

Audit and Risk Committee Report



Carol Chesney

Chair of the Audit and Risk Committee

With the Group's improved financial performance in the year, the Committee's work has focused on Hunting's working capital and cash generation cycles, particularly following the receipt of \$231m of orders from Kuwait Oil Company.

The deteriorating performance of the Hunting Titan operating segment led to closer monitoring of its underlying market, its cost base, and its balance sheet. The impairment to goodwill recorded at the year-end reflects a balanced view by management and the Board of the carrying values of the operating segment on the consolidated balance sheet. The projections reflect a level of improvement in the US market, as noted in the outlook statement.

The Committee received several briefings in the year to prepare for compliance with Provision 29 'Internal Controls' of the 2024 UK Corporate Governance Code. There is much work to do in the coming years, but the Board remains confident of being compliant with most provisions in the medium term.

	Member	Invitation
Number of meetings held	4	
Number of meetings attended (actual/possible):		
Margaret Amos (from 10 January 2024)	4/4	–
Annell Bay (to 1 February 2025)	4/4	–
Stuart Brightman	2/2	2/2
Carol Chesney (Committee Chair)	4/4	–
Bruce Ferguson	–	4/4
Jay Glick (to 17 April 2024)	–	2/2
Paula Harris	4/4	–
Jim Johnson	–	4/4
Cathy Krajccek (from 3 March 2025)	0/0	–
Keith Lough	4/4	–

Introduction

Hunting has delivered another year of increased revenue and adjusted profits, in line with the Group's medium-term strategy for growth. Of note is the improved cash generation of the Company and the year-end total cash and bank/ (borrowing) position of \$104.7m, which reflects a robust balance sheet, maintained through strong working capital management.

While Hunting's OCTG, Subsea and Advanced Manufacturing product groups have performed well during the year, the Perforating Systems product group saw extremely challenging markets, driven by lower commodity prices and rig counts across North America. This led to a below target trading performance for the product group, which led to a restructuring being announced during Q2 2024 and an impairment to the carrying value of goodwill for the associated cash generating units at the year-end. Despite this, the Committee and wider Board believe that Hunting remains in a solid position to execute the Hunting 2030 Strategy.

The \$300m of new, committed borrowing facilities secured in October 2024 also reflect management's strong performance in increasing liquidity and securing funding to execute our growth strategy. At the year-end, Hunting was able to record total liquidity of c.\$344.8m, which represents the combined cash and borrowing capacity at 31 December 2024.

In April 2024, the Committee reviewed Deloitte's internal controls report and responded with endorsing new procedures being implemented in the year by management. An update to the implementation of these new controls was presented at the December 2024 meeting of the Committee. Further, new procedures are being put in place in respect of the provisions of the 2024 UK Corporate Governance Code.

In the year, the Committee continued to review the financial reporting, risk management, and internal control framework in place across the Group. During the year, enhanced risk management procedures were presented to the Committee, which included a refreshed understanding of the risk culture and risk universe of the Group.

Further, the Committee also received briefings by the central finance function on the plans for compliance with the 2024 UK Corporate Governance Code. The Committee noted the major changes included in the new Code, which centre on risk management and internal control – with a requirement by the Board to make a declaration on the robustness of the internal control environment in the coming years. The briefings held in the year focused on the approach management will take to enhance the internal control procedures and operating environment, and also the investment required to meet this compliance.

The Committee, therefore, proposed to the Board that its title be renamed as the Audit and Risk Committee, reflecting the enhanced workstreams to be included in the years ahead.

Composition and frequency of meetings

The Committee currently comprises five independent non-executive Directors (at 6 March 2025) and is chaired by Carol Chesney.

Following appointment to the Board on 10 January 2024, Margaret Amos joined the Committee. On 17 April 2024, Stuart Brightman stepped down from the Committee following his appointment as Company Chair, which followed the retirement of Jay Glick on the same date.

Audit and Risk Committee Report continued

Annell Bay also stepped down from the Committee on 1 February 2025, following ten years' service to the Company. Cathy Krajicek joined the Committee on her appointment as a Director on 3 March 2025.

