. In line with the Code's recommendations, the Notice of Annual General Meeting incorporates details of the contribution in the year and the Board's reasons for proposing the re-election of each Director.

There is a clear division of responsibilities between the Chairman and Chief Executive, with the Chairman required to lead the Board, while the Chief Executive runs the Group's businesses as shown below:

Responsibilities of the Chairman

- lead and build an effective and balanced Board;
- chair meetings of the Board, ensuring the agenda and materials are fit for purpose;
- ensure the Directors are provided with accurate, timely and relevant information;
- promote good dialogue between all Directors, with strong contributions encouraged from all Board members;
- meet the non-executive Directors without the executive Directors present;
- discuss training and development with the non-executive Directors;
- arrange Director induction programmes;
- arrange an annual Board evaluation and act on its findings; and
- ensure shareholders and other stakeholders are communicated with effectively.

Responsibilities of the Chief Executive

- manage the day-to-day activities of the Group;
- make strategic planning recommendations to the Board and implement the agreed Board strategy;
- identify and execute new business opportunities, acquisitions and disposals;
- ensure appropriate internal controls are in place;
- report to the Board regularly on the Group's performance and position; and
- present to the Board an annual budget and operating plan.

Responsibilities of the Non-executive Directors

- provide independent challenge to executive management on the proposed strategy;
- monitor the execution of the approved strategy and of the financial performance of the Company on an ongoing basis;
- ensure executive management remains motivated and incentivised through a responsible remuneration policy; and
- ensure the integrity of financial information and internal control and risk management processes are effective and defensible.

To ensure an effective relationship between the Chairman and the Chief Executive and other members of the Board, the responsibilities of the Senior Independent Director are:

Responsibilities of the Senior Independent Director

- provide a sounding board for the Chairman and serve as an intermediary to other Directors when required;
- be available to shareholders, should the normal channels through the Chairman and Chief Executive not be appropriate;
- chair meetings of the Board, in the absence of the Chairman;
- lead an annual performance evaluation of the Chairman, supported by the other non-executive Directors; and
- attend meetings with shareholders, to develop a balanced understanding of any issues or concerns.

Responsibilities of the Company Secretary

The Company Secretary is appointed by the Board and supports the Chairman in providing all materials and information flows between the executive and non-executive Directors, specifically on matters of governance and regulatory compliance. The Company Secretary is also available to the Board and all its Committees for advice and ensures that all procedures are followed.

Directors' and Officers' Liability Insurance

Hunting maintains insurance against certain liabilities, which could arise from a negligent act or a breach of duty by the Directors and Officers in the discharge of their duties. This is a qualifying third-party indemnity provision that was in force throughout the year.

Board Independence

As at 31 December 2022, excluding the Chairman, the Board comprised 67% independent non-executive Directors. Including the Chairman, 71% of the Board comprised independent Directors.

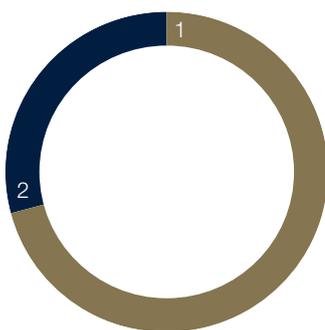
With the appointment of Stuart Brightman on 3 January 2023 at the date of signing these accounts, being 2 March 2023, the Board comprises 75% independent non-executive Directors.

The Board, including the Chairman, has access to professional advisers, at the Company's expense, to fulfil their various Board and Committee duties.

Board Independence (including Chairman)

At 31 December 2022

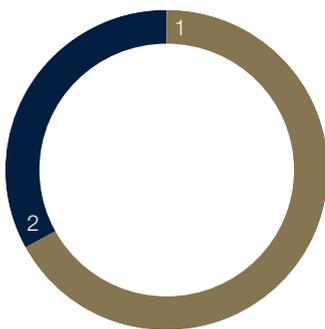
1. Independent 71%
2. Non-Independent 29%



Board Independence (excluding Chairman)

At 31 December 2022

1. Independent 67%
2. Non-Independent 33%



External Appointments

The Group has procedures in place that permit the executive Directors to join one other company board. In the year, neither the Chief Executive nor the Finance Director held any external board appointments.

Executive Committee

The Group has an Executive Committee ("ExCo") comprising the senior leaders of the Group and the executive Directors. The ExCo meets formally four times, to discuss the quarterly performance of each operating segment, strategic initiatives, including the progress of capital investment programmes, Quality Assurance and HSE performance, in addition to Human Resources, Information Technology and Risk Management reports.

For further information on the biographical details of the Executive Committee, please see page 118.

Composition, Succession and Evaluation

(Section 3 of the Code)

Board Appointments

All appointments to the Board are in accordance with the Company's Articles of Association and the Code and are made on the recommendation of the Nomination Committee. Recruitment of new Directors follows Group policy, including the formulation of a detailed description of the role that gives consideration to the required skills, experience and diversity requirements for the process. The Directors usually review a list of candidates, prior to a shortlist being recommended by the Nomination Committee, ahead of face-to-face interviews with each Director.

As noted above, Richard Hunting retired as a Director at the Company's AGM on 20 April 2022, while Paula Harris was elected by shareholders at the AGM and joined the Board on the same date. Further, Stuart Brightman was appointed to the Board on 3 January 2023.

Board Skills and Experience

The expertise and competencies of the non-executive Directors are noted in the table below, and underpin the balance of skills and knowledge of the Board:

Director	Expertise
Annell Bay	Upstream oil and gas, US energy market development and US quoted companies.
Stuart Brightman	Oilfield services and manufacturing, investor relations, business transformation.
Carol Chesney	Accounting, UK corporate governance, ethics compliance and UK quoted companies.
Jay Glick	Oilfield services and manufacturing, US energy market development and US quoted companies.
Paula Harris	Oilfield services and manufacturing, US energy market development, investor stewardship and ESG.
Keith Lough	Accounting, upstream oil and gas, UK energy regulation and market development and UK quoted companies.

Audit, Risk and Internal Control

(Section 4 of the Code)

The Group's policies, procedures and approach to audit, risk and internal control is described within the Risk Management section (pages 102 to 105) and the Audit Committee Report (pages 155 to 159) of the Annual Report and Accounts. The Risk Management section includes information on the Group's principal and emerging risks, as required by the Code.

Remuneration

(Section 5 of the Code)

Clarity and Simplicity

The Directors' Remuneration Policy is based on fixed and variable emoluments. Fixed emoluments are benchmarked against other global energy services companies and UK listed companies, to ensure the Company can attract and retain talent. Variable emoluments are based on two structures, an annual bonus and long-term incentive plan.

Both variable structures are based on the Group's disclosed key performance indicators, including both financial and non-financial measures, and only pay out when performance has been achieved. The Chief Executive's remuneration is benchmarked against global peers, who are mostly headquartered in the US, while the Finance Director is benchmarked against UK listed companies of similar size and complexity.

Non-executive Director fees are set at levels that take into account the time commitment and responsibilities of each role. The non-executive Directors do not receive cash bonuses or other variable emoluments. The fees are benchmarked against other companies of a similar size, profile and profitability and are reviewed annually by the executive Directors.

The Chairman's fee is set by the Remuneration Committee.

The pay structures of the senior management team and wider workforce are generally based on the Company's shareholder approved Directors' Remuneration Policy, and can include pension and healthcare benefits as well as an annual bonus and long-term incentives. Shareholder engagement is a key theme of the Directors' Remuneration Policy, with proactive engagement occurring whenever major changes to Policy or Committee decision making are contemplated. The Committee is satisfied that, over time, shareholder feedback has been reflected in the Directors' Remuneration Policy.

Risk, Predictability and Proportionality

The Committee believes that the Directors' Remuneration Policy aligns with the risk profile of the Company, encouraging growth in the long term and discouraging excessive risk taking. The Policy is weighted towards variable pay on the delivery of long-term growth. As noted in the chart opposite, the remuneration paid to the Chief Executive over time has aligned well with the Group's performance, with annual bonus and long-term incentives only vesting on performance.

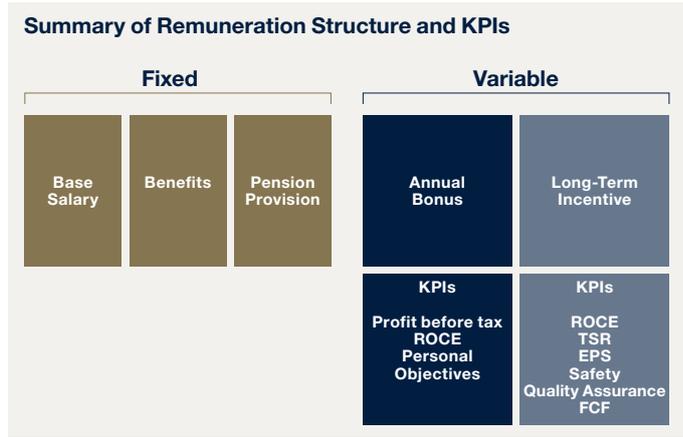
Alignment

The Board and the Remuneration Committee have reviewed the Company's Purpose, Values and Culture and believe that the remuneration framework operated by the Company encourages strong performance, based on a culture of honesty and integrity and putting stakeholder needs at the forefront of our strategic priorities.

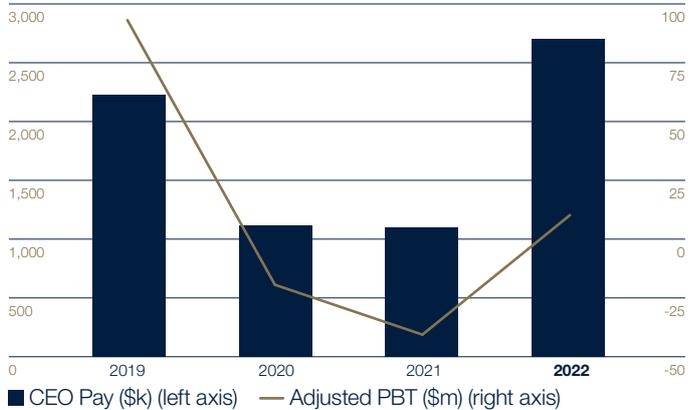
- Malus and clawback provisions are in place for all variable remuneration, with additional triggers introduced in 2021 to reflect best practice;
- The Committee has flexibility within the Directors' Remuneration Policy to exercise appropriate discretion; and
- Pension provisions for new executive Director appointments will align with the workforce.

Further, in 2021 the Remuneration Committee introduced ESG and carbon-focused deliverables into the executive Directors' personal objectives contained in the Annual Bonus Plan.

The chart following summarises the components of executive remuneration and the key performance indicators that are inputs to the remuneration outcomes.



Adjusted Result before Tax (\$m) vs CEO Pay (\$k)



The Board believes that the remuneration framework aligns with the Purpose and Culture of the Group, which is based on fair remuneration and reflects performance in the long term. This framework is also in place for the senior management of the Group with participation in annual bonuses and inclusion in the long-term incentive scheme operated by the Company, also featuring in emolument structures in many levels of the workforce.

On behalf of the Board

John (Jay) F. Glick
Chairman

2 March 2023

The current Directors' Remuneration Policy was approved by shareholders on 21 April 2021. The Policy aligns Hunting's remuneration practices with the 2018 UK Corporate Governance Code, and includes:

- Increasing the alignment of the pension arrangements of executive Directors with the workforce; and
- Introducing a post-employment shareholding policy for the executive Directors.

More information on compliance with the provisions of the Code and the emoluments paid to the Directors can be found in the Remuneration Committee Report on pages 132 to 154. In respect of the current Directors' Remuneration Policy and the 2018 Code, the Committee notes the following:

- The Company's long-term incentive arrangements extend to a five-year timeframe, with a three-year vesting period and two-year post-vesting holding period;

Nomination Committee Report

“The work of the Nomination Committee during 2022 has focused on the ongoing refreshing of the Board, given the rotation of Directors required by early 2024.”



John (Jay) F. Glick
Chair of the Nomination
Committee

Introduction

The work of the Nomination Committee during 2022 has focused on the ongoing refreshing of the Board, given the rotation of Directors required by early 2024.

In the year, shareholders approved the appointment of Paula Harris, as a new independent non-executive Director. Paula's experience of the oilfield services sector will be invaluable as the Company navigates the ever-changing global energy market.

In the second half of 2022, the Committee continued its search for new Directors, with interviews with candidates and members of the Committee occurring throughout September and October, resulting in the appointment of Stuart Brightman as a new independent non-executive Director on 3 January 2023.

The Committee was also briefed on the reorganisation of the Company's Executive Committee. The development of future talent has been another area of focus for the Board in recent years and supports the changes made to the Company's senior management structure.

In December 2022, the Board undertook an internally facilitated effectiveness evaluation. Results from this process were considered at the February 2023 Meeting of Directors.

In summary, the Committee has operated effectively during the year and has made good progress in its efforts to enhance procedures to develop and identify future talent, in addition to planning for an orderly succession within the Board over the coming years.

Composition and Frequency of Meetings

The Committee currently comprises the Company Chairman and the independent non-executive Directors of the Company and is chaired by John (Jay) Glick.

The Committee meets as required to discuss succession matters and, in 2022, met four times.

The Committee operates under written terms of reference approved by the Board, which are published on the Company's website at www.huntingplc.com.

Attendance at the Nomination Committee meetings during the year is detailed in the table on the left.

	Member	Invitation
Number of meetings held	4	
Number of meetings attended (actual/possible):		
Annell Bay	4/4	–
Carol Chesney	4/4	–
Bruce Ferguson	–	4/4
John (Jay) Glick (Committee Chair)	4/4	–
Paula Harris (from 20 April 2022)	–	3/3
Richard Hunting (to 20 April 2022)	–	1/1
Jim Johnson	–	4/4
Keith Lough	4/4	–

Appointment of Paula Harris

As part of the ongoing strategy to refresh the Board and provide an orderly succession and, where appropriate, to address diversity targets, the Board in 2021 commenced a search process to appoint new Directors, given that Annell Bay and I will reach the end of our nine year terms as independent non-executive Directors in 2024.

On 3 March 2022, the Company announced the proposed appointment of Paula Harris as a new independent non-executive Director, and following receipt of the relevant votes in favour at the Company's Annual General Meeting on 20 April 2022, Ms Harris was appointed to the Board and all of its Committees.

Details of Ms Harris' skills and expertise are noted on pages 117 and 125.

Heidrick & Struggles assisted the Committee in the search process for Ms Harris. Other than in this role, Heidrick's do not have any other relationship with the Company.

Retirement of Richard Hunting, CBE

On 20 April 2022, Richard Hunting, non-executive Director, retired from the Board after nearly 50 years of service to the Company.

The Directors note Richard's invaluable service to Hunting, which included being Chair of the Company from 1991 to 2017, and wish him a happy retirement.

Appointment of Stuart Brightman

Following the discussions of the Nomination Committee across the year, in respect of the rotation of Directors and refreshing of the Board, the Committee met a number of times in the second half of 2022 to consider new Director candidates.

Interviews were held during September and October and following the December 2022 meeting of the Committee, a proposal was submitted to the Board to appoint Stuart Brightman as a new independent non-executive Director. Stuart was appointed on 3 January 2023, and was appointed to all of the Board's Committees from this date.

Following the Company's Articles of Association, Stuart will automatically retire at the Hunting's 2023 Annual General Meeting and will offer himself for re-appointment by shareholders on 19 April 2023.

Details of Mr Brightman's skills and expertise are noted on pages 117 and 125.

Heidrick & Struggles assisted the Committee in the search process for Mr Brightman. Other than in this role, Heidrick's do not have any other relationship with the Company.

Board Gender Balance

With the appointment of Stuart Brightman, the gender balance of the Board has shifted to below what is recommended by the Financial Conduct Authority. The Nomination Committee has continued its deliberations and will be making a new appointment in the coming year, given the gender requirements in the UK for Board gender composition.

Future Director Rotation

Annell Bay and I are both due to retire in early 2024, therefore further succession planning will occur during the year ahead. Keith Lough, Hunting's Senior Independent Director will be leading the search for my replacement, with the process shortly to commence.

Senior Management Development and Succession

As part of new procedures introduced by the Committee, the evaluation of the senior leadership team and their direct reports has been undertaken.

This has led to the Board identifying high-potential candidates, who continue to receive formal development and training to enhance the pipeline of talent for the most senior roles within the Company, including at the Executive Committee and Board levels.

In September 2022, a restructuring of the Executive Committee was implemented, following the announcement of the retirement of Rick Bradley, Hunting's Chief Operating Officer ("COO"). Dane Tipton, a member of the Company's senior management team for many years, was promoted to the Executive Committee as Managing Director of Hunting's Subsea Technologies businesses.

The role of COO has been eliminated to save corporate costs, with all Managing Directors on the Executive Committee now reporting directly to Jim Johnson, Hunting's Chief Executive.

Internal Board Evaluation

In December 2022, the Board completed an internally facilitated board evaluation, which was coordinated by the Company Chairman and Company Secretary.

The process included the completion of a governance and board effectiveness questionnaire, the feedback from which was reviewed by the Board at its meeting in February 2023. The Directors noted the observations and implemented plans to address the findings.

Terms of Reference and Committee Effectiveness

At its December 2022 meeting, the Committee reviewed its terms of reference and considered its effectiveness, concluding that its performance had been satisfactory during the year.

On behalf of the Board



John (Jay) F. Glick
Chair of the Nomination Committee

2 March 2023

Ethics and Sustainability Committee Report

“The work of the Ethics and Sustainability Committee has developed in the year, following its formation in 2021 and good progress in the areas of ESG and Sustainability have been made across the Company.”



John (Jay) F. Glick
Committee Chair

Introduction

The work of the Ethics and Sustainability Committee has developed in the year, following its formation in 2021 and good progress in the areas of ESG and Sustainability have been made across the Company.

In March 2022, Hunting published its maiden report against the requirements of the Task Force on Climate-related Financial Disclosure framework, in line with the UK's requirements. In the year, climate risk evaluation was expanded across the Group to include inputs from all global businesses and is now integrated into the Company's Risk Management Framework. As noted in this report and within the ESG and Sustainability section of the Strategic Report, Hunting's carbon data is currently being assured by Standard & Poor's Trucost. This process is due to complete in April 2023.

These new carbon and climate reporting initiatives have been overseen by the Committee during the year and continue Hunting's commitment to expanding its reporting in this area and integrating more sustainability initiatives across the Group.

Our employees continue to be our most important asset and regular HR reports have been reviewed by the Committee in the year, which have included training and development initiatives and a review of compensation, in light of the inflationary pressures facing all global companies.

Composition

The Committee currently comprises the independent non-executive Directors of the Company and is chaired by Jay Glick. Details of the Committee's experience can be found in the biographical summaries set out on pages 116, 117 and 125.

Frequency and Attendance of Meetings

The Committee met twice in the year, as planned, in June and December 2022.

The attendance record of Committee members and Board invitees is noted in the table below on the left.

In addition to the Directors, the regular attendees to meetings of the Committee include the Group's Chief HR Officer, the Global Director of QAHSE and the Group's General Counsel.

Terms of Reference and Committee Effectiveness

The Committee operates under written terms of reference which are published on the Company's website at www.huntingplc.com. In December 2022, the Committee considered its effectiveness, in line with the other Board committees.

	Member	Invitation
Number of meetings held	2	
Number of meetings attended (actual/possible):		
Annell Bay	2/2	–
Carol Chesney	2/2	–
Bruce Ferguson	–	2/2
John (Jay) Glick (Committee Chair)	2/2	–
Paula Harris	2/2	–
Jim Johnson	–	2/2
Keith Lough	2/2	–

Responsibilities

The principal responsibilities of the Ethics and Sustainability Committee are to:

- Monitor the Group's Scope 1 and 2 greenhouse emissions and the initiatives to contain and reduce its carbon footprint;
- Monitor public disclosures in respect of the Task Force on Climate-related Financial Disclosures framework;
- Monitor the risks and opportunities which climate change presents to the Group's operations;
- Monitor the Quality Assurance and Health, Safety and Environmental reports prepared by the Executive Committee;
- Monitor the Group's employee and human capital matters, including engagement with Hunting's workforce;
- Monitor the Group's interaction with other key stakeholders, including customers, suppliers and communities;
- Monitor the Group's Modern Slavery Act initiatives;
- Monitor the Group's policies and procedures in respect to sanctioned territories;
- Monitor the Group's whistleblowing procedures; and
- Monitor the Group's anti-bribery and corruption initiatives.

Work Undertaken by the Committee During 2022

The Committee discussed, reviewed and made a number of decisions on key areas in 2022, which are set out below:

	Jun	Dec
Carbon		
Procedures for measuring and monitoring the Group's Scope 1 and 2 emissions	•	•
TCFD analysis and reporting		•
Climate scenario reports		•
Stakeholders		
Employee and workforce report	•	•
Code of Conduct training report	•	•
Whistleblowing summary report	•	•
Quality Assurance and Health and Safety report	•	•
Community report	•	•
Ethics		
Anti-bribery and corruption reports	•	•
Entertainment and hospitality summary	•	•
Modern slavery analysis	•	•
Customer and supplier risk analysis	•	•
Sanctions and export compliance	•	•

SASB Reporting Framework

During the year, the Group has reported against the SASB reporting standard for Oil and Gas – Services and Industrial Equipment and Machinery standards, which are noted on pages 100 and 101.

Carbon and Climate

The Group has reported Scope 1 and 2 emissions in its Annual Reports for a number of years and in 2019 published its first carbon reduction targets. These targets committed Hunting to reducing its carbon footprint to 32,287 tonnes of CO₂e by 2029, which was 10% below the level reported for the year ended 31 December 2019.

In December 2022, the Committee and Board approved new carbon reduction targets, which now commit Hunting to reducing its carbon footprint (scope 1 and 2 emissions only) to 50% of the 2019 level or to 17,937 tonnes CO₂e by 2030.

The Committee and wider Board has monitored the enhancement of the internal reporting of the Group's carbon emissions data, with a new carbon reporting policy manual issued to all Group businesses in May 2022, and enhanced data collection within the twice yearly carbon data reporting submissions.

The Committee also reviewed the work completed in the year in respect to the TCFD disclosures, which are included on pages 88 to 99.

Hunting's TCFD reporting aligns with the four recommended pillars of governance, strategy, risk management and targets. In the year, additional climate risk management procedures were rolled out across the Group with all business units required to report on energy transition plans and business sustainability in a rapid energy transition scenario.

Further, the TCFD disclosures include the 11 recommended areas of narrative proposed by the TCFD panel, which was issued in 2017 and updated in 2021.

For further information on the areas of carbon and climate, please refer to the Strategic Report.

Employees

The Committee received workforce reports from the Group's Chief HR Officer in the year, which included details of employee changes, tenure and engagement initiatives undertaken. Of note has been the focus on the development of talent across the Company, with training and development programmes being a key area of consideration.

The HR reports also included diversity and inclusion planning which are to be put in place in the coming years.

Quality Assurance and HSE ("QAHS")

As part of its review work, the Committee received Quality Assurance and Health and Safety reports from the Group's Director for QAHS.

In the year, new reporting procedures, to include vehicle incident monitoring in line with the SASB standards, were implemented.

For further information on QAHS performance, please refer to the Strategic Report.

Code of Conduct

The Group's Code of Conduct contains policies and procedures covering how the Group conducts business and maintains its relationships with business partners. The Code of Conduct is available on the Group's website and is sent to most customers and suppliers.

In 2023, a new Code of Conduct training programme will be rolled out, which reflects new procedures introduced by the Company since 2018, and which now includes sustainability and climate change considerations.

Communities

The Committee also reviewed a report which summarised Community initiatives which were undertaken by the Group's businesses throughout the year.

Whistleblowing

The Company's Senior Independent Director, Keith Lough, is the primary point of contact for staff or other key partners of the Group to raise, in confidence, concerns they may have over possible improprieties, financial or otherwise. In addition, the Group engages the services of SafeCall Limited to provide an independent and anonymous whistleblowing service available to staff across all of Hunting's operations. All employees have been notified of these arrangements through the corporate magazine, Group notice boards and the Group's website.

Bribery Act

In compliance with the UK Bribery Act, Hunting has procedures in place, including the publication of Anti-Bribery and Corruption policies and detailed guidelines on interacting with customers, suppliers and agents, including specific policies for gifts, entertainment and hospitality.

Senior managers across the Group are required to report their compliance activities, including an evaluation of risk areas.

The Group has completed a screening exercise to identify relevant employees who face a heightened risk of bribery, with all relevant personnel completing a formal training and compliance course, in line with the Group's procedures.

The Committee reviewed the compliance procedures relating to the Bribery Act at its December meeting, which incorporates risk assessments completed by each business unit and gifts and entertainment disclosures made during the reporting period.

The Group's internal audit function reviews local compliance with the Bribery Act and reports control improvements and recommendations to the Committee, where appropriate.

Modern Slavery Act

The Modern Slavery Act 2015 was enacted in 2016 and requires companies to evaluate internal and external risks related to human trafficking and modern slavery.

Procedures were introduced during 2016 and continued in 2022, whereby each business unit across the Group completed due diligence on its workforce to highlight employment risks in relation to trafficking and slavery.

All businesses within the Group also completed a risk-mapping exercise of their known supply chain to evaluate those customers and suppliers to the Group who operate in those jurisdictions where trafficking and slavery is more prevalent. Hunting published its Modern Slavery Act report in March 2022, located at www.huntingplc.com.

In 2023 a new "Code of Conduct" training course will be rolled out to all employees of the Group, which incorporates information on modern slavery and trafficking.

In the year, the Company also introduced a Supplier Code of Conduct, which commits businesses within Hunting's supply chain to many of the principles contained in the Company's Code of Conduct.

Sanctions and Export Compliance

The Group sells products to over 70 countries which presents a general risk of export and sanctions compliance.

Hunting has detailed procedures in place that monitor sales in medium to high risk territories, where End User disclosures, company evaluation and analysis are completed prior to a sales order being agreed.

The Committee received regular reports on these sales and procedures. In the year, the Company introduced a Supplier Code of Conduct, which commits businesses in Hunting's supply chain to many of the principles contained in the Company's Code of Conduct.

On behalf of the Board



John (Jay) F. Glick
Chairman

2 March 2023

Remuneration Committee Report

“The Committee is pleased to note the Group’s adjusted profit from operations in the year, with a financial performance that exceeded the targets set due to strengthening core markets.”



Annell Bay

Chair of the Remuneration
Committee

Introduction

On behalf of the Board, I am pleased to present the Remuneration Committee Report to shareholders for the year ended 31 December 2022. This letter provides a summary of the work completed by the Remuneration Committee (the “Committee”) in the year, including the major decisions taken and details of how the approved Directors’ Remuneration Policy was implemented during the year.

The Committee met six times in 2022, as noted in the table below.

The Committee is pleased to note the Group’s adjusted profit from operations in the year, with a financial performance that exceeded the targets set due to strengthening core markets.

The Committee has maintained a consistent approach to decision making, to ensure executive management remained motivated and are retained; the latter issue being a particular area of focus as the Board has seen clear evidence of a tightening labour market across all levels of the organisation. The retention of talent has, therefore, been an area of discussion by the Board and Remuneration Committee throughout the year, as rehiring has started in earnest within the oil and gas industry.

As activity levels increased across most of the Group’s regions, in particular across Hunting’s core trading market of North America, all segments across the Group reported good year-on-year growth in revenue, which led to annual bonuses being accrued within most business units. The annual bonus targets set for the organisation were exceeded, as performance accelerated in the second half of the year, resulting in bonuses at the maximum level.

The vesting of the 2020 grant under the Hunting Performance Share Plan has, however, recorded a 7.5% outcome reflecting a partial vesting of the Strategic Scorecard component of the award. The Earnings Per Share, Return on Capital Employed and Total Shareholder Return performance targets were not met.

The Committee deferred the determination of annual base salary adjustments for executive Directors until Q4 2022, to allow more time for rapidly changing market conditions to be considered. In October, the Committee decided to increase the salaries of the executive Directors by 5%, in-line with the average workforce increase implemented across all regions of the Group’s operations in response to general increases in inflation and cost of living seen in the year.

In summary, the Committee is satisfied that the remuneration outcomes of the executive Directors reflect a strong performance as the Company has returned to growth.

	Member	Invitation
Number of meetings held	6	
Number of meetings attended (actual/possible):		
Annell Bay (Committee Chair)	6/6	–
Carol Chesney	6/6	–
Bruce Ferguson	–	6/6
John (Jay) Glick	–	6/6
Paula Harris (from 20 April 2022)	3/3	1/1
Richard Hunting (to 20 April 2022)	–	3/3
Jim Johnson	–	6/6
Keith Lough	5/6	–

Major Decisions Made by the Committee

Base Salary and Fee Review

The Committee met in August and October 2022 to consider adjustments to the base salaries of the executive Directors and the wider workforce. In August 2022, the Committee was briefed by the Chief Executive and the Chief HR Officer on ongoing employee retention and labour issues, which were primarily driven by a tightening labour market within the oil and gas industry, coupled with the impact of inflationary pressures and general increases in the cost of living reported in the year. To address these issues, the Board approved a 5% average increase in base salaries across the Group's workforce. This was implemented in Q4 2022.

The Committee held a meeting in October 2022 to deliberate on possible base salary increases for the senior leadership team and received data from the Chief HR Officer on the base salary increases that were proposed for the Executive Committee, which aligned with the workforce and which averaged 5.0%.

The Committee then considered the base salary of the Chief Executive and Finance Director and, following discussion, awarded a 5.0% base salary increase to both executives, with effect from 1 December 2022. Mr Johnson's base salary has, therefore, increased to \$810,338 p.a., while Mr Ferguson's base salary has increased to £317,625.

The Board met in December 2022 to review the annual fees of the non-executive Directors and, following discussion, it was determined that the annual fees of the non-executive Directors should be increased to £64,000 with effect from 1 January 2023 to reflect their current time commitments and the fact that fee levels have been frozen for more than ten years. The additional fees for the Committee Chairs and the Senior Independent Director remain at £10,000 per annum.

In addition, the Committee discussed the annual fee of Hunting's non-executive Chair in December 2022 and, following receipt of benchmarked fee data from Mercer, determined that Mr Glick's fee should be increased to £205,000 also from 1 January 2023.

Annual Bonus

In December 2021, the Committee reviewed the 2022 Annual Budget targets, which focused on a return to profitability, following two years of losses during the COVID-19 pandemic. These were stretching targets, given the volatility in the global oil and gas industry, coupled with geopolitical tensions that were building at the time.

Shortly after the end of the 2022 financial year, the Committee was pleased to review the financial outturn for 2022, which included the return to pre-tax profitability on an adjusted basis and positive returns on capital employed, due to strong growth in Hunting's core trading market of North America, reflecting solid activity levels within the US onshore drilling market, buoyant activity in Canada and growing international activity. The Committee noted that the targets set at the start of the year had been strongly exceeded, leading to a maximum annual bonus outturn in respect of the financial targets.

The Committee met in January 2023 to review the delivery of each executive Directors' personal/strategic performance objectives. In-line with the outcome of the financial bonus targets, the Committee noted the strong delivery of the objectives set at the start of the year, including delivery of a medium-range strategic framework and other key sustainability objectives. Following discussion, the Committee agreed the bonus awards for the executive Directors. Based on these outcomes, the executive Directors will receive a maximum bonus, being 200% of base salary received in the year for the Chief Executive and 150% for the Finance Director. The Committee has not applied discretion to this annual bonus outcome.

75% of the bonus will be delivered in cash with the remaining 25% to be utilised in the purchase of Ordinary shares in the Company to be held for two years from the vesting date, in-line with the usual operation of the Annual Bonus Plan.

HPSP Award Grant

In March 2022, the Committee granted awards under the Hunting Performance Share Plan. As part of its discussions, and in line with the shareholder approved Directors' Remuneration Policy, the Committee introduced a Free Cash Flow performance condition for the 2022 award, alongside the Earnings Per Share, Return on Capital Employed, Total Shareholder Return and Strategic Scorecard performance conditions. Introducing this additional metric incorporates another strategic KPI into the HPSP, which provides a better balance of performance targets for the executive Directors to achieve. The awards encourage earnings and cash generation growth, as the Company operates in a new growth phase of the oil and gas industry.

HPSP Awards Vesting

The 2020 awards under the HPSP are due to vest on 3 March 2023 and incorporate four performance conditions, being ROCE (35%), EPS (25%), TSR (25%) and a Strategic Scorecard (15%). The EPS and ROCE performance conditions were based on performance targets to be delivered for the financial year ending 31 December 2022. The Strategic Scorecard comprises two non-financial measures, being the Group's Safety and Quality performance.

Following measurement of the financial elements of the award, the EPS and ROCE performance conditions for the 2020 awards recorded a nil vesting.

The TSR performance condition was measured independently by Mercer and recorded a below median ranking against the 13 peer group comparators. This has led to a nil vesting of this portion of the 2020 award.

The Strategic Scorecard recorded a 15% vesting (or 100% of the Scorecard portion). In-line with the operation of the Policy, given that the financial targets had not been met, the Committee halved this amount, leading to a 50% vesting of the Scorecard.

Overall, the total vesting of the 2020 HPSP grant was 7.5% of the maximum.

The Committee is aware that shareholders wish companies to be mindful of the potential for awards granted during the pandemic to result in windfall gains. The Committee reviewed the outcome and noted that the face value of this award was reduced by 20% at the time of grant to minimise the risk of a windfall gain occurring.

2022 AGM Result

At the Company's AGM held on 20 April 2022, the Company received 89.9% votes in favour of the resolution to approve the 2021 Annual Report on Remuneration.

Context of Remuneration Awarded in 2022

The Group's performance in the year, as noted above, has led to a 100% vesting of the annual bonus opportunity and a 7.5% vesting of the 2020 HPSP award. The annual bonus outcome reflects an "Above Target" outcome, reflecting strong in-year performance, while the HPSP vesting reflects a "Below Target", vesting given the impact of COVID-19 on the Company's financial performance.

The single figure of total remuneration for Jim Johnson was, therefore, \$2.7m in 2022 and \$1.0m for Bruce Ferguson.

In 2021, the single figure total for Jim Johnson was \$1.2m and for Bruce Ferguson was \$0.6m. This remuneration paid reflected a "Below Target" performance for both the annual bonus award and the HPSP.

The Committee is satisfied that total pay outcomes are appropriate in the context of Group performance across the periods covered by these short- and long-term incentives.

US Deferred Savings Plan

As part of the Committee's wider remit to review the general compensation frameworks in operation across the Group, including that of the Executive Committee, a process to design and implement a new Non-Qualified Deferred Savings Plan across the Group's US companies was initiated in the year.

This plan will operate as a non-qualified plan alongside Hunting's existing 401k arrangements and allow additional employee and employer contributions, above the current 401k US IRS base salary limit.

The plan will fully align the post-retirement benefits of US executive Directors with the workforce, with a contribution limit of 6% of base salary.

Such plans are commonplace in the US and the Committee and the Board believe this to be an important component of the Group's US compensation framework to drive recruitment and retention in its key labour market of North America.

The new plan will be operational from 1 April 2023. At present, the current Chief Executive will not participate in this arrangement.

Activities Undertaken by the Remuneration Committee During 2022

	Jan	Mar	Apr	Aug	Oct	Dec
Overall Remuneration						
Annual base salary review				•	•	
Review senior management annual emoluments				•		
Review total remuneration against benchmarked data				•		
Items Specific to Annual Bonus						
Approve annual bonus including delivery of personal/strategic performance targets	•					
Review Annual Bonus Plan rules				•		
Agree personal/strategic performance targets for year ahead		•				
Items Specific to Long-term Incentives						
Approve HPSP vesting and new annual grant		•				
Review HPSP performance conditions						•
Review HPSP grant performance targets		•				
Governance and Other Matters						
Approve Annual Report on Remuneration		•				
Review and approve Remuneration Policy (if required)		•				
Review governance voting reports			•			
Review AGM proxy votes received for Annual Statement of Remuneration and Policy			•			
Review Committee effectiveness						•
Review terms of reference						•

Competitiveness of Executive Director Remuneration

In-line with the Directors' Remuneration Policy's objective of providing the Chief Executive and Finance Director with levels of remuneration that are competitive in the market, the Committee receives regular updates on market levels of remuneration using external benchmarks.

The Chief Executive's remuneration is benchmarked against global peers who are mostly headquartered or publicly listed in the US, and who are of a similar profile and size to Hunting. The Finance Director's remuneration is benchmarked against UK listed companies of a similar size.

The most recent external benchmarking exercise highlighted that the Chief Executive's total remuneration is significantly below the median market level among the relevant peers for his role, with the Finance Directors' remuneration moderately below the median against the relevant peer group for his role.

The Committee recognises that as a UK company and, therefore, subject to UK governance requirements, but with the majority of its business in the US, a core consideration needs to be the flexibility to offer competitive remuneration to roles in the US.

Therefore, in order to better understand the competitive position for the CEO, the Committee has also recently undertaken further analysis of executive remuneration structures, as well as actual remuneration received, on the basis of historical single figures of total remuneration, at a select group of comparators chosen on the basis that they are the companies closest to Hunting in terms of their size.

The findings of this review illustrate how Hunting's current levels of variable remuneration are significantly lower than among our peers, principally due to Hunting's lower long-term incentive opportunity at target performance.

The review also highlighted how Hunting's approach to variable pay differs from our peers with four of the six comparators operating restricted stock unit plans in addition to performance awards, which resulted in more consistent pay outcomes over time.

However, the review also found that Hunting's pay outcomes have been broadly correlated with shareholder returns demonstrating a strong pay-for-performance alignment.

While the findings in part validate the Committee's approach to remuneration over time, they also highlights factors around competitiveness of executive Director remuneration for it to consider in reviewing the current Policy in preparation for Hunting's next triennial Policy vote at the 2024 AGM.

In order to ensure that our major shareholders are able to provide their input early in the process of the review, the Committee intends to begin discussions with investors about possible changes to the remuneration Policy in Q2 2023.

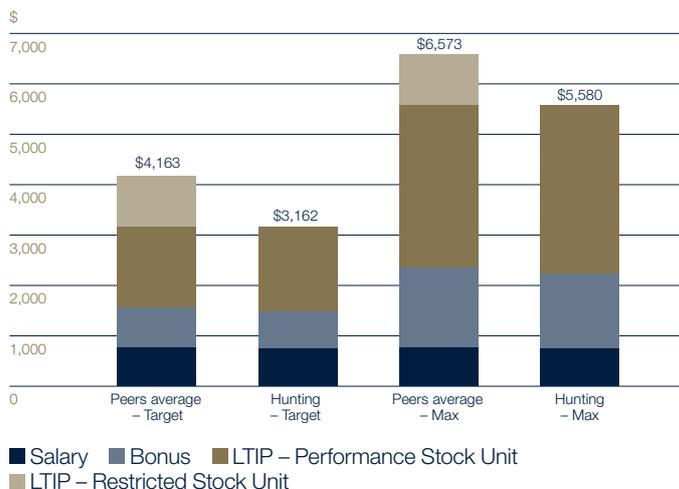
On behalf of the Board



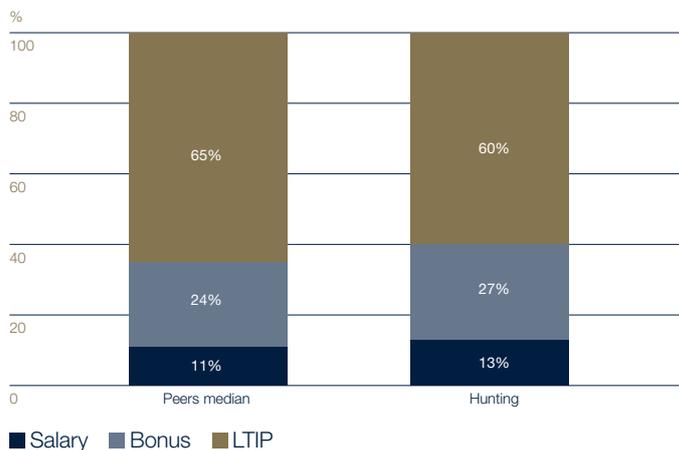
Annell Bay
Chair of the Remuneration Committee

2 March 2023

CEO total remuneration opportunity mix at target and maximum for full year 2021 (\$k)

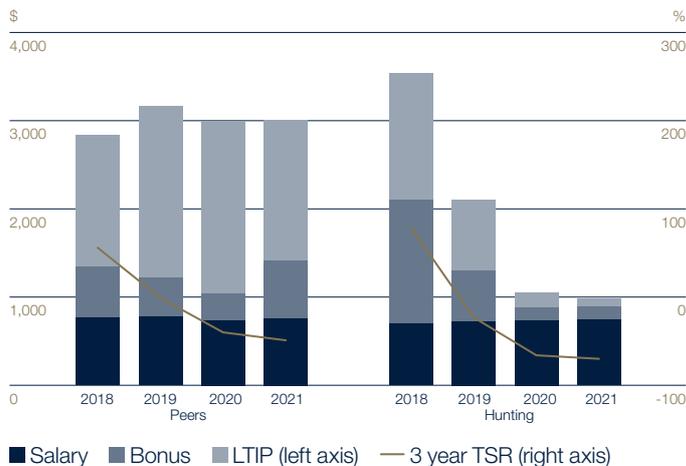


CEO pay mix at maximum (%)



Peer group comprises: Oceaneering International, Core Laboratories, Drill-Quip, Petrofac, DMC Global, and Oil States International. Figures are in USD '000s unless otherwise specified.

Salary, bonus & LTI (\$k) paid vs 3-year TSR (%)



Remuneration at a glance

Remuneration Policy and 2022 AGM Result

The remuneration framework operated in the year was consistent with the Policy approved by shareholders on 21 April 2021, with 92% of votes in favour. Details of the Policy can be found within the 2020 Annual Report and Accounts at www.huntingplc.com.

At the Annual General Meeting of the Company on 20 April 2022, the resolution to approve the 2021 Annual Report on Remuneration was supported by a vote of 89.9% in favour.

Link to Strategy and KPIs

The Group's Key Performance Indicators are described in detail on pages 34 and 35, and include financial measures such as adjusted profit before tax, return on average capital employed and adjusted diluted earnings per share targets. Non-financial measures are also included in the targets for HPSP awards and include measurable objectives related to the Group's Quality and Safety performance. Quality and Safety both underpin Hunting's standing and reputation in the global energy industry which, in turn, support the Group's long-term strategy.

A significant TSR element also helps align executive remuneration with the shareholder experience. These KPIs are central to Hunting's long-term success and are fully integrated into the remuneration framework approved by shareholders.

Base Salaries

In H2 2022, the Board approved a 5% base salary increase across the Group's workforce and also approved base salary increases for the Hunting Executive Committee of 5%.

The Committee discussed base salary increases for the executive Directors and, after careful consideration, approved a 5% base salary increase for both Directors. Jim Johnson's base salary has, therefore, increased to \$810,338 and Bruce Ferguson's base salary has increased to £317,625. The salary increases were implemented in December 2022, in line with the wider workforce.

Base Salaries

Chief Executive	\$810,338 from 01.12.22
Finance Director	£317,625 from 01.12.22

Company Performance Summary

As noted in the Letter from the Chair of the Remuneration Committee, the Group reported a return to profitability after two years of losses, with an adjusted profit before tax ("PBT") of \$10.2m and a ROCE of 1%.

The adjusted PBT and ROCE portions of the annual bonus exceeded the targets set by the Board in the Annual Budget and, following the Committee's determination that both executive Directors had fully achieved their personal objectives, approved the vesting of a maximum bonus opportunity. Performance measurement of the 2020 awards under the HPSP recorded a combined 7.5% vesting, based on a nil vesting of the TSR performance condition, nil vesting of the EPS and ROCE performance conditions and 7.5% vesting of the Strategic Scorecard. The Committee reviewed the vesting outcome of the HPSP, noting that the targets were set immediately prior to the onset of the COVID-19 pandemic and determined that this was appropriate in light of the overall shareholder experience.

2022 Annual Bonus Targets and Outcome

The annual bonus for executive Directors is based on adjusted profit before tax, return on average capital employed and personal/strategic performance targets.

Target adjusted profit before tax	\$1.9m
Target ROCE	1.00%
Actual adjusted profit before tax	\$10.2m
Actual ROCE	1.45%

Annual Bonus

In 2022, the financial targets set by the Board in the Annual Budget were exceeded and reflected a return to adjusted profitability and the generation of a positive return on average capital employed with both of these goals exceeded by more than 20%. The Committee also reviewed the delivery of the personal/strategic performance objectives by the executive Directors. Following careful consideration and discussion, it was agreed that the objectives had been met in full, leading to annual bonus awards at the maximum level. On this basis, Jim Johnson will receive a bonus of \$1,550k and Bruce Ferguson will receive a bonus of £456k (\$561k). 75% of the annual bonus will be delivered in cash, as per the normal operation of the Annual Bonus Plan, with the remaining 25% to be utilised to purchase Ordinary shares, to be retained for two years from the vesting date.

2022 Annual Bonus

Chief Executive	\$1,550k
Finance Director	£456k

Hunting Performance Share Plan (“HPSP”)

The Group’s 2020 HPSP grant incorporated adjusted diluted EPS, ROCE, relative TSR and Strategic Scorecard performance conditions measured over three financial years ending 31 December 2022.

	Proportion	Threshold Vesting
ROCE	35%	8%
Adjusted diluted EPS	25%	40 cents
Relative TSR	25%	Median
Strategic Scorecard		
– Safety	7.5%	2.0
– Quality Assurance	7.5%	0.8

2020 HPSP Outcome

The outcomes are presented below:

	Performance	Vesting
ROCE	1.45%	nil
Adjusted diluted EPS	4.7 cents	nil
Relative TSR	Below Median	nil
Strategic Scorecard		
– Safety	0.88	3.75%
– Quality Assurance	0.17	3.75%

Under the rules of the Plan, vesting of the Strategic Scorecard element of the HPSP is capped at 7.5%, being half of the maximum of 15%, as the financial targets were not met. Therefore on this basis, the 2020 HPSP grant has vested at 7.5%. Jim Johnson will, therefore, be entitled to receive 48,990 Ordinary shares on the vesting date of 3 March 2023. Mr Ferguson will be entitled to receive 6,827 Ordinary shares. Further, under the HPSP rules, dividend equivalents accrued over the vesting period totalling 21.5 cents per vested share will be added to this award. All the post-tax shares retained will be held for a minimum of two years, in line with the 2018 Directors’ Remuneration Policy.

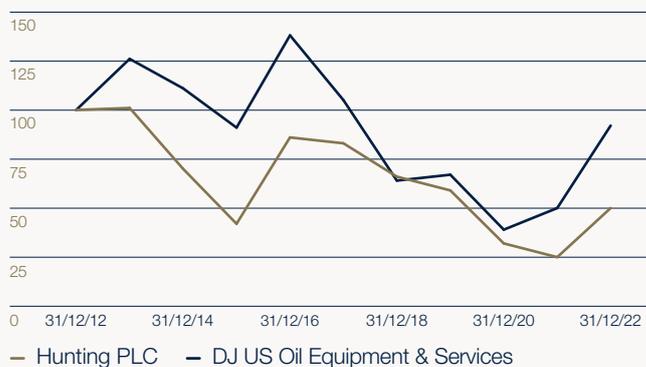
2020 Awards Under the HPSP Vesting on 3 March 2023

Chief Executive	48,990
	Shares will vest
Finance Director	6,827
	Shares will vest

Shareholder Returns

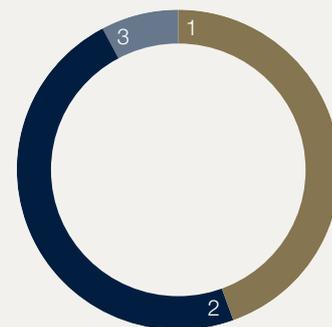
Total shareholder return (“TSR”) is measured against a peer group of 13 companies, all focused on upstream oil and gas services.

For the three years ended 31 December 2022, Hunting had a Below Median ranking resulting in a nil vesting of the TSR element of the 2020 HPSP award.



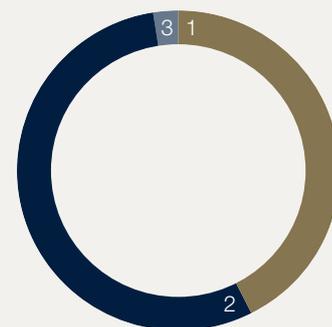
Chief Executive

1. Fixed \$982k
 2. Annual Bonus \$1,550k
 3. HPSP \$167k
- Total \$2,699k**



Finance Director

1. Fixed \$435k
 2. Annual Bonus \$561k
 3. HPSP \$23k
- Total \$1,019k**



Directors' Remuneration Policy

Policy Overview

The Directors' Remuneration Policy (the "Policy") applied by the Hunting Board for the executive and non-executive Directors of the Company, was approved by shareholders at the Annual General Meeting held on 21 April 2021.

The Policy is designed to comply with the principles of the UK Corporate Governance Code and the Companies Act 2006 regarding remuneration and to ensure that the Company can attract, retain and motivate talented executive Directors to promote and deliver long-term success for the Group. The package comprises fixed and variable incentives and is structured to link total reward with both corporate and individual performance.

The remuneration opportunities of the Chief Executive and Finance Director are based on externally benchmarked data aimed at providing them with competitive levels of remuneration in the relevant market.

The Chief Executive's remuneration is benchmarked against global peers who are mostly headquartered, or publicly listed in the US, and who are of a similar profile and size to Hunting, while also being reputable peers in the oil and gas equipment and services sector. The Finance Director's remuneration is benchmarked against UK listed companies of a similar size.

Non-executive Director fees are set at levels that take into account the time commitment and responsibilities of each role. Given the small size of the Hunting Board, each non-executive Director is required to give an above average time commitment to Group matters. The non-executive Directors do not receive bonuses or other variable emoluments. The fees are benchmarked against other companies of a similar size, profile and profitability and are reviewed annually by the Board. The Chairman's fee is set by the Remuneration Committee. The Remuneration Policy tables that follow provide an overview of each element of the Directors' Remuneration Policy.

The 2018 UK Corporate Governance Code sets out principles against which the Committee should determine the Policy for executives. A summary of the principles and how the revised Directors' Remuneration Policy reflects these is set out earlier in the Corporate Governance Report on page 126.

Remuneration Committee Discretion

The Committee has defined areas of discretion within the Directors' Policy framework. Where discretion is applied, the Committee will disclose the rationale for the application of discretion. The Committee will operate the Annual Bonus Plan and HPSP in accordance with the relevant plan rules and this Policy. The Committee retains discretion as to the operation and administration of these plans as follows:

Annual Bonus

- Discretion to adjust the amount of any bonus to reflect any fact or circumstance that the Committee considers to be relevant, and to ensure that the outcome is a fair reflection of performance.
- The assessment of part-year performance in the event of the exit of a Director including, but not limited to, reviewing the forecast financial performance of the Group and the outlook of the business in the context of wider market conditions. Bonus awards for good leavers will generally be pro-rated for the proportion of the performance period completed.
- The Committee may apply discretion to vary the percentage of an award settled in cash or shares.

