PRECISION ENGINEERING IN A CHANGING WORLD

Hunting PLC
Annual Report and Accounts 2023

HUNTING

We are Hunting

Hunting is a global precision engineering group, which provides quality-assured products and services for the energy, aviation, commercial space, defence, medical and power generation sectors.

Highlights

Financial highlights

Revenue

$929.1m

(2022 – $725.8m)

EBITDA*

$103.0m

(2022 – $52.0m)

Sales order book

$565.2m

(2022 – $473.0m)

Non-financial highlights

Internal manufacturing reject rate

0.20%

(2022 – 0.13%)

Scope 1 and 2 GHG emissions in tonnes CO_2e

24,042

(2022 – 22,422)

Total recordable incident rate

0.91

(2022 – 0.97)

Market highlights

Average WTI crude oil price

$78bbl

(2022 – $94bbl)

Global capital investment

$212.5bn

(2022 – $190.6bn)

Global average rig count

1,767

(2022 – 1,706)

*Non-GAAP Measure see NGM C on page 239

Our Strategy

Hunting is a premium-listed Company, quoted on the London Stock Exchange and is a constituent of the FTSE 250 Index. Our strategy is to manufacture products and deliver services to our customers, wherever in the world they are operating.

Key Performance Indicators

Our primary sector of focus is the energy industry. Many of Hunting's products extend across the life cycle of an oil and gas well in addition to geothermal and carbon capture wells. Our performance is, therefore, driven by high-value, resilient end-markets.

Our Stakeholders

Our strategy is aimed at creating, distributing and sustaining value for our shareholders and stakeholders, including employees, customers, suppliers, governments and communities.

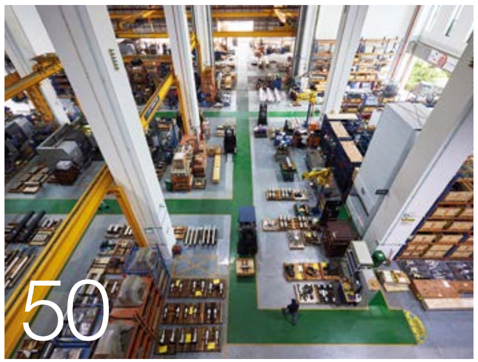
Our Product Groups

Our five key product lines are:

Perforating Systems; OCTG; Advanced Manufacturing; Subsea; and Other Manufacturing.

Non-oil and gas revenue is derived across all of these key product lines.

Our Operating Segments



The Group is managed on a geographic basis, through five operating segments:

Hunting Titan; North America; Subsea Technologies; Europe, Middle East and Africa; and Asia Pacific.

Corporate Governance

Our Board's experience extends from energy, to aviation and other non-oil and gas sectors. Hunting expects to accelerate the Group's non-oil and gas offering in the coming years to diversify our revenue and profit streams, thereby reducing the cyclicality of our earnings.

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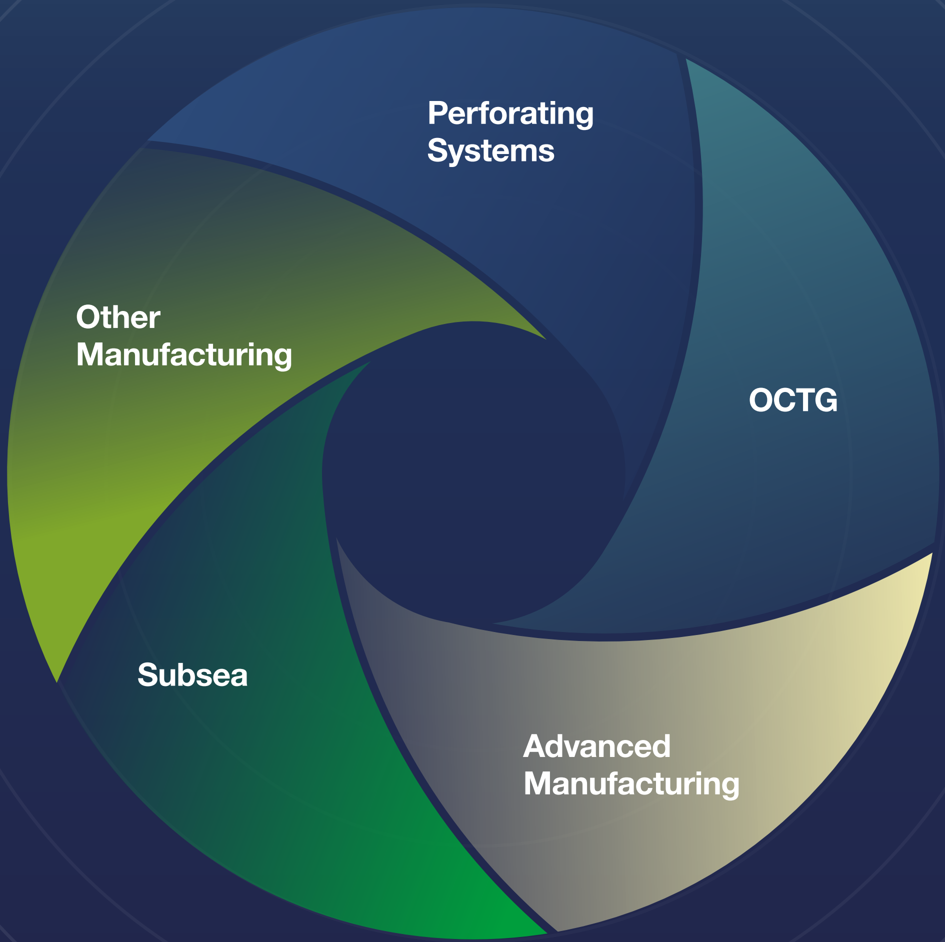
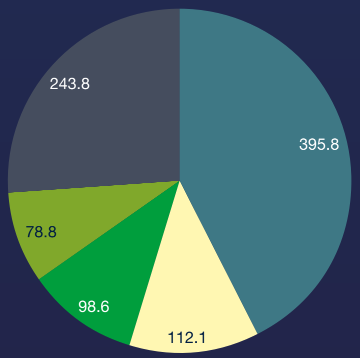
At a Glance

Product groups

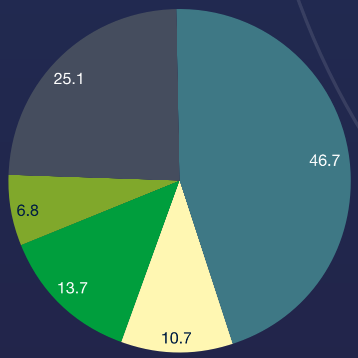
In 2023, the Group reported impressive growth in revenue and EBITDA across most product lines. Perforating Systems revenue has been comparable with 2022 as international sales offset the subdued US onshore drilling market. OCTG sales have increased across all regions of operation as global oil and gas activity accelerated in the year. Revenue within Advanced Manufacturing made good progress as oil and gas and non-energy related revenue were pursued, while sales of Subsea products have accelerated as offshore activity increased momentum.



Revenue
$m



EBITDA*
$m



Product groups

- Perforating Systems
- OCTG
- Advanced Manufacturing
- Subsea
- Other Manufacturing

* Non-GAAP measure see NGM C

At a Glance continued

Perforating Systems

Hunting's Perforating Systems product offering includes integrated gun systems, energetics and instruments. The Group's H-2™, H-3™ and H-4™ perforating systems offer an integrated well completion solution to clients, which increases safety and efficiency. Hunting's energetics products include the EQUAFrac™ suite of charges, which improve firing accuracy and efficiency. Complementing these products, Hunting's instruments, including the Perf+ shooting panel, allow for in-field integration of systems and operations, which lowers the cost of development.

Reported through:
Hunting Titan
North America
EMEA
Asia Pacific

READ MORE ON PAGE 40

OCTG

Hunting's OCTG product offering includes premium connections, accessories and tubing. The Group's proprietary connection technologies include SEAL-LOCK™, WEDGE-LOCK™ and TEC-LOCK™, which address most oil and gas resource developments. Hunting's connection technology is also applicable to the energy transition sector, serving geothermal energy and carbon capture and storage developments. The Group provides an independent OCTG supply chain to clients, sourcing through either distributors or steel mills.

Reported through:
Hunting Titan
North America
EMEA
Asia Pacific

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Advanced Manufacturing

Hunting's Advanced Manufacturing product offering includes high-performance electronics and precision engineered products, which are utilised in both energy-related and non-oil and gas applications. Our electronics business manufactures high temperature/high pressure printed circuit boards used in downhole measurement tools as well as other sectors such as medical devices. Our precision engineering business manufactures MWD/LWD well tool housings, periscope tubes, aerospace engine shafts, and other products used in commercial space applications.

Reported through:
Hunting Titan
North America

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Subsea

Hunting's Subsea product offering comprises three sub-groups: hydraulic couplings and valves used within subsea tree systems; titanium stress joints, which are applied to floating production, storage and offloading facilities; and flow access modules used in modular offshore field developments. A key theme of all these products is the safer and quicker delivery of oil and gas and, therefore, cash flow from offshore developments.

Reported through:
Subsea Technologies

READ MORE ON PAGE 46

Other Manufacturing

Hunting's Other Manufacturing products include well intervention and testing equipment, which is either sold to, or rented by, clients. The Group's trenchless technologies business sells into the global telecommunications industry and forms part of this product group given its size and profile. The organic oil recovery ("OOR") process is an enhanced oil recovery technology that increases oil production in a well, with the CO_2 cost per barrel being very low compared to drilling, completing and bringing a new well online.

Reported through:
North America
EMEA
Asia Pacific

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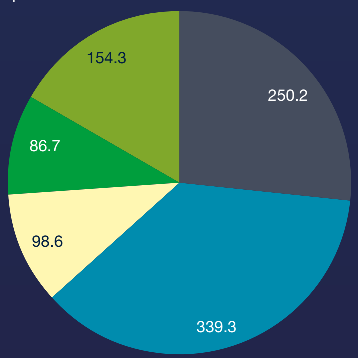
At a Glance continued

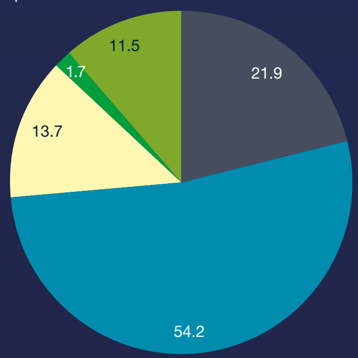
Operating segments

The Hunting Titan operating segment has faced headwinds in the year as the US onshore rig count reduced. However, international sales have increased by 34% in the year in-line with its strategy for growth. The Group's North America operating segment has reported strong growth as global activity, particularly in South America, increased. Hunting's Subsea Technologies operating segment has also reported strong growth in the year, as demand for hydraulic valves and couplings and titanium stress joints accelerated. Across the EMEA operating segment, Europe has been supported by international work for Brazil, while well intervention sales into the Middle East have grown due to new investment in the region. The Group's Asia Pacific operating segment has seen strong growth, particularly in China and the Middle East. In the year, the segment also opened a new facility in India, with Hunting's JV partner Jindal SAW.

Revenue
$m



EBITDA*
$m



Operating segments
- Hunting Titan
- North America
- Subsea Technologies
- EMEA
- Asia Pacific

* Non-GAAP measure see NGM C

Hunting Titan

Operating sites	Distribution centres	Year-end employees
4	14	622
(2022 – 5)	(2022 – 12)	(2022 – 656)

North America

Operating sites	Distribution centres	Year-end employees
10	2	900
(2022 – 10)	(2022 – 2)	(2022 – 818)

Subsea Technologies

Operating sites	Distribution centres	Year-end employees
3	0	196
(2022 – 3)	(2022 – 0)	(2022 – 155)

Europe, Middle East and Africa ("EMEA")

Operating sites	Distribution centres	Year-end employees
7	0	270
(2022 – 7)	(2022 – 0)	(2022 – 247)

Asia Pacific

Operating sites	Distribution centres	Year-end employees
3	0	346
(2022 – 3)	(2022 – 0)	(2022 – 309)

At a Glance continued

Operating sites

27

Distribution centres

16

Year-end employees (including head office)

2,420

Hunting global locations

- Hunting Titan
- North America
- Subsea Technologies
- EMEA
- Asia Pacific
- Joint Ventures and Associates

Hunting 2030 Strategy

During the year, the Directors and senior leadership team launched a resilient, long-term strategy, which is aimed at delivering revenue and profit growth, free cash flow generation and sustained returns to 2030, while reducing the cyclicality of the business and lowering carbon emissions. The strategy, which is underpinned by four strategic pillars, will be delivered through Hunting's current portfolio of businesses as well as through targeted bolt-on acquisitions.

Jim Johnson
Chief Executive

FIND OUT MORE ON HUNTING 2030

Hunting
2030

Hunting 2030 Strategy

Hunting has defined four strategic pillars to deliver growth in the long term:

Operational excellence – by delivering strongly assured products and premium services.

Strong returns – leveraging our technology to increase pricing and improve facility utilisation.

ESG and sustainability – managing and reducing our carbon footprint and impact on global climate change.

Growth – through entering new markets and developing new products.

Hunting 2030 Strategy continued

Hunting's strategic pillars

Operational excellence

Our people are at the heart of our business, and we ensure that their health, safety and well-being are a priority. We mainly operate in a competitive and cyclical sector, which is high profile and well regulated. To be successful, we must deliver reliable products, which are quality-assured to the highest industry standards, offer improved cost efficiencies, and assist safer processes for our customers. We strive to ensure that our working capital is managed efficiently to enable timely delivery of our products to our customers.

Related KPIs
Working capital to annualised revenue ratio; total recordable incident rate; and internal manufacturing reject rate.

Related risks
Increased competition and market consolidation; geopolitical instability; adverse movement in commodity prices; climate change and energy transition; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; our reaction to external and internal forces; third-party risk; and changing global rules and regulations.