Mrs Chesney is a qualified Chartered Accountant and is considered to have recent and relevant financial experience. Ms Harris (Chair of the Remuneration Committee), Ms Krajicek and Mr Lough have experience of the global energy industry, with particular expertise in UK and US oil and gas markets. Dr Amos brings accounting, aviation and broader non-oil and gas experience to the Board.

Further details of the Committee's experience can be found in the biographical summaries set out on pages 116 and 117.

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. During 2024, the Committee met four times, in February, April, August, and December; and the attendance record of the Committee members and Board invitees is noted in the table on the previous page.

All Directors and internal and external auditors are normally invited to attend meetings.

Responsibilities

The principal responsibilities of the Audit and Risk Committee are to:

- Monitor and review reports from the executive Directors, including the Group's financial statements and Stock Exchange announcements;
- Consider and approve any adjusting items proposed by management;

- Provide the Board with a recommendation regarding the Half Year and Annual Report and Accounts, including whether they are fair, balanced and understandable;
- Review the Company's and Group's Going Concern and Viability Statement;
- 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 plans, scope and resourcing; and review whether the external and internal auditors have met their respective audit plans;
- 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 objectivity as well as the effectiveness of the external audit process; and review the external auditor's management letter; and
- Monitor corporate governance and accounting developments.

Review of the 2024 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 LLP, the Group's external auditor.

Work undertaken by the Committee during 2024

	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	•			
Monitoring the proposed procedures and investments required for the new UK Corporate Governance Code procedures			•	•
Internal audit report	•		•	•
Internal audit resourcing	•	•	•	•
Internal audit plan	•			
External auditor				
Auditor's objectivity, independence, and appointment	•			
Full Year and Half Year report to the Audit and Risk 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				
Non-Audit Services Policy Review		•		
Employment of Former Audit Staff Policy Review		•		
Committee effectiveness and terms of reference				•
Review resourcing needs				•

Significant matters reviewed by the Committee in connection with the 2024 Annual Report and Accounts were as follows:

Impairment reviews

The Committee receives reports on the review of impairment of goodwill and other assets held on the consolidated balance sheet. A review for impairment triggers was undertaken at the half-year which indicated limited headroom over the carrying value of the Hunting Titan group of CGUs. As part of the annual goodwill impairment review, and further reviews for impairment triggers through to the year-end, management determined there to be an impairment to the carrying value of the Hunting Titan group of CGUs. This was due to the Hunting Titan operating segment recording deteriorating results in the year, the subdued North American market reported in the year which led to a reduced medium-term trading outlook for the business and the likely lower gross margins to be generated by the segment in the medium term.

Audit and Risk Committee Report continued

As a result, the full-year assessment concluded that a \$109.1m impairment to the carrying value of goodwill should be recorded. As part of the year-end audit process, the external auditor reviewed management's impairment models, in particular the Hunting Titan impairment model, and concluded that the impairment to goodwill recorded at the year-end was appropriate. The Committee challenged management on the medium-term revenue and margin forecasts for the Hunting Titan operating segment, the tax treatment of the impairment and the discount rates used to derive the quantum of the impairment.

The Committee noted the other business units where headroom for the carrying value of goodwill was more limited, with these units undergoing detailed modelling as part of the year-end 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 the Strategic Report on pages 40 to 42. Given the quantum of the impairment, the Committee reviewed the recognition of the impairment as an adjusting item and agreed that this treatment was appropriate.

Review of import duties

During the year, the Committee reviewed procedures in respect of the treatment of import duties within certain subsidiaries and concluded that it would be necessary to record a prior year provision in respect of outstanding payments to be made to a tax authority. The Committee challenged management on its local control procedures in respect of import/export documentation, in addition to the corrective actions to the control environment.

Due to the nature and quantum of the provision, the Committee agreed that the provision of \$9.6m be treated as an adjusting item, and noted that the restatement of the prior year results was appropriate.

The external auditor reviewed the treatment of the prior year provision and the restatement of the prior-period financial statements and concluded that the adjustments were appropriate.