HPSP

- Selection of the TSR comparator group for the HPSP. The Committee reviews the comparator group annually ahead of each grant made to the executive Directors under the HPSP. The Committee also retains the discretion to make adjustments to the comparator group for subsisting awards if it believes that a constituent of the comparator group has distorted the vesting outcome if, for example, a constituent company has been subject to a material corporate action.
- The Committee may amend the performance conditions applying to an award in exceptional circumstances if the new performance conditions are considered fair and reasonable, and are neither materially more nor materially less challenging than the original performance conditions when set. The oil and gas industry is a highly cyclical industry, where sentiment is driven by oil and gas commodity prices and activity levels across the industry. Given that these market conditions are outside management's control, the Committee retains the discretion to partially adjust the performance targets of the performance conditions adopted for the HPSP, to align with the general market outlook, while continuing to be a demanding and stretching incentive. Any upward discretion would be subject to prior shareholder consultation.

Other

The Committee reserves the right to make any remuneration payments and payments for loss of office (including exercising any discretions available to it in connection with such payments) that are not in-line with the Policy outlined above, where the terms of the payment were agreed either:

- before the Policy came into effect; or
- at a time when the relevant individual was not a Director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a Director of the Company.

Executive Director Remuneration Policy Table

Fixed Emoluments

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
Base Salary				
<ul style="list-style-type: none"> To attract, retain and reward executives with the necessary skills to effectively deliver the Company strategy. 	<ul style="list-style-type: none"> Base salaries are set at competitive rates, which take into account the individual's country of residence and primary operating location as well as pay for similar roles in comparable companies. Aimed at the market mid-point. Annual increases take into account Company performance, inflation in the UK and US and increases across the wider workforce. Relocation and tax equalisation agreements are also in place for employees working across multiple geographic jurisdictions. 	<ul style="list-style-type: none"> There is no prescribed maximum annual increase. Increases will normally be guided by the general increase for the broader employee population, but on occasions may need to recognise, for example development in role, change in responsibility, and/or specific retention issues. 	<ul style="list-style-type: none"> Individual and Group performance are taken into account when determining appropriate salaries. 	<ul style="list-style-type: none"> None.
Pension				
<ul style="list-style-type: none"> To provide normal pension schemes appropriate to the country of residence. 	<ul style="list-style-type: none"> The Group currently contributes on behalf of the Chief Executive to a US 401K deferred savings plan and an additional deferred compensation scheme. The Finance Director receives an annual cash sum in lieu of contributions to a company pension scheme. 	<ul style="list-style-type: none"> Pension contributions vary based on individual circumstances and local market practice. Further details are set out on page 142. Any future executive Director appointees in the UK will receive a base salary pension contribution of 12% in line with the majority of UK employees. Any future executive Director appointees in the US will have a contribution cap of 12% of base salary, provided through qualified and non-qualified savings plans. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.
Benefits				
<ul style="list-style-type: none"> To provide normal benefits appropriate to the country of residence. 	<ul style="list-style-type: none"> Each executive Director is provided with healthcare insurance and a company car with fuel benefits or allowance in lieu. Additional benefits may be provided to ensure the Group remains competitive within the relevant local market. 	<ul style="list-style-type: none"> There is no maximum value set on benefits. They are set at a level that is comparable to market practice. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Executive Director Remuneration Policy Table

Variable Emoluments

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
Annual Bonus				
<ul style="list-style-type: none"> To incentivise annual delivery of financial and operational targets. To provide high reward potential for exceeding demanding targets. 	<ul style="list-style-type: none"> Awards are subject to the Annual Bonus Plan rules adopted by the Board in 2010. Bonus begins to accrue when 80% of the Annual Budget targets are achieved and increases on a straight-line basis to a maximum when 120% of Budget is achieved. For an on-target performance, defined as actual results equal to the Budget, the Chief Executive is paid 100% of base salary and the Finance Director is paid 75% of base salary. 25% of any Annual Bonus is normally payable in Hunting shares. These shares are required to be held for two years from the vesting date. Malus and clawback provisions are incorporated and allow the Committee to reduce the bonus, potentially down to zero, in cases of material financial misstatement, calculation error, gross misconduct or actions that cause reputational damage to the Company. 	<ul style="list-style-type: none"> The Chief Executive and Finance Director have a maximum opportunity of 200% and 150% of salary, respectively. 	<ul style="list-style-type: none"> 80% of the Annual Bonus will be based on financial measures, with the remainder based on strategic/personal performance measures, selected annually by the Remuneration Committee to reflect key performance indicators for the year ahead. The vesting of the strategic/personal component is normally subject to a financial underpin. Should the financial targets not be met, a 50% vesting cap of the personal/strategic component would normally be implemented. 	<ul style="list-style-type: none"> None.
Hunting Performance Share Plan ("HPSP")				
<ul style="list-style-type: none"> To align the interests of executives with shareholders in growing the value of the business over the long term. 	<ul style="list-style-type: none"> The HPSP provides for annual awards of performance shares or nil cost options to eligible participants. Vesting is based on a three-year performance period. On vesting, awards are subject to an additional two-year holding period (subject to settlement of any tax charges on vesting). Awards are subject to malus and clawback provisions, which cover cases of material financial misstatement, calculation error, gross misconduct or actions that cause reputational damage to the Company. The Committee has the ability to exercise discretion to override the HPSP outcome in circumstances where strict application of the performance conditions would produce a result inconsistent with the Company's remuneration principles. Any upward discretion would be subject to prior shareholder consultation. In respect of vested shares, participants are eligible to receive an amount equivalent to dividends paid by the Company during the vesting period once the final vesting levels have been determined, either in cash or shares. 	<ul style="list-style-type: none"> Chief Executive: 450% of base salary. Finance Director: 210% of base salary. 	<ul style="list-style-type: none"> Achievement of a threshold performance target results in a 25% vesting for any portion of the award. Awards will vest on achievement of financial and strategic performance measures, measured over a three-year performance period. Financial measures will include EPS, ROCE and TSR and will receive an aggregate weighting of 85% of each award. A fourth measure, in the form of a Strategic Scorecard, which will comprise a number of sub-measures, will have an aggregate weighting of 15% of each award. Should the financial targets of the grant not be met, the vesting of the Strategic Scorecard is reduced by 50%. 	<ul style="list-style-type: none"> None.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
Minimum Stock Ownership Requirement				
<ul style="list-style-type: none"> To encourage the retention of shares under award to the executive Directors. To align the long-term interests of the Directors with shareholders. 	<ul style="list-style-type: none"> Directors have five years to achieve the required holding level from the date of their appointment to the Board. The Board has discretion to extend this time period if warranted by individual circumstances. 	<ul style="list-style-type: none"> The target holding of the Chief Executive is equal to the market value of 500% of base salary and for the Finance Director 200% of base salary. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.
Post-Employment Shareholding Requirement				
<ul style="list-style-type: none"> To continue to align the long-term interests of the executive Directors with shareholders for a period after they have left the Group. To incentivise good succession planning. 	<ul style="list-style-type: none"> Directors are required to retain a holding in Hunting shares for a period after stepping down as an executive Director. The Committee will have discretion to reduce/waive the requirement in exceptional circumstances. 	<ul style="list-style-type: none"> Executive Directors must continue to hold shares equivalent to the lesser of their actual ownership at the date of stepping down as an executive Director and 200% of base salary, for a minimum of 12 months. This requirement will apply to shares acquired under the deferred Annual Bonus and HPSP granted after the 2021 AGM. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Non-executive Director Remuneration Policy Table

The remuneration of the non-executive Directors is designed to reflect the time and commitment of each to their respective roles.

Purpose and link to strategy	Operation	Maximum opportunity	Performance metrics	Changes to policy proposed
Chairman and Non-executive Director Fees				
<ul style="list-style-type: none"> To attract and retain high-calibre non-executive Directors by offering a market competitive fee. 	<ul style="list-style-type: none"> Fees for the Chairman and non-executive Directors are determined by the Board as a whole, following receipt of external fee information and an assessment of the time commitment and responsibilities involved. The Chairman is paid a single consolidated fee for his responsibilities including chairing the Nomination and the Ethics and Sustainability Committee. The non-executive Directors are paid a basic fee. Directors may be paid an additional fee to reflect their responsibilities — for example Directors who chair the Board's Audit and Remuneration Committees and the Senior Independent Director. The non-executive Directors and Chairman do not participate in the Group's share plans and do not receive a cash bonus or any other benefits. 	<ul style="list-style-type: none"> Fees paid to the non-executive Directors are benchmarked against other UK companies of a similar size and profile to the Group. Given the small size of the Board, each non-executive Director is expected to give an above average time commitment to Group matters and fees are based on this increased commitment. The aggregate maximum fees for all non-executive Directors within the Company's Articles of Association are £750,000. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.
Minimum Stock Ownership Requirements				
<ul style="list-style-type: none"> To align the non-executive Directors' interests with the long-term interests of shareholders. 	<ul style="list-style-type: none"> Non-executive Directors are required to build up a holding of shares in the Company and have five years to achieve the required holding level from the date of their appointment to the Board. 	<ul style="list-style-type: none"> The target holding for the Chairman and non-executive Directors is equal to 100% of the annual fee. 	<ul style="list-style-type: none"> None. 	<ul style="list-style-type: none"> None.

Detailed Policy

Amendments to the Policy

The oil and gas industry remains a competitive marketplace, therefore recruiting and retaining the right individuals to deliver long-term shareholder growth is a key focus of management and the Remuneration Committee. It is anticipated that recruitment and retention will remain a challenge for the sector and, therefore, the Committee will continue to keep the approved Policy under review, and will make any necessary revisions after appropriate consultation and approval from shareholders has been received.

Choice of Performance Metrics

The corporate strategy includes promoting the long-term success of the Group by investing in its existing products and services portfolio through capital investment or by acquisition and growing the business in a way that is aligned with the evolving global energy industry.

The performance of the executive Directors in executing this strategy is evaluated by the following key performance indicators ("KPIs"), which drive the variable components of the executive Directors' emoluments.

The HPSP performance conditions and growth targets can be amended by the Remuneration Committee, with the targets set annually when each award is granted, following an assessment of the growth prospects of the Group.

Taken together, the Committee believes that the executive Directors are appropriately incentivised to deliver both short- and long-term performance based on these metrics.

Performance condition	Variable incentive	Rationale
Adjusted Profit before Taxation	Annual Bonus	Adjusted PBT is a management KPI used to measure the performance of the Group. PBT reflects the achievements of the Group in a given financial year and recognises sustained profitability measured against an agreed Annual Budget.
Return on Average Capital Employed	Annual Bonus/HPSP	ROCE is a management KPI used to measure the performance of the Group. ROCE reflects the value created on funds invested in the short and medium term.
Total Shareholder Return	HPSP	Reflects the Group's long-term goal to achieve superior levels of shareholder return.
Adjusted Diluted Earnings Per Share	HPSP	To encourage sustained levels of earnings growth over the long term.
Free Cash Flow	HPSP	To encourage sustained levels of cash generation to fund growth and shareholder distributions.
Strategic/Personal Objectives	Annual Bonus/HPSP	To capture and incentivise delivery of key strategic milestones that contribute to long-term success.

Pension

The Group contributes to the pension arrangements of both the Chief Executive and Finance Director.

Jim Johnson currently participates in the Group's US 401K deferred savings plan. In addition, and consistent with similarly long-tenured US employees, the Group contributes to a deferred compensation scheme. In practice, this compensation scheme is operated on a money purchase basis. Annual contributions for Jim Johnson are up to an equivalent of 18% of salary. Bruce Ferguson receives an annual cash sum equivalent to 12% of base salary, which is aligned with the contribution rate offered to the majority of UK employees.

Relevance to Employee Pay

The Policy tables summarise the remuneration structure that operates for executive Directors within Hunting and which also applies to senior executives of the Group.

While bonus and pension arrangements are in place for most of the Group's employees, lower aggregate remuneration operates at below the executive Director and senior manager level, with total remuneration driven by market comparatives and the individual responsibilities of each role.

Base Salaries and Fees

Base salaries and fees are reviewed annually. In considering appropriate salary levels for the executive Directors, the Committee takes into account their experience and personal performance, the remuneration paid by comparable companies in terms of asset size, revenues, profits, number of employees, market capitalisation and the complexity and international spread of group operations, as well as Group-wide salary increases and applicable rates of inflation. Other relocation and taxation agreements are also in place for key executives. Base fee increases for the non-executive Directors are based on external benchmarking of market data for fees paid by comparable companies.

Benefits

Other benefits provided to the executive Directors as part of their remuneration package include the provision of appropriate healthcare insurance, life and disability insurance, car and fuel benefits.

Annual Bonus

An Annual Bonus Plan is in place for the executive Directors, which was adopted by the Board in 2010. The Plan is designed to provide an incentive/reward for performance and reflects the competitive markets in which the Group conducts its business.

80% of the Annual Bonus is based on financial measures, with the remainder based on personal/strategic performance objectives that are set annually by the Remuneration Committee to reflect key priorities for the year ahead.

75% of any Annual Bonus award is paid in cash with the remaining 25% to be utilised to purchase Hunting shares, which are required to be held by the executive Director for a period of two years.

HPSP

The HPSP was approved by shareholders in April 2014. Share awards granted to the executive Directors under the HPSP in recent years have been based on a blend of Total Shareholder Return, Adjusted Diluted Earnings per Share, Return on Average Capital Employed and a Strategic Scorecard. In 2022 a Free Cash Flow metric was introduced to improve the balance of the plan towards delivering earnings and cash generation from the Group's operations.

All performance conditions are measured at the end of the relevant three-year performance period and awards to the executive Directors will be proportional to the total vesting level achieved. Subject to the achievement of performance conditions, awards will typically vest on the third anniversary of the grant. For awards made in 2018 and onwards, vested shares are subject to an additional two-year holding period (subject to settlement of any tax charges on vesting).

The maximum face value of the grant to the Chief Executive is 450% of base salary and 210% of base salary for the Finance Director. Actual award levels are reviewed ahead of each grant to ensure they are appropriate, taking into account factors such as share price performance and the performance of the Group. An amount equivalent to dividends paid by the Company during the vesting period is added to the awards once the final vesting levels have been determined.

Stock Ownership Policy

The Company operates a stock ownership policy whereby the Directors and senior managers are required to build and maintain a minimum shareholding in the Company's Ordinary shares. For executive Directors, the primary mechanism of building the required shareholding is retaining vested shares received from the deferred element of the Annual Bonus and from long-term incentive schemes operated by Hunting. Those subject to this requirement have a period of five years from the date of employment or appointment to an executive role to comply.

The Chief Executive is required to maintain a minimum holding of shares equal to a market value of 500% of base salary, the Finance Director a minimum holding of 200% of base salary and the non-executive Directors a minimum holding of 100% of annual fees. Certain executives of the Group are required to build and maintain a minimum holding of shares in the Company equal to a market value of between 100% and 200% of base salary. The value of holdings in shares reported in the Annual Report on Remuneration includes Ordinary shares held by the individual and also the post-tax value of vested, but unexercised, share awards and options.

The Company has adopted a post-employment shareholding policy requiring executive Directors to maintain a level of share ownership after stepping down from the Board. Both the Chief Executive and the Finance Director will be required to continue to hold the lesser of their actual ownership at the date of stepping down and 200% of salary for a minimum of 12 months. This policy will apply to shares acquired under the Annual Bonus and HPSP granted after the 2021 AGM, and will be subject to the discretion of the Committee in exceptional circumstances.

Executive Director Service Contracts

All existing executive Directors' Service Contracts are rolling one-year agreements and contain standard provisions allowing the Company to terminate summarily for cause, such as gross misconduct. The Service Contracts can be reviewed at the Company's Registered Office, on request by a shareholder.

Jim Johnson and Bruce Ferguson entered into Service Agreements with the Company on 7 December 2017 and 2 June 2020, respectively. Under the terms of these Service Agreements, both the Company and the Directors are required to give one year's notice of termination. Messrs Johnson and Ferguson are entitled to receive a Performance Bonus on an annual basis, the quantum being determined by the Remuneration Committee. Messrs Johnson and Ferguson are also entitled to participate in the Hunting Performance Share Plan and any other long-term incentive schemes operated by the Company. Under the terms of their Service Agreements, benefits may include the provision of a company car and fuel benefits, long-term disability and healthcare benefits offered by the Company, as well as participation in pension schemes operated by the Company. Following a change of control, in-line with standard UK practice, all stock options and stock-based awards granted will be tested for performance and pro-rated for time unless the Committee, acting fairly, decides otherwise.

Non-executive Director Letters of Appointment

On appointment, each non-executive Director is provided with a letter of appointment that sets out the responsibilities and time commitments for the role. Additional duties, as requested by the Nomination Committee, including chairing a Board subcommittee, are also incorporated into the letters of appointment and fees paid. Non-executive Director appointments are usually for a fixed three-year term, which can be terminated by either party at any time.

External Board Appointments

The Company may authorise an executive Director to undertake a non-executive directorship outside of the Group provided it does not interfere with their primary duties. During the year neither executive Director held any external positions.

Payment for Loss of Office

The Committee has considered the Company's policy on remuneration for executive Directors leaving the Company and is committed to applying an approach consistent with best practice to ensure that the Company pays no more than is necessary. In-line with normal market practice, the policy distinguishes between "Good Leavers" and "Bad Leavers". A "Good Leaver" is defined as an employee who has ceased to be employed by the Group due to death, ill-health, injury, disability, redundancy, retirement, the employee's company ceasing to be a Group member or for any other reason if the Committee so decides. In the case of a Good Leaver, taking account of local conditions, the Policy normally allows:

- payment in lieu of notice equal to 12 months' base salary, pension contributions, contractual benefits and any other legal entitlements; and
- payment of a bonus for the period worked subject to the achievement of the relevant performance conditions; and any unvested long-term incentives vest at the normal time subject to the achievement of the relevant performance conditions, and pro-rated based on the period of service as a proportion of the vesting period.

If an executive Director departs the Group for any other reason than those specified in the Good Leaver definition above then he/she is treated as a Bad Leaver and unvested long-term incentives lapse immediately on cessation of employment.

New Director Policies

As the Board of Hunting is refreshed with new executive and non-executive Director appointments, the policy for remuneration for the new Board members will align with those detailed above. Hunting needs to be able to attract and retain the best executive and non-executive Directors in the market place. The Remuneration Committee believes that the policy will enable the Company to achieve its recruitment aims.

For executive Director appointments, the fixed component of total emoluments will target the market mid-point, subject to geographic considerations of the candidate and relevant labour market practices. Where new appointees have initial base salaries set below market, any shortfall may be managed with phased increases over a period of two to three years, subject to the individual's development and performance in the role. The Service Contracts will be rolling one-year agreements with standard provisions. The fixed component of the emoluments will comprise base salary, including any appropriate relocation or tax equalisation agreements, benefits (including healthcare insurance, pension contributions, car benefits) and any other components deemed necessary to secure an appointment. The variable component to the emoluments will be implemented in line with the policies above, subject to any future amendments to these arrangements being approved by shareholders. Annual performance-linked cash bonus arrangements will include awards up to 150% and 200% of base salary for a new Finance Director and Chief Executive, respectively. The maximum awards under the HPSP are 210% and 450% of base salary for a new Finance Director and Chief Executive, respectively. The Committee anticipates applying UK market standard change of control provisions within new Service Contracts.

In addition, for new appointees, the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company and shareholders. Any such payments would take account of remuneration relinquished when leaving the former employer and would be structured to reflect the nature, time horizons and performance requirements attaching to that remuneration. Shareholders will be informed of any such payments at the time of appointment.

For non-executive Director appointments, the benchmarked fees against companies of similar size and profile to Hunting will be applied.

Consideration of Employment Conditions Elsewhere in the Group

The Committee considers the general basic salary increases for the broader employee population when determining the annual salary increases for the executive Directors. Employees have not been consulted in respect of the design of the Company's senior executive remuneration policy.

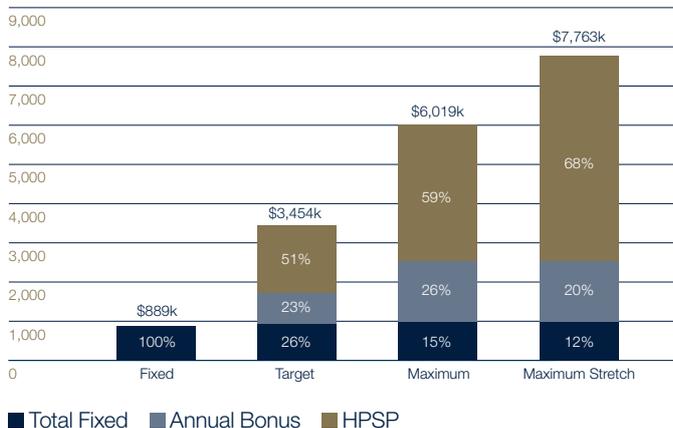
Shareholder Consultation and Feedback

When determining remuneration, the Committee takes into account views of leading shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always available for feedback from shareholders on the remuneration policy and arrangements, and will undertake a further consultation with our largest shareholders in advance of any significant future changes to the remuneration policy. The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure the structure of executive remuneration remains appropriate.

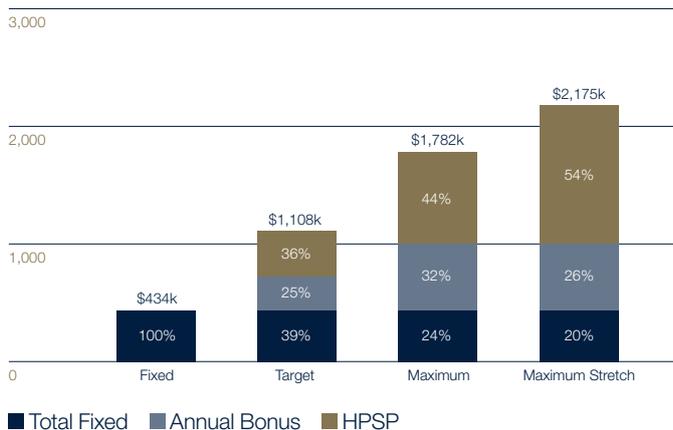
Remuneration Scenarios for Executive Directors

The remuneration scenarios of the executive Directors for a fixed, target and maximum performance are presented in the charts below. Potential reward opportunities are based on Hunting's Remuneration Policy, applied to annualised 2022 remuneration data.

Chief Executive



Finance Director



Assumptions made for each scenario are as follows:

- Fixed: latest salary, benefits and normal pension contributions or payments in lieu of pension contributions.
- Target: fixed remuneration plus half of maximum annual cash bonus opportunity plus 50% vesting of awards under the HPSP.
- Maximum: fixed remuneration plus maximum annual cash bonus opportunity plus 100% vesting of all long-term incentives.
- Maximum Stretch: including the impact of a hypothetical 50% increase in share price on the value of the HPSP in accordance with the reporting regulations.
- The Finance Director is paid in Sterling and the equivalent total remuneration scenarios are as follows – fixed £353k; target £899k, maximum £1,446k and maximum stretch of £1,765k.

On behalf of the Board

Anell Bay
Chair of the Remuneration Committee

2 March 2023

Annual Report on Remuneration

Introduction

The principles set out in the Directors' Remuneration Policy (the "Policy") have been applied throughout the year.

Compliance Statement

The Directors' Remuneration Policy and 2022 Annual Report on Remuneration reflect the Remuneration Committee's reporting requirements under the amended Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the Shareholder Rights Directive II, as enacted on 10 June 2019 and also the 2018 UK Corporate Governance Code, which became effective for the Company from 1 January 2019.

The 2022 Annual Report on Remuneration, which includes the Letter from the Chair of the Remuneration Committee, details how the approved Directors' Remuneration Policy was applied during 2022. This report was approved by the Remuneration Committee at its meeting on Monday 27 February 2023.

Role

The Committee is responsible for developing and implementing the Directors' Remuneration Policy for the Company and has direct oversight of the remuneration of the executive Directors, Company Chair and Company Secretary. The Chair and Chief Executive are consulted on proposals relating to the remuneration of the Finance Director and designated senior management. Where appropriate, the Chair and other Directors are invited by the Committee to attend meetings, but are not present when their own remuneration is considered. The Committee also reviews and monitors the remuneration framework of the Company's Executive Committee and monitors base salary increases across the Company's workforce. The remuneration of the non-executive Directors is agreed by the Board as a whole and follows the Articles of Association of the Company, which were last approved by shareholders on 18 April 2018. The full scope of the role of the Committee is set out in its Terms of Reference, which are reviewed annually, and can be found on the Group's website at www.huntingplc.com.

Membership and Attendance

The Committee consists entirely of independent non-executive Directors. Ms Bay and Ms Harris and Messrs Brightman and Lough have relevant sector expertise, while Mrs Chesney has relevant financial expertise. Ms Bay was appointed to the Committee on her appointment to the Board on 2 February 2015 and was appointed Chair on 30 August 2018. Paula Harris was appointed to the Committee, following her appointment as a Director at the Company's Annual General Meeting ("AGM") on 20 April 2022 and Stuart Brightman was appointed by the Board on 3 January 2023.

The Committee met six times during 2022 and attendance details are shown on page 132.

On 2 March 2023, being the date of signing the accounts, the members of the Committee and their unexpired terms of office were:

Director	Latest appointment date	Unexpired term as at 2 March 2023
Annell Bay	2 February 2021	11 months
Stuart Brightman	3 January 2023	34 months
Carol Chesney	23 April 2021	14 months
Paula Harris	20 April 2022	26 months
Keith Lough	23 April 2021	14 months

Shareholder Voting at the 2022 AGM

At the Company's AGM held in April 2022, the resolution to approve the Annual Report on Remuneration received the following votes from shareholders:

	Number of votes cast	% of votes cast
For	113,995,982	89.9
Against	12,797,732	10.1
Votes withheld ⁱ	3,191	–
Total votes cast	126,796,905	100.0

i. A vote withheld is not a vote in law and is not included in the percentage for votes cast.

The Directors' Remuneration Policy was last approved by shareholders at the 2021 AGM, receiving 92.0% votes in favour.

External Advisers

During the year, Mercer and Pearl Meyer were engaged by the Committee to provide remuneration consultancy services. Their appointments were subject to formal tenders and both companies are regarded as independent, having been appointed by and acting under direction of the Committee. Mercer is a signatory to the UK Remuneration Consultants' Group Code of Conduct and provides UK governance advice and compensation benchmarking, while Pearl Meyer provides US remuneration data for consideration by the Committee.

The total cost of advice to the Committee during the year to 31 December 2022 was \$136,613 (2021 – \$91,722) and includes fees paid in respect of review work in salary benchmarking, Policy review, share plans and remuneration reporting disclosure requirements. Fees are charged on a time basis for consultancy services received. Neither Mercer nor Pearl Meyer have any other connection to the Company or any Director.

Single Figure Remuneration

	Fixed				Variable			2022 total remuneration \$000
	Base salary /fees ⁱ \$000	Benefits ⁱⁱ \$000	Pension ⁱⁱⁱ \$000	Sub total \$000	Annual bonus ^v \$000	HPSP awards ^{vi} \$000	Sub total \$000	
2022								
Executive								
Jim Johnson	775	68	139	982	1,550	167	1,717	2,699
Bruce Ferguson	374	17	44	435	561	23	584	1,019
Non-executives								
Annell Bay	86	–	–	86	–	–	–	86
Carol Chesney	86	–	–	86	–	–	–	86
Jay Glick	227	–	–	227	–	–	–	227
Paula Harris (from 20 April 2022)	52	–	–	52	–	–	–	52
Richard Hunting (to 20 April 2022)	22	–	–	22	–	–	–	22
Keith Lough	86	–	–	86	–	–	–	86
Total	1,708	85	183	1,976	2,111	190	2,301	4,277

	Fixed				Variable			2021 total remuneration \$000
	Base salary /fees ⁱ \$000	Benefits ⁱⁱ \$000	Pension ⁱⁱⁱ \$000	Sub total \$000	Annual bonus ^v \$000	HPSP awards ^{vi} \$000	Sub total \$000	
2021 (restated)								
Executive								
Jim Johnson	744	67	54	865	154	146	300	1,165
Bruce Ferguson	388	18	45	451	62	92	154	605
Non-executives								
Annell Bay	96	–	–	96	–	–	–	96
Carol Chesney	96	–	–	96	–	–	–	96
Jay Glick	253	–	–	253	–	–	–	253
Richard Hunting	83	–	–	83	–	–	–	83
Keith Lough	96	–	–	96	–	–	–	96
Total	1,756	85	99	1,940	216	238	454	2,394

- In August and October 2022, the Committee met to discuss base salary increases for the wider workforce and executive Directors. The Committee noted the average 5% base salary increase that was to be implemented across the Group's workforce in December 2022 and also the base salary increases awarded to the Hunting Executive Committee, which had been set at 5%. Mr Johnson and Mr Ferguson were each awarded increases of 5%, in-line with increases to the workforce and Executive Committee. Their revised salaries with effect from 1 December 2022 were \$810,338 p.a. and £317,625 p.a., respectively. The average £:\$ exchange rate in the year was 1.2323 (2021 – 1.3753).
- Benefits include the provision of healthcare insurance, company car and fuel benefits.
- Mr Johnson's single figure pension remuneration represents Company contributions payable to his US pension arrangements. Mr Ferguson's pension figure represents a cash sum in lieu of a Company pension contribution, which is set at 12% of his annual base salary.
- With the return to strong growth of its core energy markets, particularly in the second half of the year, the annual bonus targets were exceeded, leading to a maximum opportunity in respect of the financial targets, being awarded. In January 2023, the Committee met to consider the delivery of the personal performance objectives set at the start of 2022, and following discussion, agreed that the objectives had also been met in full, leading to the maximum opportunity being awarded for this component of the bonus. On this basis, Mr Johnson will receive a bonus payment of \$1,550k, being 200% of his base salary paid in 2022, and Mr Ferguson will receive a bonus payment of £456k/\$561k, being 150%. The bonuses will be paid in March 2023 and, in-line with the usual operation of the Annual Bonus Plan, 25% of the bonus after tax will be utilised to purchase Ordinary shares in the Company, to be retained for a minimum of two years.
- In 2021, Mr Johnson's annual bonus was \$154k and Mr Ferguson's annual bonus was \$62k. The bonuses after tax were utilised to purchase Ordinary shares in the Company, 75% of which to be retained for a minimum of one year and 25% to be retained for two years.
- The share awards granted in 2020 under the HPSP had a three-year performance period to 31 December 2022 and will vest on 3 March 2023. The 2020 grant comprised the following four performance conditions EPS, TSR, ROCE and a Strategic Scorecard. Given that the targets were set prior to the COVID-19 pandemic, the EPS and ROCE targets were not met and therefore have recorded a nil vesting. The TSR performance condition vesting at the threshold level was independently measured by Mercer and recorded a Below Median outcome vesting leading to nil vesting of this portion of the 2020 grant. Further, the Strategic Scorecard was also measured leading to a full vesting of this portion of the grant. However, in-line with operation of the Directors' Remuneration Policy, this portion of the award has been capped at 7.5% in line with the Policy. In total the 2020 grant under the HPSP records a 7.5% vesting. On this basis, Mr Johnson will receive 48,990 Ordinary shares at a market value of £2.723 per share, plus a cash payment of 21.5 cents per share, equalling the dividends paid during the vesting period. The total value of Mr Johnson's vested award was \$167,158. Following measurement, Mr Ferguson will receive 6,827 Ordinary shares, with a total value of \$23,294. For the purposes of the single figure calculation, the average mid-market closing price of £2.723 during Q4 2022 has been applied to the number of vested shares and converted to dollars using the average £:\$ exchange during Q4 2022, being \$1.1741. Further details of the vesting calculation are shown on page 150.
- The share awards granted in 2019 under the HPSP had a three-year performance period to 31 December 2021 and incorporated four performance conditions. The awards were measured against the relevant performance conditions, with a nil vesting recorded for the EPS, TSR and ROCE performance conditions. A 7.5% vesting of the Strategic Scorecard (after application of the vesting cap on this element), was also recorded. On this basis, Messrs Johnson and Ferguson received 31,688 and 2,026 Ordinary shares, respectively. Mr Ferguson's 2019 HPSP grant was made when he was managing director of the Group's EMEA operating segment, a below Board position and which incorporated both performance-based and time-based share awards. On the vesting date, Mr Ferguson received an additional 18,005 Ordinary shares in respect of vested time-based awards. For the purposes of the single figure calculation, the average mid-market closing price of £3.28 on the vesting date of 21 March 2022 was applied, with the 2021 single figure table being restated to reflect the actual vested amount.

The remuneration of Bruce Ferguson and the non-executive Directors is originally denominated in Sterling and is as follows:

2022	Fixed			Sub total £000	Variable		Sub total £000	2022 total remuneration £000
	Base salary /fees £000	Benefits £000	Pension £000		Annual bonus £000	HPSP awards £000		
Executive								
Bruce Ferguson ⁱ	304	13	36	353	456	19	475	828
Non-executives								
Annell Bay ⁱⁱ	70	-	-	70	-	-	-	70
Carol Chesney ⁱⁱⁱ	70	-	-	70	-	-	-	70
Jay Glick ^{iv}	184	-	-	184	-	-	-	184
Paula Harris (from 20 April 2022) ^v	42	-	-	42	-	-	-	42
Richard Hunting (to 20 April 2022) ^{vi}	18	-	-	18	-	-	-	18
Keith Lough ^{vii}	70	-	-	70	-	-	-	70

2021 (restated)	Fixed			Sub total £000	Variable		Sub total £000	2021 total remuneration £000
	Base salary /fees £000	Benefits £000	Pension £000		Annual bonus £000	HPSP awards £000		
Executive								
Bruce Ferguson ^{i/viii}	282	13	33	328	45	69	114	442
Non-executives								
Annell Bay ⁱⁱ	70	-	-	70	-	-	-	70
Carol Chesney ⁱⁱⁱ	70	-	-	70	-	-	-	70
Jay Glick ^{iv}	184	-	-	184	-	-	-	184
Richard Hunting ^{vi}	60	-	-	60	-	-	-	60
Keith Lough ^{vii}	70	-	-	70	-	-	-	70

- i. Bruce Ferguson's base salary was increased to £317,625 p.a. on 1 December 2022.
- ii. Annell Bay: Chair of the Remuneration Committee and designated non-executive Director for workforce engagement, with an annual fee of £70,000.
- iii. Carol Chesney: Chair of the Audit Committee with an annual fee of £70,000.
- iv. Jay Glick: Chair of the Company with an annual fee of £183,750.
- v. Paula Harris was appointed to the Board on 20 April 2022, with an annual fee of £60,000.
- vi. Richard Hunting retired from the Board on 20 April 2022.
- vii. Keith Lough is the Company's Senior Independent Director with an annual fee of £70,000.
- viii. The 2019 HPSP vesting value has been restated to reflect the market price on the date of vesting being 21 March 2022.

Salary and Fees

The Committee met in August and October 2022 to discuss the level of base salary increases for the executive Directors and received data from the Chief HR Officer, detailing proposed salary increases for the Group's workforce and Hunting Executive Committee, which averaged 5%. These salary increases were implemented in December 2022. Following a review, the Committee awarded a 5% base salary increase to Jim Johnson, Chief Executive, to \$810,338 p.a. from 1 December 2022, which aligned with the wider workforce. Further, the Committee awarded a 5% base salary increase to Bruce Ferguson, Hunting's Finance Director, to £317,625 p.a. from 1 December 2022.

In December 2022, the Board reviewed the fee levels for the non-executive Directors and Chair of the Company. From 1 January 2023, the non-executive Director annual base fee was increased to £64,000 and the annual fee for the Company Chair was increased to £205,000. The additional fees for chairing the Board Committees and Senior Independent Director remained unchanged at £10,000 per annum.

Pensions (audited)

In-line with other similarly long-tenured employees in the US. Jim Johnson is a member of a deferred compensation scheme in the US, which is anticipated to provide a lump sum on retirement, and also contributes to a US 401k match deferred savings plan. Company contributions to the former arrangement were \$121,194 (2021 – \$36,512) in the year. There are no additional benefits provided on early retirement from this arrangement. In the year, the Group contributed to Mr Johnson's 401K savings plan, totalling \$18,300 (2021 – \$17,400). Mr Ferguson receives a cash sum in lieu of pension contributions, representing 12% of his annual base salary. This contribution level aligns with the UK workforce, as required by the 2018 UK Corporate Governance Code. In the year, Mr Ferguson's company contribution in lieu of pension was \$43,902/£35,626 (2021 – \$46,520/£33,000).

Annual Performance-Linked Bonus Plan (audited)

The annual performance-linked bonus plan for 2022 was based on the following metrics:

Proportion of award	Performance metric
60%	Adjusted profit before tax
20%	Adjusted return on capital employed
20%	Strategic/personal performance objectives

Delivery of Financial Objectives

The annual bonus targets are normally based on the Annual Budget agreed by the Board in December of the prior financial year. The 2022 Annual Budget agreed by the Board in December 2021 contained financial targets of an adjusted profit before tax of \$1.9m and adjusted ROCE of 1.0%, reflecting a return to profitability following the COVID-19 pandemic. The Committee agreed that these targets were stretching given the losses recorded in 2021. The financial performance targets for the 2022 Annual Bonus were thus set as follows:

	Threshold vesting	Target vesting	Maximum vesting	Actual result	% vesting
Adjusted profit before tax	\$1.5m	\$1.9m	\$2.3m	\$10.2m	100
Adjusted return on capital employed	0.8%	1.0%	1.2%	1.45%	100

As in prior years, the annual bonus starts to accrue when 80% of the Annual Budget targets are met, and increases on a straight-line basis up to 120% of the budget (or bonus) target. Given the return to growth of the Company's core markets, which accelerated particularly in the second half of the year, the Annual Bonus targets were exceeded, with a full vesting of these portions of the Annual Bonus award.

Delivery of Strategic/Personal Performance Objectives

The strategic/personal performance objectives agreed by the Committee with the executive Directors in early 2022 are summarised in the table below. Detailed analyses of these outcomes follow this table.

Jim Johnson (Chief Executive)	Bruce Ferguson (Finance Director)
<p>Strategic Development of the Group (50%)</p> <ul style="list-style-type: none"> Present to the Board a strategy to 2030. Continue the pursuit of strategic opportunities to grow the Group's core oil and gas and non-oil and gas businesses. Present a plan to improve EBITDA performance and returns, focusing on those businesses that will generate a return on capital which is higher than the Company's cost of capital. 	<p>Strategic Development of the Group (50%)</p> <ul style="list-style-type: none"> Present to the Board a strategy to 2030. Continue the pursuit of strategic opportunities to grow the Group's core oil and gas and non-oil and gas businesses. Present a plan to improve EBITDA performance and returns, focusing on those businesses that will generate a return on capital which is higher than the Company's cost of capital.
<p>Organisational Effectiveness (25%)</p> <ul style="list-style-type: none"> Human Resources – to continue workforce planning as the Group returns to growth, including requirements for the 2030 strategic plan, the mapping of succession for all key management positions. Develop a Diversity and Inclusion Policy. Define community initiatives to be implemented across the Group. Continue employee engagement initiatives. IT – continue delivery of D365 rollout. Implement robust patching and cyber training programmes. Migrate UK and Asia Pacific IT systems to new infrastructure. Monitor overall global standardisation of IT infrastructure. 	<p>Operational and Financial Effectiveness (35%)</p> <ul style="list-style-type: none"> Enhance management information highlighting financial performance, liquidity and other KPIs. Develop a product line income statement by both legal entity and geographic region. Develop the internal audit function and standardise controls reporting. Present an organisational assessment of the global finance team. IT – continue delivery of D365 rollout. Implement robust patching and cyber training programmes. Migrate UK and Asia Pacific IT systems to new infrastructure. Monitor overall global standardisation of IT infrastructure.
<p>ESG and Leadership (25%)</p> <ul style="list-style-type: none"> Develop SASB reporting for external publication. Develop sustainability messaging for internal and external stakeholders. Continued focus on Quality and Safety to support Hunting's standing within the oil and gas industry. Show development plans for the senior leadership team. Further develop processes to track carbon data. 	<p>ESG and Leadership (15%)</p> <ul style="list-style-type: none"> Develop SASB reporting for external publication. Develop sustainability messaging for internal and external stakeholders. Continued focus on Quality and Safety to support Hunting's standing within the oil and gas industry. Show development plans for the senior leadership team. Further develop processes to track carbon data.

During the year, the Committee was updated on the progress of the objectives set for the executive Director's for the year ended 31 December 2022 and noted the following outcomes:

Strategic Development of the Group

Throughout 2022, the executive Directors presented to the Board elements of the Hunting 2030 Strategic Plan, which was externally announced on 2 March 2023. The core elements of the 2030 plan are to focus Hunting's strategic ambition on (i) remaining a critical supplier to the oil and gas industry; (ii) focus on expanding its Subsea Technologies and Energy Transition capabilities; (iii) committing to developing a material level of revenue from non-oil and gas sources by 2030.

Further, the Committee noted that throughout the year, the executive Directors had regularly updated the Board on the business performance of each business unit, which included revenue and margin enhancement for the next 24 months, in addition to ongoing restructuring to position the Group for growth going forward.

The Committee noted that strong progress was made within the Advanced Manufacturing group to develop non-oil and gas revenue, which had been particularly successful within the Hunting Dearborn business. The Board also reviewed the Group's Energy Transition strategy, which included the formation of a global sales group in December 2022 to pursue global carbon capture and geothermal opportunities.

The Committee reviewed the targets set for each executive Director and concluded that this portion of the bonus had been completed in full.

Organisational and Financial Effectiveness & Leadership

The Committee has regularly reviewed Hunting's human capital requirements in the year, as the Group has returned to growth. To support concerns over the cost of living and to continue to retain and recruit key engineers and other employees, the Board approved a 5% average base salary increase across the workforce.

In addition, the Chief HR Officer also led the implementation of enhanced HR policies across the Group.

In June 2022, the Board also met employees at an engagement event at the Dearborn facility where a workforce question and answer session was held. For further information please see pages 60 and 63.

The Committee noted that the Board had reviewed product line income statements, based on the Group's legal structure which had supported the understanding of key profit drivers.

The Committee noted that the internal function had made a strong contribution to the development of process flow maps for the Hunting Titan and US Manufacturing businesses. This planning assisted the D365 ERP rollout, which continued throughout the year, and which remains on track for completion in 2023.

The Group's cyber security efforts including extensive staff training were noted, in addition to the ongoing consolidation of the global data centres utilised by Hunting.

The Committee reviewed the targets set for each executive Director and concluded that this portion of the bonus had been completed in full.

ESG and Leadership

In 2022, the Group published its maiden TCFD report within the 2021 Annual Report and Accounts. In the year, additional risk procedures and scenario analysis were developed, which are detailed on pages 88 to 99.

The Group has reported information that aligned with the SASB Oil Field and Industrial Equipment standards, following work started by the central compliance function in 2021.

The Committee noted the enhanced ESG and Sustainability information incorporated into the 2022 Annual Report and Accounts. Further, the Committee noted the launch of a new Company website in early 2023, which included detailed Sustainability disclosures and incorporated compliance to the TCFD and CDP reporting frameworks.

The Committee noted the progress of the Group's carbon reporting capabilities, including the enhancing of policies, data collection and the commencement of an assurance programme with Standard & Poor's Trucost.

Overall, the Committee noted the strong progress in internal and external reporting on ESG and Sustainability matters.

The Committee reviewed the targets set for each executive Director and concluded that this portion of the bonus had been completed in full.

Annual Bonus Outcome

Accordingly, the Committee concluded that all strategic/personal performance objectives had been met in full during the year. Based on this outcome, the following bonus awards were made to the executive Directors:

Proportion of annual bonus allocated	Performance metric	Percentage of annual bonus awarded
60%	Adjusted profit before tax	60%
20%	Return on average capital employed	20%
20%	Strategic performance objectives	20%

Mr Johnson was, therefore, awarded a bonus for the year of \$1,550k, and Mr Ferguson was awarded a bonus of \$561k. In line with the normal operation of the Annual Bonus, 100% of the bonus will be delivered in cash in March 2023, with 25% of the post-tax bonus to be utilised to purchase Ordinary shares in the Company, to be retained for two years, in line with the Directors' Remuneration Policy.

2020 HPSP Vesting (audited)

The 2020 awards under the HPSP have been measured against the performance conditions following completion of the three-year performance period ended 31 December 2022. The 2020 awards were based on four performance conditions – adjusted ROCE (35%); adjusted diluted EPS (25%); relative TSR (25%) and a Strategic Scorecard (15%) comprising two sub-measures being the Group's Safety and Quality performance.

Performance is measured over three financial years ending 31 December 2022. A summary of the performance achieved is detailed below:

	% of award	Threshold vesting target	Maximum vesting target	Recorded performance	% vesting outcome
Adjusted diluted EPS	25%	40 cents	60 cents	4.7 cents	nil
ROCE	35%	8.0%	13.0%	1.45%	nil
Relative TSR	25%	Median	Upper quartile	Below median	nil
Strategic Scorecard					
– Safety	7.5%	2.00	<1.00	0.88	3.75%
– Quality	7.5%	0.8	0.5	0.17	3.75%

Similar to the annual bonus, and in-line with the Remuneration Policy, vesting of the Strategic Scorecard component of the HPSP is subject to an underpin whereby a 50% vesting cap on this element is applied in cases where the financial targets for the year are not met. The vesting outcome above reflects the application of this cap.

The Total Shareholder Return ("TSR") performance condition was measured by Mercer in January 2023, following completion of the three-year performance period. Hunting's TSR performance against the 13 comparator companies was then ranked, resulting in a Below Median performance corresponding to nil vesting of this portion of the grant.

Overall, the total vesting of the 2020 HPSP award is 7.5%. The vesting date of the 2020 HPSP award is 3 March 2023. Mr Johnson will, therefore, receive 48,990 Ordinary shares and Mr Ferguson will receive 6,827 Ordinary shares. A cash equivalent of dividends paid by the Company during the vesting period, totalling 21.5 cents per vested share, will be added to the award on the vesting date. The 2020 HPSP vesting has been calculated as follows:

	Number of shares granted in 2020	Vesting %	Number of shares vested*	Value of vested shares at 31 December 2022 \$	Value of dividends at 21.5 cents per share \$	Total award value \$	Value attributable to share price growth \$
Jim Johnson	653,205	7.5	48,990	156,625	10,533	167,158	5,982
Bruce Ferguson	91,022	7.5	6,827	21,826	1,468	23,294	834

* As per the methodology for reporting the values of unvested awards, the average price of a Hunting PLC share during Q4 2022 of £2.723 has been applied and converted to US dollars at an exchange rate of 1.1741 for the period. The share price on the date of grant was £2.619.

In accordance with the Directors' Remuneration Policy, these vested shares are to be held for two years from the vesting date.

2019 HPSP Vesting (audited)

The 2019 awards under the HPSP were measured against the performance conditions, following completion of the three-year performance period, resulting in the following outcome:

	Number of shares granted in 2019	Vesting %	Number of shares vested	Value of vested shares at 21 March 2022 \$	Value of dividends at 23 cents per share \$	Total award value \$	Value attributable to share price reduction \$
Jim Johnson*	422,507	7.5	31,688	137,968	7,444	145,412	103,240
Bruce Ferguson*							
– Performance-based	27,008	7.5	2,026	8,819	476	9,295	6,601
– Time-based	18,005	100	18,005	78,374	4,230	82,604	58,661

* The value of the awards have been restated at the market price of £3.28 per share on 21 March 2022, based on shares sold to cover tax liabilities. Mr Ferguson's time-based award is a legacy award granted prior to his appointment to the Board. Further details have been included under the share interests table.

In accordance with the 2018 Directors' Remuneration Policy, these vested shares are to be held for two years from the vesting date.

2022 HPSP Grant (audited)

On 4 March 2022, the Committee approved the grant of nil-cost share awards to Jim Johnson and Bruce Ferguson under the rules of the HPSP. Awards will vest on 4 March 2025, subject to the achievement of the performance metrics, with a two-year holding period then applying to the post-tax vested shares.

The 2022 grant under the HPSP to the executive Directors was at the normal quantum, as detailed in the Directors' Remuneration Policy on pages 138 to 144, following two award cycles in 2020 and 2021 where the quantum of the award had been reduced by c.20%, to avoid windfall gains on vesting.

Details of the grant are as follows:

	Award as a % of base salary	Number of shares under grant	Face value of award at threshold vesting of 25% \$	Face value of award at threshold vesting of 100% \$
Jim Johnson	450%	1,217,058	868,219	3,472,875
Bruce Ferguson	210%	289,408	212,348	849,393

In 2022, the Committee agreed to the introduction of a Free Cash Flow ("FCF") performance condition to better balance the financial targets within the HPSP. The performance conditions and targets encourage strong growth in earnings (EPS), capital efficiency (ROCE) and cash generation (FCF), in addition to the important ESG metrics within the Strategic Scorecard, namely Quality and Safety performance. A TSR metric continues to be utilised, to reflect shareholder returns over the performance period. The targets for each performance condition are as follows:

Performance condition	Proportion of award	Threshold vesting target	Maximum vesting target
TSR ⁱ	20%	Median	Upper Quartile
EPS ⁱⁱ	20%	16.6 cents	24.9 cents
FCF ⁱⁱ	20%	\$115m	\$172m
ROCE ⁱⁱ	25%	4.0%	8.0%
Strategic Scorecard ⁱ			
– Safety	7.5%	2.00	>1.00
– Quality	7.5%	0.8	0.5

i. Measured across the three-year vesting period.

ii. Measured for the year ended 31 December 2024.

The following quoted businesses comprise the TSR comparator group for the 2022 award:

Akastor	National Oilwell Varco	TechnipFMC
Drill-Quip	Nine Energy	Tenaris
Expro Group	Oceaneering	Vallourec
Flotek Industries	Oil States International	
Forum Energy Technologies	Schoeller-Bleckmann	

The face value of the 2022 award is based on the closing mid-market share price on 3 March 2022, which was 219.5 pence per share.

Payments to Past Directors (audited)

Richard Hunting retired as a non-executive Director on 20 April 2022. All fees were paid to Mr Hunting up to this date, with no further payment made to him after this date.

Peter Rose retired as a Director of the Company on 15 April 2020. The emoluments paid during 2022 to Mr Rose were wholly related to his vested 2019 awards under the HPSP, whereby 5,311 Ordinary shares in the Company were delivered to him when exercised on 12 April 2022, with a pro-rated value of \$23,539.