Progress in the year
The Group continued to deliver new technology to clients in the year, such as the H-4 Perforating System™. As activity increased across all of the Group's businesses, our facility utilisation improved, without compromising on our quality assurance and health, safety and environmental performance. We have continued to rollout the D365 ERP system throughout our businesses, which will contribute to the enhanced monitoring of production and performance over time and the delivery of efficiencies. We have also increased our training programmes including a new Code of Conduct, cyber security and anti-harassment modules, alongside our rigorous quality assurance and health and safety programmes.

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 solid returns on capital leading to growing dividends to shareholders. To reduce the impact of oil and gas cyclicality on profitability, the Group is targeting opportunities in the energy transition sector and also to grow its revenue from the commercial space, defence, medical and power generation sectors. There has also been a programme to reduce the fixed cost base of the Group to ensure that it is more efficient.

Related KPIs
Revenue; non-oil and gas revenue; EBITDA; adjusted profit before tax; adjusted diluted earnings per share; dividend per share declared; total shareholder return; free cash flow; working capital to annualised revenue ratio; and return on average capital employed ("ROCE").

Related risks
Geopolitical instability; loss of key executives or staff and shortage of key staff; product quality and reliability; our reaction to external and internal forces; third-party risk; acquisition risk; and changing global rules and regulations.

Progress in the year
The Group has delivered a significant increase to EBITDA and operating profit margins and increased its ROCE. This has been achieved by the increase in revenue and profits as well as through improved efficiencies while retaining a strong balance sheet throughout the year. As part of a wider programme to drive higher operational efficacies and reduce future cash outflows, the closure of the Oklahoma City manufacturing facility and the relocation of the well testing manufacturing and assembly operations from the Netherlands to Dubai were announced, together with the sale of legacy E&P assets. The strong returns generated in the year have enabled the Board to announce an 11% increase to the total dividends declared in the year.

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.

Related KPIs
Total recordable incident rate; internal manufacturing reject rate; total scope 1 and 2 emissions; CO_2 intensity factor; total purchased electricity; and renewable energy purchased.

Related risks
Geopolitical instability; climate change and energy transition; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; and changing global rules and regulations.

Progress in the year
In the year, we completed a process to independently assure our scope 1 and 2 greenhouse gas emissions. Further, the Group commenced a process to assess its scope 3 inventories, which will enable the Directors to develop a Net Zero transition plan. In the year, further progress was also made on the rolling out of carbon mitigation strategies, and despite an increase in the Group's orders and manufacturing, carbon emissions haven't increased at the same rate as measured by our CO_2 intensity factor.

Hunting 2030 Strategy continued

Hunting 2030 operational growth objectives

Growth

Our aim is to continue to develop our global presence and supply a comprehensive range of products used in the wellbore and through expansion into complementary non-oil and gas sectors. Our diversified portfolio of products, which are offered in strategic global locations, will enable us to produce high levels of profitability and free cash flow. Our cash generation will facilitate our growth through investment in our existing businesses and through acquisition.

Related KPIs

Revenue; non-oil and gas revenue; EBITDA; adjusted profit before tax; adjusted diluted earnings per share; total shareholder return; and free cash flow.

Related risks

Increased competition and market consolidation; geopolitical instability; adverse movement in commodity prices; climate change and energy transition; loss of key executives or staff and shortage of key staff; product quality and reliability; our reaction to external and internal forces; third-party risk; acquisition risk; and changing global rules and regulations.

Progress in the year

During 2023, the Group delivered further revenue increases as global oil and gas drilling activity accelerated. Growth in regions outside of North America has been a key theme in the year, with activity in South America and the Middle East as well as Asia Pacific accelerating. In September 2023, Hunting opened its joint venture premium threading facility in Nashik, India, which is targeted at capturing growth in the country. In the year, our Subsea and OCTG accessories businesses have reported considerable progress as deepwater and ultra-deepwater drilling accelerated.

Retain focus on global oil and gas opportunities, specifically growing our subsea and offshore businesses

Crude oil and natural gas are forecast to be two critical primary energy sources for many decades to come. As developed and emerging economies seek growth and energy security, hydrocarbon resources will remain part of the energy landscape alongside other renewable and low carbon energy sources. The Group will continue to broaden its product offering and introduce critical technologies through R&D and targeted M&A. **We are targeting revenue of c.$1.5 billion p.a. by 2030 from the oil and gas sector.**

The subsea and offshore sectors of the global oil and gas industry provide predictable and sustained hydrocarbon production, which has increased in importance for project developers in recent years. **Through organic and acquisitive growth, Hunting is seeking to build its revenue profile from this area of the industry by the end of the decade as part of the annual revenue target of $1.5 billion.**

Develop a global position in the energy transition sector

The energy transition sector is an area of significant opportunity for Hunting, as global efforts to decarbonise the energy supply chain accelerate. The Group sees strong growth in supplying products for geothermal as well as carbon capture and storage projects, which are increasingly demanding high performance technology and materials that are capable of delivering multi-decade benefits to the energy industry. **The Group will leverage its global presence and align its technology portfolio and supply chain with the high-growth energy transition market and is confident that these projects will deliver c.$250 million revenue p.a. by 2030.**

Increase our position in high-value, non-oil and gas industries

Given the cyclicality of the oil and gas industry, a key part of our strategy is to build a less volatile revenue and profit profile. This will be delivered through organic and acquisitive growth of non-oil and gas businesses. We already sell into some of these markets, such as the aviation, commercial space, defence, medical, and power generation sectors, and will continue to leverage our world-class precision engineering and manufacturing know-how into these high-quality markets and industries. **We are targeting c.$250 million revenue p.a. to originate from non-oil and gas sources by 2030.**

Increased focus on the long-term sustainability of the Group

The training, development and retention of our skilled employees will ensure that our strong culture remains intact and Hunting's robust health and safety record is maintained. The Group will continue to focus on reducing its carbon emissions through operational effectiveness and drive efficiencies through continuous improvement. **We are targeting a reduction in our scope 1 and 2 greenhouse gas emissions by 50% from our 2019 base-line year and to purchase 50% of our energy from renewable sources by the end of the decade.**

Underpinned by our portfolio of businesses and targeted bolt-on acquisitions

Hunting 2030 Strategy continued

Hunting 2030 financial and investment returns objectives

We are targeting c.$2.0 billion of annual revenue by 2030

Based on our operational growth strategy, which is supported by strong market fundamentals and independent market commentary that point to sustained demand for oil and gas and committed industry capex, the Group has set a 2030 revenue goal of c.$2.0 billion p.a., comprising 75% sourced from oil and gas and 25% from non-oil and gas sectors, including the energy transition sector.

Increase our EBITDA margin to 15% or greater

Our focus on delivering technology that attracts high margins, coupled with a strong focus on containing costs whilst maximising the output from our current operating footprint will be the key drivers to meet the EBITDA margin target of 14%-16% by 2025 and exceed this target by 2030.

Deliver ROCE of 15% or greater

The Group is focused on retaining a strong balance sheet and maximising its return on capital employed through careful management of its working capital, with a working capital to annualised revenue ratio of c.35% targeted, to deliver superior returns compared to our peers. To achieve this, long-term working capital targets of 130 days for inventory, 75 days for receivables and 45 days for payables have been set.

Generate c.$750 million of cumulative free cash flow

With increased revenue and margins, supported by stringent management of our balance sheet, we are targeting an EBITDA to free cash flow conversion rate of 50% and aiming to deliver c.$750 million of cumulative free cash flow through to the end of the decade. This target is on a post-capex basis.

Increase dividend distributions by a minimum of 10% per annum to 2030

We are seeking to return cash to shareholders, primarily through dividend distributions, with the Board targeting a steady increase to 2030 of 10% p.a.

Net leverage of less than 1.5x EBITDA through the period to 2030

By maintaining a strong balance sheet, liquidity and a prudent approach to debt, a long-term net leverage of 1.5x EBITDA is targeted.

Underpinned by our portfolio of businesses and targeted bolt-on acquisitions

Investment proposition

Hunting PLC's investment case is based on technology, 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.

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Hunting 2030 Strategy continued

Our core competencies

Leadership in:
- Systems, design and precision engineering;
- Bespoke manufacturing; and
- Metallurgy and materials.

Investing in our people to provide:
- Innovation and a competitive edge, protected through patents and trademarks;
- Engineering and technical leadership to attract blue chip customers from multiple end-markets; and
- A premium service culture.

Global operating presence in key locations and exposure to high-growth markets with strong controls over:
- Quality assurance;
- Health and safety; and
- Carbon emissions.

Strong, experienced management team to:
- Pursue growth across complex and competitive sectors;
- Diversify revenue to ensure long-term resilience;
- Navigate through market cycles; and
- Ensure M&A targets are aligned with our long-term strategy.

Our strategic differentiators position us strongly

Diversified portfolio
Hunting has a diversified portfolio of market leading technologies, products and services that address many areas of the energy and non-oil and gas supply chain. The Group holds over 500 patents and trademarks across key technologies and geographies.

Efficiency
Our precision-engineered products are highly reliable and assist in higher safety protocols and more efficient procedures for our customers, wherever they are deployed.

Commercial agility
Hunting is able to leverage its world-class engineering and manufacturing capabilities into the energy transition sector and also into high quality non-oil and gas markets and industries through its global presence. Our commercial agility within the markets we serve helps us to remain a technology leader, often with a strong market share.

Our ESG principles
Hunting has a strong culture based on its highly skilled and trained workforce, resulting in strong quality-assured products and a robust HSE record. Our ESG principles help us drive growth and internal efficiencies, increase safety for both our workforce and that of our customers, and lower carbon emissions through operational effectiveness and technological innovation.

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.

Other non-oil and gas
Aviation, commercial space, defence, medical, and power generation sectors have long-term growth prospects. These are resilient markets that support economic prosperity and use our precision engineering expertise, which will reduce cyclicality in our earnings.

Our financial returns are gaining momentum

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 enhanced operating margins and earnings, which have led to increased cash flows.

Improved earnings
Increased earnings have led to higher shareholder and capital returns in the form of dividend distributions and capital growth.

Cash generation
Consistently turning profit into free cash flow – as demonstrated during Q4 2023.

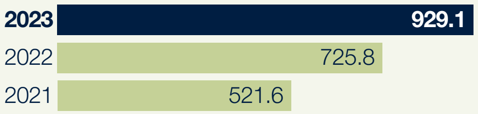
Strong balance sheet
- Improving balance sheet efficiency;
- Financial stability; and
- Asset Based Lending facility provides liquidity.

Progressive financial returns
- Revenue and profit growth;
- Fixed cost reduction strategy, delivering a more efficient business platform;
- Increasing EBITDA to free cash flow conversion; and
- Dividend growth.

Key Performance Indicators

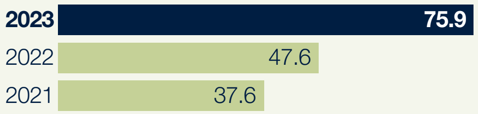
Financial

Revenue
$m



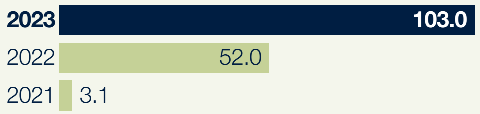
Revenue is earned from products and services sold to customers from the Group's principal activities (see notes 2 and 3).

Non-oil and gas revenue
$m



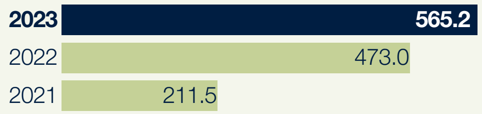
Revenue earned from products and services sold to customers in non-oil and gas sectors (see note 2).

EBITDA*
$m



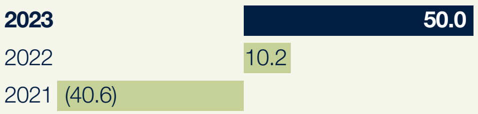
Adjusted results before share of associates' and joint ventures results, interest, tax, depreciation, impairment and amortisation (see NGM C).

Sales order book
$m



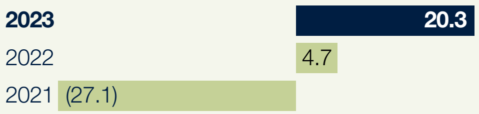
The sales order book comprises the value of all unsatisfied orders from customers and is expected to be recognised as revenue in future periods. The sales order book represents the aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations, as defined in IFRS 15 (see note 23).

Adjusted profit before tax*
$m



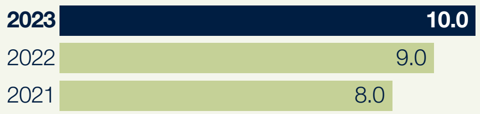
Profit before tax excluding adjusting items (see NGM B).

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 (NGM B).

Dividend per share declared*
cents

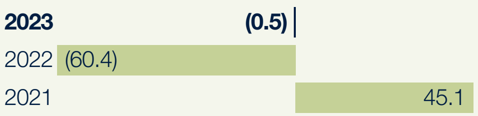


The amount in cents returned to Ordinary shareholders in relation to the financial year (see NGM Q).

Total shareholder return*
%

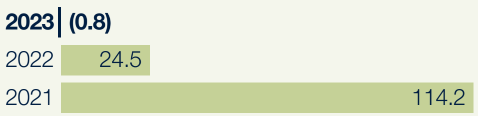
Total shareholder return is a measure of the Company's performance over time. It factors in share price appreciation and dividends paid to show the total return to the shareholder expressed as an annualised percentage.

Free cash flow*
$m



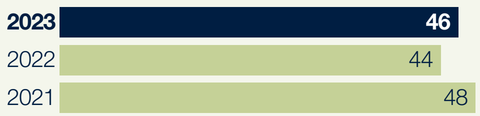
All cash flows before transactions with shareholders and investments by way of acquisition (see NGM P).

Total cash and bank*
$m



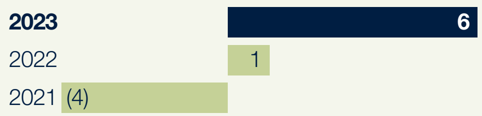
Total cash and bank comprises cash at bank and in hand, fixed-term funds, money market funds and short-term deposits less bank overdrafts and bank borrowings (see NGM K).