Netherlands inventory and internal control

As part of the year-end audit procedures, which includes inventory cycle counts and stock taking, it was found that some items of OCTG inventory had been recorded in error at the Group's facility in the Netherlands. A full review of inventory and internal control procedures was completed in January 2025, with management determining that c.\$4.2m of stock should be written off due to this error. The Committee challenged management on the control environment in place in the Netherlands and the corrective actions required, given the future reporting and attestation requirements on internal control.

The Audit and Risk Committee and the wider Board of Directors were briefed on this issue during January/February 2025, with the Committee agreeing that the total error should be booked within the operating result of the EMEA operating segment, and not as an adjusting item.

Revenue recognition

Given that a material proportion of the Group's revenue originates from the OCTG, Subsea Technologies and Advanced Manufacturing products groups, revenue recognition remains an area of focus for the Committee, and in particular the "on-time" or "over time" revenue recognition of key longer-term contracts.

The Committee noted that the enhanced procedures implemented in recent years, including the external review of certain contracts to agree the appropriate accounting treatment, enabled a rigorous assessment to be made of the appropriate accounting treatment, with the Committee being comfortable that longer-term contracts had been recorded appropriately.

Additional scrutiny of the Kuwait Oil Company ("KOC") contracts was applied due to their size, and is an example of the application of our enhanced procedures. The Committee challenged management on its recognition approach to the KOC contracts, with the Committee being comfortable with the accounting treatment.

Tax

The Committee continues to monitor both direct and indirect tax risk, tax audits and provisions held for taxation in view of the international spread of operations. In 2023, the Company recognised \$81.3m of deferred tax assets ("DTAs") in respect of Hunting's US businesses on the consolidated balance sheet. Given the deteriorating results in Hunting Titan that led to the adjusting item being recorded in the year, the Committee reviewed reports to support the ongoing recognition of these DTAs.

Following a briefing from the Group's Head of Tax, the Committee concluded that, given the medium-term projections of the Group's US businesses, it remained appropriate for the DTAs to continue to be recognised on the Company's balance sheet.

Inventory valuation and provisioning procedures

During 2024, inventory valuation and provisioning procedures continued to be an area of close review for the Committee. The Committee reviewed reports by both management and the external auditor on inventory valuation and was satisfied that the inventory valuation model was being deployed appropriately by management, that the judgements being applied were balanced, and the carrying values of inventories at the year-end were appropriate.

Inventories

At the year-end, the Group held \$303.3m (2023 – \$328.4m) of inventory. This represents approximately 34% of the Group's net assets (2023 – 35%).

Inventory levels have decreased despite the increase in activity levels in the Group and certain inventory purchases were increased to meet the requirements of the sales order book. However, there was increased focus in the year on reducing inventory carried in Hunting Titan.

As noted above, the inventory provisioning methodology continued to be refined through the year, with the Committee satisfied that a robust process was now embedded, which encompassed all key product lines sold by the Group.

Property, plant and equipment ("PPE")

The year-end balance sheet includes \$252.8m (2023 – \$254.5m) for PPE. This represents approximately 28% of the Group's net assets (2023 – 27%). The movement in PPE reflects depreciation of \$25.2m and disposals of \$2.8m offset by additions of \$25.2m and other items totalling \$1.1m.

Audit and Risk Committee Report continued

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.

Goodwill

The year-end balance sheet includes \$45.1m (2023 – \$154.4m) of goodwill, following the impairment recorded within the Hunting Titan cash generating unit, as noted above. The year-end carrying value represents approximately 5% of the Group's net assets (2023 – 16%).

The Committee considered and challenged the discount rates and the other assumptions 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 \$39.4m (2023 – \$40.8m). This represents approximately 4% of the Group's net assets (2023 – 4%). Additions in the year were \$4.8m (2023 – \$10.9m) and the amortisation charge recorded in the consolidated income statement was \$5.9m (2023 – \$6.6m). The Committee considered and confirmed the appropriateness of the assumptions and factors used in the impairment 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 \$28.3m (2023 – \$26.2m). This represents approximately 3% of the Group's net assets (2023 – 3%). The movement in the year is predominantly attributed to additions of \$2.7m (2023 – \$6.2m) and lease modifications of \$7.0m (2023 – \$0.9m), offset by depreciation of \$7.2m (2023 – \$6.6m).