Directors' Shareholdings, Ownership Policy and Share Interests (audited)

The beneficial interests of the Directors in the issued Ordinary shares of the Company are as follows:

Director ⁱ	At 31 December 2022 ⁱⁱ	At 31 December 2021 ⁱ
Executives		
Jim Johnson ⁱⁱⁱ	469,463	419,234
Bruce Ferguson ⁱⁱⁱ	170,839	124,316
Non-Executives		
Annell Bay	18,769	18,769
Carol Chesney	24,000	14,000
Jay Glick	75,923	75,923
Paula Harris	–	–
Richard Hunting	468,133	468,133
– As trustee	194,960	194,960
– As Director of Hunting Investment Limited	11,003,487	11,003,487
Keith Lough	24,000	24,000

i. Beneficial share interests are those Ordinary shares owned by the Director or spouse, which the Director is free to dispose.

ii. Or cessation date.

iii. Jim Johnson's total shareholding includes 83,617 Ordinary shares that were retained under the 2021 Bonus plan and from HPSP share awards exercised in 2021 and 2022 and which are restricted from being sold for up to a period of two years. Mr Ferguson's total shareholding includes 42,407 Ordinary shares which are subject to the same restriction.

There have been no further changes to the Directors' share interests in the period 31 December 2022 to 2 March 2023.

The Group operates a share ownership policy that requires Directors and certain senior executives within the Group to build up a holding in shares equal in value to a certain multiple of their base salary or annual fee. The multiple takes into account the post-tax value of vested but unexercised share awards or options. The required shareholding of each Director and the current shareholding as a multiple of base salary as at 31 December 2022 is presented below:

Director	Required holding expressed as a multiple of base salary or fee	Requirement met*
Jim Johnson	5	N
Bruce Ferguson	2	Y
Annell Bay	1	Y
Carol Chesney	1	Y
Jay Glick	1	Y
Paula Harris	1	N
Keith Lough	1	Y

* The value of the holding of the Directors has been determined using the value on purchase of Ordinary shares or the share price at 31 December 2022 of £3.33.

The interests of the executive Directors over Ordinary shares of the Group under the HPSP are set out below. The vesting of options and awards are subject to performance conditions set out within the Policy.

Director	Interests at 1 January 2022	Options/ awards granted in year	Options/ awards exercised in year	Options/ awards lapsed in year	Interests at 31 December 2022	Exercise price p	Grant date	Date exercisable	Expiry date	Scheme
Jim Johnson	422,507	–	(31,689)	(390,818)	–	Nil	21.03.19	21.03.22	–	HPSP^
	653,205	–	–	–	653,205	Nil	03.03.20	03.03.23	–	HPSP^
	757,732	–	–	–	757,732	Nil	04.03.21	04.03.24	–	HPSP^
	–	1,217,058	–	–	1,217,058	Nil	04.03.22	04.03.25	–	HPSP^
Total	1,833,444	1,217,058	(31,689)	(390,818)	2,627,995					
Bruce Ferguson	27,008	–	(2,026)	(24,982)	–	Nil	21.03.19	21.03.22	21.03.29	HPSP~
	91,022	–	–	–	91,022	Nil	03.03.20	03.03.23	03.03.30	HPSP~
	172,203	–	–	–	172,203	Nil	04.03.21	04.03.24	04.03.31	HPSP~
	–	289,408	–	–	289,408	Nil	04.03.22	04.03.25	04.03.32	HPSP~
	18,005	–	(18,005)	–	–	Nil	21.03.19	21.03.22	21.03.29	HRSP*
Total	308,238	289,408	(20,031)	(24,982)	552,633					

^ Nil-cost share awards that are not yet vested or exercisable and still subject to the performance conditions being measured in accordance with the HPSP rules.

~ Nil-cost share options that are not yet vested or exercisable and still subject to the performance conditions being measured in accordance with the HPSP rules.

* The Group operates a time-based share award programme as part of the shareholder approved Hunting Performance Share Plan for certain non-Board employees, which vest based on continued service to the Company throughout the performance period. The HRSP awards to Mr Ferguson noted above reflect historical awards made to him under this programme, prior to his appointment as an executive Director in 2020.

Relative Importance of Spend on Pay

The table below shows the relative importance of spend on employee remuneration in relation to corporate taxation, dividends and capital investment. The choice of performance metrics represents certain operating costs of the Group and the use of operating cash flows in delivering long-term shareholder value.

	2022 \$m	2021 \$m	Change
Employee remuneration ⁱ	223.7	178.4	+25.4%
Net tax paid (received) ⁱⁱ	3.9	(0.6)	+750.0%
Dividends paid to Hunting PLC shareholders ⁱⁱ	13.6	12.8	+6.3%
Capital investment ⁱⁱ	16.4	6.6	+148.5%

i. Includes staff costs for the year (note 7) plus benefits in kind of \$29.2m (2021 – \$27.5m), which primarily comprises US medical insurance costs.

ii. Please refer to page 174.

Executive Director Remuneration and the Wider Workforce

The changes to the remuneration of the Chief Executive in 2022 compared to 2021 and those of the total workforce are as follows:

	Chief Executive	Average employee
Base salary	+4.2%	+4.8%
Bonus	+906.5%	+1,650.0%
Benefits	+71.1%	-2.8%

The average salary for employees in 2022 increased by 5%. This reflects the change in the average monthly employee headcount compared to the prior year, along with base salary increases implemented in 2022, in addition to certain businesses achieving strong growth, leading to bonuses being paid.

Changes to Director and Employee Pay

The table below is presented in compliance with the Shareholder Rights Directive II. The changes to the pay of the executive Directors exclude pension contributions and share awards. If a Director has not served for the entire year, they are shown as not applicable. The percentage change to the emoluments of the global employees in 2022 reflects the movement in their average base salaries, the payment of a maximum bonus opportunity to the executive Directors and benefits in kind.

	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022
Jim Johnson	-37%	-29%	+1%	+127%
Bruce Ferguson ⁱ	n/a	n/a	+60%	+148%
Annell Bay	+11%	Nil	Nil	Nil
Carol Chesney	+46%	Nil	Nil	Nil
Jay Glick	+5%	Nil	Nil	Nil
Paula Harris ⁱⁱ	n/a	n/a	n/a	n/a
Keith Lough	+56%	Nil	Nil	Nil
Global employees	Nil	-7%	+8%	+15%

- i. Based on the pro-rated data from Mr Ferguson's date of appointment to the Board on 15 April 2020.
ii. Paula Harris was appointed to the Board on 20 April 2022.

Chief Executive Workforce Pay Ratio

Year	Method	25th percentage pay ratio	50th percentile pay ratio	75th percentile pay ratio
2019	Option A	49:1	38:1	22:1
	Workforce Pay Quartiles	\$45,666	\$58,603	\$99,521
2020	Option A	22:1	18:1	10:1
	Workforce Pay Quartiles	\$51,239	\$61,329	\$107,314
2021	Option A	21:1	17:1	11:1
	Workforce Pay Quartiles	\$52,699	\$63,718	\$102,807
2022	Option A	55:1	43:1	26:1
	Workforce Pay Quartiles	\$48,736	\$62,108	\$105,704

The Company has elected to voluntarily disclose the pay ratio of the Group's Chief Executive and Workforce, in-line with The Companies (Miscellaneous Reporting) Regulations 2018 and has adopted Option A from the regulations as the basis of presenting the pay ratio. Hunting is not required to present this information, given that its UK workforce is below the reporting threshold, as detailed in the regulations. Option A has been selected by the Committee as it believes this methodology aligns closely with the Chief Executive's single figure remuneration calculation.

The Remuneration Committee believes that the compensation framework in operation across the Group is appropriate and, in addition to a base salary and benefits appropriate to the relevant jurisdiction of operation, can include annual bonuses and participation in long-term incentive programmes. External benchmarking is a regular feature of the Group's overall pay framework, to ensure Hunting remains competitive in its chosen markets. Hunting's UK employees averaged 158 in the year (2021 – 165), which represents 8% (2021 – 9%) of the Group's total average workforce in 2022. The basis of the workforce pay calculations is aligned with the basis of preparation of the single figure table on page 146, comprising fixed and variable emoluments and calculated on a full-time equivalent basis, in line with the requirements of the regulations. Further, the above disclosure assumes a maximum company pension contribution of 12% of base salary. However, it is noted that not all UK employees elect to receive this level of contribution. This data has been collated for the 12 months ended 31 December 2022.

The changes to the pay quanta and ratios in the year mainly reflect the higher annual bonuses accrued, following the exceeding of the Annual Budget targets set in late 2021.

Executive Director Remuneration and Shareholder Returns

The following chart compares the TSR of Hunting PLC between 2013 and 2022 to the DJ US Oil Equipment and Services indices. In the opinion of the Directors, this index is the most appropriate against which the shareholder return of the Company's shares should be compared because it comprises other companies in the oil and gas services sector.

The accompanying table details remuneration of the Chief Executive:

	Single figure remuneration \$000	Annual cash bonus % ⁱ	ESOP/PSP/HPSP % vesting ⁱⁱ	LTIP % award ⁱⁱⁱ
2022 – Jim Johnson	2,699	100	8	n/a
2021 – Jim Johnson ^v	1,165	10	8	n/a
2020 – Jim Johnson	1,179	10	16	n/a
2019 – Jim Johnson	2,229	39	66	n/a
2018 – Jim Johnson	3,715	100	75	n/a
2017 – Jim Johnson (from 1 September)	819	33	4	n/a
2017 – Dennis Proctor (to 1 September)	3,974	67	13	n/a
2016 – Dennis Proctor	941	Nil	Nil	n/a
2015 – Dennis Proctor	1,031	Nil	Nil	Nil
2014 – Dennis Proctor	4,808	57	Nil	100
2013 – Dennis Proctor	4,442	42	Nil	100

- i. Single figure remuneration reflects the aggregate remuneration paid to the Chief Executive as defined within the Directors' Remuneration Policy.
ii. Annual cash bonus percentages reflect the bonus received by the Chief Executive each year expressed as a percentage of maximum bonus opportunity.
iii. Percentage vesting reflects the percentage of the ESOP that vested in the financial year and the percentage of the PSP and HPSP where a substantial portion of the performance period was completed at the financial year-end. Messrs Johnson's and Proctor's awards have been pro-rated for their period of service as Chief Executive.
iv. LTIP award percentage reflects the award value expressed as a percentage of maximum award opportunity received each year measured at 31 December. The LTIP expired in 2015 with no further awards outstanding.
v. Restated as per single figure table disclosure on page 146.

Total Shareholder Return

(Rebased to 100 at 31 December 2012)

**Implementation of Policies in 2023**

The remuneration policies for 2023 will be applied in line with those detailed on pages 138 to 144.

Salary and Fees

In December 2022, the Board agreed to increase the annual fee of the non-executive Chair of the Company to £205,000 and increase the annual base fee of the other independent non-executive Directors to £64,000, with effect from 1 January 2023. These changes reflect the higher number of Board and Committee meetings held, particularly since the formation of the Ethics and Sustainability Committee in 2021. There was no change to the additional fees paid for Committee Chairs or the Senior Independent Director.

The Remuneration Committee will meet in August 2023 to consider base salary changes for the executive Directors. Any changes are likely to align with any Group-wide base salary increases.

Pension and Benefits

Jim Johnson will continue to receive contributions towards a US deferred compensation scheme and a US 401K match deferred savings plan, in line with previous years. Bruce Ferguson will continue to receive a cash sum in lieu of a pension contribution, which will be fixed at 12% of his base salary. No changes are anticipated to the provision of benefits that will continue to include healthcare insurance, a company car and fuel benefits.

Annual Bonus

The annual performance-linked bonus for 2023 will operate in line with the 2021 Directors' Remuneration Policy. The Committee will disclose details of performance against the pre-set financial targets and personal/strategic performance objectives after the year-end, as the Board believes that forward disclosure of the financial targets is commercially sensitive.

HPSP

On 2 March 2023, an award under the Hunting Performance Share Plan will be granted to the executive Directors and wider members of the Group. The awards to the Chief Executive and Finance Director will be issued at the normal quantum of 450% of base salary for Mr Johnson and 210% of base salary for Mr Ferguson. The performance conditions to be adopted for the award include EPS (20%); ROCE (25%); Free Cash Flow (20%); TSR (20%); and the Strategic Scorecard (15%). The performance targets will be detailed in the Stock Exchange announcement that accompanies the award, which can be located at www.huntingplc.com.

On behalf of the Board

Annell Bay

Chair of the Remuneration Committee

2 March 2023

Audit Committee Report

“ The Audit Committee has focused on the review of new reporting procedures implemented by the Group’s central finance function, in addition to restarting field work within the internal audit function.”



Carol Chesney
Chair of the Audit
Committee

Introduction

With the Company reporting a profit from operations during 2022, following two years of losses, the work of the Audit Committee has focused on the review of new reporting procedures implemented by the Group’s central finance function, in addition to the restarting of field work within the internal audit function.

The Committee has been pleased with the introduction of a new inventory valuation model, which reflects the diverse product lines sold across the Group. In particular, the model allows for a consistent approach to the complex issues of balancing management judgement on future usage with inventory values, which reflect the future market outlook. Overall, the Committee is extremely satisfied with the performance of management and the conclusions of the external auditor, as noted in their report.

With the COVID-19 pandemic behind us, Hunting’s internal audit function returned to a more normal work programme, with a full plan completed in the year. The Company has added to the resourcing of the function in the year, which will broaden the coverage of the work programme going forward.

As part of the Committee’s half year and full year procedures, impairment reviews of the Group’s current and non-current assets were completed, which has resulted in a goodwill impairment charge being recorded within the Enpro Subsea business unit.

Further, the Committee has also reviewed the adjusting items proposed by management and, following discussion with the external auditor, approved of two items, in respect of the Enpro impairment and also exceptional legal fees incurred in the year.

Finally, the Committee noted the successful negotiation of the Asset Based Lending facility in February 2022. The facility has added support to Hunting’s Going Concern and Viability statements, as it has materially increased the Group’s long-term liquidity.

	Member	Invitation
Number of meetings held	4	
Number of meetings attended (actual/possible):		
Annell Bay	4/4	–
Carol Chesney (Committee Chair)	4/4	–
Bruce Ferguson	–	4/4
John (Jay) Glick	–	4/4
Paula Harris (from 20 April 2022)	2/2	1/1
Richard Hunting (to 20 April 2022)	–	2/2
Jim Johnson	–	4/4
Keith Lough	4/4	–

Composition and Frequency of Meetings

The Committee currently comprises five independent non-executive Directors and is chaired by Carol Chesney. During the year, Paula Harris joined the Committee following her appointment by shareholders. Following his appointment to the Board on 3 January 2023, Stuart Brightman also joined the Committee. Mrs Chesney is a qualified Chartered Accountant and is considered to have recent and relevant financial experience. Ms Bay (Chair of the Remuneration Committee), Ms Harris and Messrs Brightman and Lough have experience of the global energy industry, with particular expertise in the UK and US oil and gas markets.

Further details of the Committee's experience can be found in the biographical summaries set out on pages 116, 117 and 125.

The Committee normally meets four times a year and operates under written terms of reference approved by the Board, which are published on the Company's website at www.huntingplc.com.

In 2022, the Committee met four times in February, April, August and December, and the attendance record of Committee members and Board invitees during the year is noted in the table on page 155. All Directors and internal and external auditors are normally invited to attend meetings.

Review of Committee Effectiveness

In December 2022, the Committee reviewed its effectiveness and the Committee Chair reported these findings to the Board. No issues were identified in this review process.

Responsibilities

The principal responsibilities of the Audit Committee are to:

- monitor and review reports from the executive Directors, including the Group's financial statements and Stock Exchange announcements;
- provide the Board with a recommendation regarding the Half Year and Annual Report and Accounts, including whether they are fair, balanced and understandable;
- consider and approve any adjusting items proposed by management;
- review the Company's and Group's Going Concern and Viability statements;
- monitor, review and assess the Group's systems of risk management and internal control;
- review reports from the Group's external and internal auditors, including approving the proposed audit programmes, scope and resourcing;
- consider and recommend to the Board the appointment or reappointment of the external auditor as applicable;
- agree the scope and fees of the external audit;
- monitor and approve engagement of the external auditor for the provision of non-audit services to the Group;
- review the external auditor's independence and effectiveness of the audit process; and
- monitor corporate governance and accounting developments.

Work Undertaken by the Committee During 2022

	Feb	Apr	Aug	Dec
Financial Report				
Annual Report and Full Year Results announcement	•			
Going Concern basis	•		•	
Viability Statement	•			
Half Year Report and Half Year Results announcement			•	
Review accounting policies				•
Internal controls and risk management				
Risk management and internal controls report	•		•	•
Key risks and mitigating controls				•
Effectiveness of internal controls and internal audit function				•
Internal audit report	•		•	•
Internal audit programme and resourcing				•
External auditor				
Auditor's objectives, independence and appointment			•	
Full Year and Half Year report to the Audit Committee	•		•	
Final Management letter on internal controls		•		
Auditor's performance and effectiveness	•			
Proposed year-end audit plan including scope, fees and engagement letter				•
Risk of auditor leaving the market				•
Other business				
Whistleblowing and Bribery Policy Review		•		
Committee effectiveness and terms of reference				•

As noted in the 2021 Annual Report and Accounts, the responsibility for reviewing the Company's anti-bribery and corruption, modern slavery and sanctions compliance was transferred to the Ethics and Sustainability Committee and forms part of the annual schedule of work of this new Committee.

Review of the 2022 Financial Statements

The Committee reviews final drafts of the Group's Report and Accounts for both the half and full year. As part of this process, the performance of the Group's major operating segments is considered, with key judgements, estimates and accounting policies being approved by the Committee ahead of a recommendation to the Board. In addition to briefings and supporting reports from the central finance team on significant issues, the Committee engages in discussion with Deloitte, the Group's external auditor.

Significant matters reviewed by the Committee in connection with the 2022 Annual Report and Accounts were as follows:

Inventory Valuation and Provisioning Procedures

A major area of review for the Committee for the 2022 half and full year results was the Group's inventory valuation and provisioning procedures. Following feedback received from the external auditor during the 2021 year-end audit process, the Group's central finance function further improved the processes and controls around inventory provisioning, with particular focus on ensuring these processes and controls were consistent throughout the Group's business units. The new methodology provides a consistent basis on which the gross and net inventory values for each major product line are assessed. The model provides flexibility to account for the different inventory turns and of different product lines as the Group navigates the varying equipment purchasing cycles of its customers, whether that be for onshore or offshore projects. The Audit Committee reviewed reports by both management and the external auditor on this process, discussing any variations to the output of inventory values and, in summary, were satisfied that there was good alignment between the external auditor and management regarding any assumptions made. The table below summarises the gross and net inventory held by the Group, with the movements to inventory provisions being highlighted.

	At 31 December 2021 \$m	Movement in year \$m	At 31 December 2022 \$m
Gross inventory	263.9	58.2	322.1
Provisions	(59.5)	9.5	(50.0)
Net inventory	204.4	67.7	272.1
Provisions as % of Gross inventory	23%		16%

The Committee reviewed the inventory sold in the year, written off or otherwise utilised through trading and was satisfied with the carrying values, as presented.

Impairment Reviews

The Committee also received reports on the possible impairment of goodwill and other non-current assets held on the consolidated balance sheet. A review for impairment triggers was undertaken at the half year and a review of indefinite life assets was undertaken for the full year, resulting in a \$7.0m charge being recorded against the goodwill held for the Enpro Subsea cash generating unit. The Committee noted the business units where headroom for the carrying value of goodwill was more limited, with these units undertaking detailed modelling as part of the year-end audit process to support the values recorded. Management continues to utilise independent drilling and production projections published by Spears & Associates to support its analysis, with summaries presented in the Market Summary section of this report on pages 30 to 33.

Property, Plant and Equipment ("PPE")

The year-end balance sheet includes \$256.7m (2021 – \$274.4m) for PPE. This represents approximately 30% of the Group's net assets (2021 – 31%). The movement in PPE reflects depreciation of \$26.6m, disposals of \$7.0m and other items totalling \$1.1m offset by additions of \$17.0m. The Committee reviewed the PPE impairment tests and, following discussion, was satisfied that the assumptions and the disclosures in the year-end accounts were appropriate.

Inventories

At the year-end, the Group held \$272.1m (2021 – \$204.4m) of inventory. This represents approximately 32% of the Group's net assets (2021 – 23%). Inventory levels have started to increase again as activity levels and the Group's sales order book increase, and due to higher levels of critical stocks due to supply chain concerns. As noted above, more detailed valuation analysis of inventory was completed in the year as the new inventory provisioning methodology was introduced, with the Committee satisfied that a robust process is now in place, which encompasses all key product lines sold by the Group.

Goodwill

The year-end balance sheet includes \$155.5m (2021 – \$164.1m) of goodwill. This represents approximately 18% of the Group's net assets (2021 – 19%), with Hunting Titan representing 74% of the year-end balance (2021 – 70%). As noted above, a \$7.0m impairment to goodwill held in respect of the Enpro Subsea cash generating unit was recorded in the year, which was primarily driven by changes to the discount rates applied to the impairment model. The Committee considered and challenged the discount rates and the factors used in the goodwill review process. After discussion, it was satisfied that the carrying values recorded and the disclosures in the year-end accounts were appropriate.

Other Intangible Assets

The year-end balance sheet includes other intangible assets of \$35.7m (2021 – \$36.2m). This represents approximately 4% of the Group's net assets (2021 – 4%). The amortisation charge recorded in the consolidated income statement was \$4.4m (2021 – \$9.3m). The Committee considered and confirmed the appropriateness of the assumptions and factors used in the review process and were comfortable with the carrying values, as recorded.

Right-of-use Assets

The year-end balance sheet includes right-of-use assets of \$26.0m (2021 – \$24.7m). This represents approximately 3% of the Group's net assets (2021 – 3%). The movement in the year is predominantly attributed to a lease in Wuxi, China being extended. This addition was offset by the leases that were exited in relation to the Singapore facility consolidation and the change in the headquarters in London. The Committee reviewed the movement in the carrying values of these items and confirmed the appropriateness of the assumptions and factors used in the review process and were comfortable with the items, as recorded.

Revenue Recognition

Given the Group's improving results in 2022, revenue recognition received ongoing focus in the year, particularly given the complexity of certain sales contracts within the Subsea Spring business and in China in respect of the CNOOC contract, and following challenge from the external auditor, additional review procedures were introduced.

Adjusting Items and Presentation of Financial Statements

The Group has reviewed the use of a "middle" column within its consolidated income statement and, in line with best practice, has presented the year-end consolidated income statement on a pure IFRS basis, without an "underlying" or "middle" column. The Committee noted the proposal by management to table for approval by the Audit Committee any material adjusting items to be presented in future.

At the 2022 year-end, the Group recorded two adjusting items totalling \$12.6m, which include \$5.6m in respect of exceptional legal costs and the \$7.0m goodwill impairment in respect of the Enpro Subsea business. The extraordinary legal costs incurred in the year, were due to a patent infringement challenge by a competitor, which Hunting has defended. The Committee agreed with management's proposal that the legal trial, which extended into H2 2022, supported the fees being exceptional given materially lower levels of legal fees incurred historically and, therefore, approved of the adjusting item.

In 2021, \$44.9m of adjustments to profit before tax were recorded.

The external auditor reviewed the revised presentation of the Group's financial statements and the adjusting items proposed, and approved of the presentation.

Taxation

In view of the international spread of operations, the Committee monitors tax risk, tax audits and provisions held for taxation. In particular, the Committee noted that the Company had unrecognised deferred tax assets in respect to Hunting's US businesses. During the year-end process, management assessed the probability of Hunting being able to utilise these assets, concluding that more evidence of a market recovery in the US needed to be observed to support the recognition of these assets. This area is to remain under review during 2023 to assess the evidence of recognising these assets, given the Group's strengthening end-markets.

Going Concern Basis and Viability Statement

Given the Group's improved results reported in the year and the strengthening medium-term outlook for Hunting's businesses, the Committee's assessment of Going Concern and Viability has been less challenging, compared to the past two years.

While the Group has reported a lower year-end cash and bank position compared to 2021, the Committee noted that Hunting has absorbed part of its cash balances in the investment in inventory to support the future growth of the Group's global businesses.

In addition, on 7 February 2022, Hunting successfully concluded the negotiation of a \$150 million Asset Based Lending facility, which adds significant long-term liquidity to the Group, and is linked to the secured value of inventories, freehold property and receivables held by Hunting's North American businesses.

As part of the Company's 2022 half year and full year audit procedures, management presented various trading scenarios to support the Going Concern assumption, which were reviewed by the Committee and the external auditor. This included a downside trading scenario.

As part of Hunting's Viability procedures, management prepared an extended forecast that provided trading projections to 2027. The Board approved this in January 2023 and used it to support the carrying values of assets held on the consolidated balance sheet.

Fair, Balanced and Understandable Assessment

The Committee has reviewed the financial statements, together with the narrative contained within the Strategic Report set out on pages 4 to 113, and believes that the 2022 Annual Report and Accounts, taken as a whole, is fair, balanced and understandable. In arriving at this conclusion, the Committee undertook the following:

- review and dialogue in respect of the monthly management accounts and supporting narrative circulated to the Board;
- review of early drafts of the Annual Report and Accounts, providing relevant feedback to the executive Directors;
- regular review and discussion of the financial results during the year, including briefings by Group finance and operational management; and
- receipt and review of reports from the external and internal auditors.

The Committee advised the Board of its conclusion that the 2022 Annual Report and Accounts, taken as a whole, was fair, balanced and understandable at a Meeting of Directors on 28 February 2023.

Internal Audit

The Committee receives reports from the Internal Audit function. The Chair of the Committee also had regular dialogue with the function throughout the year. During the year, the activities of the function returned to more normal operation, following the COVID-19 pandemic, with nine field audits completed in the year.

In addition, the function increased its resources in the year, as hiring restarted across the Group.

The Group continued to implement a new ERP system within a number of businesses. To support this initiative, the Head of Internal Audit provided consulting services to the Chief IT Officer in respect of best practice control procedures and segregation of duties.

The Committee reviews the internal audit process and effectiveness as part of the Group's internal control and risk assessment programme. An annual programme of internal audit assignments was reviewed and approved by the Committee.

The Committee met with the Head of Internal Audit, without the presence of the executive Directors, on three occasions during the year. The effectiveness of the Internal Audit function was also considered by the Committee at its February meeting, which concluded that the function remained effective.

External Audit

Deloitte LLP was appointed by the Group's shareholders as external auditor in 2019 and, therefore, no tenders have been undertaken in the year due to their current tenure. This position also applies to the engagement partner attached to the Group's account. During the year, the US audit partner rotated off the Hunting account, with a new partner appointed.

The external auditor presented reports at the February, April, August and December meetings of the Audit Committee during 2022. Further, the Chair of the Committee also had regular dialogue with the audit partner throughout the year.

On 28 February 2023, a full-year report by Deloitte was considered ahead of publication of the Group's 2022 Annual Report and Accounts. In April 2022, Deloitte presented its Management Controls Report, which highlighted control improvements they recommended could be made by the Group.

The Committee normally meets with the external auditor, without executive Directors present, at the end of each formal meeting. During the year, the Company complied with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Process and Audit Committee Responsibilities) Order 2014.

Audit Scope

The Audit Committee considered the audit scope and materiality threshold. The audit scope addressed Group-wide risks and local statutory reporting, enhanced by desktop reviews for smaller, low risk entities. Approximately, over 78% of the Group's reported revenue and the Group's net assets were audited, covering 17 reporting units, including a number of investment holding companies, across seven countries.

Materiality

The Committee discussed materiality with the auditor regarding both accounting errors to be brought to the Audit Committee's attention and amounts to be adjusted so that the financial statements give a true and fair view. Overall, audit materiality was set at \$4.0m (2021 – \$3.5m). This equates to approximately 0.6% of the Group's total external revenue reported in 2022. Furthermore, the auditor agreed to draw to the Audit Committee's attention all identified, uncorrected misstatements greater than \$0.2m and any misstatements below that threshold considered to be qualitatively material.

Audit Effectiveness and Independence

The external auditor's full-year report includes a statement on their independence, their ability to remain objective and their ability to undertake an effective audit. The Committee considers and assesses this independence statement on behalf of the Board, taking into account the level of fees paid, particularly for non-audit services. The effectiveness of the audit process was considered throughout the year, with a formal review undertaken at the April meeting of the Committee. The assessment considers the various matters including:

- the auditor's understanding of the Group's business and industry sector;
- the planning and execution of the audit plan approved by the Committee;
- the communication between the Group and audit engagement team;
- the auditor's response to questions from the Committee, including during private meetings without management present;
- the independence, objectivity and scepticism of the auditors, including management challenge on any items within the scope of the audit;
- a report from the Finance Director and the Group Financial Controller; and
- finalisation of the audit work ahead of completion and announcement of the Annual Report and Accounts.

In addition, the Committee reviewed and took account of the reports from the Financial Reporting Council on Deloitte LLP, and reviewed a Transparency Report prepared by Deloitte LLP. After considering these matters, the Committee was satisfied with the effectiveness of the year-end audit process.

Non-Audit Services

The Committee closely monitors fees paid to the auditor in respect of non-audit services. With the exception of audit-related assurance services, which totalled \$0.2m (2021 – \$0.2m), there were no non-audit services fees paid during the year (2021 – \$nil). The scope and extent of non-audit work undertaken by the external auditor was monitored by, and required prior approval from, the Committee to ensure that the provision of such services did not impair their independence or objectivity.

Auditor Reappointment

Following discussion in February 2023, the Committee approved the recommendation to propose the reappointment of Deloitte LLP at the Company's 2023 Annual General Meeting.

ESEF Reporting

The Group is required to produce its annual report in XHTML format, an electronic format known as a structured report, to comply with the European Single Electronic Format ("ESEF") reporting requirements. Digital tags were applied to the Group's consolidated financial statements within its 2021 Annual Report and Accounts and the structured report was successfully submitted to the FCA's National Storage Mechanism in March 2022. A qualified IT provider was involved in the preparation of the structured report and Deloitte completed a number of assurance procedures on the structured report.

During the year, ESEF tagging requirements were extended to include the notes to the financial statements. In addition, Deloitte has again been asked to review the Group's tagging procedures and report against these new requirements.

Internal Controls

The Group has an established risk management framework and internal control environment, which was in operation throughout the year. The Committee monitors these arrangements on behalf of the Board and these are detailed in the Risk Management section of the Strategic Report on pages 102 to 109.

As noted above, a new inventory valuation methodology was introduced successfully in 2022, which addressed a number of control recommendations highlighted by the auditor as part of the 2021 year-end. In February 2023, Deloitte reported that there were no material issues identified in these specific areas during the 2022 year-end.

On behalf of the Board



Carol Chesney
Chair of the Audit Committee

2 March 2023

Independent Auditor's Report to the Members of Hunting PLC

Report on the audit of the financial statements

1. Opinion

In our opinion:

- the financial statements of Hunting plc (the "parent company") and its subsidiaries (the "group") give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company statement of cash flows; and
- the related notes 1 to 41 for the consolidated financial statements, and notes C1 to C20 for the parent company financial statements.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

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

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: <ul style="list-style-type: none"> • inventory valuation; • revenue recognition; and • goodwill and non-current asset impairment. 	Within this report, key audit matters are identified as follows: <ul style="list-style-type: none">  Newly identified  Increased level of risk  Similar level of risk  Decreased level of risk
Materiality	The materiality that we used for the group financial statements was \$4.0 million which was determined on the basis of revenue.	
Scoping	The scope of our group audit includes a number of reporting units across the group, whose results taken together account for 78% and 84% of the group's revenue and net assets respectively. Our audit work covered group operations in seven countries covering 17 reporting units, including a number of investment holding companies.	
Significant changes in our approach	Due to the continued improved financial performance of the group, we determined it appropriate to move to an activity-based metric as the basis for determining materiality, as opposed to a solvency-based metric used in previous years. As revenue is considered a key metric for the primary users of the financial statements, we used revenue as the primary benchmark to determine materiality.	

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- we obtained management's assessment of going concern for the group, understanding the process followed by management, including the budgets and forecasts covering the foreseeable future and the assumptions on which management's assessment is based and evaluated these assumptions applied;
- we made enquiries as to the process followed by management and obtained an understanding of the relevant controls, including over: the preparation of budgets and forecasts covering the foreseeable future; the assumptions on which the assessment is based; and management's plans for future actions;
- with respect to the cash flow forecasts that drive the going concern assessment, we evaluated the reliability of the underlying data and challenged management on the assumptions applied, comparing to external industry data where relevant;
- we assessed the terms of the asset-based borrowing facility that was entered into in February 2022 and understood whether any amounts had been drawn down or were considered, in order to determine whether covenants in the agreement would impact the going concern assessment;
- we performed a stand-back assessment and considered all relevant audit evidence obtained, whether corroborative or contradictory, for any indicators of possible management bias; and
- we assessed whether management's use of the going concern basis of accounting for the year end financial statements is appropriate, and that the disclosures in the financial statements are appropriate and sufficiently detailed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. 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 of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Inventory valuation

Key audit matter description

The group holds inventory of \$272.1 million (2021: \$204.4 million), net of a provision of \$50.0 million (2021: \$59.5 million). The cyclical and current trading environment and market conditions continue to expose the group to the risk of over-valuation of aged inventory and appropriateness of provisioning model. There is a risk that certain inventory lines held may remain technically relevant but demand in the marketplace may be low and therefore there could be excess inventory on hand that will never be sold at or above its carrying amount.

Management's judgement in assessing the valuation of inventory is primarily based on expectations of future sales, the forecast turn period and inventory utilisation plans, combined with their consideration of historical sales and their assessment of the continued technological relevance of the group's products.

Refer to page 157 of the Audit Committee report and notes 1, 20 and 41 to the financial statements for disclosures relating to management's critical judgements and key assumptions, inventory and principal accounting policies, respectively.

How the scope of our audit responded to the key audit matter

We performed the following procedures to assess the valuation of management's inventory reserves:

- obtained an understanding of the relevant controls over the inventory valuation process, including how management estimate their inventory reserves;
- obtained and assessed the inventory provisioning models (including mechanical accuracy) and supporting and detailed analysis prepared by management, to determine whether appropriate methodologies have been applied with reference to the level of write-offs and evidence of sale of slow-moving stock in the period to 31 December 2022, and that they appropriately reflect the current market conditions;
- challenged any key assumptions such as the historical sales period used to drive expected forward turns, the forecast turn period applied and any additional adjustments factored in by management to uplift recent historical sales run rates to better reflect future trading expectations. This included consideration of historically achieved revenue levels, any significant changes in business structure or markets, third party industry forecasts, production capacity levels and current revenue run rates to demonstrate whether the inferred future revenue levels are reasonable;
- where appropriate, evaluated management's comparison of forecast sales against relevant third-party forecasts as a stand-back assessment on the future utilisation of current inventory levels; and
- considered the available support from management, including current sales transactions, used to determine an appropriate net realisable value to assess whether inventory is being held at an appropriate amount. Where considered appropriate, we also made direct enquiries of sales and operational personnel.

Key observations

We are satisfied that the judgements taken by management are appropriate in light of the current market conditions.

5.2. Revenue recognition ↔

Key audit matter description

The revenue recognised by the group in 2022 is \$725.8 million (2021: \$521.6 million).

The group's revenue recognition policy does not generally require a high level of judgement under IFRS 15, however there is a risk relating to the appropriateness of revenue recognition criteria for revenue that is recognised 'over time' when there are material judgments spanning the period end. The key business units with overtime revenue, and therefore where we have identified a key audit matter, are Stafford Spring and Dearborn, which recognised total revenue of \$25.0 million (2021: \$21.7 million) and \$35.7 million (2021: \$35.3 million) respectively.

There is a potential fraud risk present given the impact of these judgements on the result for the year and the possibility of manipulation. This risk has increased in the year given the changing nature and increasing complexity of the group's contracts, with an increasing portion being recognised over time.

The key risks in respect of revenue recognition are:

- determining whether it is appropriate to recognise revenue over time or at a point in time, depending on the specific terms of individual contractual arrangements with customers; and
- for contracts which are material and where revenue is recognised over time, whether the estimated cost at completion is accurate, given this impacts the calculation of revenue to be recognised.

Refer to page 157 of the Audit Committee Report and notes 3 and 41 to the financial statements.

How the scope of our audit responded to the key audit matter

We obtained an understanding of the relevant controls over the revenue process, including how the estimated costs to complete are reviewed and challenged.

We identified significant and:

- assessed the appropriateness of the revenue recognition model in place, with due consideration of the underlying contractual agreement, and evaluated how the terms were interpreted under the IFRS 15 criteria and assessed the appropriateness of estimated costs to complete by:
 - inspecting the relevant bill of materials and assessing how estimated costs to complete were valued, for example by matching bills to purchase orders from suppliers or recent purchases of the same material;
 - inspecting the labour cost estimate and comparing rates to labour rates and comparing the hours to similar contracts or internal schedules;
 - understanding how much overhead was allocated to contracts (including the estimated future overhead to come) to assess reasonableness; and
 - evaluating historical estimating accuracy by comparing forecast and actual profit.

Key observations

We are satisfied that revenue has been recognised appropriately and in accordance with IFRS 15 'Revenue from Contracts with Customers'.

5.3. Goodwill and non-current asset impairment

Key audit matter description

The Group balance sheet has a significant level of goodwill and non-current assets. This includes goodwill of \$155.5 million (2021: \$164.1 million), which is tested annually for impairment. Intangible assets of \$35.7 million (2021: \$36.2 million) include customer relationships, unpatented technology and patents and trademarks. The property, plant and equipment balance is \$256.7 million (2021: 274.4million) and the right of use assets amounted to \$26.0 million (2021: \$24.7 million).

Testing a cash-generating unit ("CGU") for impairment requires determination of its recoverable amount, which is a judgemental assessment that depends on the forecast future financial performance of the CGU, future market performance and relevant terminal growth rates. The Group has seen recovery in the period, with further forecast recovery expected.

We identified a key audit matter with respect to the Enpro CGU and related disclosures in the financial statements given the sensitivity of the CGU's valuation to changes in the forecast revenue assumption, as well as the broader macro-economic environment's impact on discount rates. The goodwill recognised relating to Enpro is \$5.5 million, after an impairment of \$7.0 million was recognised. The valuation is dependent on the market penetration of new technologies and therefore there remains risk in the uptake of this technology.

Refer to page 157 of the Audit Committee report and notes 1, 15 and 41 to the financial statements.

How the scope of our audit responded to the key audit matter

Across each of the group's material CGUs we assessed the risk of material misstatement by performing the following procedures:

- sensitising each key driver of the cash flow forecasts, by determining what we considered to be a reasonably possible change in the assumptions, based on current market data and historical and current business performance, whilst considering the potential impact of climate on the long term forecasts; and
- calculating the degree to which the key assumptions would need to change before an impairment would be triggered.

In respect of the Enpro CGU, in addition to the above, we evaluated:

- whether the future cash flow forecasts and the timing of the forecast recovery in performance of these forecasts are appropriate;
- the forecast revenue and growth assumptions and how management have incorporated the impact of new products and new tenders, as well as the reasonableness of the timing and phasing of market recovery;
- the terminal growth rates by comparing them to economic and industry forecast; and
- the discount rates by comparing the cost of capital assumption for each CGU against comparable organisations and our independently calculated discount rates derived by our valuations specialists.

We also assessed the sensitivity disclosures included in the financial statements (note 15) to assess whether the assumptions selected to sensitise, and the associated range, were reasonable in light of our understanding of the risks associated with the future performance of the CGU.

Key observations

We are satisfied that the no additional impairment should be recognised in respect of goodwill and non-current assets and consider the impairment recognised in relation to Enpro is based on reasonable assumptions. The sensitivity disclosures in the financial statements appropriately present the CGUs that are most sensitive to potential future changes in key assumptions.

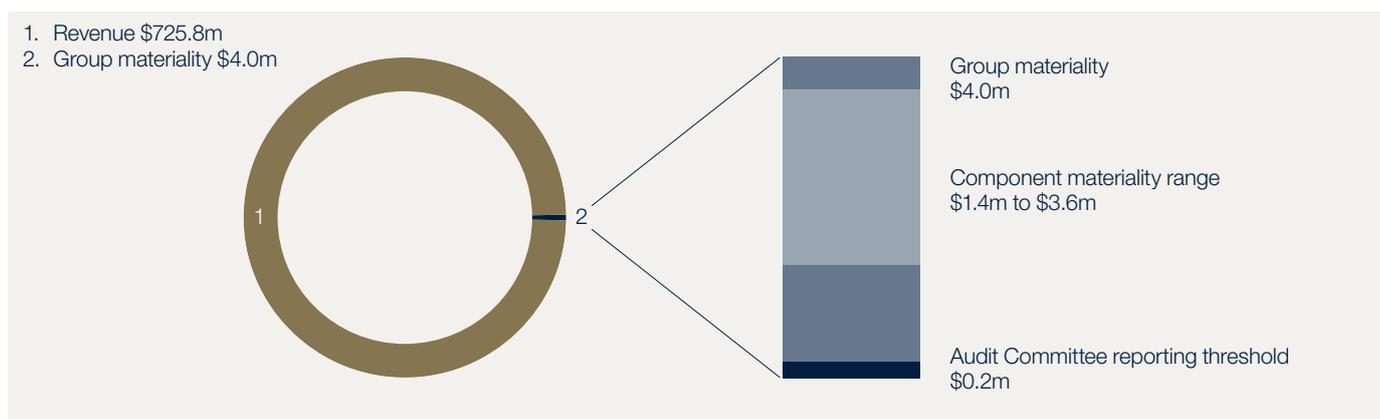
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	\$4.0 million (2021: \$3.5 million)	\$3.6 million (2021: \$3.0 million)
Basis for determining materiality	0.6% of revenue (0.4% net assets)	Parent company materiality equates to 0.4% (2021: 0.3%) of net assets, which is capped at 90% (2021:86%) of group materiality.
Rationale for the benchmark applied	Due to the continued improved financial performance of the group, we determined it appropriate to an activity-based metric as the basis for determining materiality, as opposed to the solvency-based metric used in previous years. As revenue is considered a key metric for the primary users of the financial statements, we used revenue as the primary benchmark to determine materiality.	Given that the Company's balance sheet is mostly made up of investments and intercompany receivables, we consider net assets to be the most relevant benchmark.



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	70% (2021: 70%) of group materiality	70% (2021: 70%) of parent company materiality
Basis and rationale for determining performance materiality	<p>In determining performance materiality, we considered the following factors:</p> <ul style="list-style-type: none"> • our knowledge from the previous audits; and • our overall assessment of the control environment and likely misstatements, including the fact that we have placed reliance on the relevant controls over revenue within the Hunting Titan, US Manufacturing and US Connections operating units. 	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$200,000 (2021: \$175,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

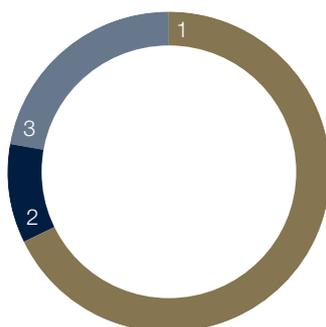
7.1. Identification and scoping of components

The group has 56 (2021: 57) reporting units and the financial statements reflect a consolidation of entities covering centralised functions, operating units and non-trading legal entities. The systems, processes and controls in place vary across the group and therefore our audit scoping procedures considered each operating unit individually.

Our scoping consisted of three levels, with audit effort split across each scoping level. We identified 10 (2021: 12) operating units across the group that were subject to full scope reporting on their complete financial information, which included three (2021: four) holding company reporting units. Specific audit procedures over certain balances were performed at a further seven (2021: ten) operating units, to give appropriate coverage on all material balances at the group level. The remaining operating units and balances not included above were subject to analytical review procedures. Together, the reporting units subject to audit procedures accounted for over 78% (2021: over 80%) of the group's revenue and net assets. The range of component materiality levels is \$1.4 million to \$3.6 million (2021: \$1.1 million to \$2.8 million).

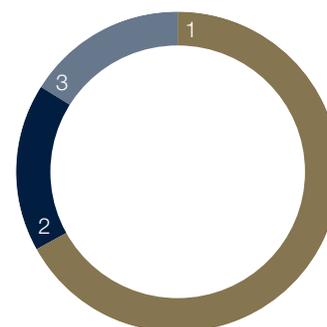
Revenue

1. Full audit scope 68%
2. Specified audit procedures 10%
3. Review at group level 22%



Net assets

1. Full audit scope 67%
2. Specified audit procedures 17%
3. Review at group level 16%



7.2. Our consideration of the control environment

A new ERP system ("D365") was implemented in the group's US Connections operating unit in 2021. As a result of this implementation, consistent with our audit plan and our approach on business units already live (Hunting Titan and US Manufacturing), we adopted a controls reliance approach across the revenue processes within this business unit, with the exception of controls over the cut-off assertion. The ERP system continues to be rolled out across the group, with a number of smaller business units having gone live in FY22. Consistent with our approach in 2021, we involved our IT specialists to obtain an understanding of the associated general IT controls ("GITCs"), in areas such as information security, user access and change management. Further, we assessed the data conversion and migration, with focus on inventory compilation such as count and cost at date of migration.

Elsewhere across the group, we obtained an understanding of relevant manual controls within the financial reporting processes, controls relevant to our significant risks, and any other controls we deemed relevant. In addition, we obtained an understanding of the key GITCs within Cognos, management's reporting and consolidation software.

7.3. Our consideration of climate-related risks

In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements.

The Group continues to develop its assessment of the potential impacts of climate change with specific transitional and physical climate related risks identified in the Strategic Report on pages 90 to 96.

As a part of our audit, in particular with respect to the key audit matter identified on goodwill and non-current asset impairment discussed in section 5.3 above, we obtained and challenged management's climate-related risk assessment, holding discussions with management to understand the process of identifying climate-related risks, the determination of mitigating actions and the impact on the Group's financial statements.

As explained in note 1 on page 175, the Directors' view is that the external long-term forecasts used in preparing their forecasts incorporate climate change developments, supporting the view that there will be a robust demand for the Group's oil and gas products for a significant time span. Estimates made using these forecasts do not currently identify any concerns regarding the carrying values or expected lives of longer-lived assets, including goodwill.

We performed our own qualitative risk assessment of the potential impact of climate change on the Group's account balances and classes of transaction and did not identify any reasonably possible risks of material misstatement. Our procedures were performed with the involvement of our climate change specialists and included evaluated whether appropriate disclosures have been made in the financial statements, and reading disclosures included in the Strategic Report to consider whether they are materially consistent with the financial statements and our knowledge obtained in the audit.

7.4. Working with other auditors

In carrying out our scoping procedures as described above, our audit work covered group operations in seven (2021: seven) countries, covering 17 (2021: 22) reporting units, including a number of head office entities. Three (2021: four) reporting units were within the group team's scope and residual 14 (2021: 18) were covered by the component audit teams.

We directed and supervised our component audit teams through regular discussions and interactions during the planning phase of our audit, and throughout the year end process. We visited our US component team during the year, and performed a detailed review of their work over areas including key judgements and significant risks using technology to access component auditors' working papers remotely. We also requested that a number of reporting documents be completed by each component team for our review.

Further, specific audit procedures over the central functions and areas of significant judgement including taxation, treasury and goodwill and non-current asset impairment were performed by the group audit team centrally.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors-responsibilities. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management, internal audit and the audit committee about their own identification and assessment of the risks of irregularities including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT and financial instruments specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in revenue recognition. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, Listing Rules, patent law, tax legislation and pensions legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included employment legislation, health, safety and the environment ("HSE"), international trading laws and environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue as a key audit matter related to the potential risk of fraud. The key audit matters section of our report explains the matter in more detail and also describes the specific procedures we performed in response to that key audit matter.

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing internal audit reports; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the Annual Report on Remuneration to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the parent Company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

13. Corporate Governance Statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 111;
- the Directors' explanation as to its assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 110;
- the Directors' statement on fair, balanced and understandable set out on page 158;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 104, 105 and 110;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 104 and 105; and
- the section describing the work of the audit committee set out on page 156.

14. Matters on which we are required to report by exception

14.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

14.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Annual Report on Remuneration report to be audited is not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

15. Other matters which we are required to address

15.1. Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Directors on 17 April 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is four years, covering the years ending 31 December 2019 to 31 December 2022.

15.2. Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISAs (UK).

16. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

As required by the Financial Conduct Authority ("FCA") Disclosure Guidance and Transparency Rule ("DTR") 4.1.14R, these financial statements form part of the European Single Electronic Format ("ESEF") prepared Annual Financial Report filed on the National Storage Mechanism of the UK FCA in accordance with the ESEF Regulatory Technical Standard ("ESEF RTS"). This auditor's report provides no assurance over whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS. We have been engaged to provide assurance on whether the annual financial report has been prepared using the single electronic format specified in the ESEF RTS and will report separately to the members on this.

William Smith

(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

2 March 2023

Consolidated Income Statement

For the year ended 31 December 2022

	Notes	2022 \$m	2021 ⁱ \$m
Revenue	3	725.8	521.6
Cost of sales		(554.4)	(456.7)
Gross profit		171.4	64.9
Selling and distribution costs		(46.1)	(38.1)
Administrative expenses ⁱⁱ		(124.9)	(105.2)
Net operating income and other expenses	4	1.6	(1.3)
Profit (loss) from operations	6	2.0	(79.7)
Finance income	8	3.0	1.5
Finance expense	8	(4.7)	(3.5)
Share of associates' and joint ventures' loss	16	(2.7)	(3.8)
Loss before tax from operations		(2.4)	(85.5)
Taxation	9	(1.3)	(4.2)
Loss for the year		(3.7)	(89.7)
Loss for the year attributable to:			
Owners of the parent		(4.6)	(85.8)
Non-controlling interests		0.9	(3.9)
		(3.7)	(89.7)
Loss per share		cents	cents
Basic	10	(2.8)	(53.2)
Diluted	10	(2.8)	(53.2)

i. The administrative expenses and net operating income and other expenses for 2021 have been represented since the 2022 Half Year Report to show a better classification given the nature of the adjusting items.

ii. Included in administrative expenses is the net impairment reversal on trade and other receivables recognised in the year of \$0.6m (2021 – \$1.6m net impairment loss).

The notes on pages 175 to 227 are an integral part of these condensed consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Comprehensive income:			
Loss for the year		(3.7)	(89.7)
Components of other comprehensive income (expense) after tax:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange adjustments		(9.9)	0.5
Fair value gains and losses:			
– gains originating on cash flow hedges arising during the year		0.3	–
		(9.6)	0.5
<i>Reclassified to profit or loss during the year:</i>			
Fair value gains and losses:			
– losses on cash flow hedges transferred to the income statement		0.1	–
<i>Items that will not be reclassified to profit or loss:</i>			
Remeasurement of defined benefit pension schemes	32,35	0.1	(0.2)
Other comprehensive income (expense) after tax		(9.4)	0.3
Total comprehensive expense for the year		(13.1)	(89.4)
Total comprehensive expense for the year attributable to:			
Owners of the parent		(13.3)	(85.8)
Non-controlling interests		0.2	(3.6)
		(13.1)	(89.4)

Total comprehensive expense attributable to owners of the parent arises from the Group's continuing operations.