Working capital to annualised revenue ratio*
%



Working capital as a percentage of annualised revenue (see NGM E).

Return on average capital employed*
%



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 (see NGM S).

* Non-GAAP measure ("NGM") see pages 239 to 244

Key Performance Indicators continued

Non-financial

Total recordable incident rate (OSHA method)
#

2023	**0.91**
2022	0.97
2021	0.99

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 for the number of labour hours worked.

Internal manufacturing reject rate
%

2023	**0.20**
2022	0.13
2021	0.13

Percentage of parts rejected during the manufacturing process.

Total scope 1 and 2 CO_2e emissions
tonnes

2023	**24,042**
2022	22,422
2021	18,859

Scope 1 and 2 carbon dioxide emissions in tonnes, reported in-line with the Greenhouse Gas Protocol, published by the World Resources Institute.

CO_2e intensity factor
#

2023	**25.9**
2022	30.9
2021	36.2

CO_2e intensity factor is defined as kilogrammes CO_2 of scope 1 and 2 greenhouse gas emissions, divided by $'000 of revenue.

Total purchased electricity
GWh

2023	**49.4**
2022	43.4
2021	40.5

The Group's total electricity purchased during the year.

Renewable electricity purchased
GWh

2023	**11.4**
2022	8.7
2021	6.5

The Group's electricity purchased from renewable or sustainable sources during the year.

Market Indicators

Average WTI crude oil price
$ per barrel

2023	**78**
2022	94
2021	68

The average price recorded in the year for West Texas Intermediary crude oil.

Average Henry Hub natural gas price
$ per mmBtu

2023	**2.66**
2022	6.54
2021	3.72

The average price recorded in the year for Henry Hub natural gas.

Global onshore capital investment
$bn

2023	**144.2**
2022	137.1
2021	96.4

The estimated onshore / land-based drilling and production expenditures of the industry as reported by Spears & Associates in their December 2023 Drilling and Production Outlook.

Global offshore capital investment
$bn

2023	**68.3**
2022	53.5
2021	41.8

The estimated offshore drilling and production expenditures of the industry as reported by Spears & Associates in their December 2023 Drilling and Production Outlook.

Global onshore average rig count
#

2023	**1,560**
2022	1,517
2021	1,158

The average onshore global rig count during 2023 as reported by Baker Hughes Inc.

Global offshore average rig count
#

2023	**207**
2022	189
2021	165

The average offshore global rig count during 2023 as reported by Baker Hughes Inc.

Company Chair's Statement

The past year was an eventful one in the life of the Company. We saw continued growth in our core energy markets, with particular strength in the offshore and international segments of the global oil and gas sector, coupled with a slight slowdown in the North American onshore activity during the second half of the year.

Hunting hosted a very successful Capital Markets Day at the London Stock Exchange in September, which was well received by all our stakeholders.

On the governance front, our board succession plan, developed over the past three years, continued to be implemented in a thoughtful, orderly fashion.

Hunting 150 years

The Company will be celebrating its 150th anniversary during 2024. This is a great milestone, reflecting the adaptability, culture and resilience of the business. As Hunting looks forward, I am convinced that these pillars position the Company strongly for the future.

Market backdrop

During the year, the macro-economic background for energy markets continued to improve overall. There is growing recognition that the transition to lower emission energy sources requires low-cost, innovative technologies, which are starting to be introduced. However, oil and gas will continue to play a vital role in the energy mix for many decades to come.

Furthermore, geopolitical events during the past couple of years have demonstrated the importance of energy security and energy resilience. The refocus on offshore projects that drove higher demand for both Hunting's OCTG and Subsea products, reflects improved confidence in the longer-term demand for oil and gas to power the global economy.

These projects are capital intensive, with lead times of more than five years between project launch and first production, but they offer significantly higher volumes and more stable field production levels than would be typical of an unconventional, onshore well.

Most forecasters agree that offshore and international markets will continue to strengthen in the coming years, while onshore North America will also remain a growth area, but at a slightly slower pace. As noted in last year's report, we believe we are still in the early stages of a multi-year upcycle for the energy sector.

Financial performance

With continued market strengthening, coupled with Hunting's focus on quality and productivity improvements, Hunting has delivered a strong increase in revenue and profitability in the year.

Revenue grew 28% from $725.8m in 2022 to $929.1m in 2023. This increased volume improved utilisation of fixed assets. Supply chain issues that developed during the pandemic were largely resolved. Importantly, Hunting's technology, product quality, and service support provided a solid competitive edge as our customers recognised the higher value of our products and services.

Hunting also saw its strategy to develop its adjacent, non-oil and gas markets rewarded during the year. Non-oil and gas revenue grew strongly year-on-year to $75.9m (2022 – $47.6m), with the percentage of our total sales increasing from 7% in 2022 to 8% in 2023.

Company Chair's Statement continued

The organisational focus on these sectors, set out in the Capital Markets Day, should ensure a sharp focus, which will facilitate ongoing growth.

We will closely monitor national policy decisions, such as the Inflation Reduction Act in the US, that will underwrite large capital outlays in support of decarbonisation efforts around the globe.

EBITDA nearly doubled in the year from $52.0m in 2022 to $103.0m in 2023. With the increase in utilisation across the Group, better pricing secured on certain products, along with broad-based improvements to operating efficiencies, our EBITDA margin increased to 11% from 7% in the prior year.

The Group's adjusted profit before tax, therefore, increased from a profit of $10.2m to $50.0m, and on this basis the Board is recommending a Final Dividend of 5.0 cents per share (2022 – 4.5 cents), which takes total declared dividends to 10.0 cents per share for the year (2022 – 9.0 cents), or an 11% increase. In 2023 the statutory profit before tax was $50.0m, compared to a loss before tax of $2.4m in the prior year, which in 2022 included adjusting items for impairments and legal fees totalling $12.6m.

Hunting 2030 Strategy

During the year, a great deal of time and effort was invested in the Company's maiden Capital Markets Day, but the return on that investment will pay dividends well into the future. The event showcased the scope of our international operations, the breadth of our product and technology portfolio, and our international management team. It provided an opportunity for Hunting to articulate its strategy for growth, while also laying out performance targets and the metrics that will track the successful implementation of that strategy.

Developing the materials for the Capital Markets Day involved a significant effort on the part of our global management team. Likewise, the Board participated in several review stages and offered input on both strategic messaging and key metrics to drive our investment case. I want to recognise the hard work of all those involved in making the day a great success.

Board succession and refreshing

I want to close with a few comments about governance and stewardship. Three years ago, the Nomination Committee developed a succession plan with the help of an external consulting firm. We began by mapping the talent and expertise of our existing Directors to the strategic plan that had been developed with management.

We examined critical gaps that would need to be addressed in our succession planning. We also developed a profile for future Directors that emphasised key market knowledge and international experience. Hunting's operations are global, with facilities in North America, EMEA and Asia Pacific, led by an international management team. In addition, knowledge of key markets (both current and future), M&A experience, and strategic planning experience, among other senior executive skills, were judged to be important. From this, a schedule for Director succession was established and the Nomination Committee launched a well-considered search process. Stuart Brightman joined the Board in January 2023, as part of this ongoing refreshing, bringing vital manufacturing and international experience to the Board profile.

In January 2024, Margaret Amos was appointed a Director. Margaret brings with her a background in aerospace from her career at Rolls-Royce, and her experience with a JV start-up in India, brings valuable knowledge of adjacent markets and geographies specific to the future needs of the Board.

I'm pleased to say that, while the process of board succession planning is ongoing, at this juncture, we have added tremendous expertise and experience to Hunting's Board.

As long planned, I will be stepping down from my role as Company Chair at the 2024 Annual General Meeting in April, having completed my nine-year term.

It has been a great honour to serve on the Hunting Board, to work with my fellow Directors, to assist and challenge a capable management team and to be part of a dynamic Company.

I leave my role with the knowledge that I will be succeeded by an even more capable Company Chair in Stuart Brightman. Stuart's strong operational and financial background, his years of managing global businesses, his understanding of the industry and his governance experience from serving in both executive and non-executive Director roles, provide him with the skills and experience to wisely lead the Board into a very bright future.

I am grateful to shareholders for their support during my tenure. I am also very grateful to Richard Hunting, who retired in 2022, for his steadfast support and friendship in both the transition and during his time on the Board.

John (Jay) F. Glick
Company Chair

29 February 2024

Revenue

$929.1m

(2022 – $725.8m)

Dividend per share declared

10.0 cents

(2022 – 9.0 cents)

> "It has been a great honour to serve on the Hunting Board, to work with my fellow Directors, to assist and challenge a capable management team, and to be part of a dynamic Company."

Hunting 150 Years

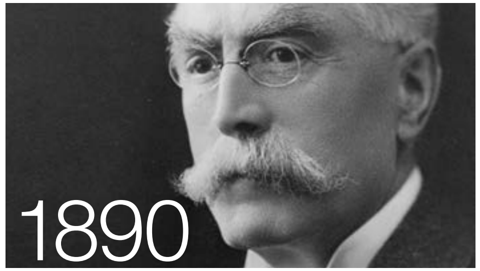
Built on a tradition of teamwork and trust, Hunting has undergone a remarkable evolution since founding father Charles Hunting first established a ship owning business in 1874. The success of these early years fostered a strong philosophy of integrity and personal trust in an autonomous, devolved management. A ship could be at sea for up to a year without the convenience of modern communications, and so honour between the crew and owners was of prime importance along with mutual respect and shared responsibility for success.

150

years of innovation and technology development

Dedicated bulk tankers
THE EARLY YEARS

In 1874, Charles Hunting bought two second-hand sailing ships for his son Charles Samuel. The Sylvia and Genii were designed for dry bulk cargo and allowed the family to develop their vision of owning and transporting oil. The Joseph Ferens was the first steamer purchased by the Company, followed by the SS Duffield 13 years later, which was a dedicated oil tanker.



Charles Samuel Hunting
THE BEGINNING

When Charles Samuel Hunting entered the oil business in the 1890s, he was expanding upon an already successful, ship-owning firm set up by his father. A global traveller, he journeyed the world “to study the oil trade” and in quick pursuit of exploration, he prospected in Russia and built a first batch oil refinery on the Thames, invested in a production venture in Hungary and sought trading opportunities in the US.

Hunting 150 Years continued

RE-BUILDING AND DIVERSIFICATION

By the end of the Great War, the Hunting fleet which had been one of the largest independent operators, needed to be rebuilt. Charles' two sons, Percy and Lindsay, entered the business and soon took an interest in aviation, which allowed for some diversification, as well as entering the US and taking non-operating interests in a number of oil prospects.

Facing wartime challenges

FURTHER DIVERSIFICATION

Further diversification came during the Second World War, with aircraft manufacturing and aviation support services added to the Company's interests. In this time, Hunting's businesses faced the risks of international sea-bound trade due to the challenges presented by the conflict.

Sir Percy Hunting

A LASTING IMPRESSION

By the middle of the 20th century, Hunting's business interests were truly world-wide, with Sir Percy leaving a leading-edge concern to the next generation. Pat Hunting took over the leadership of the business, developing further a reputation for innovation, technology development and adaptability in the fast changing post-war world.

Outside capital

CONSOLIDATION

The privately-owned ship management, shipbroking and oil distribution business merged with two entities to form a new public company, Gibson Petroleum. Later in 1978, the Company's oil and gas interests were also consolidated into Hunting Petroleum Services and floated as a separate entity.

One public company

A NEW ERA

Petroleum retailing, lubricants and specialised products were added to the portfolio and, increasingly, outside capital was brought in to fund expansion. By the late 1980s, there were three public companies, and in 1989, under the leadership of Clive Hunting, all three companies were merged to form Hunting PLC, with Richard Hunting, Clive's nephew, becoming Executive Chairman of the combined group.

Focus on energy services

A NEW MILLENNIUM

During the 2000s, Hunting transformed again, divesting its aviation and defence businesses and focusing on the upstream oil and gas equipment and services sector. In 2008, the Group divested its interests in Gibson Energy and in 2011 completed the purchase of Titan Specialties, the biggest acquisition in the Group's history.

Research and development

PRECISION ENGINEERING

As the Group approaches its 150th anniversary, research and development is ongoing to commercialise the next generation of products for the global energy sector. With Perforating Systems, OCTG, Advanced Manufacturing and Subsea expertise, Hunting is positioned for a bright future.

Leveraging core competencies

A VISION FOR THE FUTURE

The Hunting 2030 Strategy was launched in September 2023, which will lead the Group into the energy transition, aviation, commercial space, defence, medical and power generation sectors, all built around our culture of technology, innovation and adaptability. Hunting will continue to focus on those sectors that value precision engineered products, no matter what sector.

FIND OUT MORE FROM CHIEF EXECUTIVE, JIM JOHNSON

Chief Executive's Report

The year was one of significant improvement in Hunting's financial results, with the Company delivering a 28% increase in revenue and a near doubling of EBITDA to $103.0m. These impressive results have been delivered by Hunting's differentiated product portfolio and geographical spread of operations.

The Company's first Capital Markets Day ("CMD") in September 2023 provided the senior leadership team with an opportunity to launch our resilient long-term strategy, which is aimed at delivering growth and strong returns to 2030 in a sustainable and responsible way. Key areas that were covered included the Company's participation in the energy transition, its capital allocation policy and opportunities for growth.

The CMD enabled Hunting to showcase its compelling technology and product offering, which covers many critical areas of the global energy industry. The Company is also making good progress in developing energy transition revenue opportunities, particularly in the tangential markets of geothermal energy and carbon capture and storage. Hunting has a number of readily available technologies and products to supply this emerging sector including OCTG, premium connections, accessories, valves, couplings and subsea components to support both onshore and offshore projects.

Further, Hunting is driving growth in other non-oil and gas markets, such as aviation, commercial space, defence, medical and power generation, which require quality-assured products, supported by high-end manufacturing capabilities. These ambitions will deliver growth in the performance of the Company, given the market fundamentals being reported for energy, as well as in other industries that need our skills.