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.

Adjusting items and presentation of financial statements

The Committee is responsible for reviewing and approving any adjusting items proposed by management. As noted above, an adjusting item, in respect of the impairment of goodwill within the Hunting Titan operating segment, totalling \$109.1m, was recorded as part of the year-end audit procedures, together with a deferred tax credit of \$27.8m. Further, management noted the positive contribution from the Group's joint ventures and associates projected for the medium term and proposed to the Committee that the profit/(loss) contribution from this line item be included in the Group's operating result within the consolidated income statement from 1 January 2024. A restatement of the prior-period financial statements was recorded in the year, following approval by the Committee. As noted above, the 2023 financial statements were restated to reflect the \$9.1m provision in respect of a revised import duty assessment conducted in the year. The Committee reviewed the appropriateness of the above restatements to the financial statements, and the adjusting items recorded in the year, and following discussion, approved the accounting treatment.

Area of judgement

The determination of when control is transferred to a customer and when revenue is recognised is an area of judgement. The determination can be complex in contracts where goods are shipped and confirming shipping documentation is produced after the goods have been loaded onto a vessel, potentially in a different financial period.

This was an area of challenge from the external auditor during the year.

Viability Statement and Going Concern basis

The Committee monitored assumptions around Going Concern at the half and full year, as well as those around the Group's Viability Statement for the full year. Driven by the improved profitability of the Group, led by the performance of the North America, Subsea Technologies and Asia Pacific operating segments, the Committee concluded that good support for Hunting's longer-term viability exists. In particular, the Committee noted the increase to total cash and bank/(borrowings) at 31 December 2024, reflecting improved receivable collections and the use of working capital instruments to shorten the cash receipt cycle of the orders received from KOC and noted that the consolidated balance sheet at the year-end was robust.

The Committee also noted the refinancing of the Group's borrowing facilities, including the cancellation of the \$150m Asset Based Lending facility and the agreement of \$300m of new, committed borrowing facilities in October 2024, which comprised a \$200m revolving credit facility and a \$100m term loan, which in combination provides Hunting with c.\$344.8m of liquidity to fund its longer-term strategic objectives. The Committee noted these positive developments in the year and their impact on going concern and viability.

As part of the Company's 2024 half-year and full-year 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.

The Going Concern review period covers a period of at least 12 months after the date of approval of these financial statements, and the Directors consider that the Going Concern assumption continues to be suitable for the Group. The Directors have reached their conclusion on Going Concern after assessing the Group's principal risks, as set out in detail on pages 104 to 109.

As part of Hunting's Viability Statement procedures, management prepared an extended forecast that provided trading projections to 2028. The Board approved this in January 2025 and it was used to support the carrying values of assets held on the consolidated balance sheet. On 3 March 2025, the Committee approved the Viability Statement, detailed on pages 110 to 111 of the Strategic Report, noting that it presented a reasonable outlook for the Group for the next three years.

Fair, balanced and understandable assessment

The Committee reviewed the financial statements, together with the narrative contained within the Strategic Report set out on pages 2 to 112, and believes that the 2024 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;
- Receipt and review of reports from the external and internal auditors.

Audit and Risk Committee Report continued

The Committee advised the Board of its conclusion that the 2024 Annual Report and Accounts, taken as a whole, was fair, balanced and understandable at a Meeting of Directors on 3 March 2025.

Risk management and effectiveness of internal control

In determining its opinion on the effectiveness of the risk management and internal financial controls during 2024, the Committee considered the results of internal audit work, the key risk and areas of judgement and estimation uncertainty, issues identified by management or reported through whistleblowing arrangements (including the associated investigations) and the output of the external audit work.

The Group has an established risk management framework and internal control environment which it continues to invest in, through improvements to the general IT environment and its people and processes. In assessing the effectiveness of the internal control environment in the current year the Committee noted control deficiencies both in the specific areas outlined within this report, and more broadly in relation to revenue recognition and General IT Controls. As noted elsewhere, a review of the Group's internal control environment is underway as part of the compliance procedures for the 2024 UK Corporate Governance Code, and due to the control deficiencies identified in the year.