Consolidated Balance Sheet

At 31 December 2022

	Notes	2022 \$m	2021 \$m
ASSETS			
Non-current assets			
Property, plant and equipment	11	256.7	274.4
Right-of-use assets	12	26.0	24.7
Goodwill	13	155.5	164.1
Other intangible assets	14	35.7	36.2
Investments in associates and joint ventures	16	20.1	19.4
Investments	17	4.8	4.6
Trade and other receivables	18	2.8	2.0
Deferred tax assets	19	13.7	10.3
		515.3	535.7
Current assets			
Inventories	20	272.1	204.4
Trade and other receivables	18	232.4	155.4
Cash and cash equivalents	21	29.4	108.4
Investments	17	–	6.8
Current tax assets		0.1	0.9
		534.0	475.9
LIABILITIES			
Current liabilities			
Trade and other payables	22	141.8	83.0
Lease liabilities	24	9.1	8.9
Borrowings	25	4.9	1.0
Provisions	27	4.6	3.1
Current tax liabilities		3.4	3.0
		163.8	99.0
Net current assets			
		370.2	376.9
Non-current liabilities			
Trade and other payables	22	3.2	2.7
Lease liabilities	24	21.5	22.9
Borrowings	25	3.9	3.9
Provisions	27	4.3	5.0
Deferred tax liabilities	19	6.4	6.8
		39.3	41.3
Net assets			
		846.2	871.3
Equity attributable to owners of the parent			
Share capital	33	66.5	66.5
Share premium	33	153.0	153.0
Other components of equity	34	15.8	38.0
Retained earnings	35	609.3	612.4
		844.6	869.9
Non-controlling interests			
		1.6	1.4
Total equity			
		846.2	871.3

The notes on pages 175 to 227 are an integral part of these consolidated financial statements. The financial statements on pages 170 to 227 were approved by the Board of Directors on 2 March 2023 and were signed on its behalf by:



Jim Johnson
Director



Bruce Ferguson
Director

Consolidated Statement of Changes in Equity

		Year ended 31 December 2022						
		Share capital (note 33) \$m	Share premium (note 33) \$m	Other components of equity (note 34) \$m	Retained earnings (note 35) \$m	Total \$m	Non- controlling interests \$m	Total equity \$m
Notes								
	At 1 January 2022	66.5	153.0	38.0	612.4	869.9	1.4	871.3
	Profit (loss) for the year	-	-	-	(4.6)	(4.6)	0.9	(3.7)
	Other comprehensive income (expense)	-	-	(8.8)	0.1	(8.7)	(0.7)	(9.4)
	Total comprehensive income (expense)	-	-	(8.8)	(4.5)	(13.3)	0.2	(13.1)
	Transfer of cash flow hedging gains to the initial carrying value of hedged items	-	-	(0.1)	-	(0.1)	-	(0.1)
	Dividends paid to Hunting PLC shareholders	-	-	-	(13.6)	(13.6)	-	(13.6)
	Treasury shares	-	-	-	-	-	-	-
	- purchase of treasury shares	-	-	-	(7.9)	(7.9)	-	(7.9)
	- disposal of treasury shares	-	-	-	0.2	0.2	-	0.2
	Share options and awards	-	-	-	-	-	-	-
	- value of employee services	-	-	9.4	-	9.4	-	9.4
	- discharge	-	-	(9.1)	8.9	(0.2)	-	(0.2)
	- taxation	-	-	-	0.2	0.2	-	0.2
	Transfer between reserves	-	-	(13.6)	13.6	-	-	-
	At 31 December 2022	66.5	153.0	15.8	609.3	844.6	1.6	846.2
		Year ended 31 December 2021						
		Share capital (note 33) \$m	Share premium (note 33) \$m	Other components of equity (note 34) \$m	Retained earnings (note 35) \$m	Total \$m	Non- controlling interests \$m	Total equity \$m
Notes								
	At 1 January 2021	66.5	153.0	52.3	692.6	964.4	12.2	976.6
	Loss for the year	-	-	-	(85.8)	(85.8)	(3.9)	(89.7)
	Other comprehensive income (expense)	-	-	0.2	(0.2)	-	0.3	0.3
	Total comprehensive income (expense)	-	-	0.2	(86.0)	(85.8)	(3.6)	(89.4)
	Dividends paid to Hunting PLC shareholders	-	-	-	(12.8)	(12.8)	-	(12.8)
	Treasury shares	-	-	-	-	-	-	-
	- purchase of treasury shares	-	-	-	(8.1)	(8.1)	-	(8.1)
	- disposal of treasury shares	-	-	-	0.3	0.3	-	0.3
	Share options and awards	-	-	-	-	-	-	-
	- value of employee services	-	-	8.7	-	8.7	-	8.7
	- discharge	-	-	(10.4)	10.2	(0.2)	-	(0.2)
	Acquisition of non-controlling interest	-	-	-	3.4	3.4	(7.2)	(3.8)
	Transfer between reserves	-	-	(12.8)	12.8	-	-	-
	At 31 December 2021	66.5	153.0	38.0	612.4	869.9	1.4	871.3

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 \$m	2021 \$m
Operating activities			
Profit (loss) from operations		2.0	(79.7)
Adjusting items (NGM A)		12.6	44.6
Depreciation and non-adjusting amortisation (NGM C)		37.4	38.2
EBITDA (NGM C)		52.0	3.1
Share-based payments expense	37	9.9	9.2
(Increase) decrease in inventories		(72.3)	26.6
Increase in receivables		(76.2)	(19.0)
Decrease in payables		61.9	15.2
Increase (decrease) in provisions		0.2	(1.7)
Net taxation (paid) received		(3.9)	0.6
Net (gain) loss on disposal of property, plant and equipment		0.3	(0.2)
Net gain on curtailment of leases		(3.1)	–
Proceeds from disposal of property, plant and equipment held for rental		0.2	–
Purchase of property, plant and equipment held for rental (NGM M)		(0.5)	(0.9)
Fair value gain on disposal of held-for-sale asset		–	(0.4)
Legal fees incurred defending patent infringement claim		(5.6)	–
Settlement of warranty claim related to corporate transaction		–	(1.7)
Restructuring costs		–	(2.0)
Other non-cash flow items		0.3	(0.2)
Net cash inflow (outflow) from operating activities		(36.8)	28.6
Investing activities			
Interest received		1.2	0.6
Proceeds from disposal of property, plant and equipment		6.6	2.2
Proceeds from disposal of held-for-sale assets		–	2.2
Proceeds from disposal of business		–	31.5
Increase (decrease) in current investments		6.7	(6.9)
Investment in associates and joint ventures	16	(3.5)	(5.1)
Convertible financing – Well Data Labs	17	–	(2.5)
Purchase of property, plant and equipment (NGM M)		(15.9)	(5.7)
Purchase of intangible assets		(5.6)	(2.7)
Net cash inflow (outflow) from investing activities		(10.5)	13.6
Financing activities			
Interest and bank fees paid		(4.1)	(1.0)
Payment of lease liabilities		(8.0)	(10.6)
Net proceeds on disposal of lease liabilities		2.2	–
Increase in bank borrowings		2.9	–
Purchase of non-controlling interest	38	–	(3.8)
Dividends paid to Hunting PLC shareholders	36	(13.6)	(12.8)
Purchase of treasury shares		(7.9)	(7.9)
Proceeds on disposal of treasury shares		0.2	0.3
Net cash outflow from financing activities		(28.3)	(35.8)
Net cash inflow (outflow) in cash and cash equivalents		(75.6)	6.4
Cash and cash equivalents at the beginning of the year		107.4	101.7
Effect of foreign exchange rates		(4.5)	(0.7)
Cash and cash equivalents at the end of the year		27.3	107.4
Cash and cash equivalents at the end of the year comprise:			
Cash and cash equivalents included in current assets	21	29.4	108.4
Bank overdrafts included in borrowings	25	(2.1)	(1.0)
		27.3	107.4

Notes to the Consolidated Financial Statements

1. Basis of Preparation

Hunting PLC is a premium-listed public company limited by shares, with its Ordinary shares quoted on the London Stock Exchange. Hunting PLC was incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is shown on page 248. The principal activities of the Group and the nature of the Group's operations are set out in note 2 and in the Strategic Report on pages 4 to 113. The financial statements consolidate those of Hunting PLC (the "Company") and its subsidiaries (together referred to as the "Group"), including the Group's interests in associates and joint ventures and are presented in US dollars, the currency of the primary economic environment in which the Group operates.

The consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of the US deferred compensation plan and those financial assets and financial liabilities held at fair value (note 29). The Board's consideration of the applicability of the going concern basis is detailed further in the Strategic Report on page 111.

The principal accounting policies applied in the preparation of these financial statements are set out in note 41. These policies have been consistently applied to all the years presented.

In the prior year, the consolidated income statement included presentation of alternative performance measures, previously referred to as underlying results, in addition to IFRS measures. Hunting has revised the format of the condensed consolidated income statement in the current year to present a single column only with IFRS measures in line with current practice and guidance. The format of the relevant income statement notes has also been updated. Adjusted profitability measures used by management have been presented in the Non-GAAP Measures section, which includes further information on the definitions, purpose and reconciliation to IFRS measures. The prior year numbers have not been restated as this is a presentational change only.

Critical Judgements and Key Assumptions

Critical judgements are those that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Group's financial statements. Key assumptions are those concerning future expectations and other key sources of estimation uncertainty at the end of the reporting period and which may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements were made in the following areas:

- In determining if the contractual terms for various significant subsea contracts met the requirements of over time revenue accounting as described in note 41;
- In considering whether the conditions were appropriate to recognise deferred tax assets (see note 9); and
- In the assessment of whether an extension option, early termination option or a purchase option in a lessee contract is likely to be exercised by the entity. See note 24.

The key estimates used in the preparation of the accounts were:

- The estimates of future cash flows in the budget and extended forecasts considered in the impairment test for cash generating units and the carrying values (see note 15); and
- Estimates of future turn rates by inventory line item in determining inventory provisions (see note 20).

Climate Change

The Directors have considered the potential impact that climate change could have on the financial statements of the Group and recognise that climate change is a principal risk that the Group will monitor and will react to appropriately. In the judgement of the Directors, the external mid and long-term forecasts used by the Company incorporate climate change developments, and support the view that there will be robust demand for the Group's oil- and gas-based products for a significant time span. The Group utilises mid-term forecasts to consider whether there are any concerns regarding the carrying values or expected lives of longer-lived assets, including goodwill. Climate related risks are not expected to have a significant adverse impact on the Group's revenue or EBITDA in the medium term. The Directors also believe there is significant operational adaptability in the Group's asset base to move into other non-hydrocarbon product lines, if required.

The Directors believe that there are no other critical judgements or estimates applied in the preparation of the consolidated financial statements.

1. Basis of Preparation continued**Adoption of New Standards, Amendments and Interpretations**

There are no new standards that came into effect for the current financial year. A number of amended standards became effective for the financial year beginning on 1 January 2022; however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

Future Standards, Amendments and Interpretations

The following standards, amendments and interpretations are effective subsequent to the year-end, and have not been early adopted. The Directors do not expect that the adoption of the standards and amendments listed below will have a material impact on the financial statements of the Group in future periods.

- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosure of Accounting Policiesⁱ
- Amendments to IAS 8 – Definition of Accounting Estimatesⁱⁱ
- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transactionⁱⁱ
- IFRS 17 Insurance Contractsⁱ
- Amendment to IAS 1: Non-current Liabilities with Covenants^{iv}
- Amendment to IAS 1: Classification of Liabilities as Current or Non-current Liabilitiesⁱⁱⁱ
- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback^{iv}

i. Not yet endorsed by the UK as at the date of authorisation of the financial statements.

ii. Mandatory adoption date and effective date for the Company is 1 January 2023.

iii. Mandatory adoption date and effective date for the Company has been deferred until not earlier than 1 January 2024.

iv. Mandatory adoption date and effective date for the Company is 1 January 2024.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The impact of the reform and replacement of benchmark interest rates such as GBP LIBOR and other interbank offered rates (“IBORs”) is ongoing. None of the Group’s hedge accounting has been impacted by the reform regarding LIBOR, as none of the Group’s hedging relationships have any exposure to interest rate benchmarks that are subject to the proposed regulatory reform. The Group’s cash at bank and in hand balances of \$29.4m, bank overdrafts of \$2.1m and the bank borrowing of \$2.8m at the year-end have interest rates that are referenced to Central Bank base rates and have not been affected by the IBOR reforms. There is currently uncertainty around the precise nature of these changes. To transition existing contracts and agreements that reference LIBOR to SONIA (in respect of Sterling denominated contracts) or SOFR (in respect of US dollar denominated contracts), adjustments for term differences and credit differences might need to be applied to SONIA and/or SOFR, to enable the benchmark rates to be economically equivalent on transition. Any amounts borrowed under the Asset Based Lending (“ABL”) facility, which commenced on 7 February 2022 (see note 30(d)(i)), will be charged interest based on SOFR plus a margin. The Group’s treasury department is responsible for managing the Group’s LIBOR transition plan.

2. Segmental Reporting

For the year ended 31 December 2022, the Group has been reporting on four operating segments in its internal management reports, which are used to make strategic decisions by the Hunting PLC Board, the Group’s Chief Operating Decision Maker (“CODM”). The Hunting PLC Board examines the Group’s performance mainly from a geographic perspective, based on the location of the operating activities, as well as by product group, in order to understand the drivers of Group performance and trends. Due to its size and the nature of its operations, Hunting Titan’s activities are reported separately.

The Board assesses the performance of the operating segments based on revenue and adjusted operating profit. Adjusted operating profit is a profit-based measure and excludes the Group’s share of results from associates and joint ventures as well as the effects of adjusting items (see NGM A). The Directors believe that using the adjusted operating profit provides a more consistent and comparable measure of the operating segment’s financial performance from one period to the next. This adjusted measure is used by management for planning, resource allocation and reporting purposes. Adjusted operating profit is reconciled to the unadjusted IFRS result in NGM B. It is important to note that the adjusted operating profits are quite frequently higher than the IFRS operating profits as they often exclude significant costs and should not be regarded as a complete picture of the operating segment’s financial performance. The operating segment’s unadjusted operating profit is also presented alongside the adjusted operating profit.

Finance income and finance expense are not allocated to segments, as this type of activity is overseen by the Group’s central treasury function, which manages the funding position of the Group.

Inter-segment sales are priced in line with the transfer pricing policy on an arm’s length basis and are eliminated on consolidation. Costs and overheads are apportioned to the operating segments on the basis of time attributed to those operations by senior executives.

Accounting policies used for segmental reporting reflect those used for the Group. The UK is the domicile of Hunting PLC.

Hunting Titan

Hunting Titan manufactures and distributes a broad range of well completion products and accessories. The segment’s products include both integrated and conventional gun systems and hardware, a complete portfolio of shaped charges and other energetics products, addressable and analogue switch technology and electronic instrumentation for certain measurements required in the oil and gas industry. Key products include the H-2™ and H-3™ gun systems, ControlFire™ switches, EQUAfrac™ shaped charges, the T-Set™ line of setting tools and the PowerSet™ family of power charges. The business has manufacturing facilities in the US and Mexico, and is supported by strategically-located distribution centres across North America.

2. Segmental Reporting continued**North America**

The segment's businesses supply premium connections, oil country tubular goods ("OCTG"), subsea equipment, intervention tools, electronics and complex deep hole drilling and precision machining services for the US, Canada and overseas markets. A significant portion of the segment's electronics, complex hole drilling and precision machining work is for non-oil and gas sectors. The segment also manufactures perforating system products for Hunting Titan. Although located in the UK, Enpro has been classified as part of this segment, as it falls under the management of the Subsea business in the US, and it participates in global offshore projects. The Group's Canadian business now focuses on OCTG threading, which is subcontracted to facilities which hold manufacturing licences for Hunting's premium and semi-premium connections. The segment also includes the results of the Group's legacy exploration and production activities in the Southern US and offshore Gulf of Mexico.

Europe, Middle East and Africa ("EMEA")

Hunting's European operations comprise businesses in the UK, Netherlands and Norway. Revenue from this segment is generated from the supply of OCTG (including threading, legacy pipe storage and accessories manufacturing) and the sale and rental of in-field well intervention products in the UK; OCTG and well testing equipment manufacture in the Netherlands; and multi-product line services and distribution in Norway. The European OCTG businesses are concentrating on accessory manufacturing and yard services. Hunting's Middle East manufacturing operations are located in Dubai, UAE and Dammam, Saudi Arabia. The Group's operations in Saudi Arabia are carried out through a subsidiary in which Hunting has a 65% controlling interest and Saja Energy, our business partner, which holds the remaining shares. Hunting's manufacturing capabilities in Saudi Arabia focus on well intervention equipment and OCTG products. In addition, Saudi Arabia acts as a sales hub for other products manufactured globally by the Group, including Well Testing and Perforating Systems.

Asia Pacific

In Indonesia and Singapore, OCTG premium connections and accessories and well intervention equipment are manufactured. In China, OCTG threading and perforating gun manufacturing are carried out in the facility in Wuxi. The perforating guns are sold to Hunting Titan and also in its domestic markets. In order to diversify its revenue streams, the segment has also begun selling micro-hydro generators.

The following tables present the results of the operating segments on the same basis as that used for internal reporting purposes to the CODM.

(a) Segment Revenue and Profit

	2022					
	Total segment revenue \$m	Inter-segment revenue \$m	Total external revenue \$m	Adjusted result \$m	Adjusting items \$m	Reported result \$m
Hunting Titan	266.0	(8.2)	257.8	15.9	(5.6)	10.3
North America	349.7	(24.6)	325.1	8.1	(7.0)	1.1
EMEA	71.5	(2.2)	69.3	(6.0)	-	(6.0)
Asia Pacific	80.4	(6.8)	73.6	(3.4)	-	(3.4)
Total from operations	767.6	(41.8)	725.8	14.6	(12.6)	2.0
Net finance expense				(1.7)	-	(1.7)
Share of associates' and joint ventures' loss				(2.7)	-	(2.7)
Profit (loss) before tax from operations				10.2	(12.6)	(2.4)

Adjusting items by operating segment:

	2022		
	Hunting Titan \$m	North America \$m	Total \$m
Legal fees	(5.6)	-	(5.6)
Impairment of goodwill	-	(7.0)	(7.0)
	(5.6)	(7.0)	(12.6)

2. Segmental Reporting continued

(a) Segment Revenue and Profit continued

	2021					
	Total segment revenue \$m	Inter-segment revenue \$m	Total external revenue \$m	Adjusted result \$m	Adjusting items \$m	Reported result \$m
Hunting Titan	189.3	(4.9)	184.4	(0.9)	(8.1)	(9.0)
North America	254.6	(21.7)	232.9	(16.1)	(22.6)	(38.7)
EMEA	58.1	(0.4)	57.7	(11.2)	(15.0)	(26.2)
Asia Pacific	48.1	(1.5)	46.6	(6.9)	0.1	(6.8)
Exceptional item not apportioned to operating segments ⁱ	–	–	–	–	1.0	1.0
Total from operations	550.1	(28.5)	521.6	(35.1)	(44.6)	(79.7)
Net finance expense				(2.0)	–	(2.0)
Share of associates' loss				(3.5)	(0.3)	(3.8)
Profit (loss) before tax from operations				(40.6)	(44.9)	(85.5)

i. The \$1.0m gain recognised on the disposal of a lease and the corresponding right-of-use asset was not allocated to an operating segment as the original property provisions were not allocated to an operating segment at the time they were recognised.

Adjusting items by operating segment:

	2021					
	Hunting Titan \$m	North America \$m	EMEA \$m	Asia Pacific \$m	Central \$m	Total \$m
Amortisation of acquired intangible assets	(4.9)	(1.8)	–	–	–	(6.7)
Impairments of property, plant and equipment	–	–	(8.6)	–	–	(8.6)
Impairments of inventories	(3.9)	(18.9)	(5.2)	–	–	(28.0)
Reversal of impairments of inventories	0.8	0.8	–	0.5	–	2.1
Settlement of warranty claim related to a corporate transaction	–	(1.7)	–	–	–	(1.7)
Restructuring costs	(0.1)	(1.2)	(0.3)	(0.4)	–	(2.0)
Loss on disposal of business	–	–	(0.9)	–	–	(0.9)
Profit on disposal of Canadian assets	–	0.2	–	–	–	0.2
Profit on surrender of lease	–	–	–	–	1.0	1.0
	(8.1)	(22.6)	(15.0)	0.1	1.0	(44.6)

A breakdown of external revenue by products and services is presented below:

	2022 \$m	2021 \$m
Perforating Systems	251.9	181.7
OCTG	258.8	172.5
Advanced Manufacturing	75.1	59.6
Subsea	69.0	58.8
Intervention Tools	36.4	25.8
Other	34.6	23.2
Total	725.8	521.6
Revenue from products is further analysed between:		
Oil and gas	678.2	484.0
Non-oil and gas	47.6	37.6
Total	725.8	521.6

2. Segmental Reporting continued

(b) Other Segment Items

	2022			2021		
	Depreciation ⁱ \$m	Amortisation \$m	Impairment ⁱⁱ \$m	Depreciation ⁱ \$m	Amortisation \$m	Impairment ⁱⁱ \$m
Hunting Titan	7.5	1.3	(0.1)	7.6	6.2	4.4
North America	19.2	2.8	5.5	21.0	2.9	23.9
EMEA	3.6	0.3	1.7	3.8	0.1	14.1
Asia Pacific	2.7	–	–	3.2	0.1	(0.1)
Total	33.0	4.4	7.1	35.6	9.3	42.3

- i. Depreciation in 2022 comprises depreciation of property, plant and equipment \$26.6m (2021 – \$28.9m) and depreciation of right-of-use assets \$6.4m (2021 – \$6.7m).
ii. Impairment for 2021 has been revised to reflect the change in presentation of the inventory provisions movements in note 20. Impairment comprises the reversal of net impairment of trade and other receivables \$0.6m (2021 – \$1.6m net impairment charge), the net inventory impairment charge of \$0.7m (2021 – \$32.1m net impairment charge restated), goodwill \$7.0m (2021 – \$nil) and property, plant and equipment \$nil (2021 – \$8.6m).

(c) Geographical Segment Information

Information on the physical location of non-current assets is presented below. The allocated non-current assets below exclude deferred tax assets.

	2022 \$m	2021 \$m
Hunting Titan – US	178.8	181.5
Hunting Titan – Canada	2.2	2.4
Hunting Titan – Other	1.3	0.6
Hunting Titan	182.3	184.5
North America – US	268.8	292.5
North America – UK ⁱ	4.2	9.4
North America – Canada	0.8	1.2
North America	273.8	303.1
EMEA – UK ⁱ	19.7	19.5
EMEA – Rest of Europe	5.5	7.2
EMEA – Middle East	1.5	2.1
EMEA	26.7	28.8
Asia Pacific – China	10.6	3.3
Asia Pacific – Indonesia	2.9	3.2
Asia Pacific – Singapore	5.3	2.5
Asia Pacific	18.8	9.0
Unallocated assets:		
Deferred tax assets	13.7	10.3
Total non-current assets	515.3	535.7

- i. The value of non-current assets located in the UK, the Group's country of domicile, is \$23.9m (2021 – \$28.9m).

Revenue from external customers attributable to the UK, the Group's country of domicile, included in the EMEA and North America operating segments, is \$34.5m (2021 – \$35.4m). Revenue attributable to foreign countries totalled \$691.3m (2021 – \$486.2m). Revenue attributable to the US, the Group's largest individual foreign country where revenue is earned, is \$517.4m (2021 – \$366.9m), which represents 71% (2021 – 70%) of the Group's revenue from external customers. Revenue attributed to an individual country is based on where the invoice is raised; however, customers can either be domestic or international customers.

(d) Major Customer

Included in external revenue is revenue of \$63.5m (2021 – \$69.4m), which arose from sales to the Halliburton Company Group ("Halliburton"), the Group's largest customer. This represents 9% (2021 – 13%) of the Group's revenue from external customers. All of Hunting's operating segments have benefited from trading with Halliburton. In 2022, no single customer contributed more than 10% to the Group's external revenue, and in 2021 no other single customer contributed more than 10% to the Group's external revenue.

3. Revenue

In the following tables, a breakdown of the Group's different revenue streams by segment has been given, including the disaggregation of revenue from contracts with customers.

	2022			Total external revenue \$m
	Revenue from contracts with customers \$m	Rental revenue \$m	Other revenue \$m	
Hunting Titan	256.5	1.3	–	257.8
North America	317.8	2.2	5.1	325.1
EMEA	64.8	4.5	–	69.3
Asia Pacific	73.5	0.1	–	73.6
Total	712.6	8.1	5.1	725.8

	2021			Total external revenue \$m
	Revenue from contracts with customers \$m	Rental revenue \$m	Other revenue \$m	
Hunting Titan	184.0	0.4	–	184.4
North America	228.8	2.3	1.8	232.9
EMEA	54.4	3.3	–	57.7
Asia Pacific	46.5	0.1	–	46.6
Total	513.7	6.1	1.8	521.6

There is no material difference in the timing of revenue recognition between contracts with customers at a point in time and contracts with customers over time, as the majority of Hunting's performance obligations are relatively short. Revenue is typically recognised for products when the product is shipped or made available to customers for collection and for services either on completion of the service or, at a minimum, monthly for services covering more than one month. The amount of consideration is not adjusted for the effects of a significant financing component as, at contract inception, the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

4. Net Operating Income and Other Expenses

	2022 \$m	2021 \$m
Operating income from subleasing assets (note 24)	2.1	1.3
Gain on disposal of property, plant and equipment	1.1	0.5
Gain on curtailment of leases	3.2	1.0
Fair value gain on disposal of held-for-sale asset	–	0.4
Government grants	0.3	0.8
Foreign exchange gains ⁱⁱ	1.6	0.6
Other income ⁱⁱⁱ	1.6	0.7
Total operating income	9.9	5.3
Loss on disposal of property, plant and equipment	(1.4)	(0.1)
Foreign exchange losses ^{iv}	(1.9)	(0.6)
Research and development costs expensed	(4.8)	(4.7)
Loss on disposal of business	–	(0.9)
Other operating expenses ^v	(0.2)	(0.3)
Total other operating expenses	(8.3)	(6.6)
Net operating income and other expenses	1.6	(1.3)

i. The amounts disclosed for 2021 were revised, following the change in presentation of the consolidated income statement, to include amounts that were previously disclosed separately as adjusting amounts. Details of the adjusting items can be found in NGM A.

ii. Includes fair value losses on derivatives designated in a cash flow hedge of \$0.1m (2021 – \$nil) and fair value losses on derivatives designated in a fair value hedge of \$nil (2021 – \$0.1m).

iii. Includes fair value gains on derivatives not designated in a hedge of \$0.1m (2021 – \$nil).

iv. Includes fair value gains on derivatives designated in a fair value hedge of \$0.1m (2021 – \$nil).

v. Includes fair value losses on derivatives not designated in a hedge of \$0.1m (2021 – \$0.1m) and \$0.1m (2021 – \$nil) loss on curtailment of leases.

During the first half of 2022, the Group's Asia Pacific operating segment completed the relocation of its facilities to a new, single site in the Tuas port region of Singapore. As a result of this relocation, the Group disposed of the relevant lease liabilities and derecognised the related right-of-use assets, recording a net gain of \$2.4m and a net receipt of \$2.4m to exit the lease at Benoi Road. The gain on Benoi Road together with other lease curtailments resulted in a net gain of \$3.1m during the year.

5. Material Items

Due to their size and nature, the following items have been disclosed separately, as required by IAS 1.

	2022	
	Gross amount \$m	Tax impact \$m
Legal fees	(5.6)	–
Impairments of goodwill	(7.0)	–
Total	(12.6)	–

During the year, Hunting incurred legal fees of \$5.6m in defending a claim made by a competitor against the Group relating to a patent infringement. These costs have been included in administrative expenses. No tax has arisen in relation to these legal fees due to the fact deferred tax is not currently recognised in relation to this jurisdiction.

Following the annual review of goodwill, a charge of \$7.0m was recognised in relation to Enpro Subsea. Further details can be found in note 15. The impairment charge has been included in administrative expenses. No tax has arisen because the impairment of this goodwill is not a tax deductible expense.

	2021	
	Gross amount \$m	Tax impact \$m
Impairments of property, plant and equipment	(8.6)	0.8
Net impairments of inventories	(25.9)	0.5
Total	(34.5)	1.3

In 2021, a number of material charges were recognised following the transactions with Marubeni-Itochu that resulted in a change in the European OCTG business' future activity. The material charges comprised an impairment of the Fordoun property by \$8.6m as the use of the property and expected cash flows for the property changed; and the impairment of pipe inventory of \$5.2m to match the net realisable value determined through the due diligence work.

During 2021, certain inventory was written down to its net realisable value due to reduced turn rates, increased ageing of inventories and inventory selling prices being lowered following the slower-than-anticipated return to economic growth for many developed economies after the COVID-19 pandemic, which in turn impacted the drilling activity and equipment purchasing of some of the Group's clients. The net impairment charge considered to be relevant for adjustment in 2021 was \$25.9m, which included the \$5.2m charge recognised as part of the restructuring exercise discussed above.

6. Profit (Loss) from Operations

The following items were credited (charged) in arriving at profit (loss) from operations:

	2022 \$m	2021 \$m
Staff costs (note 7)	(194.1)	(150.7)
Depreciation of property, plant and equipment (note 11)	(26.6)	(28.9)
Amortisation of intangible assets (included in cost of sales and administrative expenses) (note 14)	(4.4)	(9.3)
Impairments of property, plant and equipment (included in cost of sales) (note 11)	–	(8.6)
Impairment of goodwill (included in administrative expenses) (note 13)	(7.0)	–
Net gain on curtailment of leases (note 4)	3.1	1.0
Loss on disposal of business (note 4)	–	(0.9)
Fair value gain on disposal of held-for-sale asset (note 4)	–	0.4
Net gain (loss) on disposal of property, plant and equipment (note 4)	(0.3)	0.4
Net lease charges included in profit (loss) from operations (note 24)	(5.1)	(7.3)
Research and development expensed (note 4)	(4.8)	(4.7)

Fees payable to the Group's independent auditor and its associates are for:

	2022 \$m	2021 \$m
The audit of these financial statements	(2.8)	(2.1)
The audit of the financial statements of the Company's subsidiaries	(0.6)	(0.5)
Total audit	(3.4)	(2.6)
Audit-related assurance services	(0.2)	(0.2)
Total audit and audit-related services	(3.6)	(2.8)

7. Employees

	2022 \$m	2021 \$m
Wages and salaries (including annual cash bonuses)	(164.4)	(125.0)
Social security costs	(12.7)	(9.7)
Share-based payments (note 37)	(9.9)	(9.2)
Pension costs		
– defined contribution schemes (note 32)	(7.2)	(7.0)
– unfunded defined benefit schemes ⁱ (note 32)	(0.3)	(0.2)
Net gains on the unfunded DB scheme's assets and liabilities included in net finance expense (note 32)	–	0.2
Staff costs for the year	(194.5)	(150.9)

Staff costs for the year are included in the financial statements as follows:

	2022 \$m	2021 \$m
Total staff costs included in reported profit (loss) from operations (note 6)	(194.1)	(150.7)
Staff costs – net gains on the unfunded DB scheme's assets and liabilities included in net finance expense	–	0.2
Staff costs capitalised as R&D	(0.4)	(0.4)
	(194.5)	(150.9)

i. The amounts disclosed were revised to include the unfunded defined benefit schemes operating in the Middle East of \$0.2m in 2021.

The average monthly number of employees by geographical area (including executive Directors) during the year was:

	2022 Number	2021 Number
North America	1,486	1,302
Europe	223	223
Asia Pacific	301	341
Central America, Middle East and Africa	92	51
	2,102	1,917

The average monthly number of employees by operating segment (including executive Directors) during the year was:

	2022 Number	2021 Number
Hunting Titan	595	449
North America	909	837
EMEA	226	220
Asia Pacific	301	341
Central	71	70
	2,102	1,917

The actual number of employees at the year-end was 2,258 (2021 – 1,949).

7. Employees continued

Key management comprises the Board and the eleven members of the Executive Committee who acted during the year. Their aggregate remuneration in the year was:

	2022 \$m	2021 ⁱ \$m
Salaries, annual cash bonuses and short-term employee benefits	(10.8)	(5.4)
Post-employment benefits	(0.4)	(0.3)
Share-based payments	(3.4)	(2.4)
	(14.6)	(8.1)

i. Salaries, annual cash bonuses and short-term employee benefits for 2021 have been restated to include non-executive fees of \$0.6m.

Remuneration of the Board, included as part of key management compensation, can be found in the Annual Report on Remuneration on pages 145 to 154. The Annual Report on Remuneration disclosures do not include Executive Committee members who are not part of the Board and disclose share scheme remuneration on a vested rather than accruals basis.

Short-term employee benefits comprise healthcare insurance, company cars and fuel benefits. Post-employment benefits comprise employer pension contributions. Share-based payments comprise the charge to the consolidated income statement.

The total amounts for Directors' remuneration in accordance with Schedule 5 to the Accounting Regulations were as follows:

	2022 \$m	2021 \$m
Salaries, annual cash bonuses and short-term employee benefits	(3.9)	(2.1)
Gains on exercise of share awards	(0.2)	(0.2)
Post-employment benefits	(0.2)	(0.1)
	(4.3)	(2.4)

The Group contributes on behalf of the Chief Executive to a US 401K deferred savings plan and an additional deferred compensation scheme. The Finance Director receives an annual cash sum in lieu of contributions to a company pension scheme.

8. Net Finance Expense

	2022 \$m	2021 \$m
Finance income:		
Interest on bank balances and deposits	0.4	0.3
Foreign exchange gains ⁱ	1.3	0.1
Fair value gains on derivative financial instruments	0.8	0.7
Other finance income	0.5	0.4
	3.0	1.5
Finance expense:		
Interest on lease liabilities	(1.2)	(1.5)
Bank fees and commissions	(2.1)	(1.3)
Foreign exchange losses	(1.0)	(0.6)
Other finance expense ⁱⁱ	(0.4)	(0.1)
	(4.7)	(3.5)
Net finance expense	(1.7)	(2.0)

i. Foreign exchange gains include gains of \$0.1m (2021 – \$nil) in relation to lease liabilities.

ii. Other finance expense includes fair value losses on derivatives not designated in a hedge of \$0.2m (2021 – \$0.1m).

9. Taxation

	2022 \$m	2021 \$m
Current tax		
– current year charge	(4.3)	(1.7)
– adjustments in respect of prior years	(0.7)	(0.4)
	(5.0)	(2.1)
Deferred tax		
– origination and reversal of temporary differences	3.5	(0.1)
– change in tax rate	(0.2)	(0.8)
– adjustments in respect of prior years	0.4	(1.2)
	3.7	(2.1)
Taxation charge	(1.3)	(4.2)

The tax charge for the year was \$1.3m (2021 – \$4.2m) and the effective tax rate (“ETR”) was minus 54% (2021 – minus 5%). The Group’s ETR is significantly different to that which might be expected from prevailing jurisdictional rates as it was impacted by a mix of profits and losses in different businesses and is distorted when deferred tax was not fully recognised in loss-making jurisdictions. As there was a small overall loss before tax for the year, the impact of differences in the make-up of losses and profits across the Group had a greater impact on the overall Group ETR. This is particularly notable in the US, where deferred tax is not recognised on the federal tax losses generated in the year. The loss before tax generated in the US (and other jurisdictions where deferred tax has not been recognised), is then offset at a Group level by profitable jurisdictions, mainly the UK, Canada and China, where tax was recognised on these profits as they arose.

When the adjusting items are excluded, the Group’s adjusted ETR is 13% (2021 – minus 12%). The calculation of the adjusted tax charge and adjusted effective tax rate can be found in NGM D.

The adjustments in respect of prior years within both current tax and deferred tax, totalling a charge of \$0.3m (2021 – \$1.6m charge) mainly relate to true-ups of prior year balances.

Legislation to increase the UK standard rate of corporation tax from 19% to 25% from 1 April 2023 was enacted in 2021. UK deferred tax balances have been calculated at 19% or 25% depending upon when the balance is expected to unwind.

The table below reconciles the tax on the Group’s loss before tax to a weighted average tax rate for the Group based on the tax rates applicable to each entity in the Group. A weighted average applicable rate for the year of 4% (2021 – 22%) was used, as this reflects the applicable rates for the countries applied to their respective profits/losses in the year. The weighted average applicable rate is lower than one would normally expect due to the mix of profitable and loss-making jurisdictions in the Group. The total tax charge for the year is different to the weighted average rate of tax of 4% (2021 – 22%) for the following reasons:

	2022 \$m	2021 \$m
Reported loss before tax	(2.4)	(85.5)
Tax at 4% (2021 – 22%)	0.1	18.7
Permanent differences including tax credits	(4.7)	(3.7)
Current year deferred tax not recognised	(1.5)	(16.8)
Recognition of previously unrecognised deferred taxes	5.3	–
Change in tax rates	(0.2)	(0.8)
Adjustments in respect of prior years	(0.3)	(1.6)
Taxation	(1.3)	(4.2)

Tax effects relating to each component of other comprehensive income were as follows:

	2022			2021		
	Before tax \$m	Tax (charged) credited \$m	After tax \$m	Before tax \$m	Tax (charged) credited \$m	After tax \$m
Exchange adjustments	(9.9)	–	(9.9)	0.5	–	0.5
Fair value gains originating on cash flow hedges arising during the year	0.4	(0.1)	0.3	–	–	–
Fair value losses transferred to the income statement	0.1	–	0.1	–	–	–
Remeasurement of defined benefit pension schemes	0.1	–	0.1	(0.2)	–	(0.2)
	(9.3)	(0.1)	(9.4)	0.3	–	0.3

The tax relating to the components of other comprehensive income comprises a deferred tax charge of \$0.1m (2021 – \$nil).

9. Taxation continued**Tax-related Judgements**

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for those taxes, as tax legislation can be complex and open to different interpretation. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised. The recoverability of deferred tax assets is supported by deferred tax liabilities against which the reversal can be offset and the expected level of future profits. This is considered by jurisdiction, or by entity, dependent on the tax laws of the jurisdiction. Where there is both a history of loss making and continued loss making in the year, stronger supporting evidence is required to meet recognition policy criteria. Supporting evidence reviewed includes: whether actual results, when excluding non-recurring items, meet or exceed budget; the level of taxable profits generated in the base case and downside case of longer-term forecasts; and the nature of how the deferred tax assets arose and how this relates to the ongoing activities of the business.

The recognition of deferred tax assets as at 31 December 2022 has been based on the forecast accounting profits in the 2023 and 2024 Budget and the extended forecast period as presented to the Board. This is the same forecast that is used to derive cash flows for the goodwill impairment test, per note 15. For periods extending beyond the extended forecast period, profits have been assumed to grow in a manner consistent with the terminal growth rate assumptions used for impairment testing. In addition, a risk factor has been applied to reduce future profits for the extended forecast period and beyond. These adjustments are to reflect the potential decrease in reliability of forecasts for future periods beyond the Board-approved budget period.

Historical tax losses make up the majority of the deductible temporary differences. These losses mainly arose from varying factors including non-recurring events such as losses arising at the start of newly formed businesses and the COVID-19-related downwards pressures on the profits in previous years. The majority of the deferred tax not recognised in the Group is in relation to deferred tax arising in the US. Based on the review of tax adjusted forecasts, as noted above, management have assessed that currently there is not sufficient support for the recognition of a deferred tax asset in respect of historical tax losses and other deductible temporary differences in the US due to uncertainty in recovery. Management will continue to monitor the position in the US and if current forecasts are met then it is expected that the recognition criteria set by Management could be met within the next one to two years.

The main jurisdiction where we have a change in deferred tax recognition is the UK. Previously unrecognised deferred tax assets have been recognised in the period in respect of historical tax losses and other deductible temporary differences in the UK, due to taxable profits arising in the year and continued forecast improved profitability in future periods with the deferred tax assets being forecast to be recovered within nine years. Recognition of the UK deferred tax asset is dependent on the accuracy of the budget and extended forecast period. In assessing the recoverability of deferred tax assets a sensitivity analysis is applied to the extended forecast period accounting profits, to consider a plausible downside scenario. Under the sensitivity analysis, the recovery period of the previously unrecognised deferred tax assets now recognised in the year, would be extended by two years.

10. Loss per Share

Basic earnings (loss) per share ("EPS") is calculated by dividing earnings (loss) attributable to Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the year.

For diluted earnings (loss) per share, the weighted average number of outstanding Ordinary shares was adjusted to assume conversion of all dilutive potential Ordinary shares. Dilution arises through the possible issue of shares to satisfy awards made under the Group's long-term incentive plans.

Reconciliations of the loss and weighted average number of Ordinary shares used in the calculations are set out below:

	2022			2021		
	Loss attributable to Ordinary shareholders \$m	Basic weighted average number of Ordinary shares millions	Loss per share cents	Loss attributable to Ordinary shareholders \$m	Basic weighted average number of Ordinary shares millions	Loss per share cents
Basic LPS	(4.6)	160.3	(2.8)	(85.8)	161.2	(53.2)
Effect of dilutive long-term incentive plans	–	9.8	–	–	5.9	–
Diluted LPSⁱ	(4.6)	170.1	(2.8)	(85.8)	167.1	(53.2)

i. For the years ended 31 December 2022 and 31 December 2021, the Group reported a loss and so the effect of dilutive share options and long-term incentive plans was anti-dilutive (i.e. they reduced the loss per share) and, therefore, they were not used to calculate diluted loss per share.

The calculation of adjusted earnings (loss) per share can be found in NGM B.

11. Property, Plant and Equipment

	Year ended 31 December 2022				
	Land and buildings \$m	Plant, machinery and motor vehicles \$m	Rental tools \$m	Oil and gas exploration and development \$m	Total \$m
Cost:					
At 1 January 2022	267.3	338.2	24.7	111.4	741.6
Exchange adjustments	(4.5)	(3.5)	(1.5)	–	(9.5)
Additions	4.7	10.9	0.5	0.9	17.0
Disposals	(12.0)	(13.9)	(1.2)	–	(27.1)
Reclassification from inventories (note 20)	–	–	1.6	–	1.6
At 31 December 2022	255.5	331.7	24.1	112.3	723.6
Accumulated depreciation and impairment:					
At 1 January 2022	(80.2)	(261.2)	(16.4)	(109.4)	(467.2)
Exchange adjustments	3.1	2.8	0.9	–	6.8
Charge for the year	(6.0)	(18.2)	(1.9)	(0.5)	(26.6)
Disposals	5.2	13.7	1.2	–	20.1
At 31 December 2022	(77.9)	(262.9)	(16.2)	(109.9)	(466.9)
Net book amount	177.6	68.8	7.9	2.4	256.7
	Year ended 31 December 2021				
	Land and buildings \$m	Plant, machinery and motor vehicles \$m	Rental tools \$m	Oil and gas exploration and development \$m	Total \$m
Cost:					
At 1 January 2021	267.7	355.0	24.0	110.9	757.6
Exchange adjustments	(0.6)	(0.4)	(0.1)	–	(1.1)
Additions	1.5	3.6	0.9	0.5	6.5
Disposals	(1.4)	(19.9)	(0.6)	–	(21.9)
Reclassification from inventories	–	–	0.5	–	0.5
Reclassification	0.1	(0.1)	–	–	–
At 31 December 2021	267.3	338.2	24.7	111.4	741.6
Accumulated depreciation and impairment:					
At 1 January 2021	(66.9)	(258.7)	(15.8)	(109.1)	(450.5)
Exchange adjustments	0.5	0.3	0.1	–	0.9
Charge for the year	(6.4)	(20.9)	(1.3)	(0.3)	(28.9)
Impairment of assets (note 15(d))	(8.6)	–	–	–	(8.6)
Disposals	1.3	18.0	0.6	–	19.9
Reclassification	(0.1)	0.1	–	–	–
At 31 December 2021	(80.2)	(261.2)	(16.4)	(109.4)	(467.2)
Net book amount	187.1	77.0	8.3	2.0	274.4

The net book amount of property, plant and equipment at 1 January 2021 was \$307.1m.

Included in the net book amount is expenditure relating to assets in the course of construction of \$0.1m (2021 – \$0.1m) for buildings, \$0.9m (2021 – \$1.0m) for plant and machinery, and \$nil (2021 – \$5.4m) for rental tools.

Group capital expenditure committed for the purchase of property, plant and equipment, but not provided for in these financial statements, amounted to \$3.7m as at 31 December 2022 (2021 – \$5.6m).

The net book amount of land and buildings of \$177.6m (2021 – \$187.1m) comprises freehold land and buildings of \$173.7m (2021 – \$185.8m) and capitalised leasehold improvements of \$3.9m (2021 – \$1.3m). The net book value of land and buildings that are leased out is \$5.4m at 31 December 2022 (2021 – \$4.8m).

In early July 2022, the legal process to finalise accession of the in-scope US freehold properties into the ABL Borrowing Base was completed. The relevant US properties that security has been granted over as a requirement of the ABL had a carrying value of \$88.2m at 31 December 2022. Security was previously granted over specific PPE with a carrying value of \$187.0m at 31 December 2021 as a requirement of the Group's committed revolving credit facility, which was terminated in February 2022.

12. Right-of-use Assets

	Year ended 31 December 2022		
	Land and buildings \$m	Plant, machinery and motor vehicles \$m	Total \$m
Cost:			
At 1 January 2022	63.5	2.2	65.7
Exchange adjustments	(3.0)	–	(3.0)
New leases	4.8	0.3	5.1
Lease cessations	(8.6)	(0.2)	(8.8)
Modifications	4.0	(0.2)	3.8
At 31 December 2022	60.7	2.1	62.8
Accumulated depreciation and impairment:			
At 1 January 2022	(40.1)	(0.9)	(41.0)
Exchange adjustments	1.8	–	1.8
Depreciation charge for the year	(6.1)	(0.3)	(6.4)
Lease cessations	8.6	0.2	8.8
At 31 December 2022	(35.8)	(1.0)	(36.8)
Net book amount	24.9	1.1	26.0
	Year ended 31 December 2021		
	Land and buildings \$m	Plant, machinery and motor vehicles \$m	Total \$m
Cost:			
At 1 January 2021	88.6	1.9	90.5
Exchange adjustments	(0.3)	–	(0.3)
New leases	1.7	0.4	2.1
Lease cessations	(27.4)	(0.1)	(27.5)
Modifications	0.9	–	0.9
At 31 December 2021	63.5	2.2	65.7
Accumulated depreciation and impairment:			
At 1 January 2021	(60.1)	(0.6)	(60.7)
Depreciation charge for the year	(6.3)	(0.4)	(6.7)
Lease cessations	26.3	0.1	26.4
At 31 December 2021	(40.1)	(0.9)	(41.0)
Net book amount	23.4	1.3	24.7

The net book amount of right-of-use assets at 1 January 2021 was \$29.8m.

The Group sub-lets certain right-of-use assets under operating leases. The net book value of items that are sub-let included in the table above is \$2.1m (2021 – \$1.1m) for land and buildings.

During the year the Group entered into new leases of \$5.1m including \$4.4m for the Group's new UK headquarters. The Group also had lease modifications of \$3.8m including a lease extension of \$8.6m in Wuxi, China offset by lease curtailments of \$4.7m for the Group's previous UK headquarters and \$0.6m for a manufacturing facility disposed of as part of the consolidation of the Singapore facilities. The new lease for the facility at Tuas, Singapore, together with the corresponding right-of-use asset, were recognised in 2021 when the lease was signed.

13. Goodwill

	2022 \$m	2021 \$m
Cost:		
At 1 January	532.0	532.0
Exchange adjustments	(4.9)	–
At 31 December	527.1	532.0
Accumulated impairment:		
At 1 January	(367.9)	(367.8)
Exchange adjustments	3.3	(0.1)
Impairment charge for the year (note 15(b))	(7.0)	–
At 31 December	(371.6)	(367.9)
Net book amount	155.5	164.1

The net book amount of goodwill at 1 January 2021 was \$164.2m.

Details of the allocation of goodwill by cash-generating unit (“CGU”), identification of the material CGU and impairment sensitivity disclosures are given in note 15(b).

14. Other Intangible Assets

	Year ended 31 December 2022					Total \$m
	Customer relationships ⁱ \$m	Unpatented technology \$m	Patents and trademarks \$m	Software \$m	Other \$m	
Cost:						
At 1 January 2022	219.8	81.9	74.9	14.7	1.9	393.2
Exchange adjustments	(0.9)	(0.5)	(1.4)	(0.2)	(0.2)	(3.2)
Additions	–	1.0	0.6	2.3	1.8	5.7
Disposals	(211.8)	–	(0.4)	(0.2)	–	(212.4)
At 31 December 2022	7.1	82.4	73.7	16.6	3.5	183.3
Accumulated amortisation and impairment:						
At 1 January 2022	(213.3)	(72.9)	(60.8)	(8.3)	(1.7)	(357.0)
Exchange adjustments	0.2	0.6	0.3	0.2	0.1	1.4
Amortisation charge for the year	(0.7)	(1.0)	(1.6)	(0.9)	(0.2)	(4.4)
Disposals	211.8	–	0.4	0.2	–	212.4
At 31 December 2022	(2.0)	(73.3)	(61.7)	(8.8)	(1.8)	(147.6)
Net book amount	5.1	9.1	12.0	7.8	1.7	35.7

i. The accumulated cost, depreciation and impairment of those customer relationships where the relationship has ended or where the relationship with the customer has changed from when the business was acquired have been disposed of during the year.

14. Other Intangible Assets continued

	Year ended 31 December 2021					Total \$m
	Customer relationships \$m	Unpatented technology \$m	Patents and trademarks \$m	Software \$m	Other \$m	
Cost:						
At 1 January 2021	219.9	80.6	73.9	14.4	1.9	390.7
Exchange adjustments	–	–	(0.1)	–	–	(0.1)
Additions	–	1.5	0.9	0.3	–	2.7
Disposals	(0.1)	–	–	–	–	(0.1)
Reclassification	–	(0.2)	0.2	–	–	–
At 31 December 2021	219.8	81.9	74.9	14.7	1.9	393.2
Accumulated amortisation and impairment:						
At 1 January 2021	(212.6)	(68.2)	(58.0)	(7.3)	(1.7)	(347.8)
Amortisation charge for the year	(0.8)	(4.7)	(2.8)	(1.0)	–	(9.3)
Disposals	0.1	–	–	–	–	0.1
At 31 December 2021	(213.3)	(72.9)	(60.8)	(8.3)	(1.7)	(357.0)
Net book amount	6.5	9.0	14.1	6.4	0.2	36.2

The net book amount of other intangible assets at 1 January 2021 was \$42.9m.