Hunting has a diversified product portfolio and strategically located operations, which have enabled us to deliver an impressive set of results for 2023.

Market overview

Taken as a whole, activity levels across the oil and gas industry increased in 2023 as illustrated by the year-on-year increase in industry capital expenditures and average rig counts.

North America land activity was more subdued than anticipated, with a 21% decline in the US land rig count year-on-year. Our Perforating Systems product line was most impacted by this decline, but still delivered record international sales, as onshore activity in Argentina, Saudi Arabia and South East Asia grew.

Despite geopolitical tensions in the Middle East, activity levels continued to increase following the exit from the COVID-19 pandemic for many countries. There has also been a softening in commodity prices during the year as natural gas prices receded, with the supply issues driven by the invasion of Ukraine by Russia in 2022 abating.

In summary, the global industry, while being volatile in the year, continued to be an engine for growth particularly in offshore and international markets, which has driven growth in the Group's revenue and profitability in the year.

Chief Executive's Report continued

Operational review

Our global OCTG product line has been a significant driver of the Company's growth and enhanced profitability in the year. Our North American premium connection business had an excellent year, as we added new clients and as our TEC-LOCK™ semi-premium connection reported market growth in key shale basins. Our OCTG results in Canada have been strong as our strategic move to work with third-party threading companies provided an opportunity to grow profitability in-country on lower capital intensity. Our US Manufacturing accessories business has performed well this year, with strong well completion business in Guyana and Brazil being a key factor in this success. Increased opportunities from major oilfield service companies continue to provide growth opportunities in international markets.

This year we have also seen an increase in activity in our EMEA OCTG businesses, largely in relation to the Tubacex order for Brazil. This led to the Netherlands facility being close to full capacity during the period as this order was progressed, with our Aberdeen facilities also providing support to this contract. The OCTG facility in the Netherlands also completed a number of orders for geothermal applications in the year as projects accelerated across Europe. Our Asia Pacific OCTG businesses have enjoyed a significant improvement year-on-year, driven by large orders in China and India, and an uptick in Middle East activity. Momentum in the Asia Pacific region continues to be strong.

Improvements continue in the performance of our Advanced Manufacturing group, driven by increased opportunities in non-oil and gas sectors as well as traditional sales to oilfield service OEMs. The Electronics business unit reported strong oil and gas sales, underpinned by an easing of supply chain constraints relating to microchips reported in 2022 and in the early part of the current year. The Dearborn business unit reported increases in non-oil and gas revenue as aviation, commercial space, defence, medical and power generation sales accelerated in the year.

Hunting's presence within the subsea sector of the oil and gas industry has been steadily growing following the acquisition of RTI Energy Systems in August 2019, now called Subsea Spring, and the acquisition of Enpro Subsea in February 2020. These businesses, together with our Subsea Stafford hydraulic valves and couplings business, are key growth pillars of the Hunting 2030 Strategy. Our Subsea businesses continue to benefit from the improved outlook for offshore work in international markets driven by strong activity in Guyana and, more recently, in new frontier areas like the Turkish sector of the Black Sea. Confirming this trend is the steady momentum we are seeing in Enpro, with the backlog for this business now the largest since its acquisition with both international and Gulf of Mexico opportunities.

Within our Other Manufacturing product group, the well intervention product line has shown significant improvement year-on-year as client capex needs for pressure control equipment, predominantly in international markets, have improved.

The overall picture for 2023 for the Company has been one of considerable improvement year-on-year. International market activity has continued to pick-up as the impact of the economic downturn following the COVID-19 pandemic has receded. This increase in market activity is reflected in the Group's improved results for the year and the record sales order book seen at the year-end. This order book predominantly comprises OCTG, Subsea and Advanced Manufacturing orders, which underlines the broad-based nature of the recovery in the global oil and gas market, but also highlights Hunting's diverse energy and non-oil and gas portfolio.

Delivering the Hunting 2030 Strategy

The Group has made advances in the year in delivering its Hunting 2030 Strategy, with the most significant strategic initiatives detailed in the following pages.

EBITDA

$103.0m

(2022 – $52.0m)

EBITDA margin

11%

(2022 – 7%)

"I am really proud of the hard work and dedication of the team during 2023, as their performance enabled us to deliver a strong set of results for the year."

Chief Executive's Report continued

HUNTING 2030 OBJECTIVE	STRATEGIC INITIATIVES DELIVERED IN 2023	PRODUCT GROUP
Retain focus on global oil and gas opportunities, specifically growing our subsea and offshore businesses	**$91m contract award with Cairn Oil and Gas, Vedanta Limited** On 30 May 2023, the Company announced a record contract that management estimates to be worth up to $91m with Cairn Oil and Gas, Vedanta Limited, for the supply of Hunting's SEAL-LOCK XD™ premium connection along with OCTG. The contract is for an estimated 100 wells and is to extend up to three years for Cairn's operations in Rajasthan, India. This order supports management's belief that international market sentiment remains extremely strong as governments and countries address the challenges of energy security, the development of domestic supply and post-COVID economic recovery.	OCTG
	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. With approximately one-quarter of North American horizontal wells relying exclusively on oriented perforating techniques, Hunting launched the H-4 Perforating System™ during the year, first to the US onshore and then in Q4 2023 to customers in Canada. This cutting-edge system incorporates patented self-orienting tandems, plug-and-play rapid arming perforating guns, and a modular RF-Safe switch to improve firing and positioning accuracy during a well completion procedure as well as in-field safety. Hunting Titan has also been developing orienting tools for near-vertical holes, which include the north-seeking gyroscope tool. The surface testing of the tool was completed in November, with sales commencing in Q1 2024.	Perforating Systems
	Opening of threading facility in India, with joint venture partner Jindal SAW In Q2 2023, the Company completed the construction and commissioning of its new threading facility at Nashik Province, India, with its joint venture partner, Jindal SAW Ltd. The official opening of the facility took place in September 2023. Hunting's precision engineered premium connection technology will be applied to Jindal SAW's premium seamless casing and tubing.	OCTG
	Increased revenue and sales order book from Subsea Technologies The Subsea Technologies operating segment was formed on 1 January 2023, which was formerly part of the North America operating segment. The segment completed a number of significant orders in the year, especially in Guyana, as investment in offshore projects increased. Revenue increased 43% to $98.6m, with an EBITDA margin of 14% compared to 5% in 2022. The Spring business had a number of material order wins for its titanium stress joints in the year for floating production, storage and offloading vessels in Guyana and the Turkish area of the Black Sea. The segment ended the year with an order book of $152.2m, including a strong backlog for Enpro.	Subsea
Develop a global position in the energy transition sector. **Increase our position in high value, non-oil and gas industries**	**Ten-year strategic alliance signed with Zhejiang Jiuli Hi-Tech Metals Co. Ltd** On 5 June 2023, the Company announced a ten-year strategic alliance with Zhejiang Jiuli Hi-Tech Metals Co. Ltd ("Jiuli"), for the supply of corrosion resistant alloys ("CRA") for OCTG, geothermal and carbon capture, usage and storage ("CCUS") applications. The partnership brings together Hunting's SEAL-LOCK™ premium connection technology with Jiuli's CRA, such as duplex/super duplex and high nickel-based alloys, for downhole casing and production tubing applications, which meet some of the harshest well conditions in the traditional oil and gas industry as well as the emerging CCUS and geothermal markets. The partnership also adds to Hunting's existing OCTG product portfolio and enables the supply of the widest range of premium OCTG for its client base, within the international oil and gas and energy transition markets, as projects accelerate in the key areas of North America, Middle East, Africa and Asia Pacific. CCUS and geothermal are two end-markets that Hunting is pursuing as part of its strategy to become a key supplier to these sectors by providing project developers with critical supply channels and the premium connections required for these increasingly challenging technical projects, which operate in demanding sub-surface environments. All these end-markets are expected to show robust demand and growth in the medium and long term.	OCTG
	Collaboration agreement with CRA-Tubulars B.V. On 13 July 2023, Hunting announced a collaboration agreement with CRA-Tubulars B.V., to further develop the Company's presence in energy transition markets. The collaboration provides the Company with access to novel titanium composite tubing technology, which is showing strong potential in CCUS project applications. The technology has won awards within the Shell 'Game Changer' technology programme, and Hunting is exploring the use of the technology alongside its SEAL-LOCK™ premium connection technology. The collaboration agreement includes exclusive marketing, distribution and manufacturing rights for oil and gas and carbon capture and storage markets in North America for a period of five years.	OCTG

Chief Executive's Report continued

HUNTING 2030 OBJECTIVE	STRATEGIC INITIATIVES DELIVERED IN 2023	PRODUCT GROUP
Increased focus on the long-term sustainability of the Group	**Restructuring and operational efficiency** Hunting is continuing to drive stronger internal operational efficiencies throughout its global footprint, which will lower operating costs and lower the Company's carbon footprint. During the year, Hunting Titan closed its Oklahoma City operating site and transferred the manufacture of perforating systems to the Group's Pampa, Texas, and Monterrey, Mexico, facilities. A distribution centre has been retained in Oklahoma City to continue to service clients in the Mid-Continent Region of the US. Within the EMEA operating segment, the manufacturing and assembly operations of the Group's main well testing site are to be transferred from the Netherlands to Dubai in 2024, which will lead to the closure of a facility at Velsen-Noord, with activities in the Netherlands to be merged into a single location. Sales, engineering and service support functions will be maintained in the Netherlands to support European clients. Hunting is building a new larger, higher efficiency facility in the Jebel Ali Freezone, Dubai, UAE. The facility will be purpose-built on a 14,000 square metre plot, which will include a 3,700 square metre custom-built warehouse, yard, and office space. This strategic move aims to support the growing manufacturing needs of the well testing and process systems business, as well as to reinforce existing regional product lines such as perforating systems, well intervention equipment, OCTG, and Organic Oil Recovery. Hunting will be in a position to capitalise on the increasing opportunities and strong market outlook in the Middle East and fulfil its growth plans for the region. Hunting will retain a single facility in Velsen-Noord to support oil and gas and energy transition clients across Europe. In January 2024, further consolidation of our footprint and cost base in the UK continued as the Enpro operations were transferred to the existing Badentoy, Aberdeen facility.	Perforating Systems OCTG Other Manufacturing
	Disposal of exploration and production assets During 2023, the Group has completed a disposal process of all but one of its US onshore and offshore oil and gas producing assets, which are held by Hunting's wholly-owned subsidiary, Tenkay Resources, Inc ("Tenkay"). The assets have been sold on an asset-by-asset basis to a variety of third parties. In addition, the Group has negotiated the transfer of the majority of the non-producing assets and respective future plug and abandonment liabilities, which have reduced Hunting's possible exposure to future decommissioning costs. At the year-end, Tenkay retains a working interest in the South Timbalier 34 asset, which is expected to complete plug and abandonment early in 2024.	Other Manufacturing
	Scope 1 and 2 reporting assurance and commencement of scope 3 emissions assessment In the year, we completed a process to independently assure our scope 1 and 2 greenhouse gas emissions ("GHG"), and in September 2023, we began the process of assessing our scope 3 GHG emission inventories. This process started in Q3 2023 at our Hunting Titan operating segment, which currently represents around 23% of the Group's scope 1 and 2 carbon footprint and is considered to be a major component of our overall footprint. In 2024, this assessment will be extended to the Group's Subsea Technologies, EMEA and Asia Pacific operating segments to further improve the accuracy of our total GHG footprint. This will enable the Group to develop and publish a credible carbon reduction plan by mid-2025.	All
	Non-oil and gas diversification/increase our position in high value non-oil and gas industries The Group has ended the year with a strong non-oil and gas sales order book with orders for medical, military and commercial space sectors. OCTG orders for geothermal applications into Europe increased, with the Netherlands facility increasing its sales of geothermal connections to $4.2m in the year.	Advanced Manufacturing OCTG Other Manufacturing

Chief Executive's Report continued

Group financial summary

Hunting reports a 28% increase in revenue in the year as market activity accelerated, with revenue for the year increasing to $929.1m, compared to $725.8m in 2022. Revenue in H1 2023 was $477.8m (H1 2022 – $336.1m) and in H2 2023 was $451.3m (H2 2022 – $389.7m) as lower oil and gas prices, especially in H2, led to more subdued North American onshore activity. However, there was an increase in international offshore activity reported across many regions through the year. Non-oil and gas revenue increased 59% in the year from $47.6m in 2022 to $75.9m, driven by sales in our Electronics and Dearborn businesses in the medical and defence sectors as well as geothermal sales by the Netherlands OCTG business.

Group EBITDA was $103.0m in 2023 (2022 – $52.0m), which reflects the improved market conditions seen in the year. With increased volumes leading to better facility utilisation, and targeted price increases taking effect, the Group's EBITDA margin increased from 7% in 2022 to 11% in 2023. The Group's improved efficiency is demonstrated by the increase seen in EBITDA per average employee from $25k in 2022 to $44k in 2023. EBITDA in H2 2023 was $54.3m with a margin of 12% compared to $48.7m in H1 2023 with a margin of 10%.

Hunting Titan, which operates a short-cycle business, generated revenue of $259.2m, which was marginally lower than $266.0m in 2022, driven by the lower US onshore rig count. This was offset by the continued adoption of the H-3 Perforating System™ and the adoption of the H-4 Perforating System™ introduced later in the year; strong demand for its Pre-Loaded Gun offering; increased sales of instruments and detonating cord; and record international sales. EBITDA for the year was $21.9m (2022 – $24.7m).

The North America operating segment has reported excellent results in the year as demand for premium connections and completion accessories accelerated. Revenue within the operating segment increased by 33% in the year to $374.7m, compared to $280.7m in 2022, with a significant increase in international activity, specifically the supply of well completion packages to South America, contributing significantly towards this favourable result. EBITDA for the year was $54.2m compared to $26.7m in 2022, a significant increase of 103%.