During the year, the Group's risk management reporting procedures have been enhanced, following the appointment of a Group Risk Manager in 2023. Enhanced risk identification processes were introduced, with the Directors completing a risk workshop to agree the strategic and principal risks facing the Group, as the Hunting 2030 Strategy is being executed.

On 3 March 2025, the Committee met and considered the Company's risk management and internal control environment in operation throughout the year. Following discussion, the Committee agreed that overall the Company's risk and control framework remained effective, despite the control matters recorded within the EMEA operating segment discussed on page 163. The Committee noted the control enhancements to be implemented in the Netherlands and UK operations and concluded that the remedial actions to the local control environment were appropriate.

Internal audit

An annual programme of internal audit assignments in respect of 2024 was reviewed and approved by the Committee in February 2024. During the year, the Committee received reports from the Internal Audit function. The Chair of the Committee also had regular dialogue with the function throughout the year. During the year, 11 field audits were completed in line with the 2024 Internal Audit Plan.

In addition, further work on revenue recognition and control review procedures was carried out, given the ongoing implementation of the Group's new ERP system within a number of businesses. In the year, one business unit was reviewed in detail for revenue recognition and allocation of labour costs, given the increase in activity reported. The Committee met with the Head of Internal Audit, without the presence of the executive Directors, on three occasions during the year. The Committee reviews the internal audit process and effectiveness as part of the Group's internal control and risk assessment programme.

The effectiveness of the Internal Audit function was considered by the Committee at its February 2024 meeting, and included a review of the scope of work completed in the year, the control recommendations proposed and implemented by management and the speed of response by management to reports agreed. Following this review, the Committee concluded that the function remained effective.

External audit

Deloitte LLP was appointed by the Group's shareholders as external auditor in 2019, therefore, no tenders have been undertaken in the year due to their current tenure.

During 2024, the audit engagement partner rotated from the Hunting account, with Thomas Murray being appointed as lead audit partner following conclusion of the 2023 year-end audit. As part of a wider refreshing of the Deloitte account, the senior audit manager rotated off following the 2024 half-year review process.

The external auditor presented reports at the February, April, August and December meetings of the Audit Committee during 2024. Further, the Chair of the Committee also had regular dialogue with the audit engagement partner throughout the year. In April 2024, Deloitte LLP presented its Management Controls Report, which highlighted control improvements that they recommend be made by the Group. On 3 March 2025, a full-year report by Deloitte LLP was considered ahead of publication of the Group's 2024 Annual Report and Accounts.

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.

Materiality

The Committee discussed materiality with the external auditor regarding both accounting errors to be brought to the Audit and Risk 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 (2023 – \$4.5m), which equates to 5.3% of the adjusted profit before tax result, and approximately 0.4% (2023 – 0.5%) of the Group's total external revenue reported in 2024. Furthermore, the auditor agreed to draw to the Audit and Risk Committee's attention all identified, uncorrected misstatements greater than \$0.2m and any misstatements below that threshold considered to be qualitatively material.

Audit scope

The Audit and Risk 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. 87% of the Group's reported revenue and 85% of the Group's net assets were audited, covering 20 reporting units, including a number of investment holding companies, across five countries.

Audit and Risk Committee Report continued**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. Having considered these factors, the Committee concluded that Deloitte LLP was independent from the Group throughout the year and to the date of their audit report.

Auditor reappointment

Following discussion in March 2025, the Committee approved the recommendation to propose the reappointment of Deloitte LLP at the Company's 2025 Annual General Meeting.

The effectiveness of the audit process was considered throughout the year, with a formal review undertaken by the Company at the April meeting of the Committee. The assessment summarises management feedback and considers the performance of the external auditor, including:

- The external auditor's understanding of the Group's business and industry sector;
- The planning of the audit and execution of the audit plan by the external auditor approved by the Committee; and
- The communication between the Group and audit engagement team.