All intangible assets are regarded as having a finite life and are amortised accordingly. Amortisation charges relating to intangible assets were charged to cost of sales and administrative expenses in the consolidated income statement.

Internally generated intangible assets have been included within patented and unpatented technology as shown in the table below:

	2022		2021	
	Internally generated patented technology \$m	Internally generated unpatented technology \$m	Internally generated patented technology \$m	Internally generated unpatented technology \$m
Cost:				
At 1 January	11.8	28.5	10.7	27.2
Exchange adjustments	(0.3)	(0.5)	–	–
Additions	0.6	1.0	0.9	1.5
Reclassification	–	–	0.2	(0.2)
At 31 December	12.1	29.0	11.8	28.5
Accumulated amortisation and impairment:				
At 1 January	(6.0)	(19.5)	(5.4)	(18.6)
Exchange adjustments	0.1	0.6	–	–
Amortisation charge	(0.6)	(1.0)	(0.6)	(0.9)
At 31 December	(6.5)	(19.9)	(6.0)	(19.5)
Net book amount	5.6	9.1	5.8	9.0

15. Impairment of Non-current Assets

(a) Impairment Testing Process

(i) Cash-generating Units ("CGUs")

In Hunting, CGUs are generally separate business units. In certain cases combinations of business units that are tightly integrated through inter-company trading or have a shared management or cost base are treated as a CGU. The recoverable amount for each CGU was determined using a fair value less costs of disposal ("FVLCD") method, which represents the value of the CGU in a sales transaction on an arm's length basis. As there is no active market for the Group's CGUs, the FVLCD is determined using discounted cash flow techniques based on the estimated future nominal cash flows (inclusive of inflation) that are expected to be generated by the CGU and discounted at a rate that is determined for each CGU in isolation by consideration of its business risk profile. This method allows approved capital projects that are in progress to be included. The recoverable amount calculations use discounted pre-tax nominal cash flow projections. The key assumptions for the recoverable amount calculations are revenue growth rates, taking into account the impact these have on margins, terminal growth rates and the discount rates applied. The FVLCD is a Level 3 measurement as per the fair value hierarchy, as defined within IFRS 13, due to unobservable inputs used in the valuation.

For 2023 and 2024, cash flows are based on the latest detailed budget, as approved by the Board. For 2025 to 2027, management made revenue projections using Spears & Associates' "Drilling and Production Outlook" independent reports as a default basis, selecting the most appropriate geographic markets and drivers (rig count, footage drilled or E&P spend) for each CGU. Management applied judgemental changes to revenue growth expectations, if appropriate, to reflect circumstances specific to the CGU. Having determined the projected revenues, management then modelled the expected impact on margins and cash flow from the resulting revenue projections. This process can give a diverse range of outcomes depending on market or business specific conditions. Compound annual growth rates ("CAGR") for revenue for the CGUs from 2022 to 2027 vary between 3% and 22% (2021 – CAGR from 2021 to 2026 between 6% and 25%). After 2027, a terminal value was calculated assuming growth of 50 basis points above assumed inflation (2021 – 50 basis points), giving nominal growth rates between 2% and 6% (2021 – between 0% and 4%).

Cash flows were discounted using nominal pre-tax rates between 14% and 18% (2021 – 10% and 15%). The discount rates reflected current market assessments of the equity market risk premiums, the volatility of returns, the risks associated with the cash flows, the likely external borrowing rate of the CGU and expected levels of leverage. Consideration was also given to other factors such as a small-cap premium, currency risk, operational risk and country risk. Required returns on equity were determined using the CAPM model, which is then incorporated into a weighted average cost of capital ("WACC") calculation. Risk free rates are determined using long-dated Government borrowing instruments. As a result of the major economic changes that occurred in 2022, these risk free rates have increased significantly and this is the main driver of the increase in rates.

We have considered indicators of impairment in the carrying value of the assets, including the excess of the value calculated under the FVLCD methodology described above, compared to our market capitalisation and the modest excess versus the consolidated net assets of the Group. We have considered the significant volatility of our share price over the period, the relatively illiquid nature of our share trading and specific factors influencing the behaviour of some shareholders to exposure in our sector at present.

(ii) Impairment Tests for Individual Assets

For individual assets, an impairment test is conducted if there are indicators of impairment. Impairment arises when the carrying value of the asset is greater than the higher value of either its fair value less costs of disposal, or its value-in-use. The FVLCD or the value-in-use is a Level 3 measurement as per the fair value hierarchy as defined within IFRS 13 due to unobservable inputs used in the valuation. If the cash flows of an asset cannot be assessed individually, then the asset or a group of assets are aggregated into a CGU and tested as described above. For loss-making associates with material carrying values, impairment tests were conducted and no impairment was identified.

15. Impairment of Non-current Assets continued**(b) Impairment Tests for Goodwill****(i) Allocation**

Goodwill is allocated to the Group's cash-generating units ("CGUs") as follows:

CGU	Operating segment	2022 \$m	2021 \$m
Hunting Titan	Titan	114.9	114.9
US Subsea	North America	15.0	15.0
Enpro	North America	5.5	14.1
Dearborn	North America	7.6	7.6
US Manufacturing	North America	12.5	12.5
At 31 December		155.5	164.1

Goodwill is tested at least annually for impairment. A charge of \$7.0m (note 13) was recognised as a result of the goodwill impairment reviews carried out in the year and related solely to the Enpro CGU (2021 – \$nil). In addition to the impairment charge, the goodwill balance decreased by \$1.6m due to foreign exchange movements.

(ii) Material CGU

Hunting Titan is the only CGU that is significant in relation to the Group's total carrying amount of goodwill, representing 74% (2021 – 70%) of the balance. There has been a steady improvement in performance during 2022 and there continues to be a positive future outlook for US onshore activity levels. This has resulted in headroom over the carrying value of \$229.1m (2021 – \$175.9m) in the year-end test in which cash flows were discounted using a nominal pre-tax rate of 15% (2021 – 12%). Given current market expectations, there are no reasonably foreseeable changes in the expected CAGR between 2022 and 2027 or changes in discount rates that would result in a material impairment charge in the next financial year.

(c) CGU Sensitivities

In considering sensitivities of material changes to impairment, a materiality level of \$4.0m has been used (2021 – \$3.5m).

(i) Enpro

At the 2021 year-end, Enpro was identified as being sensitive to potential future material impairments. Cash flows were discounted using a nominal pre-tax rate of 16% (2021 – 13%). This change in the discount rate was the main driver of the impairment charge of \$7.0m as noted above, together with a modest reduction in management's growth assumptions. A reduction in the forecast revenue CAGR between 2022 and 2027 by 5% in actual results or future forecasts, or a further increase in discount rates by 2%, could result in a material impairment charge in the next financial year. At 31 December 2022, the Group is carrying \$5.5m of goodwill and \$4.4m of other intangibles in respect of this CGU. Enpro is part of the North America operating segment.

(ii) Dearborn

In the year-end test performed, cash flows were discounted using a nominal pre-tax rate of 15% (2021 – 12%) and no impairment was identified. Should the forecast revenue CAGR deteriorate between 2022 and 2027 by 7% in actual results or future forecasts, this could result in a material impairment charge in the next financial year. Dearborn is part of the North America operating segment.

(iii) Other CGUs

For other CGUs that carry goodwill, management has concluded that there are no reasonable changes in key assumptions that will give rise to material goodwill impairment charges within the next financial year.

(d) Impairment of Property, Plant and Equipment

No impairment has been charged against property, plant and equipment during 2022. In 2021, an impairment charge of \$8.6m was made, which related to the restructuring of the European OCTG business and the consequential change of usage and expected cash flows for the property used by the business. This charge was shown in the EMEA operating segment (note 2(a)).

16. Investments in Associates and Joint Ventures

Movement on investments in associates and joint ventures:

	2022 \$m	2021 \$m
At 1 January	19.4	18.1
Exchange adjustments	(0.1)	–
Additions	3.5	5.1
Share of associates' and joint ventures' loss for the year	(2.7)	(3.8)
At 31 December	20.1	19.4

During the year, the Group invested \$1.9m in its Indian joint venture arrangement with Jindal SAW, and a further \$1.6m in Cumberland Additive Holdings LLC ("Cumberland"), increasing its effective interest to 29.2%. During 2021, the Group purchased 27% of the share capital of Cumberland for \$5.1m.

The investments in associates and joint ventures, including the name, country of incorporation and proportion of ownership interest, are disclosed in note C19.

(a) Material Associates and Joint Ventures

The tables below provide summarised financial information for Rival Downhole Tools LC ("Rival"), which is considered to be a material associate of the Group. The Group has a 23.5% interest in the equity shares of Rival. The information disclosed reflects the amounts presented in the financial statements of Rival and not Hunting PLC's share of those amounts. They have been amended to reflect adjustments made by Hunting when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	Rival	
	2022 \$m	2021 \$m
Summarised statement of comprehensive income:		
Revenue	39.6	27.2
Loss from operations	(6.8)	(13.4)
Total comprehensive expense	(6.8)	(13.4)

The Group's share of Rival's loss from operations was \$1.6m (2021 – \$3.2m). Amortisation of \$0.3m (2021 – \$0.3m) was charged in the year to the Group's income statement in relation to the intangible assets recognised at the time the investment in Rival was made.

	Rival	
	2022 \$m	2021 \$m
Summarised balance sheet:		
Non-current assets	24.2	35.2
Current assets	17.4	10.4
Total assets	41.6	45.6
Non-current liabilities	(2.6)	(0.5)
Current liabilities	(6.8)	(6.1)
Total liabilities	(9.4)	(6.6)
Net assets	32.2	39.0
Reconciliation to carrying amounts:		
Opening net assets at 1 January	39.0	52.4
Loss for the year	(6.8)	(13.4)
Closing net assets	32.2	39.0
Group's share of equity %	23.5%	23.5%
Group's share of net assets	7.5	9.1
Goodwill	2.1	2.1
Other intangible assets	2.4	2.7
Carrying amount at 31 December	12.0	13.9

(b) Individually Immaterial Associates and Joint Ventures

In addition to the material associates disclosed above, the Group also has interests in a number of individually immaterial associates and joint ventures, all of which are unlisted, that are accounted for using the equity method. The Group's share of the results and its aggregated assets and liabilities, are as follows:

	2022 \$m	2021 \$m
Aggregate carrying amount of individually immaterial associates and joint ventures	8.1	5.5
Share of immaterial associates' and joint ventures' loss for the year	(0.8)	(0.3)

17. Investments

	2022 \$m	2021 \$m
Non-current:		
Listed equity investments and mutual funds	1.9	1.9
Well Data Labs convertible financing	2.9	2.7
	4.8	4.6
Current:		
Cash deposits with more than 3 months to maturity	–	6.8

In February 2021, the Group entered into a strategic alliance with Well Data Labs, a data analytics business focused on the onshore drilling market, through the provision of \$2.5m in convertible financing, which had a fair value of \$2.9m (2021– \$2.7m) at the year-end (note 29(b)).

18. Trade and Other Receivables

	2022 \$m	2021 \$m
Non-current:		
Prepayments	2.7	1.7
Other receivables	0.1	0.3
	2.8	2.0

	2022			Total \$m
	Contracts with customers \$m	Rental receivables \$m	Other receivables \$m	
Current:				
Contract assets (note 23)	8.6	–	–	8.6
Trade receivables	180.1	2.1	0.9	183.1
Accrued revenue	2.0	0.2	–	2.2
Gross receivables	190.7	2.3	0.9	193.9
Less: provisions for impairment	(3.3)	(0.4)	–	(3.7)
Net receivables	187.4	1.9	0.9	190.2
Prepayments	–	–	37.9	37.9
Other receivables	–	–	4.3	4.3
Net book amount	187.4	1.9	43.1	232.4

	2021			Total \$m
	Contracts with customers \$m	Rental receivables \$m	Other receivables \$m	
Current:				
Contract assets (note 23)	9.9	–	–	9.9
Trade receivables	126.5	1.3	0.3	128.1
Accrued revenue	3.7	0.1	–	3.8
Gross receivables	140.1	1.4	0.3	141.8
Less: provisions for impairment	(4.3)	(0.3)	–	(4.6)
Net receivables	135.8	1.1	0.3	137.2
Prepayments	–	–	15.9	15.9
Other receivables	–	–	2.3	2.3
Net book amount	135.8	1.1	18.5	155.4

Current and non-current other receivables generally arise from transactions outside the usual operating activities of the Group and comprise receivables from tax (VAT, GST, franchise taxes, and sales and use taxes) of \$0.6m (2021 – \$1.1m), derivative financial assets of \$0.6m (2021 – \$0.1m) and other receivables of \$3.2m (2021 – \$1.4m), which are financial assets measured at amortised cost.

The Group does not hold any other collateral as security and no assets have been acquired through the exercise of any collateral previously held.

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over certain US and Canadian trade and other receivables, which had a carrying value of \$96.3m at 31 December 2022. For the receivables pledged as security, their carrying value approximates their fair value. Security was previously granted over certain trade and other receivables with a carrying value of \$102.4m at 31 December 2021 as a requirement of the Group's committed revolving credit facility, which was terminated in February 2022.

18. Trade and Other Receivables *continued***Impairment of Trade and Other Receivables**

The Group applies lifetime expected credit losses ("ECLs") to trade receivables, accrued revenue and contract assets upon their initial recognition. Each entity within the Group uses provision matrices for recognising ECLs on its receivables, which are based on actual credit loss experience over the past two years, at a minimum. Receivables are appropriately grouped by geographical region, product type or type of customer, and separate calculations produced, if historical or forecast credit loss experience shows significantly different loss patterns for different customer segments. Actual credit loss experience is then adjusted to reflect differences in economic conditions over the period the historical data was collected, current economic conditions, forward-looking information based on macro-economic information and the Group's view of economic conditions over the expected lives of the receivables. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. It has, therefore, been concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

At 31 December 2022, the ageing of the Group's gross financial assets, based on days overdue, is as follows:

	Not overdue \$m	1 – 30 days \$m	31 – 60 days \$m	61 – 90 days \$m	91 – 120 days \$m	More than 120 days \$m	Total gross financial assets \$m
Trade receivables – contracts with customers	101.9	36.6	17.6	8.2	9.5	6.3	180.1
Trade receivables – rental receivables	0.5	0.6	0.3	0.5	0.1	0.1	2.1
Trade receivables – other	0.9	–	–	–	–	–	0.9
Total trade receivables	103.3	37.2	17.9	8.7	9.6	6.4	183.1
Contract assets	8.6	–	–	–	–	–	8.6
Accrued revenue – contracts with customers	2.0	–	–	–	–	–	2.0
Accrued revenue – rental receivables	0.2	–	–	–	–	–	0.2
Other receivables	3.8	–	–	–	–	–	3.8
	117.9	37.2	17.9	8.7	9.6	6.4	197.7

Since the year-end 31 December 2021, there has been a modest decrease in the ageing of trade receivables despite the increase in trade receivables by \$55.0m from \$128.1m to \$183.1m at 31 December 2022, with trade receivables not overdue at the year-end comprising 56% of gross trade receivables compared to 53% at 31 December 2021. Overdue debts arise due to a number of different factors, including the time taken in resolving any disputes, a culture of slow/late payment in some jurisdictions, and some debtors experiencing cash flow difficulties.

At 31 December 2021, the ageing of the Group's gross financial assets, based on days overdue, is as follows:

	Not overdue \$m	1 – 30 days \$m	31 – 60 days \$m	61 – 90 days \$m	91 – 120 days \$m	More than 120 days \$m	Total gross financial assets \$m
Trade receivables – contracts with customers	66.7	21.6	15.7	6.7	7.8	8.0	126.5
Trade receivables – rental receivables	0.5	0.4	0.3	0.1	–	–	1.3
Trade receivables – other	0.3	–	–	–	–	–	0.3
Total trade receivables	67.5	22.0	16.0	6.8	7.8	8.0	128.1
Contract assets	9.9	–	–	–	–	–	9.9
Accrued revenue – contracts with customers	3.7	–	–	–	–	–	3.7
Accrued revenue – rental receivables	0.1	–	–	–	–	–	0.1
Other receivables	1.3	0.1	–	–	–	0.1	1.5
	82.5	22.1	16.0	6.8	7.8	8.1	143.3

Concentrations of credit risk with respect to trade receivables are limited due to the Group's wide and unrelated customer base. The maximum exposure to credit risk is the carrying amount of each class of financial assets mentioned above. The carrying value of each class of receivables approximates their fair value as described in note 29(b)(iv).

Default on a financial asset is usually considered to have occurred when any contractual payments under the terms of the debt are more than 90 days overdue. Usually, no further deliveries are made or services provided to customers that are more than 90 days overdue unless there is a valid reason to do so, such as billing issues have prevented the customer from settling the invoice. Permission from the local financial controller can be obtained to continue trading with customers with debts that are more than 90 days overdue, and the outstanding debts may also be rescheduled with the permission of the financial controller.

18. Trade and Other Receivables continued**Impairment of Trade and Other Receivables** continued

Whilst a proportion, 9% (2021 – 12%), of the Group's trade receivables are more than 90 days overdue, the majority of these have not been impaired. Some of these debts have become overdue due to billing issues and others because the customer has just been slow to pay. Where there is no history of bad debts and there are no indicators that the debts will not be settled, these have not been impaired. These customers are monitored very closely for any indicators of impairment.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that receivables are generally not recoverable include the failure of the debtor to engage in a repayment plan, failure to make contractual payments for a period greater than 180 days past due and the debtor being placed in administration. Where receivables have been written off, the entity will continue to try and recover the outstanding receivable. Impairment losses on receivables are presented net of unused provisions released to the consolidated income statement within administrative expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

Credit risk arises on accrued revenue where goods or services have been provided to a customer but the amount is yet to be invoiced. The accrued revenue balance is short-term and relates to customers with a strong credit history. Therefore, the expected credit losses on this balance are immaterial and no provision for impairment has been recognised.

During the year, the movements on the provisions for impairment were as follows:

	2022		
	Contracts with customers \$m	Rental receivables \$m	Total \$m
At 1 January 2022	(4.3)	(0.3)	(4.6)
Charge to the consolidated income statement – lifetime expected credit losses	(0.2)	(0.1)	(0.3)
Unused provisions released to the consolidated income statement	0.9	–	0.9
Utilised against receivables written off	0.3	–	0.3
At 31 December 2022	(3.3)	(0.4)	(3.7)

The provision for the impairment of trade and other receivables has decreased by \$0.9m to \$3.7m at the year-end, as the risk of bad debts for the Group in the coming months decreases with the increase in activity in the oil and gas sector. Debtors are not experiencing the same cash flow difficulties they had during the global economic downturn, which was brought about by COVID-19. Financial assets that were written off during the year are no longer subject to enforcement activity.

	2021		
	Contracts with customers \$m	Rental receivables \$m	Total \$m
At 1 January 2021	(4.0)	(0.5)	(4.5)
Charge to the consolidated income statement – lifetime expected credit losses	(1.6)	(0.3)	(1.9)
Unused provisions released to the consolidated income statement	0.1	0.2	0.3
Utilised against receivables written off	1.2	0.3	1.5
At 31 December 2021	(4.3)	(0.3)	(4.6)

19. Deferred Tax

Deferred income tax assets and liabilities are only offset when there is a legally enforceable right to offset, when the deferred income taxes relate to the same fiscal authority and there is an intention to settle the balance net. The offset amounts are as follows:

	2022 \$m	2021 \$m
Deferred tax assets	13.7	10.3
Deferred tax liabilities	(6.4)	(6.8)
	7.3	3.5

The movement in the total deferred tax shown in the balance sheet is as follows:

	2022 \$m	2021 \$m
At 1 January	3.5	5.5
Exchange adjustments	–	0.1
Credit (charge) to the consolidated income statement	3.9	(1.3)
Change in tax rates	(0.2)	(0.8)
Total credit (charge) to the consolidated income statement	3.7	(2.1)
Taken direct to equity	0.1	–
At 31 December	7.3	3.5

The change in tax rates relates to an increase in the blended State rate applied to the recognised US deferred tax liability balance (2021 – UK deferred tax balances). The UK standard rate of corporation tax will increase from 19% to 25% from 1 April 2023. UK deferred tax balances have been calculated at 19% or 25% depending upon when the balance is expected to unwind.

Deferred tax assets of \$354.8m gross and \$87.1m tax (2021 – \$377.7m gross and \$92.1m tax) have not been recognised as the assessment of recoverability at 31 December 2022 is that it is uncertain and therefore does not meet the criteria for recognition under IAS 12. This includes \$216.9m gross and \$51.0m tax (2021 – \$262.9m gross, and \$61.5m tax) in respect of trading losses, the majority of which do not have an expiry date. A deferred tax asset of \$24.2m (2021 – \$16.1m) has been recognised in respect of tax losses in various locations where recognition assessment has provided support that sufficient future taxable profits will be available against which the tax losses could be utilised. See note 9 for further details on the recognition assessment performed at each balance sheet date.

The movements in deferred tax assets and liabilities, prior to taking into consideration the offsetting of balances within the same tax jurisdictions, are shown below:

	At 1 January 2022 \$m	Exchange adjustments \$m	(Charge) credit to income statement \$m	Change in tax rates \$m	Taken direct to equity \$m	At 31 December 2022 \$m	Net deferred tax assets \$m	Net deferred tax liabilities \$m
Tax losses	16.1	(0.4)	8.5	–	–	24.2	10.0	14.2
Inventory	1.4	(0.1)	(0.5)	–	–	0.8	0.8	–
Goodwill and intangibles	(14.1)	0.3	(5.7)	(0.2)	–	(19.7)	(0.3)	(19.4)
Accumulated tax depreciation	(1.6)	0.2	0.5	–	–	(0.9)	0.3	(1.2)
Share-based payments	0.4	–	0.4	–	0.2	1.0	1.0	–
Other	1.3	–	0.7	–	(0.1)	1.9	1.9	–
	3.5	–	3.9	(0.2)	0.1	7.3	13.7	(6.4)

	At 1 January 2021 \$m	Exchange adjustments \$m	(Charge) credit to income statement \$m	Change in tax rates \$m	Taken direct to equity \$m	At 31 December 2021 \$m	Net deferred tax assets \$m	Net deferred tax liabilities \$m
Tax losses	12.0	0.1	4.0	–	–	16.1	7.0	9.1
Inventory	1.0	–	0.4	–	–	1.4	1.4	–
Goodwill and intangibles	(7.8)	–	(5.7)	(0.6)	–	(14.1)	–	(14.1)
Accumulated tax depreciation	(2.0)	–	0.8	(0.4)	–	(1.6)	0.2	(1.8)
Share-based payments	0.4	–	(0.1)	0.1	–	0.4	0.4	–
Other	1.9	–	(0.7)	0.1	–	1.3	1.3	–
	5.5	0.1	(1.3)	(0.8)	–	3.5	10.3	(6.8)

20. Inventories

	2022 \$m	2021 \$m
Raw materials	118.7	87.7
Work in progress	82.7	51.4
Finished goods	120.7	124.8
Gross inventories	322.1	263.9
Less: provisions for impairment	(50.0)	(59.5)
Net inventories	272.1	204.4
	2022 \$m	2021 ¹ \$m
Gross inventories:		
At 1 January	263.9	325.6
Exchange adjustments	(3.7)	0.1
Inventory additions	584.5	369.8
Expensed to cost of sales in the consolidated income statement	(521.0)	(399.6)
Reclassification to property, plant and equipment (note 11)	(1.6)	(0.5)
Disposal of business	–	(31.5)
At 31 December	322.1	263.9
Provisions for impairment:		
At 1 January	(59.5)	(37.2)
Exchange adjustments	0.9	0.1
Charge to the consolidated income statement (cost of sales)	(6.4)	(34.4)
Provisions utilised against inventories written off	9.3	9.7
Provisions released to the consolidated income statement	5.7	2.3
At 31 December	(50.0)	(59.5)
Net inventories	272.1	204.4

i. The inventory provision movements for 2021 have been revised to align them with the current year presentation, and are discussed below.

The Group's inventory is highly durable and is well maintained and it can hold its value well with the passing of time. The nature of our market is that demand for products depends on the technical requirements of the projects being developed. For some markets and product lines there may be a limited number of sales, or even no sales, to form a benchmark in the current year. Management looks at relevant historical activity levels and has to form a judgement as to likely future demand in light of market forecasts and likely competitor activities. The complexity of this process was exacerbated during the COVID-19 downturn, which severely impacted economic activity in both 2021 and 2021, lowering oil and gas prices and demand, and therefore reducing inventory turn rates and increasing the ageing of inventories.

During 2021, the Group reported a \$22.3m increase in the inventory provision to \$59.5m, which represented 23% of gross cost balances. Charges of \$34.4m were recognised and \$9.7m of provisions were utilised in the period, and \$2.3m of provisions were released. A net charge of \$25.9m was recognised as a material item (note 5) and as an adjusting item (NGM A). The 2021 movement analysis has been adjusted to break out provisions released to the income statement into the release of unutilised provisions and utilisations in the year, which have been amalgamated with full write-offs. During 2022, conditions have improved and provisions have reduced by \$9.5m to \$50.0m at 31 December 2022, which represents 16% of gross cost balances. The reduction in provisions has largely been through the utilisation of provisions. New charges in the year broadly offset the reversal of unutilised provisions that occur when inventory that has been provided for is sold for more than its net realisable value.

In 2021, the Group was carrying pressure control equipment ("PCE") inventory in North America that was particularly impacted by the capital constraints applied during the COVID-19 pandemic downturn. Provisions in respect of this equipment of \$11.3m were carried at 31 December 2021. At 31 December 2022, the provision is \$10.9m, reflecting some utilisation against sales. This inventory is still considered sensitive to changes in future expectations and a 20% reduction in expected turn rates would increase the provisions by \$1.0m. Management has considered the judgements and estimates made in each of the Group's businesses and, other than PCE, has not identified any individual estimates, which in the event of a change, would lead to a material change in the next financial period. Provisions for inventories held at NRV are subject to change if expectations change.

Inventories of \$194.5m are expected to be realised within 12 months of the balance sheet date (2021 – \$128.8m) and \$37.2m after 12 months (2021 – \$75.6m).

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over inventories in certain US and Canadian subsidiaries, which had a carrying value of \$142.9m. Security was previously granted over inventories with a gross value of \$184.3m at 31 December 2021 as a requirement of the Group's committed revolving credit facility, which was terminated in February 2022.

21. Cash and Cash Equivalents

	2022 \$m	2021 \$m
Cash at bank and in hand	29.4	96.8
Fixed Term Funds	–	6.8
Short-term deposits with less than 3 months to maturity	–	4.8
Cash and cash equivalents	29.4	108.4

Cash at bank and in hand and short-term deposits are carried at amortised cost. Fixed Term Funds are financial assets carried at fair value through profit or loss. The maximum exposure to credit risk is the carrying amount of each class of financial assets mentioned. Please see note 30(c)(i) for further disclosures on credit risk.

As shown in note 26, cash and cash equivalents for cash flow statement purposes also includes bank overdrafts shown in borrowings in note 25.

22. Trade and Other Payables

	2022 \$m	2021 \$m
Non-current:		
US deferred compensation plan obligation (note 32(b)(i))	1.9	1.9
Other payables	0.8	0.6
Social security and other taxes	0.5	0.2
	3.2	2.7
	2022 \$m	2021 \$m
Current:		
Trade payables	66.8	40.5
Accruals	56.9	28.7
Social security and other taxes	7.8	5.9
Contract liabilities (note 23)	8.8	6.1
Other payables ⁱ	1.5	1.8
	141.8	83.0

i. Other payables include derivative financial liabilities of \$0.1m (2021 – \$0.2m).

23. Contract Assets and Liabilities

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2022 \$m	2021 \$m	2020 \$m
Contract assets (note 18)	8.6	9.9	9.8
Contract liabilities (note 22)	(8.8)	(6.1)	(2.4)
Trade receivables – contracts with customers (note 18)	180.1	126.5	109.1
Loss allowance (note 18)	(3.3)	(4.3)	(4.0)
Net trade receivables – contracts with customers	176.8	122.2	105.1

(a) Significant Changes in Contract Assets and Contract Liabilities

Contract assets decreased from \$9.9m at 31 December 2021 to \$8.6m at 31 December 2022 due to decreased levels of bespoke customer work-in-progress in the Subsea Spring business, which were offset by an increase in bespoke customer work-in-progress in Dearborn.

Contract liabilities represent deposits received on contracts relating to the purchase of pipe in the Asia Pacific businesses, prior to Hunting placing an order with the steel mills, and increased from \$6.1m at 31 December 2021 to \$8.8m at 31 December 2022, reflecting the improvement in orders for the region.

23. Contract Assets and Liabilities continued**(b) Revenue Recognised in Relation to Contract Liabilities**

The following table shows how much of the revenue recognised in the relevant reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	2022 \$m	2021 \$m
Revenue recognised that was included in the contract liability balance at the beginning of the year	29.7	2.2
Revenue recognised from performance obligations satisfied (or partially satisfied) in previous years	–	–
Total	29.7	2.2

(c) Unsatisfied Performance Obligations

The aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations as at the year-end, on confirmed purchase orders received prior to the year-end, is expected to be recognised as revenue in the following periods:

	2022 Revenue \$m	2021 Revenue \$m
Hunting Titan	29.8	13.7
North America	312.5	156.3
EMEA	28.3	21.8
Asia Pacific	102.4	19.7
	473.0	211.5
Revenue within 1 year	402.3	180.6
Revenue after 1 year	70.7	30.9
	473.0	211.5

The amounts disclosed above do not include variable consideration, which is subject to significant risk of reversal.

It is expected that 85% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2022 will be recognised as revenue in the 2023 financial year (2021 – 85% in 2022) and the remaining 15% in future years (2021 – 15% after 2022).

24. Leases

The Group leases various offices, warehouses, equipment and vehicles. Rental contracts for offices and warehouses are typically made for fixed periods of between three and ten years, but may have extension options as described below. Rental contracts for equipment and vehicles are typically made for fixed periods of between three and seven years. The Group also has short-term leases and leases of low-value assets. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants. As at 31 December 2022, the Group did not have any commitments for leases that were due to commence in 2023 or later. There were no commitments for leases at the end of 2021.

Extension and break options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. For extension and break options that are exercisable only by the Group and not by the respective lessor, management considers all facts and circumstances that create an economic incentive for the Group to exercise an extension option, or not exercise a break option, in determining the lease term. The lease term is determined according to management's expectation of exercising any available extension and break options. Extension or termination options are only adjusted in the lease term if the lease option is reasonably certain to be exercised.

(a) Amounts Recognised in the Consolidated Balance Sheet

The analysis of right-of-use assets is presented in note 12.

	2022 \$m	2021 \$m
Lease liabilities		
Current	9.1	8.9
Non-current	21.5	22.9
	30.6	31.8

During the first half of 2022, the Group's Asia Pacific operating segment completed the consolidation of its facilities to a single site in the Tuas port region of Singapore. As a result of this relocation, the Group exited a number of leases, with the lease for Tuas signed in October 2021 for an initial term of three years. During the year, the Group's UK headquarters moved to different premises, with the lease at Hanover Square reassigned and a new ten-year lease for the Panton Street premises signed.

During the second half of the year, Wuxi, China extended a lease on one of its facilities, thereby increasing lease liabilities.

24. Leases continued**(b) Amounts Recognised in the Consolidated Income Statement**

The consolidated income statement includes the following amounts relating to leases:

	2022 \$m	2021 \$m
Depreciation of right-of-use assets (note 12)	(6.4)	(6.7)
Net gain on surrender of leases (note 4)	3.1	1.0
Expense relating to short-term leases and leases of low-value assets (included in cost of sales and administrative expenses)	(1.8)	(1.6)
Lease charges included in profit (loss) from operations	(5.1)	(7.3)
Interest on lease liabilities (included in finance costs) (note 8)	(1.2)	(1.5)
Foreign exchange gains on lease liabilities (note 8)	0.1	–
Lease charges included in loss before tax	(6.2)	(8.8)

Following the relocation of the Group's Asia Pacific businesses' facilities to a new, single site in the Tuas port region of Singapore, relevant lease liabilities were disposed and the related right-of-use assets were derecognised, recording a net gain of \$2.4m on the lease at Benoi Road.

The gain on Benoi Road together with other lease curtailments in the period resulted in a net gain of \$3.1m during the year, which was recognised in net operating income and other expenses in note 4.

(c) Amounts Recognised in the Statement of Cash Flows

	2022 \$m	2021 \$m
Payments for short-term and low-value leases (included as part of net cash inflow from operating activities)	(1.8)	(1.6)
Payments for capitalised leases	(8.0)	(9.3)
Lease surrender receipt (payment) – consolidated statement of cash flows	2.2	(1.3)
	(7.6)	(12.2)

Payments for short-term leases, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities. Payments for the principal and interest elements of recognised lease liabilities and the lease surrender payment are presented within cash flows from financing activities.

The Group received a net receipt of \$2.4m to exit the lease at Benoi Road and made lease curtailment payments of \$0.2m in the year, resulting in a net receipt of \$2.2m in the consolidated statement of cash flows.

On 19 April 2021, the lease and the sub-lease on a property held by a UK head office company were surrendered. A final payment of \$1.3m was made to settle the lease.

The analysis of the contractual, undiscounted cash flows relating to lease liabilities is shown in note 30(d)(iii).

(d) The Group as Lessor

A number of the Group's properties included within property, plant and equipment and capitalised as right-of-use assets are let under operating lease agreements. Income from subleasing these assets during the year was \$2.1m (2021 – \$1.3m) and is included in operating income note 4. The Group also earns revenue from the rental of tools, which are items of property, plant and equipment, as disclosed in note 11. Rental revenue earned during the year was \$8.1m (2021 – \$6.1m) as shown in note 3.

The table below shows the maturity analysis of the undiscounted future lease payments expected to be received in relation to non-cancellable operating leases:

	Property 2022 \$m	Property 2021 \$m
Year one	1.9	0.7
Year two	1.0	0.7
Year three	0.9	0.5
Year four	0.7	0.3
Year five	0.7	–
Year six	0.7	–
Total lease income receivable	5.9	2.2

25. Borrowings

	2022 \$m	2021 \$m
Non-current:		
Shareholder loan from non-controlling interest	3.9	3.9
Current:		
Bank borrowings unsecured (note 30(d)(i))	2.8	–
Bank overdrafts secured	2.1	1.0
	4.9	1.0
Total borrowings	8.8	4.9

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over certain freehold property, receivables and inventories. The carrying amounts of the assets pledged as security are disclosed in notes 11, 18 and 20. Security was previously granted over certain property, plant and equipment, receivables and inventories as a requirement of the Group's committed revolving credit facility.

The shareholder loan from a non-controlling interest, bank borrowings and the bank overdrafts are financial liabilities measured at amortised cost. The shareholder loan and bank overdrafts are denominated in US dollars and the bank borrowings are denominated in Renminbi. The shareholder loan is interest-free and not repayable on demand.

26. Changes in Net Cash (Debt)

Hunting operates a centralised treasury function that manages all cash and loan positions throughout the Group and ensures funds are used efficiently through the use of cash concentration account structures and other such measures. Net cash (debt) (NGM K) is a non-GAAP measure; however, management and the Group treasury function monitor total cash and bank (NGM J) to ensure there is sufficient liquidity to meet business requirements. As the Group manages funding on a total cash and bank basis, internal reporting focuses on changes in total cash and bank and this is presented in the Strategic Report. The net cash (debt) reconciliation below provides an analysis of the movement in the year for each component of net cash (debt) split between cash and non-cash items. Net cash (debt) comprises total cash and bank less total lease liabilities and the shareholder loan from a non-controlling interest.

	At 1 January 2022 \$m	Cash flow \$m	Non-cash movements on lease liabilities' \$m	Exchange movements \$m	At 31 December 2022 \$m
Cash and cash equivalents (note 21)	108.4	(74.5)	–	(4.5)	29.4
Bank overdrafts secured (note 25)	(1.0)	(1.1)	–	–	(2.1)
Cash and cash equivalents – per cash flow statement	107.4	(75.6)	–	(4.5)	27.3
Cash deposits with more than 3 months to maturity (note 17)	6.8	(6.7)	–	(0.1)	–
Total lease liabilities (note 24)	(31.8)	8.0	(8.4)	1.6	(30.6)
Shareholder loan from non-controlling interest (note 25)	(3.9)	–	–	–	(3.9)
Bank borrowings (note 25)	–	(2.9)	–	0.1	(2.8)
Liabilities arising from financing activities	(35.7)	5.1	(8.4)	1.7	(37.3)
Total net cash (debt)	78.5	(77.2)	(8.4)	(2.9)	(10.0)

i. Non-cash movements on lease liabilities comprise new leases of \$4.6m, lease modifications of \$2.6m and interest expense of \$1.2m.

During the year, \$1.0m of loan facility fees were amortised and \$3.0m were paid in respect of the Asset Based Lending ("ABL") facility. The fees for the ABL facility were capitalised in prepayments and are amortised over the expected useful life of the facility.

	At 1 January 2021 \$m	Cash flow \$m	Non-cash movements on lease liabilities' \$m	Exchange movements \$m	At 31 December 2021 \$m
Cash and cash equivalents (note 21)	102.9	6.2	–	(0.7)	108.4
Bank overdrafts secured (note 25)	(1.2)	0.2	–	–	(1.0)
Cash and cash equivalents – per cash flow statement	101.7	6.4	–	(0.7)	107.4
Cash deposits with more than 3 months to maturity (note 17)	–	6.9	–	(0.1)	6.8
Total lease liabilities (note 24)	(40.3)	10.6	(2.3)	0.2	(31.8)
Shareholder loan from non-controlling interest (note 25)	(3.9)	–	–	–	(3.9)
Liabilities arising from financing activities	(44.2)	10.6	(2.3)	0.2	(35.7)
Total net cash (debt)	57.5	23.9	(2.3)	(0.6)	78.5

i. Non-cash movements on lease liabilities comprise new leases of \$1.8m, interest expense of \$1.5m and lease modifications of \$1.0m, offset by disposals of \$2.0m.

During 2021, \$0.3m of loan facility fees were amortised and \$0.3m were paid in respect of the ABL facility.

27. Provisions and Contingent Liabilities

(a) Provisions

	Asset decommissioning and remediation \$m	Other \$m	Total \$m
At 1 January 2022	4.3	3.8	8.1
Exchange adjustments	(0.1)	(0.1)	(0.2)
Charged to the consolidated income statement	–	2.2	2.2
Charged to right-of-use assets	0.5	–	0.5
Provisions utilised	(0.6)	(0.7)	(1.3)
Unwinding of discount	0.1	–	0.1
Unutilised amounts reversed	(0.1)	–	(0.1)
Remeasurement	(0.4)	–	(0.4)
At 31 December 2022	3.7	5.2	8.9

Provisions are due as follows:

	2022 \$m	2021 \$m
Current	4.6	3.1
Non-current	4.3	5.0
	8.9	8.1

Asset decommissioning and remediation obligations of \$3.7m (2021 – \$4.3m) relate to the Group's obligation to restore leased properties and the Group's obligation to dismantle, remove and restore items of property, plant and equipment for the Group's legacy exploration and production ("E&P") activities. The restoration provisions of \$1.5m are expected to be utilised at the end of the respective leases, with \$0.1m within one year, \$0.9m within two years and \$0.5m in ten years. The provision of \$2.2m in relation to the Group's E&P activities is expected to be used over the next twelve years, with approximately \$0.2m within one year, \$1.3m in year two and \$0.7m in years seven to twelve. The timing and amounts of these payments are best estimates based on operators' and reserve engineers' experience. Provision is made on a discounted basis; however, the impact of discounting is not material.

Other provisions include provisions for onerous contracts of \$0.7m (2021 – \$0.4m), restructuring provisions of \$0.2m (2021 – \$0.3m), provision for a pension fund for officers and ratings in the mercantile marine industry from a legacy subsidiary of \$0.9m (2021 – \$1.0m), warranties and tax indemnities of \$1.1m (2021 – \$1.6m), litigation costs of \$1.8m (2021 – \$nil) and \$0.5m (2021 – \$0.5m) for various other items.

(b) Contingent Liabilities

The Group recognises provisions for liabilities when it is more likely than not a settlement will be required and the value of the economic outflow can be estimated reliably. Liabilities that are not provided for in the financial position of the Group are disclosed, unless the probability of an economic outflow is considered to be remote. In the 2021 Annual Report and Accounts, a claim against the Group from a competitor relating to a patent infringement was disclosed. The Group continues to deny any such infringement and will defend this claim robustly. The legal case was settled in Hunting's favour in early January 2023. However, the competitor still has the right to make an appeal. Based on the legal process conducted to date, and an update from the legal advisers, Hunting does not believe that an outflow is probable. Although management continues to believe it is unlikely the case will be lost, the maximum potential exposure, based on legal advice, is estimated at \$3.0m.

28. Derivatives and Hedging

(a) Currency Derivatives

The Group uses derivatives for economic hedging purposes and no speculative positions are entered into by the Group. However, where derivatives do not meet the hedge accounting criteria, they are classified as "held for trading" for accounting purposes and are accounted for at fair value through profit or loss. The Group has used spot and forward foreign exchange contracts to hedge its exposure to exchange rate movements during the year. Foreign exchange outright contracts are used to manage exposures, with funding swaps being used to produce required currencies when needed.

Fair values of outstanding derivative financial instruments:

	2022		2021	
	Total assets \$m	Total liabilities \$m	Total assets \$m	Total liabilities \$m
Forward foreign exchange contracts – cash flow hedges	0.4	–	–	–
Forward foreign exchange contracts – fair value hedges	0.1	–	–	–
Foreign exchange swaps – not in a hedge	0.1	(0.1)	0.1	(0.2)
Net book amount	0.6	(0.1)	0.1	(0.2)

Net fair value gains on contracts that are not designated in a hedge relationship of \$0.6m (2021 – \$0.5m) were recognised in the consolidated income statement during the year, with \$nil (2021 – \$0.1m loss) in net operating income and other expense (note 4) and a net \$0.6m gain (2021 – \$0.6m gain) in net finance expense (note 8).

28. Derivatives and Hedging continued**(b) Fair Value Hedge**

Forward foreign exchange contracts have also been designated in a fair value hedge to hedge the foreign exchange movement in foreign currency trade receivables and payables during the year. The value of the forward foreign exchange contract matches the value of the trade receivables and payables and they move in opposite directions as a result of movements in the GBP/USD or EUR/USD exchange rates, being the hedged risk. Fair value gains of \$0.1m (2021 – \$0.1m losses) were recognised in the consolidated income statement in net operating income and other expense (note 4) during the year. At the year-end, the fair value of derivative assets designated in a fair value hedge was \$0.1m (2021 – immaterial).

(c) Cash Flow Hedge

The Group entered into contracts to purchase materials from suppliers in a currency other than the Group subsidiary's functional currency. Certain of these highly probable forecast transactions have been designated in a cash flow hedge relationship and hedged using forward foreign exchange contracts during the year. The value of the forward foreign exchange contract matches the value of the forecast inventory purchase and they move in opposite directions as a result of movements in the CAD/USD, EUR/USD, EUR/NOK, EUR/GBP, GBP/USD and the CNY/USD exchange rates, being the hedged risk. This will effectively result in recognising inventory at the fixed foreign currency rate for the hedged purchases. It is anticipated that the materials will be sold within 12 months after purchase, at which time the amount previously deferred in equity and included as part of the cost of inventory, will impact profit or loss as part of the cost of inventories sold.

The Group also entered into forward foreign exchange contracts to hedge certain receipts from customers and these highly probable forecast transactions have been designated in a cash flow hedge relationship. The value of the forward foreign exchange contract matches the value of the forecast cash flow and they move in opposite directions as a result of movements in the GBP/USD, GBP/NOK and GBP/EUR exchange rates, being the hedged risk. It is anticipated that the trade receivables will be collected within 12 months after the invoice is issued, at which time the amount previously deferred in equity, will be taken to profit or loss.

During the year, the Group entered into contracts to purchase a machine and an intangible asset from suppliers in a currency other than the Group subsidiary's functional currency. These highly probable forecast transactions have been designated in a cash flow hedge relationship and hedged using forward foreign exchange contracts. The value of the forward foreign exchange contract matches the value of the forecast asset purchases and they move in opposite directions as a result of movements in the GBP/USD and EUR/USD, being the hedged risk. This will effectively result in recognising the assets at the fixed foreign currency rate for the hedged purchases. As the fair value gains or losses will form part of the base cost of the assets, these will impact profit or loss as part of the depreciation or amortisation charge of the assets.

The Group's cash flow hedge reserve, which is disclosed as part of other components of equity in note 34, relates to the spot component of forward foreign exchange contracts. The balance on the cash flow hedge reserve at the beginning of the year is immaterial and at the year-end is a post-tax gain of \$0.3m. The movements during the year are shown in note 34.

The effects of outstanding forward foreign exchange contracts on the Group's financial position and performance are as follows:

		2022	2021
Carrying amount of the forward foreign exchange contracts – other receivables (note 18)	\$m	0.4	<0.1
Notional amount of the forward foreign exchange contracts	\$m	18.5	2.4
Maturity date		3 January 2023 to 21 August 2023	18 January 2022 to 3 January 2023
Hedge ratio ⁱ		1:1	1:1
Change in value of hedged item used to determine hedge effectiveness	\$m	(0.4)	<(0.1)

i. The forward foreign exchange contracts are denominated in the same currency as the highly probable forecast transactions to match the exposed currency risk, therefore the hedge ratio is 1:1.

Immaterial changes in the forward points, the differential between the forward rate and the market spot rate, have been recognised in the consolidated income statement during the year and previous year.

(d) Hedge Effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship and through periodic prospective effectiveness assessments to ensure that an economic hedge relationship exists between the hedged item and the hedging instrument.

For hedges of foreign currency purchases, the Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item. The Group, therefore, performs a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the forward foreign exchange contract, then the Group uses the hypothetical derivative method to assess effectiveness. Ineffectiveness may arise if there is a change in the timing of the forecast transaction from what was originally estimated or from a change in the US dollar amount charged and invoiced. A possible source of ineffectiveness is also a change in credit risk of either party to the derivative. However, any change in credit risk is not expected to be material.

29. Financial Instruments

This note provides information about the Group's financial instruments, including an overview of all financial instruments held by the Group; specific information about each type of financial instrument; and information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group's exposure to various risks associated with the financial instruments is discussed in note 30. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets. Contract assets are not financial assets; however, they are explicitly included in the scope of IFRS 7 for the purpose of the credit risk disclosures in note 30.

29. Financial Instruments continued**(a) Financial Instruments at Amortised Cost**

The carrying values of the Group's financial instruments at amortised cost are as follows:

	2022 \$m	2021 \$m
Financial assets at amortised cost:		
Trade and other receivables (note 18):		
Trade receivables	183.1	128.1
Accrued revenue	2.2	3.8
Other receivables – non-current	0.1	0.3
Other receivables – current ⁱ	3.1	1.1
Less: provisions for impairment	(3.7)	(4.6)
Cash and cash equivalents (note 21):		
Cash at bank and in hand	29.4	96.8
Cash deposits with less than 3 months to maturity	–	4.8
Investments (note 17):		
Cash deposits with more than 3 months to maturity	–	6.8
	214.2	237.1
Financial liabilities at amortised cost:		
Trade and other payables ⁱⁱ (note 22):		
Trade payables	(66.8)	(40.5)
Accruals – current ⁱⁱⁱ	(29.4)	(21.5)
Other payables – current ^{iv}	(1.0)	(1.2)
Borrowings (note 25):		
Shareholder loan from non-controlling interest	(3.9)	(3.9)
Bank borrowings unsecured	(2.8)	–
Bank overdrafts secured	(2.1)	(1.0)
	(106.0)	(68.1)

i. Excludes non-financial assets of \$0.6m (2021 – \$1.1m) and those financial assets measured at fair value of \$0.6m (2021 – \$0.1m).

ii. Excludes non-current payables of \$0.8m (2021 – \$0.6m) as these are non-financial liabilities.

iii. Excludes accruals of \$27.5m (2021 – \$7.2m) for accruals recognised under IAS 19 and IFRS 2 that are outside the scope of IFRS 7. 2021 accruals were restated to exclude these items.

iv. Excludes non-financial liabilities of \$0.4m (2021 – \$0.4m) and financial liabilities measured at fair value of \$0.1m (2021 – \$0.2m).

Amounts recognised in profit or loss in relation to financial instruments carried at amortised cost were:

	2022 \$m	2021 \$m
Net foreign exchange gains (losses) included in operating income and other operating expenses (note 4)	(0.3)	0.1
Net foreign exchange gains (losses) included in net finance expense (note 8)	0.2	(0.5)
Interest on bank balances and deposits (note 8)	0.4	0.3
Bank fees and commissions (note 8)	(2.1)	(1.3)
Other finance income (note 8)	0.1	–

(b) Financial Instruments Measured at Fair Value**(i) Valuation Techniques used to Determine Fair Values**

There have been no changes to the valuation techniques used during the year since the previous year-end.

Fixed Term Funds (“FTFs”) and money market funds (“MMFs”) are debt instruments measured at fair value through profit or loss, with the fair value based on their current bid prices in an active market, which is considered to be the most representative of fair value, at the balance sheet date.

The fair value gains on these instruments were immaterial in the year and were recognised in finance income.

The listed equity investments and mutual funds are equity instruments measured at fair value through profit or loss, with the fair value based on their current bid prices in an active market, which is considered to be the most representative of fair value, at the balance sheet date. The fair value gain or loss for the year was \$nil on these instruments. The fair value gain in 2021 of \$0.2m was recognised in finance income (note 8) during the year.

The fair value of the convertible financing provided to Well Data Labs in February 2021 was determined by considering the probability weighted average of the different scenarios' discounted cash flows using a discount rate of 12% (2021 – 8%). The most significant unobservable inputs to the fair value calculation are the probability of a conversion to equity and change of control assumptions. The fair value at 31 December 2022 was \$2.9m (2021 – \$2.7m) (note 17), with fair value gains of \$0.2m (2021 – \$0.2m) recognised in finance income during the year (note 8). At 31 December 2022, management considers there to be no reasonable changes in unobservable inputs that would result in a significant change in fair value.

The following instruments do not qualify for measurement at either amortised cost or at fair value through other comprehensive income (“FVTOCI”). Therefore they are financial instruments that have mandatorily been measured at fair value through profit or loss (“FVTPL”):

- The fair value of forward foreign exchange contracts is determined by comparing the cash flows generated by the contract with the coterminous cash flows potentially available in the forward foreign exchange market on the balance sheet date. Details of the fair value gains and losses recognised during the year on derivative contracts are given in note 28.
- The fair value of foreign currency swaps is determined by calculating the present value of the estimated future cash flows in each currency for both legs of the swap based on observable yield curves. One leg's present value is converted into the other currency using the current spot exchange rate.