The newly formed Subsea Technologies operating segment reported an increase of 43% in revenue to $98.6m compared to $69.0m in 2022. A particular area of impressive growth has been within the Subsea Spring business unit, which won a number of large orders for its steel and titanium stress joints ("TSJs") for offshore projects in Guyana and more recently in the Turkish area of the Black Sea. EBITDA was $13.7m compared to $3.4m in 2022, with an EBITDA margin of 14% (2022 – 5%).

The EMEA operating segment reported a year-on-year increase in revenue as international activity levels continued to improve. Overall revenue was $88.2m in the year, compared to $71.5m in 2022, a 23% increase. EBITDA was $1.7m compared to a $2.1m loss in 2022, due to an increase in activity within our OCTG businesses in relation to the Tubacex order for Brazil. Activity levels across the Middle East continued to increase during the year, resulting in higher sales of pressure control equipment and increased revenue from Hunting Titan perforating products.

The increase in international drilling activity and the growth in energy markets across the Asia Pacific region have been the core drivers of growth for the Asia Pacific operating segment's impressive performance in 2023, with revenue increasing by 96% to $157.6m from $80.4m in 2022. EBITDA was $11.5m (2022 – $(0.7)m) with a margin of 7% (2022 – (1)%). The significant order secured with CNOOC in 2022, for the supply of OCTG with Hunting's SEAL-LOCK XD™ premium connection, contributed significantly towards the revenue growth seen in the year.

The Company ended the year with a record sales order book of $565.2m compared to $473.0m at the end of 2022, which underpins our confidence in the future profitability of the Company.

Operating profit for the year was $61.0m (2022 – $2.0m) and, as there were no adjusting items impacting operating profit, adjusted operating profit for the year was also $61.0m (2022 – $14.6m).

The Group's profit before tax for the year was $50.0m (2022 – $2.4m loss), with adjusted profit before tax unchanged at $50.0m (2022 – $10.2m).

Deferred tax assets of $83.1m, related to our US businesses were recognised, validating the confidence we have in the continued return to profitability for these trading entities. This has contributed to the large increase in statutory profitability and earnings per share.

Diluted earnings per share were, therefore, 70.0 cents (2022 – 2.8 cents loss per share), with adjusted diluted earnings per share 20.3 cents (2022 – 4.7 cents), an increase of 332% in the year.

Working capital has increased to $415.9m from $362.8m, with the increase in inventories supporting our record sales order book at the year-end.

This, in part, led the Company to reporting year-end total cash and bank of $(0.8)m compared to a total cash and bank position of $24.5m at the end of 2022.

Hunting is focused on converting profit into cash flow and increasing its working capital efficiency This focus was reflected in our cash generation in H2 2023, which was $50.9m.

The Group's net assets at the end of the year were $957.1m compared to $846.2m at the end of 2022, demonstrating the strengthening of our balance sheet, providing financial stability. The Group's return on average capital employed was much improved at 6% (2022 – 1%) at the end of the year.

The Company paid an Interim Dividend of 5.0 cents per share in October and the Board are recommending a Final Dividend of 5.0 cents per share, bringing the Total Dividend for the year to 10.0 cents per share, an increase of 11% over 2022 and in-line with the Hunting 2030 Strategy to increase dividends annually by at least 10%.

Our employees continue to be our most important asset and it was good to receive their feedback in the employee engagement survey conducted this year.

As part of the Board's deliberations, which included reviewing the impact of inflation and interest rate increases on the cost-of-living, base salary increases were implemented across the Group in Q1 2024 to assist our workforce.

Chief Executive's Report continued

I am really proud of the hard work and dedication of the team during 2023, as their performance enabled us to deliver a strong set of results for the year. The Company's overall profitability and efficiency improved in 2023 and we are confident that it is on an achievable pathway to meet the targets set out at the CMD.

ESG and sustainability

We have continued to make good progress during 2023 in increasing our disclosed sustainability information.

Our safety and quality-assurance performance has again delivered excellent outcomes, demonstrating our focus and rigour in these critical areas.

In the year, we also completed our second employee engagement survey, which recorded a strong improvement in our scoring. Our people remain our most important asset and the Board are pleased that our workforce is aligned with our long-term strategic goals.

Finally, our published carbon and climate data has also improved as new procedures have been introduced to contain and reduce our impact on the environment.

Outlook

The global outlook for energy in the year ahead will be driven by similar themes to those reported in 2023.

Geopolitical tensions and potential supply disruptions are a continuing threat to the oil and gas supply/demand balance, and while commodity prices trended lower in the past year, it is likely that they will remain in a range that supports sustained activity levels during 2024.

Offshore market momentum is poised to continue to increase in the coming years as major development cycles in South America and South West Africa continue to accelerate.

The North American onshore drilling market is likely to be stable during 2024, with the US more focused on oil production. Additional LNG capacity is likely to come onstream later in the year, which will support new natural gas drilling in the second half. Projected growth in international sales should also offset shifts in US onshore market dynamics.

The Middle East will also likely show a continuation of the activity levels reported in 2023. Despite the pause in oil production expansion in Saudi Arabia being announced in recent weeks, natural gas drilling in-country will continue to grow to meet local demand, underpinning steady activity levels in the year ahead.

In India, the Group's facility is shortly to receive its API threading licence which will enable premium threading activities to accelerate. Management sees a positive profit contribution from our joint venture in 2024, given the growth momentum in-country.

Across Asia Pacific, traditional energy demand as well as energy transition initiatives will continue to drive growth, with geothermal opportunities being captured as market activity increases, particularly in the Philippines and Indonesia.

For Hunting, the Group's OCTG product group should deliver another year of growth, as activity in South America continues to increase, coupled with stable activity in the US and Canada.

Our EMEA OCTG operations will continue to support projects in Brazil, while in Asia Pacific, larger tenders continue to be announced, which should lead to new orders being secured.

Hunting's Perforating Systems business will continue to roll-out its leading technology to clients across North America, while continuing to grow internationally where markets such as Argentina present good opportunities due to reduced import tariffs being announced.

Our Subsea Spring and Stafford businesses should also deliver a further year of strong results as orders for ExxonMobil and other major operators across South America continue to be progressed. The Enpro business should also support this growth profile given the orders secured in the second half of 2023.

Hunting will continue to drive its non-oil and gas diversification through the Advanced Manufacturing businesses. Momentum remains strong, with opportunities in aerospace and defence being pursued, supporting our 2030 strategic objectives.

In summary, the Board sees a further year of growth ahead, given our diverse, international product offering, with management remaining comfortable with current market guidance.

On behalf of the Board

Jim Johnson
Chief Executive

29 February 2024

Return on average capital employed

6%

(2022 – 1%)

Net assets

$957.1m

(2022 – $846.2m)

> "The balance sheet remains strong to ensure the Company's financial stability and long-term sustainability."

Market Summary

2023 was a year of energy market growth, despite geopolitical and other economic volatility. With the ongoing conflict in Ukraine and new tensions in the Middle East, coupled with an increase to the cost-of-living, oil and gas markets have shown resilience as multiple factors impacted commodity prices.

The performance of the Group during 2023 has been underpinned by a broad-based strengthening of activity within the global oil and gas sector, driven by post-pandemic investment in many areas of the energy industry following many years of insufficient investment. Investment in long-term international offshore projects has seen strong growth in the year, particularly in South America and Asia Pacific, which has led to an increase in exploration and production drilling and equipment purchasing that has benefited a number of the Group's key product lines including OCTG, Subsea and Advanced Manufacturing.

The US onshore drilling market was constrained by spending discipline and reported a flat year-on-year capital investment profile as gas drilling reduced in the year across the US, following two years of strong growth.

While this has led to flat results within our Perforating Systems product group, when comparing 2023 and 2022 performance, the increase in international sales and the delivery of new technology to our clients, particularly in respect of the launch of the H-4 Perforating System™, helped the Hunting Titan operating segment significantly outperform the US onshore market.

Energy security continued to be high on political agendas as governments continued to seek to secure alternative energy sources and store sufficient quantities of natural gas.

Other short-term solutions included expanding oil and coal-fired power generation, and pursuing new renewable energy projects.

The year ended with COP28 where a global commitment was reached to transition away from fossil fuels over time while tripling renewable energy capacity and doubling energy efficiency by 2030 to ensure the Paris Agreement commitment to limit global temperature increases to 1.5°C is met.

In summary, the market environment for energy, while it has been volatile, has trended strongly towards growth in the year, and the market for the energy service industry has been robust, which led to a 28% increase in Group revenue and a 98% increase in EBITDA.

Market Summary continued

Commodity prices

The WTI crude oil price is a material market indicator for the Group, as short- to medium-term investment decisions of our clients are driven by prevailing commodity prices. During 2023, the average WTI crude oil price was $78 per barrel, which is 17% lower than the $94 per barrel reported in 2022. Key inputs to this outcome include a normalising of the global supply/demand profile following the price shocks seen in 2022 when Russia invaded Ukraine in February 2022. In addition, the global economic outlook became increasingly volatile from Q2 2023 onwards as higher inflation and global interest rates hampered economic growth, following the strong recovery seen in 2021 and 2022. The WTI crude oil price traded between $94 and $67 per barrel in the year as these various factors played out.

The Henry Hub natural gas price reported a much more challenging year in 2023, following exceptionally strong pricing throughout 2022 as natural gas demand from Europe, also driven by the conflict in Ukraine, supported activity across the US. The average price for natural gas was $2.66 per mmBtu in 2023, which compares with $6.54 per mmBtu in 2022, or a decline of 59% year-on-year.

The combination of the above factors led to volatile industry sentiment across the year, as companies across all levels of the oil and gas supply chain grappled with fast moving investment decision making. However, many global economies continued to exit from the impact of the COVID-19 pandemic and increased capital investment in oil and gas exploration and production drilling, which in turn supported new equipment purchasing across many of the Group's product lines. In 2023, total drilling investment increased 11% compared to 2022 increasing from $190.6bn to $212.5bn in the year.

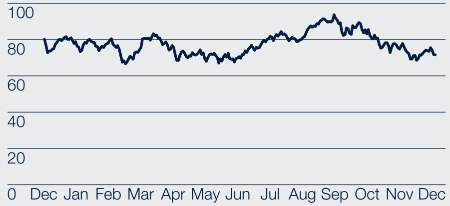
Offshore drilling investment grew at a faster pace than onshore drilling investment. In the year, offshore drilling grew 28% from $53.5bn in 2022 to $68.3bn in 2023, with the majority of this increase due to buoyant international markets. Onshore drilling investment grew 5% in the year from $137.1bn in 2022 to $144.2bn in 2023.

The investment in exploration and production drilling, noted above, supported the continued strengthening of activity across the global energy industry, despite the macro-economic and geopolitical headwinds faced by operators. This investment has enabled an overall increase in the average global rig count to be reported, with offshore rigs increasing by 9% in the year, while onshore rig counts increased 3%, primarily due to the increases reported within international markets. The offshore rig count, therefore, averaged 207 active units throughout 2023 compared to 189 units in 2022. The onshore rig count averaged 1,560 active units throughout 2023 compared to 1,517 units in 2022.

Within North America (being the US and Canada), the average onshore rig count declined 4% to average 845 units, while the offshore rig count increased by 4 units to average 20 active units. Within international markets, the average onshore rig count increased by 77 units to average 715 units, while the offshore rig count increased by 14 units to average 187 active units.

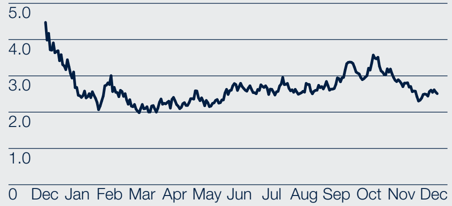
Commodity prices

WTI crude oil price
$ per barrel



Source: FT.com

Henry Hub natural gas price
$ per mmBtu



Source: FT.com

Drilling capital investment

Global onshore capital investment
$bn

2023	**144.2**
2022	137.1
2021	96.4

Source: Spears and Associates Drilling and Production Outlook – December 2023

Global offshore capital investment
$bn

2023	**68.3**
2022	53.5
2021	41.8

Source: Spears and Associates Drilling and Production Outlook – December 2023

Rig counts

Global onshore average rig count
#

2023	**1,560**
2022	1,517
2021	1,158

Source: Spears and Associates Drilling and Production Outlook – December 2023

Global offshore average rig count
#

2023	**207**
2022	189
2021	165

Source: Spears and Associates Drilling and Production Outlook – December 2023

Market Summary continued

Energy transition

The global energy landscape is experiencing a transformation as efforts are made to mitigate the effects of climate change and improve energy security by shifting towards cleaner, more sustainable energy options. COP28 saw a global pledge to accelerate climate action, which commits all signatory countries to move away from carbon energy sources to address the worst effects of climate change.

Amid this global shift towards sustainable energy sources and energy reliability, the role that geothermal energy is expected to play in the global energy mix will increase as it can be used for both power and heat generation and is not carbon intensive like oil and gas. In 2023, installed geothermal capacity comprised approximately 15.9 gigawatts (2022 – 14.6 gigawatts). Until 2030, a compound annual growth rate ("CAGR") of over 10% is expected for geothermal power, with industry expenditures projected to exceed $85bn between 2022 and 2030.

Geothermal energy is also going through a technology step change from conventional geothermal to high-tech "unconventional geothermal" developments as wells are drilled deeper. Geothermal wells use traditional energy products and services and this provides opportunities for Hunting to cross-sell OCTG and Perforating Systems products.

Carbon sequestration, the process of capturing and storing carbon dioxide, will also form a vital part of the global solution to reduce carbon emissions and reach Net Zero, and is the primary route to decarbonising the oil and gas industry.

There are strong legislative drivers supporting CCUS projects such as the Inflation Reduction Act in the US.

CO_2 leakage is one of the biggest concerns for CCUS wells. This, combined with the need to withstand cryogenic temperatures, means that the wells require the use of higher chrome content and high corrosion resistant alloys. OCTG demand for high chrome content is expected to double year-on-year to 2026.