In addition, the Committee reviewed and took account of the reports from the Financial Reporting Council on Deloitte LLP, and reviewed the 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 non-audit services which included the interim review process and the ESEF assurance report, which totalled \$0.3m (2023 – \$0.2m), there were no non-audit service fees paid during the year (2023 – \$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 the external auditor's independence or objectivity.

Review of Committee effectiveness

In H2 2024, the Committee reviewed its effectiveness as part of the wider externally facilitated Board and Committee Effectiveness Review, which was completed by Clare Chalmers Limited. The review's findings were reported to the Committee and wider Board at the December 2024 Meeting of Directors. No issues were identified as part of this review process.

2024 UK Corporate Governance Code

In January 2024, the Financial Reporting Council issued a new version of the UK Corporate Governance Code, which included a number of revisions that will impact the work of the Audit and Risk Committee in the coming years. The most significant change proposed in the new Code is the introduction of enhanced Internal Control and Risk Management procedures and reporting, with the recommendation that by 2026 UK public companies should make a declaration in their external reporting of the robustness and effectiveness of material financial and non-financial controls.

In 2024, Hunting's central finance function commenced a project to review the Group's internal control environment, with the intention of:

- 1) Reviewing and enhancing the documentation of the Group's internal controls;
- 2) Identifying material financial and non-financial controls in line with the requirements of the Code;
- 3) Enhancing management oversight and consistency of risk reporting and the grading of principal risks; and
- 4) Correlating material controls with relevant assurance procedures.

New personnel were hired in the central finance function to assist in this work, including a new Internal Controls Manager, an IT Systems Manager, in addition to a Group Risk Manager who was appointed in 2023, to bring together the reporting of the new internal control procedures. New software to assist in the reporting of controls was purchased in January 2025 as part of this important project. At the August and December 2024 meetings of the Committee and wider Board, an update was given by management on the proposed procedures and investments required for the new Code procedures.

As noted on page 130, a roadmap to compliance with the 2024 UK Corporate Governance Code has been published, with the Committee and wider Board targeting compliance with the new Code provisions on appropriate Group-level policies, risk management and internal controls by 2026. Further briefings are planned in 2025, given the extra work anticipated by management to comply with the 2024 Code.

Audit Committees and the External Audit: Minimum Standard

The Audit Committee has complied with the requirements of the Minimum Standard during the year, giving consideration to the non-audit relationships held by the Company to ensure there is a fair choice as and when an audit tender is undertaken. No tender was completed in the year, therefore the requirements on appointment and remuneration are not relevant in 2024. The Audit and Risk Committee has ensured that the external auditor has had access to Company staff and records and encourages challenge to management's position. Ahead of the AGM, the Audit and Risk Committee also considers the objectivity and independence of the external auditor, prior to recommending to the Board of Directors the reappointment of the auditor. The effectiveness of the external audit is also considered annually.

On behalf of the Board



Carol Chesney
Chair of the Audit and Risk Committee
6 March 2025

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 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 is 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 Accounts, 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 Tuesday 4 March 2025.

Directors

The Directors of the Company, as at the date of signing these accounts, are listed on pages 116 and 117.

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.

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 2024, 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 24,724,518 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 UK 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 2025 AGM.

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 reappointed 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.

Directors' Report continued

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 2024, no Director of the Company had any beneficial interest in the shares of Hunting's subsidiary companies.

Auditors

A resolution for the reappointment of Deloitte LLP as auditor to the Company and a resolution which gives the Audit and Risk Committee the authority to determine the remuneration of the auditor will be proposed at the 2025 AGM.

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.

Share capital

Hunting PLC is a listed public company limited by shares, with its Ordinary shares quoted on the London Stock Exchange in the Equity Shares Commercial Company category. 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 2024 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 of Association. 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 169, 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 2024 was £0.5bn (2023 – £0.5bn).

Share price

	2024 p	2023 p
At 1 January	295.5	333.0
At 31 December	289.0	295.5
High during the year	459.0	351.5
Low during the year	274.0	197.4

Dividends

The Company normally pays dividends semi-annually. Details of the Company's dividend policy is set out on page 11.