29. Financial Instruments continued

(b) Financial Instruments Measured at Fair Value continued

(ii) Fair Value Hierarchy

The following tables present the Group's net financial assets and liabilities that are measured and recognised at fair value at the year-end and show the level in the fair value hierarchy in which the fair value measurements are categorised. There were no transfers between Level 1 and Level 2 during the year.

	Fair value at 31 December 2022 \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m
Equity instruments at fair value through profit or loss				
Listed equity investments and mutual funds	1.9	1.9	–	–
Debt instruments at fair value through profit or loss				
Well Data Labs convertible financing	2.9	–	–	2.9
Current derivatives in a hedge				
Derivative financial assets	0.5	–	0.5	–
Current derivatives held for trading				
Derivative financial assets	0.1	–	0.1	–
Derivative financial liabilities	(0.1)	–	(0.1)	–
	5.3	1.9	0.5	2.9

	Fair value at 31 December 2021 \$m	Level 1 \$m	Level 2 \$m	Level 3 \$m
Equity instruments at fair value through profit or loss				
Listed equity investments and mutual funds	1.9	1.9	–	–
Debt instruments at fair value through profit or loss				
Well Data Labs convertible financing	2.7	–	–	2.7
Fixed Term Funds	6.8	6.8	–	–
Current derivatives held for trading				
Derivative financial assets	0.1	–	0.1	–
Derivative financial liabilities	(0.2)	–	(0.2)	–
	11.3	8.7	(0.1)	2.7

The fair value hierarchy has the following levels:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3 – unobservable inputs used in the valuation.

- The fair values of non-US dollar denominated financial instruments are translated into US dollars using the year-end exchange rate.
- The inputs used to determine the fair value of derivative financial instruments are inputs other than quoted prices that are observable and so the fair value measurement is categorised in Level 2 of the fair value hierarchy.
- The fair value of FTFs and listed equities and mutual funds are based on quoted market prices, and therefore the fair value measurements are categorised in Level 1 of the fair value hierarchy.
- Due to unobservable inputs used in the valuation, the fair value of the Well Data Labs financial asset is a Level 3 measurement as per the fair value hierarchy.

(iii) Amounts Recognised in Profit or Loss

During the year, the following gains and losses were recognised in relation to financial instruments measured at fair value through profit or loss:

	2022 \$m	2021 \$m
Fair value gains on the listed equities and mutual funds (other finance income – note 8)	0.1	0.2
Fair value gain on Well Data Labs convertible financing (other finance income – note 8)	0.2	0.2
Fair value gains on money market funds (other finance income – note 8)	0.1	–
Fair value gains (losses) on financial instruments mandatorily measured at fair value through profit or loss:		
Net fair value gains (losses) on derivative financial instruments (note 4)	–	(0.2)
Net fair value gains on derivative financial instruments (net finance expense – note 8)	0.6	0.6
Fair value gain on disposal of held-for-sale asset – operating income (note 4)	–	0.4

The fair value gains on the listed investments and mutual funds and the Well Data Labs convertible financing are unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period.

(iv) Fair Values of Other Financial Instruments Carried at Amortised Cost

Due to their short-term nature, the carrying value of cash deposits with more than three months to maturity, contract assets, trade receivables, accrued revenue, other receivables considered to be financial assets, cash and cash equivalents, trade payables, accruals and other payables considered to be financial liabilities, bank overdrafts and bank borrowings approximates their fair value.

30. Financial Risk Management

The Group's activities expose it to certain financial risks, namely market risk (including currency, fair value interest rate and cash flow interest rate risks), as well as credit risk and liquidity risk. The Group's risk management strategy seeks to mitigate potential adverse effects on its financial performance. As part of its strategy, both primary and derivative financial instruments are used to hedge certain risk exposures.

There are clearly defined objectives and principles for managing financial risks established by the Board of Directors, with policies, parameters and procedures covering the specific areas of funding, banking relationships, foreign currency and interest rate exposures and cash management, together with the investment of surplus cash. The Group's treasury function is responsible for implementing the policies and providing a centralised service to the Group for funding, foreign exchange and interest rate management and counterparty risk management. It is also responsible for identifying, evaluating and hedging financial risks in close cooperation with the Group's operating companies.

(a) Market Risk: Foreign Exchange Risk

The Group's international base is exposed to foreign exchange risk from its investing, financing and operating activities, particularly in respect of Sterling, Canadian dollars, Chinese Renminbi and Saudi Arabia Riyal. Foreign exchange risks arise from future commercial transactions and cash flows, and from recognised monetary assets and liabilities that are not denominated in the functional currency of the Group's local operations.

Foreign exchange rates that the Group has the largest exposures to are:

	Sterling		Chinese Renminbi		Saudi Arabia Riyal		Canadian dollars	
	2022	2021	2022	2021	2022	2021	2022	2021
Average exchange rate to US dollars	0.81	0.73	6.73	6.45	3.75	3.75	1.30	1.25
Year-end exchange rate to US dollars	0.83	0.74	6.92	6.37	3.75	3.75	1.35	1.26

The aggregate net foreign exchange losses recognised in profit or loss during the year were \$nil (2021 – \$0.4m loss).

(i) Transactional Risk

The exposure to exchange rate movements in significant future commercial transactions and cash flows is hedged by using forward foreign exchange contracts. Certain forward foreign exchange contracts have been designated as hedging instruments of highly probable forecast transactions. Treasury engages with business units to help identify transactional exposures. External hedging activity is then performed by Treasury on behalf of the business units to ensure that transactional risk is managed appropriately and in accordance with Treasury policy. Exposures are also identified and hedged, if necessary, on an ad-hoc basis, such as when a purchase order in a foreign currency is placed. Currency exposures arise where the cash flows are not in the functional currency of the entity. Exposures arising from committed long-term projects beyond a 12-month period are also identified.

The table below shows the carrying values of the Group's financial instruments at 31 December, including derivative financial instruments, on which exchange differences would potentially be recognised in the consolidated income statement in the following year.

	Currency of denomination							Total \$m
	Sterling \$m	US dollars \$m	UAE dirham \$m	Singapore dollars \$m	Saudi Arabia Riyal \$m	Chinese Renminbi \$m	Other currencies \$m	
At 31 December 2022								
Functional currency of Group's entities:								
Sterling	–	(2.2)	–	–	–	–	(0.1)	(2.3)
US dollars	(2.8)	–	(1.2)	(1.3)	1.4	2.4	(0.1)	(1.6)
Canadian dollars	–	(1.5)	–	–	–	–	–	(1.5)
Euro	(0.1)	0.6	–	–	–	–	–	0.5
Chinese CNY	–	(0.1)	–	–	–	–	–	(0.1)
	(2.9)	(3.2)	(1.2)	(1.3)	1.4	2.4	(0.2)	(5.0)

	Currency of denomination							Total \$m
	Sterling \$m	US dollars \$m	UAE dirham \$m	Singapore dollars \$m	Saudi Arabia Riyal \$m	Chinese Renminbi \$m	Other currencies \$m	
At 31 December 2021								
Functional currency of Group's entities:								
Sterling	–	0.9	–	–	–	–	0.1	1.0
US dollars	(0.5)	–	(1.5)	(2.0)	(0.4)	0.1	(0.5)	(4.8)
Canadian dollars	–	(1.6)	–	–	–	–	–	(1.6)
Euro	(0.5)	0.9	–	–	–	–	–	0.4
Chinese CNY	–	0.1	–	–	–	–	–	0.1
	(1.0)	0.3	(1.5)	(2.0)	(0.4)	0.1	(0.4)	(4.9)

Financial instruments comprise cash balances, trade and other receivables, accrued revenue, trade and other payables, accrued expenses, finance lease liabilities, provisions and intra-Group balances. Derivatives designated in a cash flow hedge are excluded as fair value gains and losses arising on these are recognised in other comprehensive income.

30. Financial Risk Management continued**(a) Market Risk: Foreign Exchange Risk** continued**(ii) Translational Risk**

Foreign exchange risk also arises from financial assets and liabilities not denominated in the functional currency of an entity's operations and forward foreign exchange contracts are used to manage the exposure to changes in foreign exchange rates. Where appropriate, hedge accounting is applied to the forward foreign exchange contracts and the hedged item to remove any accounting mismatch.

Foreign exchange risk also arises from the Group's investments in foreign operations. This has previously been hedged using foreign exchange swaps that have been designated in a net investment hedge to hedge the foreign currency translation risk. The foreign exchange exposure arising from the translation of its net investments in foreign operations into the Group's presentation currency of US dollars has also previously been managed by designating any borrowings that are not US dollar denominated as a hedge of the net investment in foreign operations. The foreign exchange exposure primarily arises from Sterling and Canadian dollar denominated net investments. The accumulated foreign exchange net post-tax gains included in the currency translation reserve in respect of net investment hedges at the beginning and end of the year is \$25.0m.

(b) Market Risk: Interest Rate Risk

Variable interest rates on cash at bank, short-term deposits, overdrafts and borrowings expose the Group to cash flow interest rate risk and fixed interest rates on loans and short-term deposits expose the Group to fair value interest rate risk. The Group's treasury function manages the Group's exposure to interest rate risk and uses interest rate swaps and caps, when considered appropriate.

(c) Credit Risk

The Group's credit risk arises from its cash at bank and in hand, investments, derivative financial instruments, accrued revenue, outstanding trade receivables, other receivables and contract assets.

At the year-end, the Group had credit risk exposure to a wide range of counterparties. Credit risk exposure is continually monitored and no individual exposure is considered to be significant in the context of the ordinary course of the Group's activities whether through exposure to individual customers, specific industry sectors and/or regions.

(i) Credit Risk: Total Cash and Bank

Hunting PLC's Board approves the treasury policies that determine which counterparties can be used. Due diligence is carried out prior to the authorisation of a bank or financial institution as an approved counterparty. For banks and financial institutions, exposure limits are set for each approved counterparty, as well as the types of transactions that may be entered into. Approved institutions that the Group's treasury function can invest surplus cash with must all have a minimum A2, P2 or F2 short-term rating from Standard & Poor's, Moody's or Fitch rating agencies respectively and AAA-mf Fitch rating for money market funds. Money market funds aim to have a stable net asset value per share of 1 (this means that for every \$1 or £1 that is in the fund there will be an asset to cover it) and the funds have overnight liquidity.

At the year-end, cash at bank and in hand totalled \$29.4m (2021 – \$96.8m), with \$19.7m (2021 – \$80.8m) deposited with banks with Fitch short-term ratings of F1 to F1+. Of the remaining \$9.7m (2021 – \$16.0m), \$6.2m (2021 – \$14.9m) was held with two financial institutions within mainland China which, given the Group's operations in this jurisdiction, were deemed necessary. Despite not having formal credit ratings, an internal assessment determined that the banks' credit profiles were appropriate for the amounts held on deposit. There are no formal restrictions on this cash as such; however, prior approval would be required from various state authorities in China before any cash could be paid offshore. This cash balance could be used by the Group to service intercompany loans, which total \$5.2m at the year-end. In order for the Group to access the balance of \$1.0m, a dividend would need to be declared.

During the year, the treasury function invested surplus cash in line with its cash management and investment policies in short-term deposits, Fixed Term Funds ("FTFs") and money market funds ("MMFs"). The use of these deposits and funds enables the treasury function to diversify its counterparty concentration risk by depositing funds with various financial institutions and improve the yields on a portion of its surplus cash. Each FTF is 100% maturity-matched with a single, self-liquidating, investment-grade fixed income instrument, which is transparent to the investor. Unless there is a credit issue with the underlying issuer, FTFs are not dependent on secondary market sales for liquidity. As all proceeds from each FTF are derived from the maturity of a single underlying instrument, the maturity amount of each FTF is known precisely on the date of investment. All FTFs offer exposure to financial institutions with investment-grade credit ratings.

The credit ratings of the financial institutions where the Group's total cash and bank balances have been invested are listed below:

	Credit rating	2022 \$m	2021 \$m
Cash at bank and in hand	Fitch F1 to F1+	19.7	80.8
Cash at bank and in hand	N/A	9.7	16.0
Short-term deposits with less than 3 months to maturity	Fitch F2	–	4.8
Cash deposits with more than 3 months to maturity	Fitch F1	–	6.8
Fixed Term Funds	Fitch F1	–	6.8
Derivative financial assets	Fitch AA-(dcr)	0.2	–
Derivative financial assets	Fitch A+(dcr)	0.4	0.1

The credit risk of foreign exchange contracts is calculated before the contract is acquired and compared to the credit risk limit set for each counterparty. Credit risk is calculated as a fixed percentage of the nominal value of the instrument.

30. Financial Risk Management continued**(c) Credit Risk** continued**(ii) Credit Risk: Receivables**

The Group makes sales to a large number of different customers; however a significant proportion of sales are made to service companies in the oil and gas sector. The majority of the Group's customers are based in North America. On a quarterly basis, the Group's entities submit information to the head office on individual receivables balances greater than \$0.2m, individual receivable balances greater than \$32,500 and 90 days overdue, and quarterly average receivables balances. At the year-end, trade receivables of \$158.9m (2021 – \$99.7m) comprised individual balances greater than \$0.2m, with no individual customer balance representing more than 7% (2021 – 8%) of the year-end receivables balance of \$183.1m (2021 – \$128.1m).

The risk of customer default for outstanding trade receivables and accrued revenue and contract assets is continuously monitored. Credit account limits are set locally by management and are primarily based on the credit quality of the customer taking into account past experience through trading relationships and the customer's financial position. As expected, the probability that a customer would default has declined throughout 2022 as trading improved following the global economic downturn. The Group used Credit Benchmark software to monitor the creditworthiness and changing credit profiles of its customers. Credit Benchmark uses a similar ratings framework to the main credit ratings agencies for classifying the credit quality of a business. However, Credit Benchmark ratings are based on contributed risk views from leading global financial institutions, including 15 Global Systemically Important Banks domiciled in the US, Continental Europe, Switzerland, the UK, Japan, Canada, Australia and South Africa. The contributions are anonymised, aggregated and published twice monthly in the form of Credit Consensus Ratings and Aggregate Analytics.

Although in most cases the Credit Benchmark consensus rating of a business is based on a number of contributing views, there are instances where there is only a single source on which the rating is based. During 2022, 37% of sales, which is more than \$263m (2021 – 36%/\$185m) of the Group's revenue, were made to customers with a Credit Benchmark investment-grade rating of bbb or higher, as shown in the table below. This includes customers with a single-source rating, whereby the rating is based on only a single source rather than a consensus rating which has been derived from a number of contributing views.

Credit Benchmark – Credit Consensus Ratings	% of Revenue	
	2022	2021
aa	2	2
a	16	9
bbb	19	25
bb	3	9
b	3	3
c	0	1
No rating	57	51

To reduce credit risk exposure from outstanding receivables, the Group has taken out credit insurance with an external insurer, subject to certain conditions. Details of the impairment of trade and other receivables can be found in note 18.

(iii) Credit Risk: Other Financial Assets

The Group operates a defined benefit pension scheme in the US, which is unfunded. Contributions are paid into a separate investment vehicle and invested in a wide portfolio of US mutual funds. Investments at the year-end amounted to \$1.9m (2021 – \$1.9m) and are expected to be fully recovered.

The Group has provided Well Data Labs with \$2.5m in convertible financing, the fair value of which was \$2.9m at 31 December 2022 (2021 – \$2.7m). The investment is considered to have a low credit risk and is expected to be fully recovered, although the credit risk of the debt instrument has increased during the year. This increased risk has been reflected in the fair value calculation of the debt instrument.

30. Financial Risk Management continued**(d) Liquidity Risk****(i) Bank Facilities**

The Group's treasury function ensures that there are sufficient committed facilities available to the Group, with an appropriate maturity profile, to provide operational flexibility and to support investment in key Group projects.

The Group has sufficient credit facilities to meet both its long- and short-term requirements. The Group's treasury function ensures flexibility in funding by maintaining availability under committed credit facilities. The Group's credit facilities are provided by a variety of funding sources and total \$186.9m (2021 – \$164.2m) at the year-end.

The Group's undrawn borrowing facilities were as follows:

	2022 \$m	2021 \$m
Secured committed facilities	155.0	160.0
Unsecured uncommitted facilities	31.9	–
Secured uncommitted facilities	–	4.2
	186.9	164.2

Following the cancellation of the RCF in February 2022, a \$15m money market line and a \$2m overdraft facility were withdrawn, as the banks providing these facilities, although previously part of the RCF lending group, decided not to participate in the ABL arrangements and subsequently withdrew their lending commitment to the Group.

Secured Committed Facilities: Asset Based Lending Facility

The Group's Revolving Credit Facility ("RCF") was cancelled on 7 February 2022, and replaced with a new \$150.0m Asset Based Lending ("ABL") facility. The ABL facility has a four-year term, maturing on 7 February 2026. An accordion feature of up to \$50.0m was also agreed. This feature allows the Group to increase the total facility quantum to \$200.0m, subject to the approval of its bank lending group.

The Group's borrowing capacity is linked to secured asset values. The three main asset classes that form the "Borrowing Base" against which bank capital is advanced are North American-based trade receivables, inventories and freehold property. The Group is required to submit various reports to the facility agent each month so that any fluctuation in the carrying values of these assets are communicated to the lenders, and so that the borrowing base may be recalibrated based on the most recent asset values. Accordingly, availability under the ABL facility will fluctuate to the extent that the underlying asset values change over time, either up or down. The carrying amounts of the assets pledged as security is discussed in notes 11, 18 and 20.

The ABL financial covenants are only measured under certain conditions, principally once utilisation of the facility goes through a predefined threshold i.e. 87.5% of the "Line Cap" ("Line Cap" is defined as the lesser of the total facility amount and the Borrowing Base), at which point the Fixed Charge Cover Ratio ("FCCR") is measured and must be complied with. The FCCR is a financial covenant that looks back over the trailing 12-month period to assess whether EBITDA (as defined by the ABL facility agreement) covers the Group's Fixed Charges (as defined by the facility agreement) at a ratio of at least 1:1. Management has detailed the wider considerations regarding going concern and future covenant compliance in the Going Concern Statement on page 111.

At inception of the ABL (and annually thereafter) a field examination and asset appraisal process was conducted by specialist, bank appointed, third-party valuation firms in order to assess the nature and commercial viability of the secured ABL assets so that appropriate discounts, or "advance rates", could be determined. The initial asset appraisals were completed in H2 2021 and consequently the advance rates to be applied in each category for the first 12 months of the ABL's tenor were imputed. Applying these advance rates to the December 2021 carrying values of the in-scope asset classes, Hunting's opening availability under the ABL was in excess of \$100m. The opening availability at 7 February 2022 was based on in-scope trade receivables and inventory balances only. However, in early July 2022, the legal process to finalise accession of the in-scope US freehold properties into the ABL Borrowing Base was completed. Consequently, the full facility quantum of \$150.0m was made available for utilisation by the Company, as the total value of the secured assets exceeded the current facility limit of \$150.0m.

The Group did not make any drawdowns on the ABL during the year and it remained undrawn at the period end.

In January 2023, one of the banks in the ABL lending group provided a \$2.4m letter of credit in favour of one of the Group's major customers, which has an expiration date of February 2026. This amount has been permanently carved out of the total facility amount that Hunting is able to utilise under the ABL.

Unsecured Uncommitted Facilities

In August 2022, the Asia Pacific operating segment was successful in winning an order worth up to \$86m in revenue for Hunting's proprietary connection technology and associated OCTG for a large offshore project with CNOOC in China. The order is the largest OCTG and Premium Connection order win in the Group's recent history and, consequently, has demanded substantial working capital investment in order to procure raw materials from local steel mills.

In light of strict regulations in China that apply to intercompany loans made by offshore companies to foreign invested entities, whereby treasury could only provide \$5.0m of the Group's available cash as an intercompany loan, the treasury function had to consider a number of different funding options in order to provide the liquidity required to support this contract. However, treasury was also able to provide support and oversight to the local Wuxi finance team in arranging a series of bilateral working capital loans provided by local banks in Wuxi. Two of the facilities, Bank of Jiangsu for CNY50.0m, (maturing October 2023) and ICBC for CNY25.0m (maturing December 2023) were arranged by the local finance team in Wuxi. A third facility for CNY165.0m was provided by HSBC China in Suzhou, but arranged by Hunting's treasury function in London by leveraging the global relationship that the Group has established with the bank and that is managed out of the UK. There is no formal termination date on this facility, which means it is available until further bilateral agreement.

The facilities totalling CNY240.0m (\$34.7m) have all been arranged on an uncommitted, unsecured basis and are only available to the Group's Chinese subsidiary. Interest on all three facilities is based on the China Loan Prime Rate, which at 31 December 2022 stood at 3.65%. At the year-end, \$2.8m of the facilities were utilised, as shown in note 25.

30. Financial Risk Management continued**(d) Liquidity Risk** continued**(ii) Management of Cash**

The Group needs to ensure that it has sufficient liquid funds available to support its working capital and capital expenditure requirements and that adequate liquidity levels are maintained. All subsidiaries submit weekly and bi-monthly cash forecasts to the treasury function to enable it to monitor the Group's requirements. A consolidated 12-week forecast, produced weekly, is maintained by the Group's treasury function, which monitors long- and short-term liquidity requirements of the Group and also identifies any unexpected variances week-on-week.

Treasury's cash management objective is to centrally manage and, where possible, to concentrate the Group's cash and bank balances back to the treasury function to ensure that funds are managed in the best interests of the Group. Short-term cash balances, together with undrawn facilities, enable the treasury function to manage its day-to-day liquidity risk. Any short-term surplus is invested in accordance with Board-approved treasury policy. This strategy is subject to legislative and regulatory constraints in certain jurisdictions such as exchange control restrictions and minimum capital requirements. Where cash concentration cannot be applied, Group treasury approves all local banking arrangements, including the opening and closing of bank accounts and the investment of surplus cash via bank deposits.

Cash Management Arrangements

In respect of the UK business units and head office companies, the treasury function has arranged a cash concentration structure with HSBC Bank UK and Barclays Bank UK PLC whereby, at the close of each business day, any surplus balances held in certain subsidiaries' bank accounts are swept to treasury-owned accounts ("pool header" accounts), with a corresponding adjustment to the intercompany loan receivable, or payable, between that subsidiary and treasury. Similarly, any end-of-day deficit in the same group of subsidiary accounts is funded by a cash sweep from the treasury-owned pool header accounts, and the corresponding intercompany loan is adjusted accordingly. This arrangement enables more efficient utilisation of UK-based entities' surplus cash and at the same time allows the treasury function to meet any short-term funding needs of the UK business units in a more coordinated fashion and from one single pool of liquidity.

In addition, a similar cash concentration structure has been organised with Wells Fargo Bank, N.A. in the US, whereby surplus and deficit cash balances are swept to and from a single pool header account, held by one central US subsidiary, with a corresponding movement in the respective companies' intercompany loan balance. Treasury has systems in place that allow for same-day centralisation of net surplus cash balances in the US to the UK, or indeed to fund any net cash deficit in the US cash concentration structure. As above, this arrangement allows treasury to efficiently repatriate surplus operational cash from the US to the UK on a daily basis, if deemed cost effective to do so, and the most appropriate application of that cash can then be decided upon by treasury. This arrangement also allows treasury to meet any short-term funding needs of the Group's US-based business units from cash resources held in, or borrowing facilities that have been arranged by, treasury in the UK.

For other regions, such as Canada and Singapore, while formal sweeping arrangements are not in place, treasury monitors balances on a daily basis and periodically transfers surplus cash to the centre using similar intercompany loan arrangements as described above. The Group's interests in China are subject to the most highly regulated environment of all the Group's active jurisdictions, in regards to cash management operations. The free movement of cash both to and from China is a highly restricted activity and, as a consequence, treasury is unable to arrange intercompany loans in the same way as it does for the rest of the Group. Treasury has organised banking arrangements with HSBC in China on behalf of the Group's Chinese business units and, therefore, has visibility of any cash balances held with HSBC and transaction data for these accounts via HSBC's proprietary online banking system. For balances held at other Chinese banks, treasury has visibility either via its SWIFT connection or from information supplied by Hunting's local entity.

Deposits and Investments of Surplus Cash

Short-term deposits and investments in FTFs and MMFs are held for the purpose of meeting short-term cash commitments, minimising counterparty concentration risk and improving cash investment returns. Short-term deposits of surplus cash are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. These deposits earn interest at the respective short-term deposit rates. The Group has invested surplus cash with MMFs as they are considered to be highly liquid since cash can be redeemed from each fund on a same-day basis. The yield on the funds is calculated on the daily performance of the various instruments within a particular fund.

During the year, the treasury function has invested surplus cash in deposits, FTFs and MMFs, in line with its cash management and investment policies that would enable a fair return, whilst maintaining the ability to access the cash easily. The use of these deposits and funds enables the treasury function to diversify its counterparty concentration risk by depositing funds with various financial institutions and improve the yields on a portion of its surplus cash. However, as the working capital requirements of the Group changed throughout the year, the use of these cash products greatly reduced and by the end of 2022, there were no balances held in deposits.

At the end of 2021, the Group held \$4.8m in deposits with a maturity less than three months, classified as cash and cash equivalents (note 21); \$6.8m in FTFs, classified as cash and cash equivalents (note 21); and held \$6.8m in deposits with a maturity greater than three months, which were classified as current investments on the balance sheet (note 17). The Group included the deposits with a maturity greater than three months in its calculation of total cash and bank (see NGM J). At the end of 2022, no surplus cash was held in deposits or FTFs. The fair value gains recognised on the FTFs and MMFs in the year of \$0.1m (2021 – immaterial) and the interest earned on the deposits during the year of \$0.3m (2021 – \$0.1m) were included in finance income.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

30. Financial Risk Management continued**(d) Liquidity Risk** continued**(iii) Future Cash Flows of Financial Liabilities**

The following tables analyse the expected timings of cash outflows for each of the Group's non-derivative financial liabilities. The tables analyse the cash outflows into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates of the financial liabilities. The amounts disclosed in the tables are the contractual, undiscounted cash flows and include interest cash flows and other contractual payments, where applicable, so will not always reconcile with the amounts disclosed in the consolidated balance sheet. The carrying values are the amounts in the consolidated balance sheet and are the discounted amounts. Balances due within one year have been included in the maturity analysis at their carrying amounts, as the impact of discounting is not significant.

	2022			Total \$m	Carrying value \$m
	On demand or within one year \$m	Between one and five years \$m	After five years \$m		
Non-derivative financial liabilities:					
Trade payables	66.8	–	–	66.8	66.8
Accruals	29.4	–	–	29.4	29.4
Other payables	1.0	–	–	1.0	1.0
Lease liabilities	8.9	16.4	9.5	34.8	30.6
Secured bank loans	0.7	1.6	–	2.3	–
Bank borrowings unsecured	2.8	–	–	2.8	2.8
Shareholder loan from non-controlling interest	–	–	3.9	3.9	3.9
Bank overdrafts secured	2.1	–	–	2.1	2.1
Total	111.7	18.0	13.4	143.1	136.6

	2021			Total \$m	Carrying value \$m
	On demand or within one year \$m	Between one and five years \$m	After five years \$m		
Non-derivative financial liabilities:					
Trade payables	40.5	–	–	40.5	40.5
Accruals ⁱ	21.5	–	–	21.5	21.5
Other payables	1.2	–	–	1.2	1.2
Lease liabilities	9.1	21.8	4.9	35.8	31.8
Secured bank loans	0.5	–	–	0.5	–
Shareholder loan from non-controlling interest	–	–	3.9	3.9	3.9
Bank overdrafts secured	1.0	–	–	1.0	1.0
Total	73.8	21.8	8.8	104.4	99.9

i. 2021 has been restated to exclude accruals of \$7.2m for accruals recognised under IAS 19 and IFRS 2 that are outside the scope of IFRS 7.

The Group had no net settled financial liabilities at the year-end (2021 – none).

The table below analyses the Group's derivative financial instruments, which will be settled on a gross basis, into maturity groupings based on the period remaining from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual, undiscounted cash flows.

	On demand or within one year 2022 \$m	Between one and five years 2022 \$m	Total 2022 \$m	On demand or within one year 2021 \$m	Between one and five years 2021 \$m	Total 2021 \$m
Currency derivatives:						
Inflows	47.5	–	47.5	43.4	1.2	44.6
Outflows	(47.1)	–	(47.1)	(43.5)	(1.2)	(44.7)

(e) Capital Risk Management

The Group's objectives, policies and processes for managing capital are outlined in the Strategic Report within the Financial Capital Management section on pages 40 and 41. Within this section, the Group provides a definition of capital, provides details of the external financial covenants imposed, key measures for managing capital and the objectives for managing capital. Quantitative disclosures are made together with the parameters for meeting external financial covenants.

31. Financial Instruments: Sensitivity Analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Group's financial instruments and show the impact on profit or loss and shareholders' equity. Financial instruments affected by market risk include cash at bank and in hand, trade and other receivables, trade and other payables, lease liabilities, borrowings and derivative financial instruments. The sensitivity analysis relates to the position as at 31 December 2022. The analysis excludes the impact of movements in market variables on the carrying value of pension and other post-retirement obligations, provisions and non-financial assets and liabilities of foreign operations.

The following assumptions have been made in calculating the sensitivity analysis:

- Foreign exchange rate and interest rate sensitivities have an asymmetric impact on the Group's results, that is an increase in rates does not result in the same amount of movement as a decrease in rates;
- For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to be outstanding for the whole year;
- Fixed-rate financial instruments that are carried at amortised cost are not subject to interest rate risk for the purpose of this analysis; and
- The carrying values of financial assets and liabilities carried at amortised cost do not change as interest rates change.

Positive figures represent an increase in profit or equity.

(a) Interest Rate Sensitivity

(i) US Interest Rates

The sensitivity rate of 1.0% (2021 – 1.0%) for US interest rates represents management's assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates.

The impact on the consolidated income statement, with all other variables held constant, in applying the sensitivity above results in a \$0.1m (2021 – \$0.3m) increase or decrease in post-tax profit for an increase or decrease in US interest rates. There is no impact on other comprehensive income ("OCI") for a change in US interest rates.

(ii) Other Interest Rates

For all other interest rates, there is an immaterial impact on post-tax profit or loss for any reasonably possible changes in other interest rates, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates. There is no impact on OCI for a change in other interest rates.

(b) Foreign Exchange Rate Sensitivity

Management has considered the impact of changes to the various foreign exchange rates on the exposed financial assets and liabilities disclosed in note 30(a)(i). The sensitivity rates chosen represent management's assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future foreign exchange rates. There is an immaterial impact on post-tax profit or loss and on OCI for any reasonably possible changes in the foreign exchange rates.

32. Post-employment Benefits

(a) Defined Contribution Arrangements

A number of defined contribution ("DC") arrangements, which are open to current employees, are operated across the Group. Employer contributions to these arrangements are charged directly to profit and loss and in 2022 these totalled \$7.2m (2021 – \$7.0m).

(b) Unfunded Defined Benefit Schemes

(i) US Defined Benefit Scheme

The Group operates a cash balance arrangement in the US for certain executives. Members build up benefits in this arrangement by way of notional contributions and notional investment returns. Actual contributions are paid into an entirely separate investment vehicle held by the Group, which is used to pay benefits due from the arrangement when a member retires. Under IAS 19, the cash balance arrangement is accounted for as an unfunded defined benefit scheme.

The amounts recognised in the consolidated income statement during the year were \$0.1m (2021 – \$nil) for the employer's current service cost (recognised in administrative expenses) and \$nil (2021 – \$0.2m gains) fair value gains or losses on the listed equities and mutual funds (recognised in other finance income note 8).

Movements in the present value of the obligation for the unfunded defined benefit US deferred compensation plan

	2022 \$m	2021 \$m
Present value of the obligation at the start of the year	1.9	1.7
Current service cost (equal to the notional contributions)	0.1	–
Remeasurement – excess of notional investment returns over interest cost	(0.1)	0.2
Present value of the obligation at the end of the year	1.9	1.9

The obligation of \$1.9m (2021 – \$1.9m) is presented in the consolidated balance sheet in non-current payables (note 22).

(ii) Middle East Defined Benefit Schemes

The Group operates two unfunded defined benefit pension schemes in Dubai and Saudi Arabia, whereby local law requires payment to be made to an employee when they leave their employment with the business unit based on their salary and number of years of service. The combined obligation at the year-end was \$0.7m (2021 – \$0.5m), with \$0.2m (2021 – \$0.2m) recognised in the consolidated income statement during the year.

33. Share Capital and Share Premium

The Company's share capital comprises a single class of Ordinary shares, which are classified as equity.

	Ordinary shares of 25p each Number	Ordinary shares of 25p each \$m	Share premium \$m
At 31 December 2020, 2021 and 2022	164,940,082	66.5	153.0

There are no restrictions attached to any of the Ordinary shares in issue and all Ordinary shares carry equal voting rights. The rights attached to the Company's Ordinary shares are summarised on page 250. All of the Ordinary shares in issue are fully paid.

At 31 December 2022, 5,370,963 (2021 – 4,282,065) Ordinary shares were held by an Employee Benefit Trust. Details of the carrying amount are set out in note 35.

34. Other Components of Equity

	2022					Total \$m
	Merger reserve \$m	Share-based payments reserve \$m	Currency translation reserve \$m	Capital redemption reserve \$m	Hedge reserve \$m	
At 1 January 2022	25.4	15.6	(3.8)	0.8	–	38.0
Exchange adjustments	–	–	(9.2)	–	–	(9.2)
Share options and awards						
– value of employee services	–	9.4	–	–	–	9.4
– discharge	–	(9.1)	–	–	–	(9.1)
Fair value gains and losses						
– gains originating on cash flow hedges arising during the year	–	–	–	–	0.4	0.4
– gains transferred to balance sheet on disposal of cash flow hedges	–	–	–	–	(0.1)	(0.1)
– losses transferred to income statement on disposal of cash flow hedges	–	–	–	–	0.1	0.1
– taxation	–	–	–	–	(0.1)	(0.1)
Transfer between reserves	(13.6)	–	–	–	–	(13.6)
At 31 December 2022	11.8	15.9	(13.0)	0.8	0.3	15.8

	2021					Total \$m
	Merger reserve \$m	Share-based payments reserve \$m	Currency translation reserve \$m	Capital redemption reserve \$m	Hedge reserve \$m	
At 1 January 2021	38.2	17.3	(4.0)	0.8	–	52.3
Exchange adjustments	–	–	0.2	–	–	0.2
Share options and awards						
– value of employee services	–	8.7	–	–	–	8.7
– discharge	–	(10.4)	–	–	–	(10.4)
Transfer between reserves	(12.8)	–	–	–	–	(12.8)
At 31 December 2021	25.4	15.6	(3.8)	0.8	–	38.0

The merger reserve comprises the proceeds received, net of transaction costs, in excess of the nominal value of the Ordinary shares issued by way of the share placing completed on 31 October 2016. In accordance with section 612 of the Companies Act 2006, the premium was credited to the merger reserve, instead of to the share premium account, because the share placing was pursuant to the Company securing over 90% of another entity. The proceeds were used to pay down the Group's borrowings at that time. The reserve is currently non-distributable and is transferred to distributable retained earnings when the proceeds meet the definition of qualifying consideration. During the year, \$13.6m (2021 – \$12.8m) was transferred from the merger reserve to retained earnings. This portion of the reserve was considered to be realised, as the equivalent amount of the proceeds from the share placing in 2016 have now met the definition of qualifying consideration.

The share-based payments reserve represents the Group's obligation to settle share-based awards issued to its employees. When employees exercise their awards, the portion of the share-based payments reserve which represents the share-based payment charge for those awards is transferred to retained earnings and the Group discharges its obligation.

The currency translation reserve contains the accumulated foreign exchange differences that arise from the translation of the financial statements of the Group's foreign operations into US dollars when the Group's entities are consolidated, together with exchange differences arising on foreign currency loans used to finance foreign currency net investments. The currency translation reserve also includes the accumulated foreign exchange net gains in respect of net investment hedges, which will be released to the income statement on the disposal or dissolution of the relevant subsidiary.

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the purchase of the Company's own shares out of distributable profits.

The hedge reserve represents the accumulated fair value gains and losses in relation to the spot component of forward foreign exchange contracts designated in a cash flow hedge that were taken out to hedge the purchase of an asset, such as PPE or inventory, in a foreign currency. The fair value gain or loss accumulated in the hedge reserve is transferred to the cost of the asset when it is acquired.

35. Retained Earnings

	2022 \$m	2021 \$m
At 1 January	612.4	692.6
Loss for the year	(4.6)	(85.8)
Remeasurement of defined benefit pension schemes net of tax (note 32)	0.1	(0.2)
Dividends paid to Hunting PLC shareholders	(13.6)	(12.8)
Treasury shares		
– purchase of treasury shares	(7.9)	(8.1)
– proceeds on disposal of treasury shares	0.2	0.3
Share options and awards		
– discharge	8.9	10.2
– taxation	0.2	–
Acquisition of non-controlling interest	–	3.4
Transfer between reserves	13.6	12.8
At 31 December	609.3	612.4

The share options and awards taxation credit taken directly to equity of \$0.2m (2021 – \$nil) comprised a deferred tax credit.

Retained earnings include the following amounts in respect of the carrying amount of treasury shares:

	2022 \$m	2021 \$m
Cost:		
At 1 January	(15.0)	(10.6)
Purchase of treasury shares	(7.9)	(8.1)
Cost of treasury shares disposed	3.7	3.7
At 31 December	(19.2)	(15.0)

At 31 December 2022, 5,370,963 Ordinary shares were held by the Employee Benefit Trust (2021 – 4,282,065). The Company purchased 2,130,142 (2021 – 2,703,100) additional treasury shares during the year for \$7.9m (2021 – \$8.1m). The loss on disposal of treasury shares during the year, which is recognised in retained earnings, was \$3.5m (2021 – \$3.4m).

36. Dividends Paid to Hunting PLC Shareholders

	2022		2021	
	Cents per share	\$m	Cents per share	\$m
Ordinary dividends:				
2021 final dividend	4.0	6.4	–	–
2022 interim dividend	4.5	7.2	–	–
2020 final dividend	–	–	4.0	6.4
2021 interim dividend	–	–	4.0	6.4
	8.5	13.6	8.0	12.8

A final dividend of 4.5 cents per share has been proposed by the Board, amounting to an estimated distribution of \$7.2m. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting to be held on 19 April 2023 and has not been provided for in these financial statements. If approved, the dividend will be paid in Sterling on 12 May 2023, to shareholders on the register on 21 April 2023, and the Sterling value of the dividend payable per share will be fixed, and announced approximately two weeks prior to the payment date, based on the average spot exchange rate over the three business days preceding the announcement date. Guidance on the Company's position on declaring and paying future dividends is provided within the Strategic Report on page 62.

37. Share-based Payments

(a) 2009 Performance Share Plan (“PSP”)

(i) Time-based Awards and Options

The Company granted nil-cost, time-based share awards and options under the PSP between 2009 and 2013. Annual awards were made to employees, subject to continued employment during the vesting period. There were no performance conditions attached. The final grant under the PSP occurred in 2013 and vested in 2016 and option holders had seven years in which to exercise their vested awards. Share awards can only be exercised by the employees to whom they were granted. The PSP was replaced by the 2014 Hunting Performance Share Plan following shareholder approval at the Annual General Meeting (“AGM”) of the Company on 16 April 2014. Details of the time-based share option movements during the year are as follows:

	2022 Number of shares	2021 Number of shares
Outstanding at the beginning of the year	2,726	3,601
Vested and exercised during the year	(866)	(875)
Lapsed during the year	(859)	–
Outstanding and exercisable at the end of the year	1,001	2,726

The weighted average share price at the date of exercise during 2022 was 282.0 pence (2021 – 218.5 pence).

Details of the time-based PSP awards and options outstanding at 31 December 2022 are as follows:

	2022 Number of shares	2021 Number of shares	Normal vesting date	Expiry date
Date of grant:				
17 April 2012	–	1,725	17 April 2015	17 April 2022
20 March 2013	1,001	1,001	20 March 2016	20 March 2023
Outstanding and exercisable at the end of the year	1,001	2,726		

The fair value charge to the consolidated income statement attributable to the time-based PSP is \$nil (2021 – \$nil).

(b) 2014 Hunting Performance Share Plan (“HPSP”)

(i) Performance-based Awards

The Company grants performance-based share awards annually to executive Directors and senior employees under the HPSP. Awards are granted at nil cost under the HPSP. The performance-based HPSP awards to the executive Directors and senior employees are divided into five tranches of differing proportions. Each tranche is subject to a three-year vesting period and Company performance is measured against various performance measures, as shown in the table below.

The performance period for the 2022 awards granted under the HPSP is 1 January 2022 to 31 December 2024. The vesting date of the 2022 award is 4 March 2025 and, for share options, the option holder has seven years in which to exercise their vested awards. Share awards can only be exercised by the employees to whom they were granted.

The award weightings for the years 2020, 2021 and 2022 are in the table below.

Performance measure	Award weighting 2022 %	Award weighting 2021 %	Award weighting 2020 %
Total Shareholder Return (“TSR”) of a bespoke comparator group	25	35	35
Adjusted diluted earnings per share (“EPS”)	20	25	25
Return on average capital employed (“ROCE”)	20	25	25
Free cash flow (“FCF”)	20	–	–
Balance strategic scorecard – non-financial KPIs comprising Quality and Safety performance	15	15	15

Details of the performance-based HPSP awards movements during the year are set out below:

	2022 Number of shares	2021 Number of shares
Outstanding at the beginning of the year	5,757,230	4,387,495
Granted during the year to executive Directors	1,506,466	929,935
Granted during the year to senior employees	2,170,275	1,450,949
Vested and exercised during the year	(95,035)	(226,292)
Lapsed during the year	(1,697,611)	(784,857)
Outstanding at the end of the year	7,641,325	5,757,230

37. Share-based Payments continued**(b) 2014 Hunting Performance Share Plan (“HPSP”) continued****(i) Performance-based Awards** continued

Details of the performance-based HPSP awards outstanding at 31 December 2022 are as follows:

	2022 Number of shares	2021 Number of shares	Normal vesting date	Expiry date
Date of grant:				
11 March 2016 – options	22,065	22,065	11 March 2019	11 March 2026
19 April 2018 – options	3,485	3,485	19 April 2021	19 April 2028
21 March 2019 – options	2,272	204,933	21 March 2022	21 March 2029
21 March 2019 – awards	–	1,098,694	21 March 2022	21 March 2025
3 March 2020 – options	303,732	306,486	3 March 2023	3 March 2030
3 March 2020 – awards	1,722,521	1,740,683	3 March 2023	3 March 2026
4 March 2021 – options	346,282	356,388	4 March 2024	4 March 2031
4 March 2021 – awards	1,897,447	2,024,496	4 March 2024	4 March 2027
4 March 2022 – options	506,709	–	4 March 2025	4 March 2032
4 March 2022 – awards	2,836,812	–	4 March 2025	4 March 2028
Outstanding at the end of the year	7,641,325	5,757,230		
Exercisable at the end of the year	27,822	25,550		
Weighted average remaining contractual life of options outstanding at the end of the year	8.27 years	8.29 years		

In 2022, a total of 95,035 awards were exercised (2021 – 226,292). The weighted average share price at the date of exercise during 2022 was 327.7 pence (2021 – 215.2 pence).

(ii) Time-based Awards

The Company also grants time-based share awards annually to senior employees under the HPSP, which are subject to a three-year vesting period. Annual awards of shares may be made to employees subject to continued employment during the vesting period. There are no performance conditions attached. Awards are granted at nil cost under the HPSP. For share options, option holders have seven years in which to exercise their vested awards. Share awards can only be exercised by the employees to whom they were granted.

Details of the time-based HPSP awards movements during the year are set out below:

	2022 Number of shares	2021 Number of shares
Outstanding at the beginning of the year	3,794,815	3,026,597
Granted during the year	2,695,411	1,539,491
Vested and exercised during the year	(882,875)	(688,908)
Lapsed during the year	(225,105)	(82,365)
Outstanding at the end of the year	5,382,246	3,794,815

In 2022, a total of 882,875 awards were exercised (2021 – 688,908). The weighted average share price at the date of exercise during 2022 was 324.6 pence (2021 – 252.9 pence).

Details of the time-based HPSP awards outstanding at 31 December 2022 are as follows:

	2022 Number of shares	2021 Number of shares	Normal vesting date	Expiry date
Date of grant:				
1 May 2014 – options	1,568	2,771	1 May 2017	1 May 2024
28 April 2015 – options	3,932	5,689	28 April 2018	28 April 2025
11 March 2016 – options	39,942	47,646	11 March 2019	11 March 2026
3 March 2017 – options	11,737	23,578	3 March 2020	3 March 2027
19 April 2018 – options	33,718	45,226	19 April 2021	19 April 2028
21 March 2019 – options	57,599	156,204	21 March 2022	21 March 2029
21 March 2019 – awards	–	723,401	21 March 2022	21 March 2025
3 March 2020 – options	216,863	238,428	3 March 2023	3 March 2030
3 March 2020 – awards	975,642	1,031,070	3 March 2023	3 March 2023
4 March 2021 – options	289,650	314,094	4 March 2024	4 March 2031
4 March 2021 – awards	1,129,512	1,206,708	4 March 2024	4 March 2024
4 March 2022 – options	458,869	–	4 March 2025	4 March 2032
4 March 2022 – awards	2,163,214	–	4 March 2025	4 March 2025
Outstanding at the end of the year	5,382,246	3,794,815		
Exercisable at the end of the year	148,496	124,910		
Weighted average remaining contractual life of options outstanding at the end of the year	7.98 years	8.13 years		

37. Share-based Payments continued**(b) 2014 Hunting Performance Share Plan (“HPSP”) continued****(iii) Fair Value of HPSP Awards**

The fair value of awards granted under the HPSP is calculated using two separate models:

(1) The fair value of awards subject to a market-related performance condition, specifically Company performance against the TSR of a bespoke peer group, has been calculated using the Stochastic pricing model (also known as the “Monte Carlo” model).

The assumptions used in this model were as follows:

	2022	2021
Date of grant/valuation date	4 March 2022	4 March 2021
Weighted average share price at grant	226.0p	261.9p
Exercise price	nil	nil
Expected dividend yield	nil	nil
Expected volatility	55.2%	53.0%
Risk-free rate	1.04%	0.10%
Expected life	3 years	3 years
Weighted average fair value at grant	167.1p	183.9p

(2) The fair value of performance-based awards not subject to a market-related performance condition include the EPS and ROCE performance targets and the time-based HPSP awards, with the fair value being calculated using the Black-Scholes pricing model.

The assumptions used in this model were as follows:

	2022	2021
Date of grant/valuation date	4 March 2022	4 March 2021
Weighted average share price at grant	226.0p	261.9p
Exercise price	nil	nil
Expected dividend yield	nil	nil
Expected volatility	55.2%	53.0%
Risk-free rate	1.04%	0.10%
Expected life	3 years	3 years
Weighted average fair value at grant	226.0p	261.9p

The methods to calculate the assumptions for both models are:

- The expected volatility was calculated using historic weekly volatility, equal in length to the remaining portion of the performance period at the date of grant.
- The expected life of the award has been calculated commensurate with the vesting period. The risk-free rate is based on the zero coupon UK government bond yield commensurate with the vesting period prevailing at the date of grant.
- Participants are entitled to a dividend equivalent over the number of shares that make up their award. It is accumulated over the vesting period and released subject to the achievement of the performance conditions. This is factored into the fair value calculation and as a result the dividend yield assumption is set to zero.
- The initial accounting charge of the performance-based HPSP awards granted under the HPSP incorporates an estimate of the number of shares that are expected to lapse for those participants who cease employment during the vesting period. The estimate of the expected forfeiture rate is 5% per annum. The subsequent accounting charge includes an adjustment to the initial accounting charge to allow for actual lapses rather than estimated lapses.

The amount charged to the consolidated income statement attributable to the performance-based HPSP awards is \$3.6m (2021 – \$2.4m) and the charge to the consolidated income statement in respect of time-based HPSP awards is \$5.8m (2021 – \$6.3m). These charges are recognised in administrative expenses.

37. Share-based Payments continued**(c) Cash Conditional Share Awards**

The Company also grants cash conditional awards annually to employees in certain overseas tax jurisdictions. These awards are aligned with the rules of the HPSP and are subject to employees continued employment during the vesting period. Awards are granted at nil cost and are settled at the closing mid-market price of a Hunting PLC Ordinary share on the third anniversary of the date of grant.

(i) Performance-based Awards

The performance-based cash conditional awards to senior employees are divided into four tranches of differing proportions. Each tranche is subject to a three-year vesting period and Company performance is measured against various performance measures as shown in the table below. The performance period for the 2022 awards is 1 January 2022 to 31 December 2024.

The award weightings for the years 2020, 2021 and 2022 are in the table below.

Performance measure	Award weighting 2022 %	Award weighting 2021 %	Award weighting 2020 %
TSR of a bespoke comparator group	25	35	35
Adjusted diluted earnings per share ("EPS")	20	25	25
Return on average capital employed ("ROCE")	20	25	25
Free cash flow ("FCF")	20	–	–
Balance strategic scorecard – non-financial KPIs comprising Quality and Safety performance	15	15	15

Details of the cash conditional performance-based award movements during the year are set out below:

	2022 Number of shares	2021 Number of shares
Outstanding at the beginning of the year	342,140	165,243
Granted during the year	204,262	176,897
Outstanding at the end of the year	546,402	342,140

Details of the cash conditional performance-based awards outstanding at 31 December 2022 are as follows:

	2022 Number of shares	2021 Number of shares	Normal vesting date
Date of grant:			
3 March 2020	165,243	165,243	3 March 2023
4 March 2021	176,897	176,897	4 March 2024
4 March 2022	204,262	–	4 March 2025
Outstanding at the end of the year	546,402	342,140	

The charge to the consolidated income statement attributable to the performance-based cash conditional awards is \$0.2m (2021 – \$0.3m).

The fair value of the cash conditional performance-based awards is calculated at the date of grant using the same assumptions and model as the fair value of the performance-based awards not subject to a market-related condition (see 37(b)(iii) above). The weighted average fair value of the award at 31 December 2022 was 333.0 pence (2021 – 169.2 pence).

37. Share-based Payments continued**(c) Cash Conditional Share Awards** continued**(ii) Time-based Awards**

The Company also grants time-based cash conditional awards annually, which are subject to a three-year vesting period. Annual awards of shares may be made to employees subject to continued employment during the vesting period. There are no performance conditions attached.