Other non-oil and gas

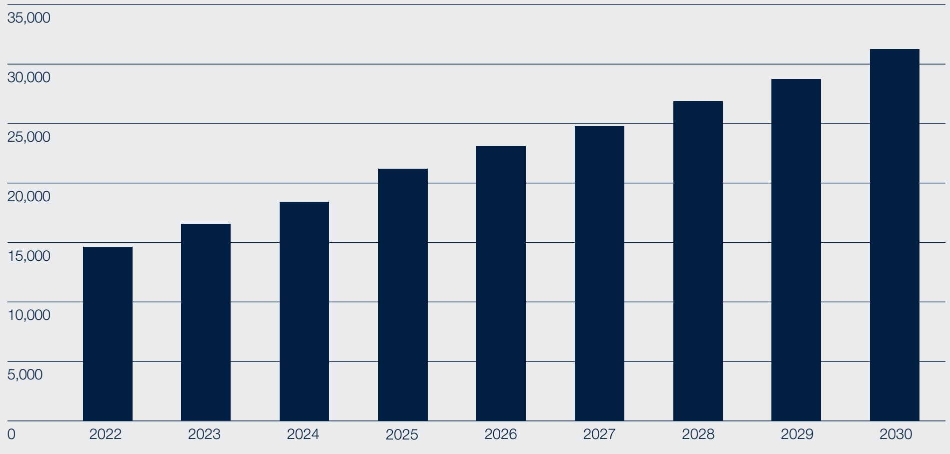
Defence, medical and commercial space markets are seeing impressive growth, presenting a number of opportunities for the Company to diversify its revenue streams.

The medical electronics market was estimated at $82bn in 2020 and is expected to hit $248bn by 2030, poised to grow at a CAGR of 11.8% to 2030.

The US Department for Defense Budget for 2024 totals $842bn, an increase of 9% from the 2023 budget of $773bn and the commercial space market, which was approximately $280bn in 2010, is expected to increase from $474bn in 2022 to $1.0tn by 2030 according to McKinsey & Company.

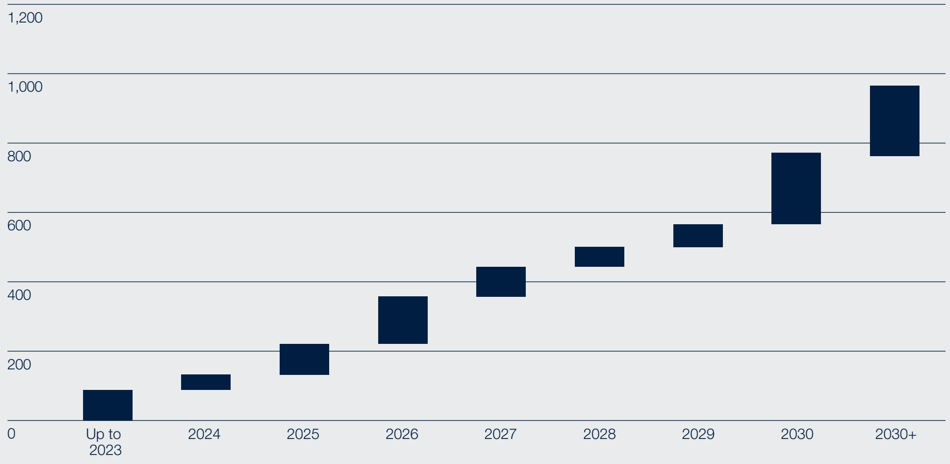
Hunting expects to benefit from increasing its share of these markets as well as benefiting from the ongoing expansion in the markets themselves.

Projected global geothermal capacity
MW



Source: Wood Mackenzie

Planned CCUS capacity additions by year of announced start-up
mmtpa



Source: Wood Mackenzie

Market Summary continued

Business Model

Hunting is a global precision engineering group, focused on high-value end markets that recognise and value our manufacturing capabilities and strong focus on quality-assured products and services.

Delivering high performance technologies, which enables an engineering solution to be delivered safer, faster and at lower cost for our customers are key themes in our approach to the markets we select. This approach is supported by our robust health and safety protocols, which are aimed at keeping our highly trained employees safe.

Our key product groups are sold through our five operating segments as noted on pages 50 to 54.

What we do

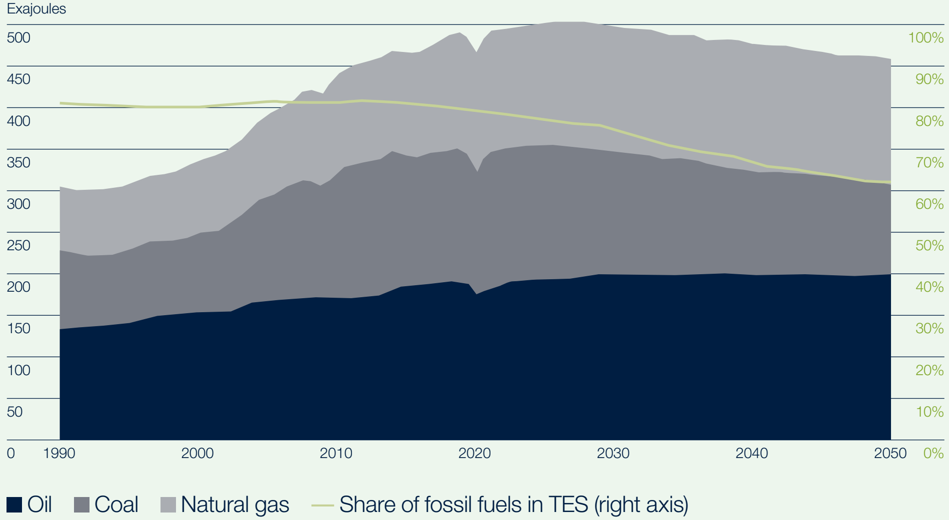
Energy – oil and gas

Our primary market focus is the global oil and gas industry. Affordable and secure energy has been the foundation of economic growth for many decades, with a technology and geographic landscape that constantly changes. Global crude oil demand is currently c.100 million barrels per day and, as the chart below demonstrates, this is likely to remain unchanged for decades to come. Our products and services are developed to support this global need. The oil and gas industry is a complex, well-regulated, multi-faceted sector with a wide range of technological needs to address the extraction of hydrocarbons in a safe and responsible manner. Hunting's products are, therefore, aimed at addressing the needs of our customers, whether that be integrated energy groups, international service companies, national or independent oil and gas companies. To deliver this daily need for oil and gas, the industry needs technology and equipment that are high performance engineered solutions. Hunting's major product groups are summarised on pages 40 to 49, and range from onshore-focused well completion solutions produced by our Perforating Systems business (Hunting Titan) to equipment used in deepwater developments produced by our Subsea Technologies businesses. A key market indicator for Hunting's businesses is the annual capital expenditures allocated by the industry's stakeholders. In 2023, the global investment in crude oil and natural gas production was c.$213 billion. This is likely to be stable for many years to come as the world maintains its reliance on traditional energy solutions.

Energy – transition technologies

As western economies increase efforts to decarbonise their energy needs, exciting market opportunities are opening up to the Group. Geothermal energy is a primary energy source that is seeing strong growth in the short term, to deliver cleaner sources of heat and energy. These developments are presenting complex engineering challenges to the energy industry. Hunting sees high growth opportunities for its OCTG product group as our premium connections and strategic supply channels offer critical solutions to many clients. Carbon capture, usage and storage ("CCUS") is another solution being accelerated to reduce atmospheric carbon. CCUS projects demand high-end materials and engineered solutions that will enable these projects to operate for many decades.

IEA projected fossil fuel demand: 1990-2050



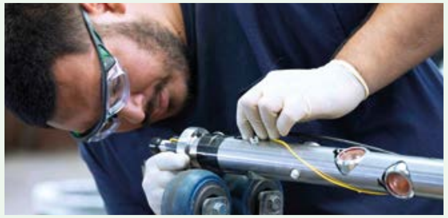
Source: IEA – World Energy Outlook 2022

Non-oil and gas

Hunting has been manufacturing products and technologies to the aviation industry for many years. The Group has key defence-related accreditations within its Advanced Manufacturing businesses, which enable Hunting to participate in government contracts including the naval and air force segments, supplying engine shafts for military aircraft and periscope tubes for submarines. In recent years, the Group has also manufactured components for the commercial space sector, which demands our unique precision engineering skills and expertise. Hunting manufactures key components for the power generation sector, including turbine shafts and is also focused on developing accessories for the medical sector.

Business Model continued

Our pillars for value creation



We develop proprietary technology

The development of new technology and products is a key element of our business model and strategy. This intellectual property and know-how is introduced to our blue chip customers as the drive for more efficient and safer delivery of oil and gas continues as well as addressing the challenging environments that the geothermal and CCUS sectors operate in.

In 2023, the Group held 538 patents and trademarks, covering 153 products.

Related risks
Increased competition and market consolidation; adverse movement in commodity prices; climate change and energy transition; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; reaction to external and internal forces; and changing global rules and regulations.

We manufacture close to where our clients need us

Hunting has a global operating presence in strategic locations to ensure that we are close to where our customers are drilling and developing any resource type. Our established operating footprint ensures that we can support our customers in the oil and gas industry and can be leveraged to address global geothermal and CCUS projects.

At 31 December 2023, we manufactured in 11 countries, from 27 operating sites (2022 – 28) and had 16 distribution centres (2022 – 14).

Related risks
Increased competition and market consolidation; product quality and reliability; third-party risk; and changing global rules and regulations.

We leverage our brand and reputation through strong quality assured products

The Hunting brand is supported by our strong reputation for quality assurance and health and safety. These credentials drive customer loyalty and form the basis of most industry tenders, which support our success in increasing our market share in key product lines and multiple end-markets.

During 2023, the Group manufactured 23.0m parts (2022 – 16.6m) with an internal manufacturing reject rate of 0.20% (2022 – 0.13%). The reject rate for goods shipped was 0.0006% in the year (2022 – 0.0013%). These metrics demonstrate the impressive quality and reliability of our products. This performance strengthens Hunting's standing in its end-markets.

Related risks
Increased competition and market consolidation; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; reaction to external and internal forces; third-party risk; and acquisition risk.

We train our employees and keep them safe

Our health and safety protocols have been developed to keep our employees safe, with our safety performance measured using an industry-wide performance indicator, which is monitored closely.

In 2023, the Group had 24 recordable incidents (2022 – 23) leading to a total recordable incident rate of 0.91 (2022 – 0.97) compared to the industry standard of 4.0.

Related risks
Increased competition and market consolidation; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; reaction to external and internal forces; third-party risk; and acquisition risk.

Business Model continued

We provide critical supply channels

Our products are often manufactured using critical raw materials, which enable them to perform in highly challenging environments. We work hard to provide competitive supply channels to lower project costs without compromising on quality. Hunting is an independent provider of premium and semi-premium connections and precision engineered accessories for all oil and gas resource types, providing cost agility for our customers. The Group has a number of strategic partnerships, including our joint venture partner Jindal SAW in India, which produces OCTG pipe and tubulars, to which Hunting's premium connections are applied for the local Indian energy market. This venture meets local content requirements. The Group also has strategic supply chain partners to support the accelerating energy transition sector, including the ten-year alliance with Jiuli and the five-year agreement with CRA-Tubulars.

Related risks
Increased competition and market consolidation; reaction to external and internal forces; and third-party risk.

We target blue-chip customers and suppliers

Hunting is a trusted supplier to some of the world's leading energy companies, including integrated energy companies, international services groups, independent oil and gas producers, as well as leading engineering companies who operate in the global aviation, commercial space, defence, medical and power generation sectors.

We target clients and end-markets who value strongly assured products and services, and who demand high-performance technology and products. We have developed long-standing relationships with our customers through our market-leading reputation for health and safety, quality and reliability, differentiated technology, availability and delivery, and customer service and support.

Related risks
Increased competition and market consolidation; adverse movement in commodity prices; cyber security; product quality and reliability; third-party risk; and acquisition risk.

We leverage our expertise in materials and engineering

Hunting's workforce comprises highly skilled engineers and machinists who lead the development and manufacture of our high-performance technology and products. Our expertise in mechanical and materials engineering and metallurgy, ensures that our products will perform in high-pressure, high-temperature environments.

We are able to leverage this expertise into energy transition markets as well as high-value non-oil and gas markets, such as aviation, commercial space, defence and medical for diversification opportunities.

Related risks
Increased competition and market consolidation; adverse movement in commodity prices; product quality and reliability; third-party risk; and acquisition risk.

We operate in a responsible and sustainable way

Hunting's responsible and sustainable approach to its global operations includes the monitoring of waste and emissions to ensure we have a minimal impact on the environment. We have recycled for many years and, more recently, have started to monitor our carbon and climate impact, with initiatives being introduced to reduce this impact. In 2023, the Group announced new 2030 emissions reduction targets as part of the Board's drive to improve our carbon reduction credentials and to assist in the preparation of a Net Zero transition plan.

Related risks
Climate change and energy transition; cyber security; loss of key executives or staff and shortage of key staff; work environment issues including health and safety; product quality and reliability; reaction to external and internal forces; third-party risk; acquisition risk; and changing global rules and regulations.

Business Model continued

Delivering value for our stakeholders

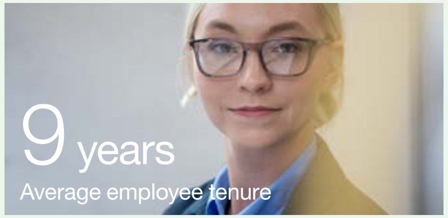
The Group's stakeholders enable the delivery of Hunting's business model and strategy. Stakeholder engagement forms a key element of our culture and is an area which has increased over the past few years. Understanding the needs of our shareholders, customers, suppliers and workforce is achieved through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

Shareholders and lenders

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

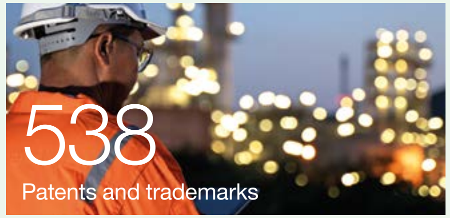
Employees

Hunting's employees deliver our strategic plans and are the Group's most important asset. We are committed to training and developing our workforce, and keeping them safe through the operation of stringent health and safety policies. The Board meets regularly with management and the workforce through site visits and engagement programmes.