The Company paid the 2023 Final Dividend of 5.0 cents per share on 10 May 2024, which absorbed \$8.0m of cash. At the Group's 2024 Half Year Results, the Board declared an Interim Dividend of 5.5 cents per share, which was paid to shareholders on 25 October 2024, and absorbed \$8.7m of cash. The Board is recommending a Final Dividend for 2024 of 6.0 cents per share, to be paid to shareholders on 9 May 2025, subject to approval by shareholders at the Company's 2025 AGM.

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 2024, the Trust held 7,191,845 Ordinary shares in the Company (2023 – 6,591,918). 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.

Directors' Report continued**Major shareholders**

The Company's major shareholders, as at 31 December 2024, are listed in the table below.

	Notes	Number of Ordinary shares	% of ISC
Abrdn		14,540,689	8.82
Schroder Investment Management		13,377,973	8.11
BlackRock	1	12,475,269	7.56
Franklin Templeton		11,697,897	7.09
Hunting Investments Limited	2/3/4	11,003,487	6.67
Hunting Employee Benefit Trust	5	7,191,845	4.36
Slaley Investments Limited	4	6,424,591	3.89
Dimensional Fund Advisors		5,459,505	3.31
David R L Hunting	2/3/4/6/7	194,120	0.12
– as trustee		3,157,750	1.91
– other beneficial		1,875,950	1.14
James Trafford – as trustee		5,175,966	3.14
Orbis Investment Management		5,170,596	3.13

- On 28 January 2025, BlackRock notified the Company that their shareholding had reduced to 6.16% of the issued share capital. Further, on 5 March 2025, BlackRock confirmed that its shareholding had reduced to below 5% of the issued share capital.
- 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.
- 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 6 March 2025, the Hunting Family Interests, party to the agreement, totalled 24,135,770 Ordinary shares in the Company, representing 14.6% of the total voting rights.
- The Company has an agreement with the Employee Benefit Trust ("EBT"), whereby the EBT purchases Hunting shares on a monthly basis, and since 31 December 2024 has purchased 562,745 shares.
- After elimination of duplicate holdings, the total Hunting family trustee interests shown above amount to 5,175,966 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.

Other information**Significant agreements**

The Company is party to the Revolving Credit Facility and Term Loan in which the counterparties can determine whether or not to cancel the agreements 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.

Political contributions

It is the Group's policy not to make political donations. Accordingly, there were no political donations made during the year (2023 – \$nil).

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 2023 was published on 19 April 2024. Following the disposal of the Company's exploration and production assets, which were held by Hunting's wholly owned subsidiary Tenkay Resources, Inc. in 2024, the Group did not make any material payments to governments and Payments to Governments were below the threshold required by the legislation.

Research and development

Group subsidiaries undertake, where appropriate, research and development to meet particular market and product needs. The Group's research and development costs in the year totalled \$8.8m (2023 – \$6.9m), with the amount expended in the year totalling \$6.6m (2023 – \$4.7m).

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 2024.

The Strategic Report incorporates the Hunting 2030 Strategy, Key Performance Indicators, Company Chair's Statement, Chief Executive's Review and Outlook, Market Summary, Business Model and Strategy, Stakeholders and Engagement protocols, Product Review, Operating Segment Review, Group Financial Review, ESG and Sustainability, and Risk Management and is located on pages 2 to 112.

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 36, 37 and 38);
- Dividends (page 7);
- Future developments (page 39);
- Risk management, objectives and policies (pages 102 to 109);
- Bribery and corruption (pages 27 to 30, 77 and 78);
- Employment of disabled persons (pages 28 and 80);

- Ethnicity and diversity (pages 28 and 80); and
- Greenhouse gas emissions and environmental matters (pages 31, 73, and 82 to 101).

For further information, please see the Shareholder and Statutory Information section located on pages 264 and 265. The Company's Non-financial Information and Sustainability Statement can be found on page 265.

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 112 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 25 to 32, 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 2024 Annual Report and Accounts were approved by the Directors at their meeting on Tuesday 4 March 2025.

By order of the Board



Ben Willey
Company Secretary
6 March 2025