Details of the cash conditional time-based award movements during the year are set out below:

	2022 Number of shares	2021 Number of shares
Outstanding at the beginning of the year	247,106	159,920
Granted during the year	325,564	121,192
Vested and exercised during the year	(40,233)	(15,182)
Lapsed during the year	–	(18,824)
Outstanding at the end of the year	532,437	247,106

The weighted average share price at the date of exercise during 2022 was 328.0 pence (2021 – 247.5 pence).

Details of the cash conditional time-based awards outstanding at 31 December 2022 are as follows:

	2022 Number of shares	2021 Number of shares	Normal vesting date
Date of grant:			
19 April 2018	–	1,482	19 April 2021
21 March 2019	–	38,751	21 March 2022
3 March 2020	89,036	89,036	3 March 2023
4 March 2021	117,837	117,837	4 March 2024
4 March 2022	325,564	–	4 March 2025
Outstanding at the end of the year	532,437	247,106	

The charge to the consolidated income statement attributable to the time-based cash conditional awards is \$0.3m (2021 – \$0.2m).

The fair value of the cash conditional awards is calculated at the date of grant using the same assumptions and model as the fair value of performance-based awards not subject to a market-related performance condition (see 37(b)(ii) above). The weighted average fair value of the award at 31 December 2022 was 333.0 pence (2021 – 169.2 pence).

(d) Amounts Included in the Accounts

The charge to the consolidated income statement attributable to the cash conditional share awards is \$0.5m (2021 – \$0.5m) and the total charge attributable to the equity-settled awards is \$9.4m (2021 – \$8.7m). The total charge to the consolidated income statement for the year for share-based payments is \$9.9m (2021 – \$9.2m), see note 7. The total liability in relation to the cash-settled awards included in accruals at the year-end is \$0.9m (2021 – \$0.6m), of which \$nil (2021 – \$nil) related to awards that had vested.

38. Related-party Transactions

The following related-party transactions took place between wholly-owned subsidiaries of the Group and associates during the year:

	2022 \$m	2021 \$m
Settlement of warranty claim related to a corporate transaction	–	(1.7)
Acquisition of non-controlling interest from Marubeni-Itochu	–	(3.8)
Disposal of pipe business to Marubeni-Itochu	–	31.5
Additional investment in Cumberland (note 16)	(1.6)	–
Investment in Indian joint venture arrangement with Jindal SAW (note 16)	(1.9)	–
Year-end balances:		
Shareholder loan from non-controlling interest	(3.9)	(3.9)

The outstanding balances at the year-end are unsecured and have no fixed date for repayment.

During the year, revenue of \$12.3m (2021 – \$6.3m) was generated from sales to BestLink Tube Pte. Ltd., the minority interest holder in Hunting Energy Services (China) Pte. Ltd.

All ownership interests in associates are in the equity shares of those companies. The ownership interests in associates, joint ventures and subsidiaries are set out in notes C19 and C20 to the Company financial statements.

The key management of the Group comprises the Hunting PLC Board and members of the Executive Committee. Details of their compensation are disclosed in note 7. The Hunting PLC Directors and the members of the Executive Committee had no material transactions other than as a result of their service agreements.

Hunting PLC is the parent company of the Hunting PLC Group. The Company is listed on the London Stock Exchange, with none of the shareholders owning more than 20% of the issued share capital of the Company (see page 61). Accordingly, the Directors do not consider there to be an ultimate controlling party.

(a) Restructuring of European OCTG Businesses

On 31 December 2021, the Group entered into a transaction with Marubeni-Itochu Steel Inc and Marubeni-Itochu Tubulars Europe PLC (collectively referred to as Marubeni-Itochu), the non-controlling interest in Hunting Energy Services (UK) Limited (“HES UK”) and its subsidiary Hunting Energy Services B.V. (“HES BV”), whereby Hunting purchased Marubeni-Itochu’s 40% interest in these companies for \$3.8m and became the sole shareholder. Hunting and Marubeni-Itochu also entered into a Business Purchase agreement on the same date, which included the sale of OCTG inventory held by HES UK and HES BV to Marubeni-Itochi for \$31.5m.

(b) Warranty Claim

In October 2021, the Group paid \$1.7m in settlement of a warranty claim in relation to the transfer of assets, and their condition, as part of a corporate transaction.

39. Events After the Balance Sheet Date

In January 2023, one of the banks in the ABL lending group provided a \$2.4m letter of credit in favour of one of the Group’s major customers, which has an expiration date of February 2026. This amount has been permanently carved out of the total facility amount that Hunting is able to utilise under the ABL.

40. Authorisation of Financial Statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Hunting PLC on 2 March 2023.

41. Principal Accounting Policies

The Group's principal accounting policies are described below:

(a) Consolidation

- The Group financial statements include the results of the Company and its subsidiaries, together with its share of associates and joint ventures.
- Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date control ceases.
- The Group uses the acquisition method of accounting for business combinations. Consequently, the consideration is determined as the fair value of the net assets transferred to the vendor and includes an estimate of any contingent consideration. The net assets acquired are also measured at their respective fair values for initial recognition purposes on the acquisition date.
- Acquisition-related costs arising on business combinations are expensed to the consolidated income statement as incurred.

(b) Revenue

(i) Revenue from Contracts with Customers

- Revenue is recognised to depict the transfer of promised goods or services to customers and is measured at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.
- Consequently revenue for the sale of a product is recognised either:
 1. Wholly at a single point in time when the entity has completed its performance obligation; or
 2. Piecemeal over time during the period that control incrementally transfers to the customer while the good is being manufactured or the service is being performed.
- Hunting's activities that require revenue recognition over time comprise:
 1. Work undertaken to enhance customer-owned products – most commonly the lathing of a thread onto the ends of customer-owned plain-end pipe;
 2. The manufacture of goods that are specifically designed for and restricted to the use of a particular customer, such as the manufacture of bespoke specialised circuitry and housing, and for which Hunting has an enforceable right to payment for the work completed to date; and
 3. The provision of services in which the customer obtains the benefit while the service is being performed – most commonly the storage and management services of customer-owned pipe.
- In respect of revenue that is recognised over time, Hunting uses an input method for measuring the progress towards completion of its performance obligations and consequently for measuring the amount of revenue that is recognised. Specifically, revenue is recognised in proportion to the total expected consideration that mirrors the costs incurred to date relative to the total expected costs to complete the performance. This method is considered to be the most appropriate as the inclusion of all costs, being materials, labour and direct overheads, best reflects the activities required in performing the promise to the customer.
- Hunting's activities that require revenue recognition at a point in time comprise:
 1. The sale of goods that are not specifically designed for use by one particular customer. These products include tubulars acquired by Hunting as plain-end pipe on which lathing work has been applied and which are resold as threaded pipe; and
 2. The manufacture of goods that are specifically designed for one particular customer but for which Hunting does not have an enforceable right to payment for the work completed to date.
- The events that trigger the recognition of revenue at a point in time are most commonly: (i) delivery of the product in accordance with the contractual terms; or (ii) when the product is made available to the customer for collection; or (iii) when the customer notifies the Group that the customer has accepted the product following a period of inspection by the customer. Hunting utilises the customer acceptance approach when Hunting is responsible for transporting goods (in addition to supplying them to the customer) and the risk of damage during transportation, due either to the method or the distance, is considered sufficient to impede management from being able to substantively determine that control of the goods would pass to the customer prior to acceptance.
- When revenue from a customer is recognised, the amount is reported as a contract asset if the performance obligation is incomplete as this asset reflects that it is conditional upon Hunting completing the work. The revenue is reported as accrued income if the performance obligation has been completed but a sales invoice has not yet been issued. The revenue is recognised as a trade receivable if a sales invoice has been issued as this asset reflects that it is unconditional other than the passage of time. The Group reports a contract liability when amounts received and receivable from the customer exceed the value of the work done to date, reflecting that the Group is obligated to transfer goods or services in order to settle the prepayment from the customer.

(ii) Rental Revenue

- Rental revenue from operating leases, being leases in which Hunting does not transfer substantially all of the risks and rewards of the leased asset to the customer, is recognised as the income is earned.
- Revenue from finance leases, being leases in which Hunting, as a manufacturer/dealer-lessor, transfers substantially all of the risks and rewards of the leased asset to the customer, is measured as the fair value of the underlying asset or if lower the present value of the lease payments. The carrying value of the leased asset minus the unguaranteed residual value is charged to cost of sales and interest earned during the term of the lease is recognised as finance income.

(c) Interest

- Interest income and expense is recognised in the consolidated income statement using the effective interest method.

41. Principal Accounting Policies continued**(d) Foreign Currencies****(i) Individual Subsidiaries', Associates' and Joint Ventures' Financial Statements**

- The financial statements for each of the Group's subsidiaries, associates and joint ventures are denominated in their functional currency.
- The functional currency is the currency of the primary economic environment in which the entity operates.
- Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate ruling at the date of the transaction.
- Monetary assets and liabilities, except borrowings designated as a hedging instrument in a net investment hedge, denominated in non-functional currencies are retranslated at the exchange rate ruling at the balance sheet date and exchange differences are taken to the consolidated income statement.
- Borrowings designated as a hedging instrument in a net investment hedge are retranslated at the exchange rate ruling at the balance sheet date and exchange differences are taken directly to equity.

(ii) Group Consolidated Financial Statements

- The presentation currency of the Group is US dollars.
- The net assets of non-US dollar denominated subsidiaries, associates and joint ventures are translated into US dollars at the exchange rates ruling at the balance sheet date.
- The income statements of subsidiaries, associates and joint ventures are translated into US dollars at the average rates of exchange for the year.
- Exchange differences are recognised directly in equity in the currency translation reserve ("CTR"), together with exchange differences arising on foreign currency loans used to finance foreign currency net investments.
- Upon adoption of IFRS on 1 January 2004, accumulated exchange differences arising on consolidation prior to 31 December 2003 were reset to zero and the CTR recommenced under IFRS on 1 January 2004.
- The balance on the CTR represents the exchange differences arising on the retranslation of non-US dollar amounts into US dollars since 1 January 2004.
- On the disposal of a business, the cumulative exchange differences previously recognised in the CTR relating to that business are transferred to the consolidated income statement as part of the gain or loss on disposal.

(e) Taxation

- The taxation recognised in the consolidated income statement comprises current tax and deferred tax arising on the current year's result before tax and adjustments to tax arising on prior years' results.
- Current tax is the expected tax payable or receivable arising in the current year on the current year's result before tax, using tax rates enacted or substantively enacted at the balance sheet date, plus adjustments to tax in respect of prior years' results.
- Deferred tax is the tax that is expected to arise when the assets and liabilities recognised in the Group's consolidated balance sheet are realised, using tax rates enacted or substantively enacted at the balance sheet date that are expected to apply when the asset is realised or the liability is settled.
- Full provision is made for deferred taxation, using the liability method, on all taxable temporary differences. Deferred tax assets and liabilities are recognised separately in the consolidated balance sheet and are reported as non-current assets and liabilities.
- Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.
- Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
- The recoverability of deferred tax assets is reviewed at each balance sheet date and deferred tax assets are recognised to the extent that sufficient taxable profit is expected to be available to allow the deferred tax asset to be utilised.
- When items of income and expense are recognised in other comprehensive income, the current and deferred tax relating to those items is also recognised in other comprehensive income.

(f) Property, Plant and Equipment

- Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Cost includes expenditure that is directly attributable to the acquisition and installation of the asset.
- Land and assets under construction are not depreciated.
- With the exception of oil and gas exploration and production equipment, assets are depreciated using the straight-line method at the following rates:

Freehold buildings	– 2% to 10%
Leasehold buildings	– life of lease
Plant, machinery and motor vehicles	– 6% to 33⅓%

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

41. Principal Accounting Policies continued**(g) Leases**

• Lessees:

With regard to lessee contracts, the entity recognises a lease obligation as a liability and a right-of-use asset at the inception of the contract, except with regard to the two exemptions noted below. In measuring the lease obligation, the entity takes account of all fixed payments and the known amount of variable payments. Management also assesses the likelihood of the entity exercising extension options, early termination options and purchase options when contractually offered, and incorporates the relevant assumed cash flows in the initial measurement. These future gross cash flows are then discounted using the incremental borrowing rate ("IBR") that is relevant to each lease. The interest rate implicit in the lease is not used as the entity is unable to access the specific financials of the lessor that would be required in order to determine that rate. The IBR is determined by reference to (i) the weighted average period of the lease term; and (ii) the risk-free rate of the currency of the lease, adjusted for country-specific government bond yields for contracts denominated in the Euro; and (iii) the market risk premium associated with the currency of denomination of the contract; and (iv) a financing spread associated with the financial status and country of location of the lessee entity; and (v) an asset-specific adjustment associated with the perceived security that each type of asset provides to the lessor. The right-of-use asset is usually initially measured as equal to the initial measurement of the lease liability plus any contracted remediation work that would be required at the end of the lease term as there are usually no initial direct costs or lease payments made prior to the inception of the contract.

Whenever circumstances change post-inception, for example when the judged likelihood of whether an option will or will not be exercised, or indices relevant to the measurement of variable payments change, or the lease term is extended with regard to a contract that does not offer an extension option, the lease obligation is re-measured and the right-of-use asset is correspondingly amended. Re-measurement of the lease obligation is most commonly based on a revised IBR as the change in circumstances has most commonly resulted from a change in the lease term.

The cost of the lease is subsequently recognised in the consolidated income statement as interest charged on the liability and as depreciation charged on the right-of-use asset. Depreciation is charged on a straight-line basis over the lease term; to date the entity has not and is not expected to exercise a purchase option which would otherwise shorten the depreciation period.

Hunting has adopted the two exemptions that permit lessees to charge the cost of certain leases directly to the consolidated income statement on a straight-line basis over the lease term. The two exemptions apply to:

- leases that have a duration of one year or less; and
- leases of assets that would have cost \$5,000 or less, when new, to acquire if the asset had been purchased rather than leased.

• Lessors:

Hunting leases equipment to customers in the capacity of a manufacturer/dealer lessor. Consequently, the leased asset is derecognised and a finance lease receivable is recognised on the balance sheet in respect of the future amounts payable by the customer.

(h) Goodwill

- Goodwill arises when the fair value of the consideration paid for a business exceeds the fair value of the Group's share of the net assets acquired.
- Goodwill is recognised as an asset and is carried at cost less accumulated impairment losses.
- Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to the cash-generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose.
- On the disposal of a business, goodwill relating to that business that remains in the consolidated balance sheet at the date of disposal is included in the determination of the profit or loss on disposal.

(i) Other Intangible Assets

- Other intangible assets, whether obtained through acquisition or internal development, are capitalised when it is probable that the future economic benefits that are attributable to the asset will be generated, provided the cost of the asset can be measured reliably.
- Capitalisation occurs from the point when technical and commercial feasibility of the asset has been established. Prior to this costs are expensed.
- For internally generated assets, only costs directly attributable to the development of the asset are capitalised. This typically includes employee remuneration and the cost of materials and services, such as testing, consumed in generating the intangible asset.
- Other intangible assets are stated at cost less accumulated amortisation and impairment losses where applicable.
- These assets have a finite life and are amortised in accordance with the pattern of expected future economic benefits, or when this cannot be reliably estimated, by using the straight-line method.
- Intangible assets are amortised over the following periods:

Customer relationships	– eight to ten years
Patents	– eight to ten years
Unpatented technology	– eight to ten years
Trademarks and domain names	– one to five years

41. Principal Accounting Policies continued**(j) Investments in Associates and Joint Ventures**

- The Group's interests in these investments are accounted for using the equity method of accounting.
- Upon initial recognition as at the date of acquisition, the interests are recognised in the balance sheet at cost plus directly incurred acquisition-related expenses. The excess of cost above the share of net assets is ascribed to goodwill and other intangible assets, as appropriate. The intangible assets are subsequently amortised and presented in the consolidated income statement as part of the post-tax share of the investments' results.
- Subsequently, the carrying amount is adjusted to include the Group's share of the increase or decrease in the investments' net assets after the date of acquisition. The Group's share of the investments' net profit or loss after taxation is incorporated in the consolidated income statement as post-tax share of associates' and joint ventures' results. The Group's share of the investments' net assets plus direct acquisition expenses, goodwill and other acquisition-related intangible assets are incorporated in the consolidated balance sheet as investments in associates and joint ventures.

(k) Impairments

- The Group assesses at least annually whether there is any indication that an asset is impaired, and undertakes an assessment for an impairment if such an indication exists.
- In addition, the Group undertakes an annual impairment assessment of goodwill whether or not an indication of impairment actually exists.
- Where assets do not generate their own independent cash flows, they are tested at a cash generating unit ("CGU") level and, if impairment is identified, the carrying amount of the CGU is reduced to its recoverable amount. For assets that do generate independent cash flows, the specific asset is impaired to its recoverable amount if impairment is identified.
- Where impairment exists, an asset or CGU is written down to its recoverable amount being the higher of: (a) its fair value minus costs to sell; and (b) its value in use. Details of how value in use is determined are given in note 15.
- Impairments are recognised immediately in the consolidated income statement.
- An impairment to goodwill is never reversed. When applicable, an impairment of any other asset or CGU is reversed, but only to the extent that the consequent carrying value does not exceed what would have been the carrying value had the impairment not originally been made.

(l) Inventories

- Inventories are stated at the lower of cost and net realisable value.
- Cost is determined using the first-in-first-out method and net realisable value is the estimated selling price less costs of disposal in the ordinary course of business. The cost of inventories includes direct costs plus production overheads.

(m) Cash and Cash Equivalents

- Cash and cash equivalents comprise cash at bank and in hand, short-term deposits and qualifying Fixed Term Funds ("FTFs") and money market funds with a maturity of less than three months from the date of deposit.
- Short-term deposits, FTFs and money market funds have been classified as cash and cash equivalents as they are short-term, highly liquid, are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. These instruments are held for the purpose of settling current or potential cash commitments in the short term by the treasury function.
- For cash flow statement purposes, cash and cash equivalents include bank overdrafts. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities.

(n) Financial Assets

- At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. Transaction costs of financial assets at FVTPL are expensed immediately to the consolidated income statement.
- Subsequent measurement of debt instruments depends on each Group entity's business model for managing the asset in order to generate cash flows and the cash flow characteristics of the financial asset. The Group's debt instruments are classified either into amortised cost or fair value through profit or loss.
- Debt instruments that are held for the collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. If collection is expected in one year or less they are classified as current assets, otherwise they are presented as non-current assets. Debt instruments held for collection of contractual cash flows include, contract assets, trade receivables, accrued revenue and other receivables.
- Any other debt instruments, including the convertible financing, money market funds and Fixed Term Funds, which are subsequently not measured at amortised cost have been measured at fair value through profit or loss.
- The Group's financial assets that are (1) equity instruments, and (2) debt instruments that are convertible into equity, are subsequently measured at fair value through profit or loss. Changes in the fair value of these instruments are recognised in other operating income, operating expenses, finance income or finance expense, as appropriate. Financial assets that are equity instruments comprise listed equity investments and mutual funds. The convertible debt instrument is currently a loan on which interest is earned prior to its potential conversion into equity, the conversion of which is dependent upon events outside of the Group's control.
- The Group applies lifetime expected credit losses ("ECLs") to trade receivables, accrued revenue, contract assets and lease receivables, both short-term and long-term, upon their initial recognition.

41. Principal Accounting Policies continued**(o) Financial Liabilities**

- Financial liabilities are initially recognised at fair value at the trade date, which is normally the consideration received less, in the case of financial liabilities that are not measured at fair value through profit or loss, transaction costs. The Group subsequently remeasures all of its non-derivative financial liabilities, including trade payables, at amortised cost.
- Payables are classified as current liabilities if payment is due within one year, otherwise they are presented as non-current liabilities.

(p) Debt Issue Costs

- Transaction costs in relation to the arrangement of the ABL facility are capitalised and subsequently amortised on a straight-line basis over the expected useful life of the facility. The charge is recognised within finance expense in the income statement. Capitalised costs are presented in the balance sheet as a reduction to any drawn down debt with any excess over the drawn amount presented as a prepayment for services.

(q) Derivatives and Hedging

- Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.
- The full fair value of a derivative is classified as a non-current asset or liability when the remaining maturity of the derivative is more than 12 months from the balance sheet date.
- The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.
- Where the derivatives are not designated in a hedge and accounted for using hedge accounting, they are classified as “held for trading” and are accounted for at fair value through profit or loss, with changes in the fair value recognised immediately within the consolidated income statement.
- The Group designates certain derivatives as:
 - hedges of the fair value of recognised assets and liabilities; or
 - hedges of a particular risk associated with the cash flows of highly probable forecast transactions; or
 - a hedge of the net investment in a foreign operation.

(i) Fair Value Hedges

- Fair value gains or losses on derivatives designated in a fair value hedge are recognised immediately in the consolidated income statement if the changes in the fair value of the hedged item are taken to the consolidated income statement.

(ii) Cash Flow Hedges

- When forward foreign exchange contracts are designated in a cash flow hedge of forecast transactions, the Group generally designates only the change in fair value of the forward contract relating to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The Group has chosen to recognise the change in the forward element of the contract that relates to the hedged item, defined as the forward points, within the consolidated income statement immediately rather than in equity. The forward points are discounted, where material.
- Where the hedged item subsequently results in the recognition of a non-financial asset, such as inventory or property, plant and equipment, the deferred hedging gains and losses in equity are included within the initial cost of the asset. The deferred amounts are subsequently recognised in profit or loss when the hedged item affects profit or loss (for example through cost of sales or depreciation).
- When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss of hedging that was reported in equity is immediately reclassified to the consolidated income statement.

(r) Provisions

- Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation.
- The measurement of a provision is based on the most likely amount and timing of the expenditures. Payments that are expected to arise after more than one year are discounted to their present value using a risk-free interest rate that is relevant to the region in which the past event occurred. The risk-free interest rate is based on the redemption yields of government securities.

41. Principal Accounting Policies continued**(s) Post-employment Benefits**

- Payments to defined contribution retirement schemes are charged to the consolidated income statement when they fall due.

(t) Share-based Payments

- The Group issues equity-settled and cash-settled share-based payments (HPSP awards) to certain employees as consideration for services received from the employees. The fair value of the employees' services is recognised as an expense in the consolidated income statement on a straight-line basis over the vesting period based on the Group's estimate of awards that will ultimately vest. The obligation to settle these awards is recognised within other components of equity; the obligation to settle the cash-settled awards is recognised as a liability.

(u) Share Capital

- Incremental costs directly attributable to the issue of new shares are charged to equity as a deduction from the proceeds, net of tax.

(v) Merger Reserve

- The merger reserve comprises the proceeds received, net of transaction costs, in excess of the nominal value of the Ordinary shares issued by way of the share placing completed on 31 October 2016. In accordance with section 612 of the Companies Act 2006, the premium was credited to the merger reserve, instead of to the share premium account, because the share placing was pursuant to the Company securing over 90% of another entity. The proceeds were used to pay down the Group's borrowings at that time. The reserve is currently non-distributable and will be transferred to distributable retained earnings when the proceeds meet the definition of a qualifying consideration.

(w) Dividends

- Dividends to the Group's shareholders are recognised as liabilities in the Group's financial statements in the period in which the dividends are approved by shareholders. Interim dividends are recognised when paid. All dividends are dealt with in the statement of changes in equity.

(x) Employee Benefit Trust

- The Hunting PLC Employee Benefit Trust ("EBT") holds treasury shares, which are shares in Hunting PLC, for the purpose of issuing shares to employees of the Group under share-based remuneration schemes. The EBT is consolidated in accordance with note 41(a) above.
- The cost of treasury shares is presented as a deduction from retained earnings in the consolidated balance sheet.
- The cost of shares issued to employees is recognised on a weighted average cost basis.

Company Balance Sheet

At 31 December 2022

	Notes	2022 \$m	2021 \$m
ASSETS			
Non-current assets			
Investments in subsidiaries	C4	205.3	331.3
Other receivables	C5	582.3	460.1
		787.6	791.4
Current assets			
Other receivables	C5	2.4	1.2
Current tax asset		–	0.2
		2.4	1.4
LIABILITIES			
Current liabilities			
Other payables	C6	1.5	1.6
Provisions		0.2	0.2
Current tax liability		–	–
		1.7	1.8
Net current assets (liabilities)		0.7	(0.4)
Non-current liabilities			
Provisions		0.7	0.8
Net assets		787.6	790.2
Equity attributable to owners of the parent			
Share capital	C13	66.5	66.5
Share premium	C13	153.0	153.0
Other components of equity	C14	9.3	22.6
Retained earnings	C15	558.8	548.1
Total equity		787.6	790.2

The Company has elected to take the exemption under Section 408 of the Companies Act 2006 from presenting its own income statement and statement of comprehensive income. Profit and total comprehensive income for the year of \$9.5m (2021 – \$92.7m) has been accounted for in the financial statements of the Company.

The notes on pages 231 to 239 are an integral part of these financial statements. The financial statements on pages 228 to 239 were approved by the Board of Directors on 2 March 2023 and were signed on its behalf by:



Jim Johnson
Director



Bruce Ferguson
Director

Registered number: 0974568

Company Statement of Changes in Equity

	Notes	Year ended 31 December 2022				
		Share capital \$m	Share premium \$m	Other components of equity \$m	Retained earnings \$m	Total equity \$m
At 1 January 2022		66.5	153.0	22.6	548.1	790.2
Profit for the year and total comprehensive income		-	-	-	9.5	9.5
Dividends paid to equity shareholders	C16	-	-	-	(13.6)	(13.6)
Treasury shares						
- purchase of treasury shares	C15	-	-	-	(7.9)	(7.9)
- disposal of treasury shares	C15	-	-	-	0.2	0.2
Share options and awards						
- value of employee services	C14	-	-	9.4	-	9.4
- discharge	C14, C15	-	-	(9.1)	8.9	(0.2)
Transfer between reserves		-	-	(13.6)	13.6	-
At 31 December 2022		66.5	153.0	9.3	558.8	787.6
	Notes	Year ended 31 December 2021				
		Share capital \$m	Share premium \$m	Other components of equity \$m	Retained earnings \$m	Total equity \$m
At 1 January 2021		66.5	153.0	37.1	453.0	709.6
Profit for the year and total comprehensive income		-	-	-	92.7	92.7
Dividends paid to equity shareholders	C16	-	-	-	(12.8)	(12.8)
Treasury shares						
- purchase of treasury shares	C15	-	-	-	(8.1)	(8.1)
- disposal of treasury shares	C15	-	-	-	0.3	0.3
Share options and awards						
- value of employee services	C14	-	-	8.7	-	8.7
- discharge	C14, C15	-	-	(10.4)	10.2	(0.2)
Transfer between reserves		-	-	(12.8)	12.8	-
At 31 December 2021		66.5	153.0	22.6	548.1	790.2

Company Statement of Cash Flows

For the year ended 31 December 2022

	Notes	2022 \$m	2021 ⁱ \$m
Operating activities			
Profit (loss) from operations ⁱⁱ		(2.7)	88.9
Impairment of subsidiaries	C4	126.0	105.5
Share-based payments expense		9.4	8.7
(Increase) decrease in receivables		(0.3)	0.3
Increase (decrease) in payables		(0.1)	0.1
Net exchange differences		(0.3)	(0.1)
Taxation paid		(1.8)	(0.1)
Net cash inflow from operating activities		130.2	203.3
Investing activities			
Interest received		15.9	3.5
Loan issued		(121.3)	(186.4)
Net cash outflow from investing activities		(105.4)	(182.9)
Financing activities			
Interest and bank fees paid		(3.5)	–
Dividends paid to equity shareholders	C16	(13.6)	(12.8)
Purchase of treasury shares		(7.9)	(7.9)
Disposal of treasury shares		0.2	0.3
Net cash outflow from financing activities		(24.8)	(20.4)
Net cash inflow (outflow) in cash and cash equivalents		–	–
Cash and cash equivalents at the beginning of the year		–	–
Cash and cash equivalents at the end of the year		–	–

i. The profit (loss) from operations line item is profit before interest and tax. In 2021, profit from operations was stated before impairment of investments of \$105.5m. This has been restated above.

ii. Within profit (loss) from operations is dividend income of \$126.2m (2021 – \$200.0m). Please refer to note C18 for further details.

Notes to the Company Financial Statements

C1. Basis of Preparation

Hunting PLC is a premium-listed public company limited by shares, with its Ordinary shares listed on the London Stock Exchange. Hunting PLC was incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is shown on page 248. The Company acts as a holding company for the Hunting PLC Group. Details of the Company's associates and joint ventures are given in note C19 and details of subsidiaries are given in note C20.

The financial statements of Hunting PLC have been prepared in accordance with international accounting standards and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The Board's consideration of going concern is detailed further in the Strategic Report on page 111.

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Hunting PLC Group and are not managed separately. The principal risks and uncertainties of the Hunting PLC Group, which include those of the Company, are discussed on pages 105 to 109 in the Risk Management section of the Annual Report and further detail on financial risks is provided within note C9.

The Company's principal accounting policies applied in the preparation of these financial statements are the same as those set out in note 41 of the Group's financial statements, except for investments in subsidiaries that are stated at cost, which is the fair value of the consideration paid, less provision for impairment. These policies have been consistently applied to all the years presented.

The Company's statement of cash flows for 2021 has been represented to show profit from operations inclusive of the exceptional impairment charge of \$105.5m, with profit from operations previously disclosed as \$194.4m, and the impairment charge as a non-cash adjustment on a separate line.

Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The impact of the reform and replacement of benchmark interest rates such as GBP LIBOR and US LIBOR is being assessed and is ongoing. The Company's interest-bearing loan receivable from the treasury company of \$581.2m at the year-end has a variable interest rate that is referenced to relevant central bank rates and will not be affected by the IBOR reforms. There is currently uncertainty around the precise nature of the changes to benchmark interest rates. To transition existing contracts and agreements that reference LIBOR to SONIA (in respect of GBP denominated contracts) or SOFR (in respect of USD denominated contracts), adjustments for term differences and credit differences might need to be applied to SONIA and/or SOFR, to enable the two benchmark rates to be economically equivalent on transition. Group treasury is responsible for managing the Company's LIBOR transition plan.

Critical Accounting Estimates and Judgements

Critical judgements are those that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the Company's financial statements. Key assumptions are those assumptions concerning future expectations, together with other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates are continually evaluated, based on experience and reasonable expectations of future events. Accounting estimates were made regarding future cash flows for the purposes of impairment testing relating to the carrying value of investments in subsidiaries. The estimated future gross cash flows utilise independent market forecasts adjusted to reflect the Directors' view of each subsidiary's future trading prospects, can include known growth projects, and are discounted at a rate that is determined for each business unit in isolation by consideration of their business risk profiles. Further details of the impairment review are disclosed in note C4.

Other than estimates regarding future cash flows for the purposes of impairment testing for the Company's investments in subsidiaries (see note C4), management believes that there are no other critical judgements or estimates applied in the preparation of the Company's financial statements.

C2. Employees

The Company had no employees during the current or prior year.

C3. Auditor's Remuneration

	2022 \$m	2021 \$m
Fees payable to the Company's independent auditor and its associates are for:		
The audit of these financial statements	(0.5)	(0.5)

C4. Investments in Subsidiaries

	2022 \$m	2021 \$m
Cost:		
At 1 January and 31 December	436.8	436.8
Impairment:		
At 1 January	(105.5)	–
Impairment charge for the year	(126.0)	(105.5)
At 31 December	(231.5)	(105.5)
Net book amount	205.3	331.3

The Company's subsidiaries are detailed in note C20. Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid, less impairment.

(a) Impairment Tests

In respect of the carrying value of the Company's investment in subsidiaries, assessments are undertaken at least annually to determine whether there have been any events or changes in circumstances that indicate that the carrying value may be impaired. An impairment review is carried out when such indicators are present by comparing the carrying value of a subsidiary to its recoverable amount. The recoverable amount is the higher of fair value less costs of disposal ("FVLCD") and value in use.

The recoverable amount for one of the investments was based on the net asset value of the investment. Following receipt of a \$126.2m dividend, the carrying value of the investment was compared to the net asset value of the investment and the deficit of \$126.0m (2021 – \$105.5m) was recognised as an impairment charge in the income statement.

The recoverable amount for the other investment was determined using a fair value less costs of disposal ("FVLCD") method, which represents the value of the investment in a sales transaction on an arm's length basis. As there is no active market for the Company's subsidiaries, the FVLCD is determined using discounted cash flow techniques based on the estimated future gross cash flows that are expected to be generated by each subsidiary and are discounted at a rate that is determined for each subsidiary in isolation by consideration of their business risk profiles. This method allows approved capital projects that are in progress to be included.

The recoverable amount calculations use discounted pre-tax nominal cash flow projections. The value of each subsidiary's debt has then been deducted from the cash flows. The impairment review is carried out using projected cash flows based on what could have reasonably been known as at 31 December 2022, the reporting date, of the conditions that existed at that date. The FVLCD is a Level 3 measurement as per the fair value hierarchy as defined within IFRS 13 due to unobservable inputs used in the valuation. The key assumptions for the recoverable amount calculations are revenue growth rates, taking into account the impact these have on margins, terminal growth rates and the discount rates applied.

For 2023 and 2024, cash flows are based on the latest detailed budget as approved by the Hunting PLC Board. For 2025 to 2027, management made revenue projections using Spears & Associates' "Drilling and Production Outlook" independent reports as a default basis, selecting the most appropriate geographic market and drivers (rig count, footage drilled or E&P spend) for each subsidiary. Management then applied judgemental changes to revenue growth expectations, if appropriate, to reflect circumstances specific to the subsidiary. Having determined the projected revenues, management then modelled the expected impact on margins and cash flow from the resulting revenue projections. This process can give a diverse range of outcomes depending on market or business specific conditions.

Compound annual growth rates ("CAGR") for revenue for the subsidiaries from 2022 to 2027 vary between 3% and 22% (2021 – CAGR from 2021 to 2026 between 6% and 25%). After 2027, a terminal value has been calculated assuming growth of 50 basis points above assumed inflation (2021 – 50 basis points), giving nominal growth rates between 2% and 6% (2021 – between 0% and 4%). Cash flows were discounted using nominal pre-tax rates between 14% and 18% (2021 – 10% and 15%). The discount rates reflected current market assessments of the equity market risk premiums, the volatility of returns, the risks associated with the cash flows, the likely external borrowing rate of the subsidiary and expected levels of leverage. Consideration has also been given to other factors such as currency risk, operational risk and country risk. Required returns on equity were determined using the CAPM model, which is then incorporated into a weighted average cost of capital ("WACC") calculation. Risk free rates are determined using long-dated Government borrowing instruments. As a result of the major economic changes that occurred in 2022, these risk free rates have increased significantly and this is the main driver of the increase in rates.

No impairment charges were recognised for the other investment determined using the FVLCD method. In the opinion of the Directors, following the impairment review, the value of the investments in the subsidiaries is not less than the aggregate carrying value amount shown in the balance sheet and that the carrying value of the investments is supported by their underlying net assets.

(b) Sensitivities

Management has reviewed various downside sensitivities versus the base case assumptions used in the projections. These covered revenue growth rates, terminal revenue growth rates, discount rates and foreign exchange rates. Management has concluded that there are no reasonably foreseeable changes in key assumptions that would give rise to an impairment charge.

C5. Other Receivables

	2022 \$m	2021 \$m
Non-current:		
Loans receivable from a subsidiary – interest-bearing	581.2	459.9
Prepayments	1.1	0.2
	582.3	460.1
Current:		
Receivables from subsidiaries	1.1	0.6
Prepayments	1.3	0.6
	2.4	1.2

Receivables from subsidiaries' current accounts are unsecured, interest free and repayable on demand. The Company does not hold any collateral as security and no assets have been acquired through the exercise of any collateral previously held.

(a) Impairment of Receivables

Default on a financial asset is usually considered to have occurred when any contractual payments under the terms of the debt are more than 90 days overdue. Receivables are written off when there is no reasonable expectation of recovery. Indicators that receivables are generally not recoverable include the failure of the debtor to engage in a repayment plan, failure to make contractual payments for a period greater than 180 days past due and the debtor being placed in administration. Where receivables have been written off, the entity will continue to try and recover the outstanding receivable.

(b) Impairment of Loan Receivable

The Company assesses on a forward-looking basis the expected credit losses ("ECLs") at each balance sheet date associated with its loan receivable from a subsidiary company carried at amortised cost. The impairment methodology applied, following the adoption of the general model under IFRS 9, will depend upon whether there has been a significant increase in credit risk.

To assess whether there has been a significant increase in credit risk, the risk of default occurring as at 31 December 2022 is compared with the risk of default occurring at the date of initial recognition. Indications of a significant increase in credit risk include events that have a negative impact on the estimated future cash flows and if any payments under the terms of the debt are more than 30 days overdue. Macro-economic information is also considered.

At 31 December 2022, the Company's loan receivable was not overdue and the Company does not consider it necessary to provide for any impairment. The loan receivable is expected to be fully recovered, as there is no recent history of default or any indications that the contractual payments will not be made (see note C9(c)). The Company's maximum exposure to credit risk is the fair value of the loan receivable, as described in note C8.

(c) Impairment of Receivables from Subsidiaries and Other Receivables

None of the Company's receivables from subsidiaries and other receivables (2021 – none) were overdue at the year-end and the Company does not consider it necessary to provide for any impairments as there is no recent history of default or any indications that the contractual payments will not be made. The Company's maximum exposure to credit risk is the fair value of each class of receivable, as described in note C8.

C6. Other Payables

	2022 \$m	2021 \$m
Current:		
Payables to subsidiaries	0.2	–
Accruals	1.0	1.0
Other payables	0.3	0.6
	1.5	1.6

Current payables due to subsidiaries are unsecured, interest free and repayable on demand.

C7. Derivatives and Hedging

The Company has used forward foreign exchange contracts to hedge its exposure to exchange rate movements during the year. At 31 December 2022, the Company had no outstanding forward foreign exchange contracts (2021 – \$nil). Gains and losses on contracts that are not designated in a hedge relationship are taken directly to the income statement. Changes in the fair value of currency derivatives not designated in a hedge relationship amounting to a \$0.1m net gain (2021 – \$0.1m gain) were recognised in the income statement during the year.

C8. Financial Instruments

(a) Financial Instruments at Amortised Cost

The loan receivable from a subsidiary and current receivables from subsidiaries of \$582.3m (2021 – \$460.5m) are financial assets measured at amortised cost. The interest-bearing loans receivable from a subsidiary are unsecured and interest is charged based on a margin over bank lending rates. During the year, the Company received interest of \$16.0m (2021 – \$3.5m) on the interest-bearing loan.

Payables to subsidiaries, accruals and other payables of \$1.5m (2021 – \$1.6m) are financial liabilities carried at amortised cost.

Net foreign exchange gains of \$nil (2021 – \$nil) were recognised in profit or loss during the year in relation to financial instruments carried at amortised cost.

(b) Financial Instruments Measured at Fair Value

The Company has used forward foreign exchange contracts to hedge its exposure to exchange rate movements during the year. These financial instruments do not qualify for measurement at either amortised cost or at fair value through other comprehensive income ("FVTOCI"), therefore they are financial instruments that have mandatorily been measured at fair value through profit or loss ("FVTPL"). The fair value of forward foreign exchange contracts is determined by comparing the cash flows generated by the contract with the coterminous cash flows potentially available in the forward exchange market on the balance sheet date. Details of the fair value gains and losses recognised during the year on derivative contracts are given in note C7.

(c) Fair Values of Other Financial Instruments Carried at Amortised Cost

Due to their short-term nature, the carrying value of current receivables from subsidiaries, payables to subsidiaries, accruals, other payables and provisions approximates their fair value. The carrying value of the loan receivable from a subsidiary approximates its fair value as interest is charged based on a margin over current bank lending rates.

C9. Financial Risk Management

The Company's activities expose it to certain financial risks, namely market risk (including currency, cash flow interest rate and fair value interest rate risks), as well as credit risk and liquidity risk. From the perspective of the Company, these financial risks are integrated with the financial risks of the Hunting PLC Group and are not managed separately.

(a) Foreign Exchange Risk

The Company is mainly exposed to foreign exchange risk from its financing and operating activities in respect of Sterling. Foreign exchange risks arise from future transactions and cash flows and from recognised monetary assets and liabilities that are not denominated in US dollars and, where appropriate, forward foreign exchange contracts are used to manage the exposure to changes in foreign exchange rates. The Company has Sterling denominated financial assets and financial liabilities.

Loans receivable from a subsidiary of \$0.2m (2021 – \$0.5m) at the year-end are denominated in Sterling, with exchange differences being recognised in the income statement in the following year.

The carrying amount of the Company's financial liabilities included in accruals and other payables at 31 December 2022, on which exchange differences would be recognised in the income statement in the following year, was \$2.1m (2021 – \$2.3m) for Sterling denominated financial liabilities.

(b) Interest Rate Risk

The Company is exposed to cash flow interest rate risk from its loans receivable from a subsidiary, which are at variable interest rates.

(c) Credit Risk

The Company's credit risk arises from its outstanding current receivables and loans receivable from a subsidiary. The Company is exposed to credit risk to the extent of non-receipt of its financial assets; however, it has no significant concentrations of credit risk other than from related parties. Credit risk is continually monitored and no individual exposure is considered significant in the ordinary course of the Company's activities.

The interest-bearing loans receivable due from a subsidiary have not been impaired as no losses are expected from non-performance of this counterparty. The credit risk at the time the loans were taken out was deemed low and there has not been an increase in the credit risk since the time the loans were initially recognised. Therefore, management does not believe that there is a significant increase in credit risk such that the loans move from stage 1 to stage 2 of the IFRS 9 general impairment model. There is no history of default and previously all payments under the original terms of the loan have been made. The loans are with the Group's central treasury company, which has sufficient cash, short-term deposits and credit facilities to repay the loan. Management does not have any reason to believe that any future payments will not be made in accordance with the terms of the loans. Therefore, no provision for 12-month expected credit losses has been made under IFRS 9.

The Company's outstanding receivables due from subsidiaries are current accounts and no losses are expected from non-performance of these counterparties.

C9. Financial Risk Management continued**(d) Liquidity Risk****(i) Management of Cash**

The Company has sufficient facilities available to satisfy its requirements. The Company submits weekly and bi-monthly cash forecasts to Hunting's treasury function to enable them to monitor the Company's and the Group's requirements.

The Group's treasury function has put in place a cash concentration structure across the Hunting Group's bank accounts in the UK, such that at the end of each day balances in any of their bank accounts are swept to the Group's central treasury function, with a corresponding increase or decrease in the loan receivable balance with fellow group companies. As a result, at the end of the year, cash at bank is \$nil (2021 – \$nil).

(ii) Future Cash Flows of Financial Liabilities

The following table analyses the expected timings of cash outflows for each of the Company's non-derivative financial liabilities. The table below analyses the Company's cash outflows into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates of the financial liabilities. The amounts disclosed in the table are the contractual, undiscounted cash flows and include interest cash flows, where applicable, so will not always reconcile with the amounts disclosed in the Company balance sheet. The carrying values are the amounts in the Company balance sheet and are the discounted amounts.

	2022		2021	
	On demand or within one year \$m	Carrying value \$m	On demand or within one year \$m	Carrying value \$m
Non-derivative financial liabilities:				
Payables to subsidiaries	0.2	0.2	–	–
Accruals	1.0	1.0	1.0	1.0
Other payables	0.3	0.3	0.6	0.6
	1.5	1.5	1.6	1.6

The Company did not have any derivative financial liabilities at the end of 2022 or 2021.

C10. Capital Risk Management

The Company's capital consists of equity and net cash. Net cash comprises the loan receivable from a subsidiary and borrowings. It is managed with the aim of maintaining an appropriate level of financing available for the Company's activities, having due regard to interest rate risks and the availability of borrowing facilities.

Changes in equity arise from the retention of earnings and from issues of share capital. Net cash is monitored on a periodic basis. At the year-end, capital comprised:

	2022 \$m	2021 \$m
Total equity	787.6	790.2
Net cash:		
Loans receivable from subsidiary (note C5)	(581.2)	(459.9)
Capital employed	206.4	330.3

The decrease in total equity during the year is mainly attributable to the payment of dividends of \$13.6m and the net increase in treasury shares of \$7.7m being offset by profit and total comprehensive income for the year of \$9.5m and the increase of \$9.2m for the net share-based payment charge.

The loans receivable from the Group's treasury company largely increased when dividend income of \$126.2m from subsidiaries was deposited with the treasury company. The balance also increased as royalty income and interest income were received during the year. This was offset by dividend payments of \$13.6m, net payments for the purchase of treasury shares of \$7.7m and \$2.8m fees paid in relation to the new Asset Based Lending facility for the Group that was signed in February 2022. There have been no significant changes in the Company's funding policy during the year. The Company is not subject to any externally imposed capital requirements.

C11. Financial Instruments: Sensitivity Analysis

The following sensitivity analysis is intended to illustrate the sensitivity to changes in market variables on the Company's financial instruments and show the impact on profit or loss and shareholders' equity. Financial instruments affected by market risk include non-current receivables from subsidiaries and borrowings. The sensitivity analysis relates to the position as at 31 December 2022.

The analysis excludes the impact of movements in market variables on the carrying value of provisions and on non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

- Foreign exchange rate and interest rate sensitivities have an asymmetric impact on the Company's results, that is an increase in rates does not result in the same amount of movement as a decrease in rates;
- For floating rate assets and liabilities, the amount of asset or liability outstanding at the balance sheet date is assumed to be outstanding for the whole year; and
- The carrying values of financial assets and liabilities carried at amortised cost do not change as interest rates change.

(a) Interest Rate Sensitivity

The sensitivity rate of 1.0% (2021 – 1.0%) for US interest rates represents management's assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates. The impact on the income statement, with all other variables held constant, in applying the sensitivity results in a \$4.7m (2021 – \$3.7m) increase or decrease in post-tax profits for or an increase or decrease in US interest rates. The movements arise on US dollar denominated intra-Group loans. There is no impact on OCI for a change in interest rates.

(b) Foreign Exchange Rate Sensitivity

The sensitivity rate of 5.0% (2021 – 3.0%) for Sterling foreign exchange rates represents management's assessment of a reasonably possible change, based on historical volatility and a review of analysts' research and banks' expectations of future interest rates. The impact on the income statement, with all other variables held constant, in applying the sensitivity results in an immaterial increase or decrease in post-tax profits for or an increase or decrease in Sterling foreign exchange rates. There is no impact on OCI for a change in foreign exchange rates.

C12. Post-employment Benefits

The Company has no employees and therefore does not participate in any of the post-employment benefit schemes shown in note 32 of the Group's financial statements, although it does guarantee the contributions due by the participating employers.

C13. Share Capital and Share Premium

Please see note 33 of the Group's financial statements.

C14. Other Components of Equity

	Year ended 31 December 2022				
	Currency translation reserve \$m	Share-based payments reserve \$m	Merger reserve \$m	Capital redemption reserve \$m	Total \$m
At 1 January 2022	(19.2)	15.6	25.4	0.8	22.6
Share options and awards					
– value of employee services	–	9.4	–	–	9.4
– discharge	–	(9.1)	–	–	(9.1)
Transfer between reserves	–	–	(13.6)	–	(13.6)
At 31 December 2022	(19.2)	15.9	11.8	0.8	9.3

The currency translation reserve contains the accumulated foreign exchange differences arising on foreign currency loans used to finance foreign currency net investments and also foreign exchange differences arising on the Company's change in presentational currency from Sterling to US dollars on 1 January 2013.

The share-based payments reserve represents the Company's obligation to settle share-based awards issued to employees of the Hunting PLC Group. When employees exercise their awards, the portion of the share-based payments reserve which represents the share-based payment charge for those awards is transferred to retained earnings and the Group discharges its obligation.

The merger reserve comprises the proceeds received, net of transaction costs, in excess of the nominal value of the Ordinary shares issued by way of the share placing completed on 31 October 2016. In accordance with section 612 of the Companies Act 2006, the premium was credited to the merger reserve, instead of to the share premium account, because the share placing was pursuant to the Company securing over 90% of another entity. The proceeds were used to pay down the Group's borrowings at that time. The reserve is currently non-distributable and will be transferred to distributable retained earnings when the proceeds meet the definition of a qualifying consideration. During the year, \$13.6m (2021 – \$12.8m) was transferred from the merger reserve to retained earnings. This portion of the reserve is now considered to be realised as the equivalent amount of the proceeds from the share placing in 2016 have now met the definition of qualifying consideration.

The capital redemption reserve is a statutory, non-distributable reserve into which amounts are transferred following the purchase of the Company's own shares out of distributable profits.

C14. Other Components of Equity continued

	Year ended 31 December 2021				Total \$m
	Currency translation reserve \$m	Share-based payments reserve \$m	Merger reserve \$m	Capital redemption reserve \$m	
At 1 January 2021	(19.2)	17.3	38.2	0.8	37.1
Share options and awards					
– value of employee services	–	8.7	–	–	8.7
– discharge	–	(10.4)	–	–	(10.4)
Transfer between reserves	–	–	(12.8)	–	(12.8)
At 31 December 2021	(19.2)	15.6	25.4	0.8	22.6

C15. Retained Earnings

	2022 \$m	2021 \$m
At 1 January	548.1	453.0
Profit for the year	9.5	92.7
Dividends paid to equity shareholders (note C16)	(13.6)	(12.8)
Treasury shares		
– purchase of treasury shares	(7.9)	(8.1)
– proceeds on disposal of treasury shares	0.2	0.3
Share options and awards		
– discharge	8.9	10.2
Transfer between reserves	13.6	12.8
At 31 December	558.8	548.1

Retained earnings include the following amounts in respect of the carrying amount of treasury shares:

	2022 \$m	2021 \$m
Cost:		
At 1 January	(15.0)	(10.6)
Purchase of treasury shares	(7.9)	(8.1)
Cost of treasury shares disposed	3.7	3.7
At 31 December	(19.2)	(15.0)

At 31 December 2022, 5,370,963 Ordinary shares were held by the Employee Benefit Trust (2021 – 4,282,065). During the year, the Company purchased 2,130,142 additional treasury shares for \$7.9m. The loss on disposal of treasury shares during the year, which is recognised in retained earnings, was \$3.5m (2021 – \$3.4m).

C16. Dividends Paid to Equity Shareholders

Please see note 36 of the Group's financial statements.

C17. Share-based Payments

Please see note 37 of the Group's financial statements.

C18. Related-party Transactions

The following related-party transactions took place between the Company and subsidiaries of the Group during the year:

	2022 \$m	2021 \$m
Transactions:		
Royalties receivable	10.0	7.1
Management fees payable	(9.7)	(9.6)
Recharges of share options and awards and administrative expenses	10.0	9.5
Loans to subsidiary	(121.3)	(186.4)
Interest receivable on intercompany loans	16.0	3.5
Dividends received from subsidiaries	126.2	200.0
Year-end balances:		
Payables to subsidiaries	(0.2)	–
Receivables from subsidiaries	1.1	0.6
Loans owed by subsidiaries	581.2	459.9

All balances between the Company and its subsidiaries are unsecured.