Customers and suppliers

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. Hunting continuously works hard to deliver a secure supply chain for our clients and in the year signed new strategic agreements.



Environment and climate

The Group is committed to strong environmental stewardship. Our operating principals are focused on containing and reducing our carbon footprint, maximising recycling, reducing waste streams and increasing our climate change commitments.

Governments and communities

The Group continued its engagement with local regulators, tax authorities and governments in the year. Hunting continues to assist communities through a wide range of activities, including fund raising events and donations. Each region develops their own community initiatives to align with local cultural practices.

Shareholders and lenders

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 and has a premium listing on the London Stock Exchange. At 31 December 2023, the total number of Ordinary shares in issue was 164.9m (2022 – 164.9m), and the number of shareholders on the register was 1,263 (2022 – 1,285). The Board is responsible for setting the Company's dividend policy. The Group's current practice is to declare dividends in US dollars, but pay in Sterling. 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 2023, Hunting PLC's Ordinary shares achieved a TSR of (9)% on an annualised basis, due to weaker investor sentiment on the US market outlook during the year. For the definition of TSR please see page 12.

Shareholder engagement

Regular shareholder engagement meetings are organised through an annual calendar of work arranged through our investor relations function. The Chief Executive and Finance Director meet with institutional investors directly following the publication of the Group's half- and full-year financial results and throughout the year, and also attend investor conferences in the UK, Europe and the US to meet new shareholders. Further, the Company Chair and Senior Independent Director meet investors annually to discuss governance and other matters. In September 2023, the Group held a Capital Markets Day, where Hunting's senior management set out the strategy for growth to support stronger shareholder distributions and returns to 2030.

Total shareholder return
%

2023	**(9)**
2022	102
2021	(22)

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.

The Audit Committee reviews dividend proposals as part of its regular programme of work and makes a recommendation to the Board following a review of the financial performance for the relevant reporting period. Dividends are announced along with each set of Group results and are usually paid in May and in October. The Directors are proposing a 2023 Final Dividend of 5.0 cents per share, which will be subject to approval by shareholders at the 2024 AGM.

During the year, an investor perception survey was conducted by a third party on behalf of the Company, with feedback presented to the Board. The survey sought to appreciate major investors' perceptions on strategy, performance, executive management and other issues.

During H2 2023, the Directors engaged with major institutional investors on a new Directors' Remuneration Policy and Long-Term Incentive Plan, which is to be tabled at the 2024 AGM. Following discussion and feedback, amendments were made to the proposals.

Lenders

The $150m Asset Based Lending ("ABL") facility commenced in February 2022 and is due to expire in February 2026. The ABL lending group comprises Wells Fargo and HSBC.

Given the Group's return to strong growth in the year, the ABL has been utilised and drawn down to support the Group's working capital requirements to meet sales orders. The average interest rate on the ABL was 7%.

Dividend per share declared
cents

2023	**10.0**
2022	9.0
2021	8.0

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.

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 2023, the Group had 2,420 employees (2022 – 2,258) across its global operations.

The Group is committed to training and developing all employees, which includes Health and Safety training, professional development and general career development initiatives. To retain our staff, our employees are fairly remunerated with a competitive base salary. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds. 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 of nine years (2022 – nine) and voluntary workforce turnover rate of 14% (2022 – 13%). This demonstrates Hunting's commitment to its employees and its drive to nurture a mutually beneficial relationship between the Company and its employees.

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 (www.huntingplc.com).

Year-end employees
#

2023	**2,420**
2022	2,258
2021	1,949

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. During the year, machinists and inspectors of the JV in India were trained by Hunting to ensure that our quality-assurance standards are applied. As cyber security is a principal risk, a cyber security training programme was rolled out for all relevant employees in the year. For further information on employee attraction, retention and development, and employee engagement, see pages 75 and 76.

Diversity and inclusion
The Company recognises the benefits of having a diverse workforce, which include attracting and retaining the best people for the job, supporting and delivering high performance, and increasing the effectiveness of the Company. To this end, Hunting aims to build and maintain a working culture that is inclusive of all and values diversity. Hunting believes that promoting and developing diversity is everyone's responsibility. The Company's aim is to promote equality and good relations between employees of a diverse background and eliminate discrimination. Hunting is also committed to providing a safe working environment where staff are treated with respect and ensuring that our employees enjoy prejudice-free decision making, taking into account all stakeholder interests and committing 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. Hunting has an embedded culture of equal opportunities for all employees, regardless of gender, sexual orientation, race, colour, nationality, disability, neurodiversity, age, religion or belief, marital or civil partnership status, pregnancy or on maternity or paternity leave. We will ensure that all our employees have the opportunity to develop to their full potential. For further reporting on diversity and inclusion, see page 76.

Hunting's policies promote gender and ethnicity suggestions made in the Hampton Alexander Review and the Parker Review, and these are 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 118.

Business Model continued

Human rights
We are committed to respecting and upholding the human rights of all our employees and training is provided to employees on a regular basis. For further reporting on our approach to human rights, see page 78.

Modern slavery
Our Modern Slavery statement can be found on our website (www.huntingplc.com).

Whistleblowing
The Board of Hunting has established procedures whereby employees can raise concerns, in confidence, by contacting the Company Chair 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.

Employee engagement survey
During H1 2023, Hunting completed its second all-employee engagement survey using the Gallup Q12 poll.

Management recognises that strong employee engagement benefits the bottom line outcome for the Group with the "most engaged" organisations enjoying greater financial returns. With this understanding, the measurement and improvement of employee engagement continues to be an objective of our Company's core strategy.

The HR team and location managers worked hard to ensure employees without regular computer access participated in the survey.

We were extremely pleased with the participation results from the 2023 employee survey. Of the 2,254 employees eligible to participate in the survey, 1,866 responded, which equates to 83% of our employees. This is an improvement over the 2019 participation rate of 80%.

This high level of participation indicates the positive level of engagement from our employees as it demonstrates that they are invested in their work environment and are willing to participate in an exercise to improve our workplace.

Details of the results of the survey can be found on the following page.

Gallup Q12 employee engagement results – average score out of 5

Following the results of the survey, the next steps for the Company include:

- Enhance our development programmes to include broad based, on-site delivered supervisory and leadership training;
- Increase employee recognition initiatives, leadership training to include a focus on developing leaders' skillsets in coaching and providing feedback to employees. In addition, review current business unit recognition programmes for future opportunities and enhancement;
- Implement the UKG-based performance review process globally; and
- Create a strategy to communicate corporate direction and initiatives throughout the Company. Each division will be asked to hold employee town hall meetings twice per year; corporate messaging will be provided to supplement local updates.

Health and safety
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 13% to 5.3m hours (2022 – 4.7m hours) as trading increased across 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, comply with local regulatory requirements.

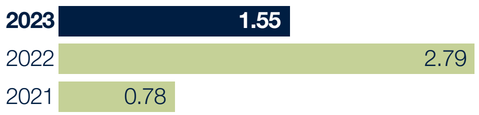
During the year, there were no fatalities across the Group's operations (2022 – nil), with 24 recordable incidents (2022 – 23). The total recordable incident rate was 0.91 compared to 0.97 in 2022 and the industry average of 4.0 (2022 – 4.0), as published by the US Bureau of Labor Statistics. This incident rate reflects a 6% year-on-year decrease compared to the prior year, despite new employees being hired and activity increasing throughout the year.

Total recordable incident rate
#

The total near miss frequency rate was 1.55 in 2023 (2022 – 2.79) reflecting 41 near misses (2022 – 66). The decrease in near misses reflects the more stable workforce numbers seen in the year, following the recruitment drive in 2022, as energy markets returned to growth.

All incidents were investigated, rectification processes were implemented, and learnings utilised in safety training sessions. The Group's enhanced SASB reporting includes vehicle incident data, with nil incidents (2022 – nine) reported in the year.

Total near-miss frequency rate
#



Please see pages 80 and 81 for more information on compliance with the SASB reporting framework.

For further reporting on Health and Safety, see page 75.

Business Model continued

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.

These senior managers are also members of the Executive Committee.

The Directors organised an employee engagement event at the Group's OCTG facility in Houma, Louisiana, in June 2023 where employees were able to ask questions to the Board.

The second all-employee engagement survey was completed in the year, with the positive results noted above.

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 six reports to the SafeCall service (2022 – two).

For further reporting on our approach to business ethics, see page 130.

Employee engagement survey shows positive results

Hunting completed its second all-employee engagement survey during 2023. Listening to our employees and responding to their feedback is critical to our business. It helps us to understand where we are succeeding and where we need to focus our efforts.

The most important question the survey asked was: "On a five-point scale, how satisfied are you with your organisation as a place to work?" We were pleased that the score for this question was 4.07 out of 5 points, which is consistent with our 2019 score of 4.06.

Our average score across all 12 questions was 3.88 out of 5, a 0.10 increase from 2019. This result is statistically significant because most companies experienced a downward trend between pre- and post-pandemic surveys, and we are delighted that we saw a slight improvement instead.

We scored especially well in the first few questions that define our employees' basic needs.

These results demonstrate that we provide our employees with the technology and equipment to do their work well, and that we create a high-quality workplace.

Companies with high scores in these areas are typically more productive, cost effective, creative and adaptive.

We were pleased that 42% of our employees were identified as being "engaged", an increase of 6% on our 2019 result of 36%.

Furthermore, we were happy with the survey's participation rate of 83%, a 3% increase on our 2019 participation rate.

This indicates that our employees are interested in their work environment, and willing to play their part in helping to improve it.

The survey also offered us insight on areas that require our attention. We learned that we need to focus our attention on employee recognition procedures, offering more detailed feedback, and improving communication.

An action plan has been developed to address these issues. It includes broad-based, on-site supervisory and leadership training to improve employee recognition and feedback, and the introduction of a performance review process, which will be rolled out in North America and EMEA first, and Asia Pacific later this year. New communication channels are also being implemented.

We found it useful to compare our two surveys, and we anticipate repeating the survey in two to three years' time.

Question	**2023**	2019	Change
I know what is expected of me at work	**4.47**	4.42	+0.05
I have the materials and equipment I need to do my work right	**4.12**	4.11	+0.01
At work, I have the opportunity to do what I do best every day	**4.19**	4.12	+0.07

Customers and suppliers

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 on 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

Customer 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.

Customer perception and satisfaction surveys undertaken by an independent third-party are also employed to provide customer feedback to the Company.

Hunting's customer-facing sales teams are directly supported by the Group's engineering, quality assurance and health, safety and environment teams, who all assist in the provision of key operational performance information that supports global tenders and the overall sales function.

During the year, the Group's sales teams attended a number of international trade shows, including ADIPEC in Abu Dhabi which enables engagement with existing, as well as potential, customers to take place.

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.

Customer-related 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.

Business Model continued

Our suppliers

Hunting's supplier base facilitates the Group in achieving its purpose of providing highly trusted and innovative products for our customers.

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.

During the year, the new facility in Nashik, India was opened, which has been set up alongside our JV partner Jindal SAW's steel mill. The strategic location of the new facility ensures the supply of pipes and tubes in India to which Hunting's premium connections can be applied.

Hunting signed new strategic partnership agreements in the year to further secure its supply chain, and to support the accelerating energy transition sector. A ten-year strategic alliance agreement was signed with Jiuli to ensure the supply of OCTG casing to which Hunting's SEAL-LOCK XD™ connection is applied.

High-performance, corrosion resistant alloys ("CRA") are now viewed as a critical material to deliver geothermal energy and carbon capture and storage projects.

Hunting also signed a five-year collaboration agreement with CRA-Tubulars to market its technology in the North America market. CRA-Tubulars manufactures titanium composite tubing, which is a corrosion resistant alternative tubular technology.

The Company is a signatory to the Prompt Payment Code and is committed to paying at least 95% of its suppliers within the agreed payment terms and to promptly advise them if there is a dispute to ensure that disruptions to the supply chain are kept to a minimum. We report on our payment practices and performance in-line with the UK Reporting Payment Practices and Performance Regulations 2017. The Company is looking to put in place early payment facilities for suppliers during 2024.

Supplier-related 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 Supplier Code of Conduct is issued to its suppliers as well as our Modern Slavery policy, which highlights the Group's ethical trading and fair labour policies.

For further reporting on our approach to business ethics, see page 130.

Board engagement and decision making – customers and suppliers

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.

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.

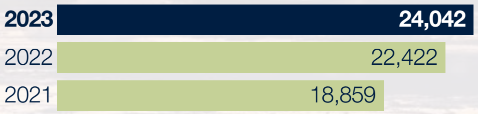
For further reporting on our approach to business ethics, see page 130.

Business Model continued

Environment

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. As part of this commitment to manage and reduce its carbon footprint, the Board announced a new carbon reduction ambition in March 2023, 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 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. In 2023, the Group commenced work to assess its scope 3 emissions, beginning with Hunting Titan. This work will be expanded during 2024 to cover the remaining businesses in the Group. The Group continues to migrate its primary and secondary energy sources to lower carbon sources, with the Group targeting the purchase of 50% of our energy requirements from renewable sources by 2030. For more information on the determination of the Group's scope 3 data, please see pages 70 and 71.

Total scope 1 and 2 CO_2e emissions tonnes



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 can be found at www.huntingplc.com.

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 Company. New facilities take into account environmental impact considerations, including protection from extreme weather events, such as wind storms and flooding. The Company discloses the breakdown of its GHG 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. The Company began a process to independently assure its carbon data with a view to setting science-based targets in the near future.

The Group submits its greenhouse gas data to the Carbon Disclosure Project, which is available at www.cdp.net. The data reported and the 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.

CO_2e intensity factor #

For further information on Hunting's climate, ESG and wider sustainability efforts, please see pages 62 to 81.

Board engagement and decision making – environment

The Board has continued to oversee the development of carbon and climate initiatives, which includes the assurance of its scope 1 and 2 greenhouse gas carbon data, utilising the services of S&P Global.