C18. Related-party Transactions continued

The Company serves as the intermediary for certain Group insurances and is also the head of the VAT group for UK central companies.

The key management of the Company comprises the Hunting PLC Board and members of the Executive Committee. A summary of their remuneration is disclosed in note 7 of the Group's financial statements. The Hunting PLC Board and members of the Executive Committee had no material transactions other than as a result of their service agreements.

Hunting PLC is the parent company of the Hunting PLC Group. The Company is listed on the London Stock Exchange, with none of the shareholders owning more than 20% of the issued share capital of the Company (see page 61). Accordingly, the Directors do not consider there to be an ultimate controlling party.

C19. Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Joint ventures are entities where the Group has joint control over the entity.

Associates and joint ventures ⁱ	Registered address ⁱⁱ
Rival Downhole Tools LC (23.5%)	5535 Brystone Drive, Houston, Texas, 77041-7013, USA
Cumberland Additive Holdings LLC (29.2%)	3813 Helios Way, Suite B200, Pflugerville, Texas, 78660, USA
Tianjin Huaxin Premium Connection Pipe Co Ltd (28.5%)	Jintang Road, Dongli District, Tianjin, 300301, China
Hunting Airtrust Tubulars Pte. Ltd (50%)	19 Keppel Road, 08-05 JIT Poh Building, 089058, Singapore
Jindal Hunting Energy Services Limited (49%)	A-1, UPSIDC Industrial Area, Nand Gaon Road, Kosi Kalan, Mathura, Uttar Pradesh, 281403 India

i. All interests are in the Ordinary equity shares of those companies.

ii. Interest in company is held indirectly by Hunting PLC.

iii. Associates and joint ventures are incorporated and operate in the countries indicated.

Changes During the Year**(a) Incorporation of Indian Joint Venture**

In December 2021, the Group entered into an agreement for the formation of a new 49:51 joint venture with Jindal SAW Limited ("Jindal") to pursue new growth opportunities in India. The new joint venture entity, Jindal Hunting Energy Services Limited, was incorporated on 7 March 2022.

(b) Cumberland Additive Investment

The Group increased its investment in Cumberland Additive Holdings LLC during the year by \$1.6m. The Group's effective shareholding has increased to 29.2% as a result of the additional investment.

C20. Subsidiaries

All companies listed below are wholly owned by the Group, except where otherwise indicated.

Subsidiaries ⁱⁱⁱ	Registered address
Operating activities	
Hunting Energy Services (Australia) Pty Ltd	Level 40, Governor Macquarie Tower, 1 Farrer Place, Sydney, NSW, 2000, Australia
Hunting Energy Services (Canada) Ltd	5550 Skyline Way NE, Calgary, Alberta, T2E 7Z7, Canada
Hunting Energy Services (Wuxi) Co. Ltd (70%)	No. 17, Xin DongAn Road, Shuo Fang Industrial, New District Wuxi City, Jiangsu Province, China
Hunting Energy Completion Equipment (Wuxi) Co., Ltd	No. 17, Xin DongAn Road, Shuo Fang Industrial, New District Wuxi City, Jiangsu Province, China
Hunting Energy Services (UK) Limited	30 Panton Street, London SW1Y 4AJ, England
Enpro Subsea Limited	Badentoy Avenue, Badentoy Industrial Estate, Portlethen, Aberdeen, AB12 4YB, Scotland
Enpro Subsea Operations Limited	Badentoy Avenue, Badentoy Industrial Estate, Portlethen, Aberdeen, AB12 4YB, Scotland
Enpro Subsea Group Limited	Badentoy Avenue, Badentoy Industrial Estate, Portlethen, Aberdeen, AB12 4YB, Scotland
Enpro Subsea Ghana Ltd (83%)	House No. F676/1, Angola Road, Kuku Hill, Osu, Accra, Ghana
Enpro Subsea Group Ghana Limited	House No. F676/1, Angola Road, Kuku Hill, Osu, Accra, Ghana
PT Hunting Energy Asia	Complex Dragon Industrial Park, Block D, Jalan Pattimura, Kabil Batam, 29467, Indonesia
Hunting Alpha (EPZ) Limited (60%)	Block XLVIII/150, Off Mbaraki Road, P.O. Box 83344-80100, Mombasa, Kenya
Hunting Energy de Mexico	Avenida Los Olmos #105, Parque Industrial El Sabinal, Apodaca, Nuevo Leon, Monterrey, Mexico
Hunting Energy Services B.V.	Oliweg 10, 1951 NH Velsen-Noord, Netherlands
Hunting Energy Services (Norway) AS	Arabergveieb 6, 4050 Sola, Norway
Hunting Energy Saudi Arabia LLC (65%)	Dhahran, Building No: 7612, P.O. Box: 3104, Zip Code: 34521, Saudi Arabia
Hunting Energy Services Limited	Badentoy Avenue, Badentoy Park, Portlethen, Aberdeen, AB12 4YB, Scotland

C20. Subsidiaries continued

Subsidiaries ⁱⁱⁱ	Registered address
Hunting Energy Services Pte. Ltd	16E Tuas Avenue 1, #01-61 Singapore 639537
Hunting Energy Services (China) Pte. Ltd. (70%)	16E Tuas Avenue 1, #01-61 Singapore 639537
Hunting Energy Services South Africa (Pty) Ltd	Trident Park 1, 1 Niblick Way, Somerset West, 7130, South Africa
Hunting Energy Services (Thailand) Limited (49%)	436/27, Moo 2, Thanadee-Klongwong Road, Tambol Phawong, Amphur Muong Songkhla, 90100, Thailand
Hunting Energy Services India Private Limited	602, Block A, Naurang House, 21 KG Marg, Canaught Place, New Delhi, Central Delhi 110001, India
National Coupling Company, Inc.	1316 Staffordshire Road, Staffordshire, Texas, 77477, USA
Hunting Energy Services, LLC	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA
Premium Finishes, Inc.	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA
Hunting Dearborn, Inc.	6 Dearborn Drive, Fryeburg, Maine, USA
Hunting Energy Services (Drilling Tools), Inc.	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA
Hunting Innova, Inc.	8383 North Sam Houston Parkway West, Houston, Texas, 77064, USA
Hunting Specialty Supply, Inc.	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA
Hunting Titan, Inc.	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA
Tenkay Resources, Inc.	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA

Corporate activities

Hunting Energy Holdings Limited ⁱⁱ	30 Panton Street, London SW1Y 4AJ, England
Hunting Energy Services (International) Limited	30 Panton Street, London SW1Y 4AJ, England
Hunting Energy Services Overseas Holdings Limited	30 Panton Street, London SW1Y 4AJ, England
Hunting Oil Holdings Limited ⁱⁱ	30 Panton Street, London SW1Y 4AJ, England
Hunting Knightsbridge Holdings Limited	30 Panton Street, London SW1Y 4AJ, England
Huntaven Properties Limited	30 Panton Street, London SW1Y 4AJ, England
HG Management Services Ltd	30 Panton Street, London SW1Y 4AJ, England
Huntfield Trust Limited ^{iv}	30 Panton Street, London SW1Y 4AJ, England
Stag Line Limited ^{iv}	30 Panton Street, London SW1Y 4AJ, England
Hunting Aviation Limited ^v	30 Panton Street, London SW1Y 4AJ, England
Hunting U.S. Holdings, Inc.	16825 Northchase Drive, Suite 600, Houston, Texas, 77060, USA

- i. Except where otherwise stated, companies are wholly owned, being incorporated and operating in the countries indicated. All subsidiary undertakings have been included in the consolidated financial statements.
- ii. Interest in company is held directly by Hunting PLC.
- iii. All interests in subsidiaries are in the Ordinary equity shares of those companies. The proportion of voting rights is represented by the interest in the Ordinary equity shares of those companies.
- iv. Huntfield Trust Limited (registered number 00372215), Stag Line Limited (registered number 00151320) and Hunting Aviation Limited (registered number 00297743) are dormant companies that are exempt from being audited, are exempt from the requirements to prepare individual accounts under section 394A of the Companies Act 2006 and are exempt from filing individual accounts under section 448A of the Companies Act 2006.
- v. The company was previously liquidated in 2015; however it was restored to the Register of Companies by court order in 2018.

Changes to the Group**(a) Merging of Dutch Entities**

The Group undertook a reorganisation of its Dutch entities, whereby Hunting Energy Services B.V. and Hunting Energy Services (Well Testing) B.V. were merged, with Hunting Energy Services B.V. being the surviving entity.

(b) Other

Hunting Welltonic Limited was dissolved in March 2022.

Hunting Energy Services (Well Intervention) Limited changed its name to Hunting Energy Services Limited on 27 May 2022.

Non-GAAP Measures

(unaudited)

The performance of the Group is assessed by the Directors using a number of measures, which are not defined under IFRS, and are therefore considered to be non-GAAP measures ("NGMs"). However, the measures used by the Group may not be comparable with similarly described measures presented by other businesses.

The Group presents adjusted profitability measures below, which exclude adjusting items (see NGM A). The adjusted results, when considered together with results reported under IFRS, provide investors, analysts and other stakeholders with helpful complementary information and they aid comparison of the Group's financial performance from one period to the next. These adjusted measures are used by management for planning, reporting and performance management purposes. The adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement, with details of the adjusting items provided in NGM A. It is important to note that the adjusted results are quite frequently higher than the IFRS results as they often exclude significant costs and should not be regarded as a complete picture of the Group's financial performance, which is presented by the IFRS results in the income statement.

In addition, the Group's results and financial position are analysed using certain other measures that are not defined under IFRS and are therefore considered to be NGMs. These measures are used by management to monitor ongoing business performance. This section provides a definition of each NGM presented in this report, the purpose for which the measure is used, and a reconciliation of the NGM to the reported IFRS numbers.

The auditors are required under the Companies Act 2006 to consider whether these non-GAAP measures are prepared consistently with the financial statements.

Income Statement Non-GAAP Measures

A. Adjusting Items

Due to their size and nature, the following items are considered to be adjusting items and have been presented separately.

	2022	
	Gross \$m	Tax \$m
Impairments of goodwill (note 5)	(7.0)	–
Legal fees (note 5)	(5.6)	–
Total adjustments to profit (loss) from operations	(12.6)	–

	2022 \$m
Gross adjusting items	(12.6)
Tax attributable to adjusting items	–
Adjusting items after tax	(12.6)
Adjusting items after tax attributable to Ordinary shareholders	(12.6)
Adjusting items after tax attributable to non-controlling interests	–
	(12.6)

	2021	
	Gross \$m	Tax \$m
Impairments of property, plant and equipment	(8.6)	0.8
Net impairments of inventories	(25.9)	0.5
Restructuring costs	(2.0)	–
Gain on disposal of Canadian assets	0.2	–
Gain on surrender of lease	1.0	(0.4)
Amortisation of acquired intangible assets	(6.7)	(0.4)
Settlement of warranty claim related to a corporate transaction	(1.7)	–
Loss on disposal of business	(0.9)	0.2
Total adjustments to profit (loss) from operations	(44.6)	0.7
Amortisation of acquired intangible assets – associates (note 16)	(0.3)	–
Total adjustments to loss before tax	(44.9)	0.7

Income Statement Non-GAAP Measures continued**A. Adjusting Items** continued

	2021 \$m
Gross adjusting items	(44.9)
Tax attributable to adjusting items	0.7
Adjusting items after tax	(44.2)
Adjusting items after tax attributable to Ordinary shareholders	(42.1)
Adjusting items after tax attributable to non-controlling interests	(2.1)
	(44.2)

The following items were recognised as adjusting items during 2021:

- Amortisation of acquired intangible assets relates to amortisation of intangible assets arising on the acquisition of businesses.
- A number of associated charges were recognised due to the restructuring of the European OCTG business, and the changes in future activity resulting from the transactions with Marubeni-Itochu including: an impairment of the Fordoun property by \$8.6m as the use of the property and expected cash flows for the property had changed; impairment of pipe inventory of \$5.2m to match the net realisable value determined through the due diligence work; and a provision of \$0.9m for the cost of repairs to a quantity of pipe.
- During 2021, certain inventory was written down to its net realisable value due to reduced turn rates, increased ageing of inventories and inventory selling prices being lowered. A net impairment charge of \$25.9m, including the \$5.2m charge recognised on the Marubeni-Itochu transaction discussed above, was recognised.
- In October 2021, the Group paid \$1.7m in settlement of a warranty claim in relation to the transfer of assets, and their condition, as part of a corporate transaction.
- Restructuring costs of \$2.0m were incurred and paid during 2021. These relate to the implementation of cost-base reduction measures, which began in 2020, with further headcount reductions being made in 2021 as a result of the continued negative impact of COVID-19 on activity levels. Cumulatively by the end of 2021, \$12.3m of expense and \$12.7m of cash cost was incurred on the restructuring programme begun in 2020.
- On 19 April 2021, the lease and the sub-lease on a property held by a UK head office company were surrendered. A final payment of \$1.3m was made to settle the lease. Following the surrender of the lease, the gain recognised on the disposal of the lease and the corresponding right-of-use asset was \$1.0m. The gain was not allocated to an operating segment as the original property provisions were not allocated to an operating segment at the time they were recognised.
- A further gain of \$0.2m on the disposal of Canadian assets was recognised, following the gain of \$0.8m recognised in 2020, in relation to the closure of the Canadian operations. The Group received disposal proceeds of \$1.8m for these assets during 2021.

B. Adjusted Profitability Measures

Certain reported profit and loss measures are adjusted for the items described in NGM A. This is the basis used by the Directors in assessing performance.

	2022 \$m	2021 \$m
Profit (loss) from operations – consolidated income statement	2.0	(79.7)
Add back adjusting items (NGM A)	12.6	44.6
Adjusted profit (loss) from operations	14.6	(35.1)
Share of associates' and joint ventures' profit (loss) – consolidated income statement	(2.7)	(3.8)
Add back adjusting items (NGM A)	–	0.3
Adjusted share of associates' and joint ventures' profit (loss)	(2.7)	(3.5)
Loss before tax from operations – consolidated income statement	(2.4)	(85.5)
Add back adjusting items (NGM A)	12.6	44.9
Adjusted profit (loss) before tax from operations	10.2	(40.6)
Loss for the year attributable to Ordinary shareholders – consolidated income statement	(4.6)	(85.8)
Add back adjusting items after tax attributable to Ordinary shareholders (NGM A)	12.6	42.1
Adjusted profit (loss) from operations attributable to Ordinary shareholders	8.0	(43.7)
	millions	millions
Basic weighted average number of Ordinary shares (note 10)	160.3	161.2
Long-term incentive plans (note 10)	9.8	5.9
Adjusted weighted average number of Ordinary shares (note 10)	170.1	167.1
	cents	cents
Adjusted earnings (loss) per share:		
Adjusted basic EPS (LPS)	5.0	(27.1)
Adjusted diluted EPS (LPS) ⁱ	4.7	(27.1)

i. For the year ended 31 December 2021, the Group reported a loss from operations attributable to Ordinary shareholders and so the effect of dilutive share options and long-term incentive plans was anti-dilutive (i.e. they reduced the loss per share) and, therefore, they have not been used to calculate diluted loss per share.

Income Statement Non-GAAP Measures continued**C. EBITDA**

Purpose: This profit measure is used as a simple proxy for pre-tax cash flows from operating activities. EBITDA is frequently used by analysts, investors and other interested parties.

Calculation definition: Adjusted results before share of associates' and joint ventures' results, interest, tax, depreciation, impairment and amortisation.

	2022 \$m	2021 \$m
Profit (loss) from operations – consolidated income statement	2.0	(79.7)
Add back adjusting items (NGM A)	12.6	44.6
Adjusted profit (loss) from operations (NGM B)	14.6	(35.1)
Add back:		
Depreciation of property, plant and equipment (note 11)	26.6	28.9
Depreciation of right-of-use assets (note 12)	6.4	6.7
Non-adjusting amortisation of other intangible assets	4.4	2.6
	37.4	38.2
EBITDA	52.0	3.1

D. Adjusted Tax Charge and Effective Tax Rate

Purpose: The weighted average effective tax rate represents the level of tax, both current and deferred, being borne by operations on an adjusted basis.

Calculation definition: The adjusted taxation charge (credit) divided by adjusted profit (loss) before tax, expressed as a percentage.

	2022 \$m	2021 \$m
Taxation charge – consolidated income statement	(1.3)	(4.2)
Tax charge (credit) on adjusting items (NGM A)	–	(0.7)
Adjusted taxation charge	(1.3)	(4.9)
Adjusted profit (loss) before tax for the year (NGM B)	10.2	(40.6)
Adjusted effective tax rate	13%	(12)%

Adjusting items are taxed on an item-by-item basis as shown in NGM A.

Balance Sheet Non-GAAP Measures**E. Working Capital**

Purpose: Working capital is a measure of the Group's liquidity identifying whether the Group has sufficient assets to cover liabilities as they fall due.

Calculation definition: Trade and other receivables excluding receivables from associates, derivative financial assets and deferred bank fees, plus inventories less trade and other payables excluding payables due to associates, derivative financial liabilities and retirement plan obligations.

	2022 \$m	2021 \$m
Trade and other receivables – non-current (note 18)	2.8	2.0
Trade and other receivables – current (note 18)	232.4	155.4
Inventories (note 20)	272.1	204.4
Trade and other payables – current (note 22)	(141.8)	(83.0)
Trade and other payables – non-current (note 22)	(3.2)	(2.7)
Add: non-working capital US deferred compensation plan obligation (note 22)	1.9	1.9
Less: non-working capital current other receivables and other payables	(1.4)	–
	362.8	278.0

F. Inventory Days

Purpose: This is a working capital efficiency ratio that measures inventory balances relative to business activity levels.

Calculation definition: Inventory at the year-end divided by adjusted cost of sales for the last three months of the year multiplied by 92 days, adjusted for the impact of acquisitions and disposals when applicable.

	2022 \$m	2021 \$m
Inventories (note 20)	272.1	204.4
Adjusted cost of sales for October to December	157.1	115.2
Inventory days	159 days	163 days

Balance Sheet Non-GAAP Measures continued**G. Trade Receivables Days**

Purpose: This is a working capital efficiency ratio that measures receivable balances relative to business activity levels.

Calculation definition: Net trade receivables, contract assets and accrued revenue at the year-end divided by revenue for the last three months of the year multiplied by 92 days, adjusted for the impact of acquisitions and disposals when applicable.

	2022 \$m	2021 \$m
Trade receivables (note 18)	183.1	128.1
Contract assets (note 18)	8.6	9.9
Accrued revenue (note 18)	2.2	3.8
Less: provisions for receivables (note 18)	(3.7)	(4.6)
Net receivables	190.2	137.2
Revenue for October to December	207.1	145.2
Trade receivable days	84 days	87 days

H. Other Net Assets

Purpose: Provides an analysis of other net assets in the Summary Group Balance Sheet in the Strategic Report.

	2022 \$m	2021 \$m
Non-current investments (note 17)	4.8	4.6
Non-working capital US deferred compensation plan obligation (NGM E)	(1.9)	(1.9)
Non-working capital current other receivables and other payables (NGM E)	1.4	–
	4.3	2.7

I. Capital Employed

Purpose: Used in the calculation of the return on average capital employed (see NGM R).

Calculation definition: Capital employed is total equity plus net or minus net cash as applicable.

The Group's capital comprised:

	2022 \$m	2021 \$m
Total equity – consolidated balance sheet	846.2	871.3
Net (cash) debt (note 26)	10.0	(78.5)
	856.2	792.8

J. Total Cash and Bank

Purpose: Total cash and bank is a key metric for management and for the Group treasury function, which monitors this balance on a daily basis and reviews weekly forecasts to ensure there is sufficient liquidity to meet business requirements. As the Group manages funding on a total cash and bank basis, internal reporting focuses on changes in total cash and bank and this is presented in the Strategic Report.

Calculation definition: Cash and cash equivalents, comprising cash at bank and in hand, Fixed Term Funds, money market funds and short-term deposits of less than three months to maturity from the date of deposit; and short-term deposits of more than three months to maturity from the date of deposit; less bank overdrafts and bank borrowings.

The Group's total cash and bank comprised:

	2022 \$m	2021 \$m
Cash and cash equivalents (note 21)	29.4	108.4
Bank overdrafts secured – current borrowings (note 25)	(2.1)	(1.0)
Cash and cash equivalents – consolidated statement of cash flows	27.3	107.4
Bank borrowings – current borrowings (note 25)	(2.8)	–
Current investments – investment of surplus cash – consolidated balance sheet	–	6.8
	24.5	114.2

Balance Sheet Non-GAAP Measures continued**K. Net Cash (Debt)**

Purpose: Net cash (debt) is a measure of the Group's liquidity and reflects the Group's cash and liquid assets that would remain if all of its debt were to be immediately paid off.

Calculation definition: Net cash (debt) comprises total cash and bank (NGM J) less total lease liabilities and the shareholder loan from a non-controlling interest.

The Group's net cash (debt) comprised:

	2022 \$m	2021 \$m
Total cash and bank (NGM J)	24.5	114.2
Total lease liabilities (note 24)	(30.6)	(31.8)
Shareholder loan from non-controlling interests – non-current borrowings (note 25)	(3.9)	(3.9)
	(10.0)	78.5

Cash Flow Non-GAAP Measures**L. Cash Flow Working Capital Movements**

Purpose: Reconciles the working capital movements in the Summary Group Cash Flow in the Strategic Report.

	2022 \$m	2021 \$m
Working capital – opening balance	278.0	358.3
Foreign exchange	0.5	1.1
Exceptional items impacting working capital:		
Net impairments of inventories (note 5)	–	(25.9)
Disposal of business	–	(31.5)
Adjustments:		
Transfer to property, plant and equipment (note 11)	(1.6)	(0.5)
Capital investment debtors/creditors cash flows	(0.6)	0.1
Other non-cash flow movements	0.1	(0.4)
Other cash flow movement	(0.2)	(0.4)
Working capital – closing balance (NGM E)	(362.8)	(278.0)
Cash flow	(86.6)	22.8

M. Capital Investment

Purpose: Capital investment identifies the cash resources being absorbed organically within the business to maintain or enhance operating activity levels.

Calculation definition: Capital investment is the cash paid on tangible non-current assets to maintain existing levels of operating activity and to grow the business from current operating levels and enhance operating activity.

	2022 \$m	2021 \$m
Property, plant and equipment additions (note 11)	17.0	6.5
Capital investment debtors/creditors cash flows (NGM L)	(0.6)	0.1
Cash flow	16.4	6.6
Per the consolidated statement of cash flows:		
Purchase of property, plant and equipment held for rental – operating activities	0.5	0.9
Purchase of property, plant and equipment – investing activities	15.9	5.7
Cash flow	16.4	6.6
Hunting Titan	3.9	1.1
North America	7.2	4.1
EMEA	0.7	0.5
Asia Pacific	2.6	0.4
Central	2.0	0.5
Cash flow	16.4	6.6

Cash Flow Non-GAAP Measures continued**N. Other Operating Cash and Non-cash Movements**

Purpose: Reconciles other operating cash and non-cash movements in the Summary Group Cash Flow in the Strategic Report.

	2022 \$m	2021 \$m
Increase (decrease) in provisions – consolidated statement of cash flows	0.2	(1.7)
Other non-cash flow items	0.3	(0.2)
	0.5	(1.9)

O. Free Cash Flow

Purpose: Free cash flow is a measure of financial performance and represents the cash that the Group is able to generate. Free cash flow represents the amount of cash the Group has available to either retain for investment, whether organic or by way of acquisition, or to return to shareholders and is a KPI used by management.

Calculation definition: All cash flows before transactions with shareholders and investment in non-current assets.

	2022 \$m	2021 \$m
EBITDA (NGM C)	52.0	3.1
Add: share-based payment charge (note 37)	9.9	9.2
	61.9	12.3
Working capital movements (NGM L)	(86.6)	22.8
Lease payments – consolidated statement of cash flows	(8.0)	(10.6)
Net interest and bank fees paid – consolidated statement of cash flows	(2.9)	(0.4)
Net tax received (paid) – consolidated statement of cash flows	(3.9)	0.6
Proceeds from business and asset disposals – consolidated statement of cash flows	9.0	35.9
Net gains on business and asset disposals – consolidated statement of cash flows	(2.8)	(0.6)
Legal fees to defend patent infringement claim – consolidated statement of cash flows	(5.6)	–
Restructuring costs – consolidated statement of cash flows	–	(2.0)
Settlement of a warranty claim related to a corporate transaction	–	(1.7)
Other operating cash and non-cash movements (NGM N)	0.5	(1.9)
Free cash flow	(38.4)	54.4
Reconciliation to the consolidated statement of cash flows:		
Net cash inflow (outflow) from cash and cash equivalents	(75.6)	6.4
Cash flow from bank borrowings	(2.9)	–
Cash flow from current investments – investment of surplus cash	(6.7)	6.9
Net cash inflow (outflow) from total cash and bank	(85.2)	13.3
Add investment in non-current assets:		
Purchase of property, plant and equipment	15.9	5.7
Purchase of property, plant and equipment held for rental	0.5	0.9
Purchase of intangible assets	5.6	2.7
Investments in associates and joint ventures	3.5	5.1
Convertible financing – Well Data Labs	–	2.5
	25.5	16.9
Add (deduct) transactions with shareholders:		
Purchase of treasury shares	7.9	7.9
Disposal of treasury shares	(0.2)	(0.3)
Purchase of non-controlling interest	–	3.8
Dividends paid to Hunting PLC shareholders	13.6	12.8
	21.3	24.2
Free cash flow	(38.4)	54.4

Other Non-GAAP Measures

P. Dividend Per Share Declared

Purpose: Identifies the total amount of dividend declared in respect of a period. This is also used in the calculation of dividend cover (see NGM Q).

Calculation definition: The amount in cents returned to Ordinary shareholders.

	2022 cents	2021 cents
Interim dividend	4.5	4.0
Final dividend	4.5	4.0
	9.0	8.0

Q. Dividend Cover

Purpose: An indication of the Company's ability to maintain the level of its dividend and indicates the proportion of earnings being retained in the business for future investment versus that returned to shareholders.

Calculation definition: Earnings (loss) per share attributable to Ordinary shareholders divided by the cash dividend per share to be returned to Ordinary shareholders, on an accruals basis.

	2022		2021	
	Adjusted cents	Reported cents	Adjusted cents	Reported cents
Earnings (loss) per share				
Basic (NGM B/note 10)	5.0	(2.8)	(27.1)	(53.2)
Diluted (NGM B/note 10)	4.7	(2.8)	(27.1)	(53.2)
Dividend (NGM P)	9.0	9.0	8.0	8.0
Dividend cover				
Basic	0.6x	n/a	n/a	n/a
Diluted	0.5x	n/a	n/a	n/a

R. Return on Average Capital Employed

Purpose: Measures the levels of return the Group is generating from its capital employed.

Calculation definition: Adjusted profit before interest and tax, amended to include the share of associates' and joint ventures' results, as a percentage of average gross capital employed. Average gross capital employed is a monthly average of capital employed based on 13 balance sheets from the closing December balance in the prior year to the closing December balance in the current year.

	2022 \$m	2021 \$m
Average monthly gross capital employed (13-point average)	821.3	882.6
Adjusted profit (loss) from operations (NGM B)	14.6	(35.1)
Adjusted share of associates' and joint ventures' loss (NGM B)	(2.7)	(3.5)
	11.9	(38.6)
Return on average capital employed	1%	-4%

Financial Recordⁱ

(unaudited)

	2022 \$m	2021 \$m	2020 \$m	2019 ⁱⁱ \$m	2018 ⁱⁱ \$m
Revenue	725.8	521.6	626.0	960.0	911.4
EBITDA	52.0	3.1	26.1	139.7	142.3
Depreciation and non-exceptional amortisation and impairment	(37.4)	(38.2)	(42.5)	(45.4)	(37.6)
Profit (loss) from operations	14.6	(35.1)	(16.4)	94.3	104.7
Net finance expense	(1.7)	(2.0)	(3.0)	(1.2)	(0.7)
Share of associates' and joint ventures' profit (loss)	(2.7)	(3.5)	–	–	–
Profit (loss) before tax	10.2	(40.6)	(19.4)	93.1	104.0
Taxation	(1.3)	(4.9)	0.9	(17.0)	(22.0)
Profit (loss) for the year	8.9	(45.5)	(18.5)	76.1	82.0
	cents	cents	cents	cents	cents
Basic earnings (loss) per share	5.0	(27.1)	(10.0)	45.0	51.6
Diluted earnings (loss) per share	4.7	(27.1)	(10.0)	43.9	49.6
Dividend per shareⁱⁱⁱ	9.0	8.0	9.0	5.0	9.0
	\$m	\$m	\$m	\$m	\$m
Balance sheet					
Property, plant and equipment	256.7	274.4	307.1	354.7	360.2
Right-of-use assets	26.0	24.7	29.8	36.7	–
Goodwill and other intangible assets	191.2	200.3	207.1	308.7	329.7
Working capital	362.8	278.0	358.3	433.3	436.5
Associates and joint ventures	20.1	19.4	18.1	0.7	0.7
Taxation (current and deferred)	4.0	1.4	6.0	19.8	13.7
Provisions	(8.9)	(8.1)	(8.9)	(8.4)	(14.2)
Other net assets	4.3	2.7	1.6	0.4	3.2
Capital employed	856.2	792.8	919.1	1,145.9	1,129.8
Total cash and bank	24.5	114.2	101.7	127.0	65.2
Lease liabilities	(30.6)	(31.8)	(40.3)	(45.2)	–
Other borrowings	(3.9)	(3.9)	(3.9)	(3.9)	(3.9)
Net cash (debt)	(10.0)	78.5	57.5	77.9	61.3
Net assets	846.2	871.3	976.6	1,223.8	1,191.1
Non-controlling interests	(1.6)	(1.4)	(12.2)	(15.9)	(14.0)
Equity attributable to owners of the parent	844.6	869.9	964.4	1,207.9	1,177.1
	cents	cents	cents	cents	cents
Net assets per share	513.2	528.4	592.2	733.3	721.4

i. Income statement measures are presented after reflecting adjusting items.

ii. IFRS 16 Leases was adopted with effect from 1 January 2019. The modified retrospective approach was applied and consequently information for 2018 has not been restated, as permitted under the specific transitional provisions in IFRS 16 Leases.

iii. Dividend per share is stated on a declared basis.

Shareholder and Statutory Information

(unaudited)

Registered Office

30 Panton Street
London
SW1Y 4AJ

Company Number: 0974568 (Registered in England and Wales)

Telephone: +44 (0)20 7321 0123
Email: lon.ir@hunting-intl.com

Financial Calendar

The Company's 2023 financial calendar is as follows:

Date	Event
2 March 2023	2022 Full Year Results Announcement
2 March 2023	2022 Final Dividend – Announcement date
16 March 2023	Publication of Annual Report and Notice of AGM
19 April 2023	Trading Statement
19 April 2023	AGM and Proxy Voting Results of AGM
20 April 2023	Final Dividend – Ex-dividend date
21 April 2023	Final Dividend – Record date
12 May 2023	Final Dividend – Payment date
29 June 2023	Trading Statement
24 August 2023	2023 Half Year Results Announcement
24 August 2023	2023 Interim Dividend – Announcement date
5 October 2023	Interim Dividend – Ex-dividend date
6 October 2023	Interim Dividend – Record date
26 October 2023	Trading Statement
27 October 2023	Interim Dividend – Payment date

Financial Reports

The Company's 2022 Annual Report and Accounts is available on the Company's website from the date of publication. Shareholders may elect to receive a copy by contacting the Registrar. Copies of previous financial reports are available at www.huntingplc.com. In common with many public companies in the UK, the Company no longer publishes a printed version of its half year report. The half year report is only available online from the Company's website at www.huntingplc.com.

Registrar

The Company's Registrar, Equiniti, offers a range of shareholder information and dealing services at www.shareview.co.uk. The address and contact details of Equiniti are as follows:

Equiniti Limited
Aspect House
Spencer Road, Lancing
West Sussex BN99 6DA
Telephone:
+44 (0)371 384 2173

Equiniti is also the Company's single alternative inspection location where, with prior appointment, individuals can inspect the register of members.

Analysis of Ordinary Shareholders

At 31 December 2022, the Company had 1,285 Ordinary shareholders (2021 – 1,337) who held 164.9m (2021 – 164.9m) Ordinary shares analysed as follows:

	2022		2021	
	% of total shareholders	% of total shares	% of total shareholders	% of total shares
Size of holdings				
1 – 4,000	72.3	0.5	72.8	0.5
4,001 – 20,000	10.2	0.7	11.2	0.8
20,001 – 40,000	3.4	0.8	3.3	0.8
40,001 – 200,000	7.7	5.7	6.9	5.2
200,001 – 500,000	2.2	5.6	2.2	5.9
500,001 and over	4.2	86.7	3.6	86.8

Further information on share capital can be found in note 33.

Annual General Meeting 2023

The AGM of the Company will take place on Wednesday 19 April 2023 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS, commencing at 10.30a.m.

Format and Business of Meeting

The 2023 AGM is planned to be an Open Meeting, with shareholders welcome to attend.

The formal business of the AGM will involve putting to the meeting a number of ordinary and special resolutions. Details of the resolutions will be communicated to shareholders ahead of the meeting in a formal "Notice of AGM". The Notice will also contain explanatory notes that will provide details to shareholders on how to lodge their vote. Those shareholders who have elected to continue to receive hard copy documentation or have signed up to receive a notification by e-mail will also receive a proxy form, which will contain details of how to lodge a vote by proxy.

The AGM is to be broadcast via the internet. Details of the web-link will be included in the Notice of AGM. Prior to the formal business of the AGM, a presentation will be delivered by the Chief Executive.

The Directors have made available to shareholders the ability to submit questions ahead of the AGM. These questions will be answered during the presentation noted above. Shareholders are therefore asked to submit all questions, in relation to the business to be considered at the AGM, by Monday 17 April 2023, to the Company's Registered Office, for the attention of the Company Secretary. Alternatively, questions can be submitted via email at lon.agm@hunting-intl.com.

Shareholder voting procedures follow the provisions of the Articles of Association of the Company (the "Articles") and the UK Corporate Governance Code, including a separate resolution on each material item of business, the availability of voting via proxy and the offer of a "vote withheld".

Voting on all resolutions at the AGM will be completed via proxy. Alternatively, shareholders may submit proxy voting instructions via the internet at www.sharevote.co.uk or via Equiniti's online portfolio service, Shareview, if they are registered as a member. Alternatively, shares held in CREST may be voted through the CREST Proxy Voting Service. To be valid, all votes must be received no later than 10.30a.m. on Monday 17 April 2023.

The Directors have been authorised to allot and issue Ordinary shares and to disapply statutory pre-emption rights. These powers are exercised under authority of resolutions of the Company passed at its AGM. During the financial year ended 31 December 2022, no Ordinary shares were issued pursuant to the Company's various share plans.

The Company has authority, renewed annually, to purchase up to 14.99% of the issued share capital, equating to 24,724,510 shares. Any shares purchased will either be cancelled and the number of Ordinary shares in issue reduced accordingly, held in treasury, sold for cash or (provided Listing Rule requirements are met) transferred for the purposes of or pursuant to an employee share scheme.

These powers are effective for 15 months from the date of shareholder approval, or up to the next general meeting where new authorities are sought. The Directors will be seeking a renewal for these powers at the 2023 AGM.

As part of the routine business to be considered at the AGM, all Directors' will submit themselves for re-appointment, in addition to a resolution proposing the re-appointment of Deloitte LLP as auditor to the Company and a resolution which gives the Audit Committee the authority to determine the remuneration of the auditor.

Documents on Display

Copies of the executive Directors' service contracts and letters of appointment of non-executive Directors will be available for inspection at the Company's Registered Office from the date the Notice of AGM is issued (being 21 clear days' notice ahead of the meeting) until the time of the AGM and at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS from 15 minutes before the AGM starts until it ends.

Employee Benefit Trust

The Group operates an Employee Benefit Trust (the "Trust") as a vehicle to satisfy share options and awards granted to employees who participate in the Company's share-based incentive schemes. At 31 December 2022, the Trust held 5,370,963 Ordinary shares in the Company (2021 – 4,282,065). The Trust has a policy to purchase shares in the market or subscribe for new shares to partially meet the future requirements of these incentive schemes. The Trust has waived all dividends payable by the Company and voting rights in respect of the Ordinary shares held by it.

Share Capital

Hunting PLC is a premium-listed public company limited by shares, with its Ordinary shares quoted on the London Stock Exchange. The Company's issued share capital comprises a single class, which is divided into 164,940,082 Ordinary shares of 25 pence each. All of the Company's issued Ordinary shares are fully paid up and rank equally in all respects. Details of the issued share capital of the Company and the number of shares held in treasury as at 31 December 2022 can be found in note 33 to the financial statements. Subject to applicable statutes, shares may be issued with such rights and restrictions as the Company may, by ordinary resolution, decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board (as defined in the Articles) may decide.

Voting Rights and Restrictions on Transfer of Shares

Holders of Ordinary shares are entitled to receive dividends (when declared), receive the Company's Annual Report and Accounts, attend and speak at general meetings of the Company, and appoint proxies or exercise voting rights. On a show of hands at a general meeting of the Company, every holder of Ordinary shares present in person or by proxy and entitled to vote has one vote and, on a poll, every member present in person or by proxy and entitled to vote has one vote for every Ordinary share held. None of the Ordinary shares carry any special rights with regard to control of the Company. Proxy appointments and voting instructions must be received by the Company's Registrars no later than 48 hours before a general meeting. A shareholder can lose their entitlement to vote at a general meeting where that shareholder has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. Shareholders' rights to transfer shares are subject to the Articles. Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST. The Directors may decide to suspend the registration of transfers, for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST. There are no restrictions on the transfer of Ordinary shares in the Company other than:

- certain restrictions that may, from time to time, be imposed by laws and regulations, for example insider trading laws;
- pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval to deal in the Company's shares; and
- where a shareholder with at least a 0.25% interest in the Company's certificated shares has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares.

Interests in Voting Rights

Other than as stated in the table on page 61, the Company is not aware of any further agreements between shareholders that may result in restrictions on the transfer of Ordinary shares or on voting rights.

Market Capitalisation

The market capitalisation of the Company at 31 December 2022 was £0.5bn (2021 – £0.3bn).

Share Price

	2022 p	2021 p
At 1 January	169.2	223.0
At 31 December	333.0	169.2
High during the year	365.0	289.6
Low during the year	169.2	144.4

Dividends

The Company normally pays dividends semi-annually. Details of the Company's dividend policy is set out on page 62.

The Company paid the 2021 final dividend of 4.0 cents per share on 13 May 2022, which absorbed \$6.4m of cash. At the Group's 2022 Half Year Results, the Board declared an interim dividend of 4.5 cents per share, which was paid to shareholders on 28 October 2022, and absorbed \$7.2m of cash. The Board is recommending a final dividend for 2022 of 4.5 cents per share, to be paid to shareholders on 12 May 2023, subject to approval by shareholders at the Company's 2023 AGM.

Directors

Powers of the Directors

Subject to the Articles, UK legislation and any directions prescribed by resolution at a general meeting, the business of the Company is managed by the Board. The Articles may only be amended by special resolution at a general meeting of shareholders. Where class rights are varied, such amendments must be approved by the members of each class of share separately.

Appointment and Replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Articles. On appointment, in accordance with the Articles, Directors may be appointed by a resolution of the Board but are then required to be re-appointed by ordinary resolution by shareholders at the Company's next AGM.

Directors' Interests

Details of Directors' remuneration, service contracts and interests in the Company's shares and share options are set out in the Directors' Remuneration Policy and Annual Report on Remuneration, located at www.huntingplc.com. Further information regarding employee long-term incentive schemes is given in note 37 of the financial statements.

Directors' Conflict of Interest

All Directors have a duty under the Companies Act 2006 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest with the Company. The duty applies, in particular, to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it. The Articles provide a general power for the Board to authorise such conflicts.

Directors are not counted in the quorum for the authorisation of their own actual or potential conflicts. Authorisations granted are recorded by the Company Secretary in a register and are noted by the Board. On an ongoing basis, the Directors are responsible for informing the Company Secretary of any new, actual or potential conflicts that may arise, or if there are any changes in circumstances that may affect an authorisation previously given.

Even when provided with authorisation, a Director is not absolved from his or her statutory duty to promote the success of the Company. If an actual conflict arises post-authorisation, the Board may choose to exclude the Director from receipt of the relevant information and participation in the debate, or suspend the Director from the Board, or, as a last resort, require the Director to resign. As at 31 December 2021, no Director of the Company had any beneficial interest in the shares of Hunting's subsidiary companies.

Statement of Disclosure of Information to Auditors

In accordance with the Companies Act 2006, all Directors in office as at the date of this report have confirmed, so far as they are aware, there is no relevant audit information of which the Group's auditors are unaware and each Director has taken all reasonable steps necessary in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information. This confirmation should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Research and Development

Group subsidiaries undertake, where appropriate, research and development to meet particular market and product needs. The amount expended by the Group during the year was \$4.8m (2021 – \$4.7m).

Political Contributions

It is the Group's policy not to make political donations. Accordingly, there were no political donations made during the year (2021 – \$nil).

Significant Agreements

The Company is party to the Asset Based Lending facility in which the counterparties can determine whether or not to cancel the agreement where there has been a change of control of the Company. The service agreements of the executive Directors include provisions for compensation for loss of office or employment as a result of a change of control.

Payments to Governments

In accordance with the UK's Disclosure and Guidance Transparency Rule 4.3A, Hunting PLC is required to report annually on payments made to governments with respect to its oil and gas activities. Hunting's report on "Payments to Governments" for the year ended 31 December 2021 was published on 29 April 2022 and totalled \$245,016.

Statement of Listing Rule Compliance

In accordance with Listing Rule 9.8.4C, the Directors confirm that all waivers of dividends over the Company's Ordinary shares are noted on page 250.

Non-Financial Information Statement

In accordance with section 414CA of the Companies Act 2006, the Company is required to provide a non-financial information statement. The Company has chosen to present this information throughout the Strategic Report as follows:

- business model (pages 50 to 67);
- environmental matters, including impact of the Company's business on the environment (pages 65 and 66; 68 to 80 and 88 to 101);
- employees (pages 62 and 63 and 81 to 85);
- respect for human rights (pages 63 and 83); and
- anti-bribery and corruption matters (pages 64 and 83).

Included within these disclosures are details of policies, outcomes, risk factors and related key performance indicators.

Glossary

A

ABC

Anti-Bribery and Corruption.

ABL

Asset Based Lending.

Adjusted*

Results for the year, as reported under IFRS, adjusted for certain items as determined by management, which is the basis used by the Directors in assessing performance and they aid a more effective comparison of the Group's financial performance from one period to the next.

AED

United Arab Emirates dirham.

AGM

Annual General Meeting.

AMG

Advanced Manufacturing Group – combines the precision engineering and manufacturing capabilities in Hunting's US segment for the Electronics division and Hunting Dearborn product lines.

API

American Petroleum Institute.

AUD

Australian dollar.

Average gross capital employed*

See NGM R.

B

Basic EPS*

Basic (loss) earnings per share – calculated by dividing the (loss) earnings from operations items attributable to Ordinary shareholders by the weighted average number of Ordinary shares in issue during the year.

bbl

Barrel of crude oil – one barrel of oil equals 159 litres or 42 US gallons.

BCA

The Building and Construction Authority (Singapore).

BEIS

The UK Government's Department for Business, Energy & Industrial Strategy.

BOE

Barrel of Oil Equivalent.

bn

Billion.

bopd

Barrels of Oil Per Day.

C

c

Cents.

CAD

Canadian dollar.

CAGR

Compound Annual Growth Rate.

Capital employed*

See NGM I.

Capital investment – “Capex”*

See NGM I.

CCS

Carbon Capture and Storage.

CDP

Carbon Disclosure Project.

CGU

Cash-generating unit.

CNY

Chinese Yuan Renminbi.

CO₂

Carbon dioxide.

CO₂e

Carbon dioxide equivalent.

CO₂ intensity factor

Scope 1 and 2 carbon dioxide equivalent metric, reported as kilogrammes per \$'000 of revenue.

CODM

Chief Operating Decision Maker.

CTR

Currency Translation Reserve.

D**DEFRA**

The UK Government's Department for Environment, Food & Rural Affairs.

Diluted EPS (LPS)*

Diluted earnings (loss) per share – calculated by dividing earnings (loss) from operations attributable to Ordinary shareholders by the weighted average number of Ordinary shares in issue during the year, as adjusted to assume conversion of all dilutive potential Ordinary shares. Dilution arises through the possible issue of shares to satisfy awards made under the Group's long-term incentive plans. When the effect of dilutive share options and long-term incentive plans is anti-dilutive, they are not included in the calculation of diluted earnings (loss) per share.

Dividend cover*

See NGM Q.

Downhole

Downhole refers to something that is located within the wellbore.

DPS*

See NGM P.

DPT

Direct Pull Tube.

DUC

Drilled-but-Uncompleted Well.

E**EBITDA***

See NGM C.

EBT

Employee Benefit Trust.

ECL

Expected Credit Losses.

EIA

US Energy Information Administration.

EMEA

Europe, Middle East and Africa.

ESEF

European Single Electronic Format.

ESG

Environmental, Social and Governance.

ETR

Effective Tax Rate.

EUR

Euro.

ExCo

The Hunting Executive Committee.

F**FCA**

Financial Conduct Authority.

FRC

Financial Reporting Council.

FCCR

Fixed Charge Cover Ratio.

FPSO

Floating production, storage and offloading.

Free cash flow*

See NGM O.

ft

Feet.

FTF

Fixed Term Fund.

FVLCD

Fair value less costs of disposal.

G**GAAP**

Generally Accepted Accounting Principles.

GHG

Greenhouse Gas.

GRI

Global Reporting Initiative.

GWh

Gigawatt hour – 1 billion watt hours.

H**HPSP**

Hunting Performance Share Plan.

HRSP

Hunting Restricted Share Plan.

HSE

Health, Safety and Environment.

I**IAS**

International Accounting Standards.

IBOR

Interbank Offered Rate.

ICBC

Industrial and Commercial Bank of China.

IEA

International Energy Agency.

IFRS

International Financial Reporting Standards as adopted by the European Union.

Incident rate

An OSHA recordable incident rate (or incident rate) is calculated by multiplying the number of recordable incidents by 200,000 and then dividing that number by the number of labour hours worked.

Intensity factor

The total controlled Scope 1 and Scope 2 emissions divided by the total revenue of the Group.

Internal manufacturing reject rate

Percentage of parts rejected during manufacturing processes.

Inventory days*

See NGM F.

IP

Intellectual Property.

ISO

International Organization for Standardization.

K**k**

Thousand.

KPI

Key Performance Indicator.

kWh

Kilowatt hour – 1,000 watt hours.

Kyoto Protocol

International agreement between nations to mandate country-by-country reductions in greenhouse gas emissions.

L**Lean**

A production practice that eliminates wasteful processes, thereby reducing production time and costs, and improving efficiency.

LIBOR

London Interbank Offered Rate.

LNG

Liquefied Natural Gas.

LTIP

Long-Term Incentive Plan.

M**m**

Million.

m²

Square metre.

m³

Cubic metre.

mmBtu

1 million British thermal units.

MRT

Mass Rapid Transit System (Singapore).

MWD/LWD

Measurement-while-drilling/Logging-while-drilling.

MWh

Megawatt hours – 1,000,000 watt hours.

N**NCI**

Non-controlling Interest.

Net Cash (Debt)*

See NGM K.

NGM

Non-GAAP measure – see pages 240 to 246.

NOK

Norwegian Kroner.

NMFR

Near miss frequency rate.

NRV

Net realisable value.

O**OCI**

Other comprehensive income.

OCTG

Oil Country Tubular Goods – pipe and tubular goods and products used in the oil and gas industry, such as drill pipe, pipe casing and production pipes.

OEM

Original equipment manufacturer.

OIA

Other intangible assets.

OOR

Organic Oil Recovery.

OSHA

The US Occupational Safety and Health Administration.

P**p**

Pence.

PCB

Printed circuit board.

PCE

Pressure control equipment.

PLG

Pre-loaded gun.

PPE

Property, plant and equipment.

PSP

Performance Share Plan.

Q**QMS**

Quality Management System.

R**RCF**

Revolving Credit Facility.

Recordable incidents

An OSHA recordable incident is recorded if it results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness. Also included are any significant injuries or illnesses diagnosed by a physician or other licensed health care professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.

ROCE*

See NGM R.

S	T	W
<p>S&P Standard & Poor's.</p> <p>SASB Sustainability Accounting Standards Board.</p> <p>Scope 1 Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by the entity. Scope 1 emissions include fossil fuels burned on site, emissions from vehicles and other direct sources.</p> <p>Scope 2 Scope 2 emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling or steam generated off site but purchased by the entity.</p> <p>SDG The United Nations Sustainable Development Goal.</p> <p>SGD Singapore dollar.</p> <p>SID Senior Independent Director.</p> <p>SOFR US Secured Overnight Financing Rate.</p> <p>SONIA Sterling Overnight Index Average.</p> <p>sq Square.</p> <p>SURF Subsea, umbilicals, risers and flowlines.</p>	<p>TCFD Task Force on Climate-related Financial Disclosures.</p> <p>TNMFR Total Near Miss Frequency Rate.</p> <p>Total Cash and Bank* See NGM J.</p> <p>Trade Receivable days* See NGM G.</p> <p>TRIR Total Recordable Incident Rate.</p> <p>TSJ Titanium Stress Joint.</p> <p>TSR* Total Shareholder Return – the net share price change plus the dividends paid during that period.</p> <p>TVIR Total vehicle incident rate.</p>	<p>Wellbore The wellbore refers to the drilled hole.</p> <p>Well completion Well completion refers to the processes of preparing a well for production. This involves the assembly of downhole tubulars and equipment required to enable safe and efficient production from an oil or gas well.</p> <p>Well construction Well construction refers to the initial drilling and processes of constructing the wellbore in an oil and gas well. These processes typically include drilling and logging the hole; running, cementing and logging the casing; hydraulic fracturing or stimulating the well and monitoring well performance and integrity.</p> <p>Well intervention Well intervention refers to any operation carried out on an oil or gas well that maintains or enhances the production of the well or provides well diagnostics.</p> <p>Working capital* See NGM E.</p> <p>WTI West Texas Intermediate – the price per barrel of Texas light sweet crude oil.</p> <p>WTW WillisTowersWatson.</p>
	<p>U</p> <p>UAE United Arab Emirates.</p> <p>UK United Kingdom.</p> <p>US United States.</p> <p>USD US dollar.</p>	<p>* Non-GAAP measure.</p>

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