The Board has also approved the work stream to evaluate Hunting's scope 3 greenhouse gas inventories, which will be expanded further in 2024. Carbon data management has been introduced into the annual bonus objectives of the executive Directors, as noted in the Annual Report on Remuneration.

Tonnes CO_2e	2023	2022	2019 (base line year)
Scope 1			
Fuel consumption, including natural gas	**2,037**	2,411	4,128
Vehicle fuel consumption	**3,575**	3,367	2,972
Total scope 1	**5,612**	5,778	7,100
Scope 2			
Electricity consumption	**18,430**	16,644	28,774
Total scope 1 and 2	**24,042**	22,422	35,874
Scope 3			
Scope 3 (estimated)	**353,346**	277,143	n/a
Total scope 1, 2 and 3	**377,388**	299,565	n/a

Business Model continued

Governments and communities

Governments
Hunting's global operating footprint extends across 11 countries. As a consequence of this, the Group interacts with a number of local 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. 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. Each business unit retains a close relationship with the relevant local tax and legal authorities. 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 external-facing employees trained in the Group's anti-bribery and corruption policies.

Tax strategy
Hunting is committed to acting with integrity and transparency in order to pay the right amount of tax at the right time. Hunting's tax strategy is to fully comply with the tax laws, regulations, and disclosure requirements in the countries we operate in. Hunting may engage with reputable professional firms on areas of significant complexity, uncertainty or materiality to support it in complying with its tax strategy. Hunting seeks to engage with tax authorities with professionalism, honesty and respect. It works with all tax authorities in a timely and constructive manner to resolve disputes when they arise.

Hunting has a zero tolerance approach for tax evasion and the facilitation of tax evasion. Hunting's Code of Conduct training course includes training modules on this area to help employees understand the risks and procedures in this regard.

Board engagement and decision making – governments
The Group's tax governance is managed as follows:

- The Board reviews Hunting'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 Hunting'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 impact 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 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 76 and 77.

Board engagement and decision making – communities
In December 2022, the Board agreed a new policy on the use of unclaimed dividends which had been returned to the Company. On the recommendation of the Ethics and Sustainability Committee, the Board has agreed to donate to UK charities all unclaimed dividends, with a small committee, led by the Finance Director, agreeing the charitable donations.

Product Review

FIND OUT MORE ON HUNTING TITAN

Perforating Systems

Hunting's Perforating Systems technology platform and manufacturing and distribution presence across North America has maintained a market-leading position in this region for many years. The development of intellectual property has formed a cornerstone of the Group's strategy to maintain this market position and in 2023, Hunting retained 185 patents over its Perforating Systems technologies.

With the introduction of the H-3™ and H-4™ Perforating Systems over the past few years, the Group has launched more efficient and higher precision perforating technologies for its clients.

The Group is now seeking to deploy perforating systems, energetics charges, detonation cord, instruments and other components to international markets, with strong growth anticipated in South America, the Middle East and China, where modern perforating techniques are being adopted in unconventional resource developments.

Introduction and market overview

The Group's Perforating Systems business has faced trading headwinds during 2023 as the US onshore rig count weakened throughout the year. The low point in this rig count was reached in November 2023, with 616 active units in operation, this being a reduction from 779 units at the start of the year, which represents a decline of 21% in 2023.

In Canada the rig count has been more stable throughout the year, averaging 175 in the year, which is broadly flat compared to 2022.

Group financial performance

Due to these market conditions, revenue from this product line decreased by 3% to $243.8m in 2023, compared to $251.9m in 2022. Within this, international revenue grew by 33% as efforts to globalise the Group's technologies accelerated.

EBITDA for the product line was $25.1m compared to $27.3m in the prior year, giving an EBITDA margin of 10% in 2023 compared to 11% in 2022. The introduction of the H-4 Perforating System™ occurred later in 2023. It is aimed at a higher tiered market, which is expected to benefit revenue and profit margins as production ramps up in 2024.

The Perforating Systems sales order book at the year-end was $12.7m, compared to $18.7m at the 2022 year-end. Perforating Systems does not carry a large order book as the business operates a 'manufacture to stock' model and is, therefore, a short cycle business overall.

Intellectual property

Intellectual property based on the Group's Perforating Systems product group totalled 185 patents and 34 trademarks covering 50 products and components.

Product Review continued

Technology

The Group has continued to rollout the H-3 Perforating System™ to clients in the year and to support the evolving perforating practices in the US, the H-4 Perforating System™ was launched in H2 2023. The H-4™ is a self-orienting system that improves shooting accuracies.

Hunting also launched the Perf+ shooting panel, which provides further system integration between the gun and associated firing systems. The Group sees further technology integration in the future as in-field operating efficiencies continue to be pursued.

The Group is also planning to introduce a new high temperature switch, which can operate at 400ºF, as more complex unconventional resource plays are pursued.

North America

To improve manufacturing margins and increase efficiencies, it was announced in August 2023 that the Oklahoma City operating site would be closed, with production transferred to the Monterrey and Pampa facilities, following investment in new production equipment at these locations. The Group has maintained a distribution centre in Oklahoma to service clients in the area.

In Canada, the Group invested in Pre-Loaded Gun manufacturing capacity at the Grand Prairie facility and intends to introduce this offering to clients in 2024.

Both of these improvements are expected to benefit margins in 2024.

International

During the year, and as part of the short- to medium-term strategy for the Group to increase its international sales of perforating products globally, Hunting increased component sales into Argentina and Mexico, as onshore unconventional resources are developed. The Group's E-SUB™ perforating gun saw good demand in Saudi Arabia, and is also seeing growth across Asia Pacific.

Hunting 2030 Strategy

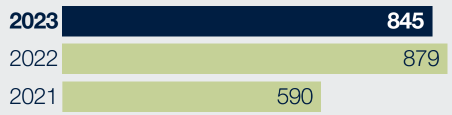
The Group's strategy for its Perforating Systems product lines is twofold:

(1) to lead the further integration of perforating technologies and firing instrumentation, to enable increased safety and cost efficiencies to be captured within its core North America market; and
(2) internationally, the Group will pursue a strategy of growth, through the sales of both systems and components, which align with the individual needs of clients.

Perforating Systems – revenue
$m

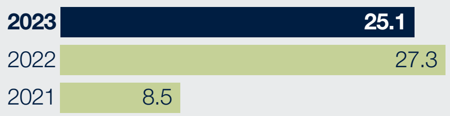
Source: Company

North America onshore average rig count
#



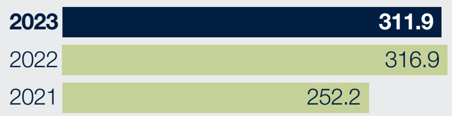
Source: Spears and Associates Drilling and Production Outlook – December 2023

Perforating Systems – EBITDA
$m



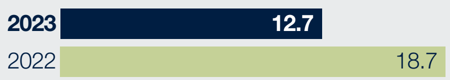
Source: Company
Non-GAAP Measure see NGM C

North America footage drilled
mft



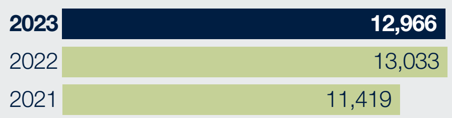
Source: Spears and Associates Drilling and Production Outlook – December 2023

Perforating Systems – sales order book
$m



Source: Company

US frac jobs
#



Source: Spears and Associates Drilling and Production Outlook – December 2023

FIND OUT MORE ON OCTG

OCTG

Hunting's OCTG product group comprises sales from the Group's three major premium and semi-premium connection families: SEAL-LOCK™, WEDGE-LOCK™ and TEC-LOCK™ and associated accessories. These connections are applied to many oil and gas wells and are directly applicable to geothermal and carbon capture projects.

Introduction and market overview
Hunting's OCTG offering has made strong progress during 2023 in all major regions across the Group. This has been driven by the continuation of the broad-based recovery in activity, predominantly led by resurging offshore and international drilling and development expenditures. During the year, global oil and gas capital investment increased by 11% from $190.6bn in 2022 to $212.5bn. Global offshore oil and gas capital investment has increased 28% to $68.3bn in the year, while international capital investment has increased 24% to $93.1bn. This industry investment has driven the Group's OCTG sales growth in the year.

Group financial performance
Revenue from the Group's OCTG product lines totalled $395.8m in 2023, compared to $258.8m in 2022. This has been primarily driven by OCTG contract wins within Asia Pacific for CNOOC and Cairn Oil and Gas (Vedanta), in addition to well completion work for ExxonMobil and Schlumberger in South America.

EBITDA for the product line was $46.7m compared to $16.2m in the prior year, giving an EBITDA margin of 12% in 2023 compared to 6% in 2022.

The OCTG sales order book at the year-end was $222.0m compared to $196.5m at the 2022 year-end, which represents an increase of 13% in the year.

North America
Hunting, including Hunting Titan OCTG, reported good activity throughout the US and Canada in the year, with revenue increasing by 26% from $157.8m in 2022 to $198.5m in 2023. Strong sales of the TEC-LOCK™ semi-premium connection were reported in the US and robust sales of the TKC4040™ connection in Canada. The product group continued to work with Chevron Gulf of Mexico in the year, utilising Hunting's SEAL-LOCK™ premium connection. Sales of the Group's WEDGE-LOCK™ connection also increased in the year, as more offshore projects were sanctioned. While there was some softening in demand in the second half of the year in the US due to the declining onshore rig count, the Group reports increased revenue in the year across the region, compared to 2022. A region of strong growth in the year has been South America, where activity in Brazil, Guyana and Suriname have provided a range of opportunities for OCTG and supporting accessories manufacturing. Of note has been the success in Guyana, where well completion activity for offshore developments accelerated in the year.

Asia Pacific and EMEA
The Group's Asia Pacific and EMEA OCTG product groups reported an increase in revenue from $101.0m in 2022 to $197.3m in 2023, an increase of 95%.

Product Review continued

Activity in the North Sea has been subdued; however, the Group's EMEA facilities were busy providing threading services for Tubacex, for offshore projects in Brazil, with this work expected to continue for at least the next two years.

Elsewhere in Europe, energy transition sales, totalling $4.2m have been secured in the year, for clients in the Netherlands. The Group's OCTG activities across the Middle East comprise sales into Kuwait, Egypt and Saudi Arabia. In Saudi Arabia, accessories manufacturing, coupled with perforating systems sales, have supported performance in the year.

In May 2023, the Group announced a $91m three-year contract with Cairn Oil and Gas, Vedanta Limited, for Hunting's SEAL-LOCK™ premium connections. The contract is in support of a 100 well programme in Rajasthan. The Group also substantially completed the major CNOOC contract in the year, which was awarded in August 2022.

Through the Jindal Hunting Energy Services joint venture, the Group commissioned its premium threading facility in Nashik province, India, in September 2023. The state-of-the-art facility has three threading lines and has an annual capacity of 60,000 tonnes of OCTG. The facility provides the Group with early mover opportunities in the country, given the government's local content requirements. In addition, during the year, the Group captured work via Jindal SAW, including premium threading and accessories manufacturing contracts. The Group's Asia Pacific operating segment has also captured sales in Africa and South East Asia for OCTG and accessories manufacturing.

Supply chain

Hunting has entered into two key partnerships in 2023 to secure important raw materials for its energy transition growth ambitions.

The Group has secured a 10-year strategic alliance with Jiuli in China to provide corrosion resistant alloy ("CRA") OCTG, which is key to geothermal and carbon capture projects. This high-value OCTG is rapidly being adopted due to the temperature cycling in these projects. The Group also entered into an agreement with CRA-Tubulars to commercialise its novel titanium composite tubular technology, which is also seeing promise in energy transition projects, given its lower weight and novel mechanical properties.

Hunting 2030 Strategy

As a major pillar of the Hunting 2030 Strategy, the Group will continue to develop its premium connection and OCTG technologies for oil and gas and energy transition applications in the coming years.

Within the Group's oil and gas markets, strong growth is anticipated in South America as developments in Argentina, Brazil and Guyana continue to accelerate.

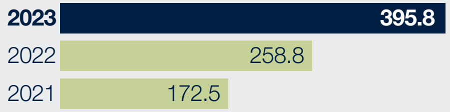
Across Africa, key growth areas include Namibia, Angola, Gabon and Nigeria. In the Middle East opportunities in Northern Iraq, Kuwait and Oman continue to be pursued.

Energy transition opportunities are most likely to be delivered from North America, with the US government support providing strong incentives for decarbonisation projects to be accelerated.

Short-term opportunities lie with geothermal projects, while carbon capture and storage projects are more towards the end of the decade.

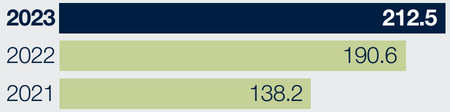
Outside of the US, opportunities in Europe and Asia Pacific, in particularly Indonesia and the Philippines, for geothermal projects are accelerating.

OCTG – revenue
$m



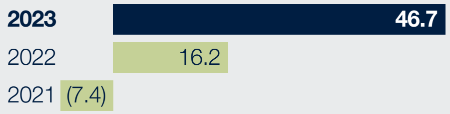
Source: Company

Global drilling capital investment
$bn



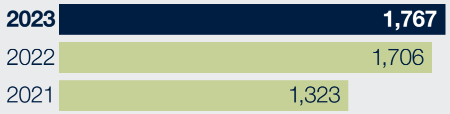
Source: Spears and Associates Drilling and Production Outlook – December 2023

OCTG – EBITDA
$m



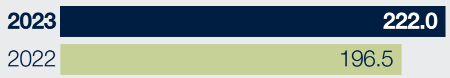
Source: Company
Non-GAAP Measure see NGM C

Global average rig count
#



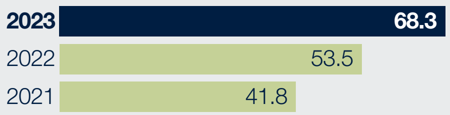
Source: Spears and Associates Drilling and Production Outlook – December 2023

OCTG – sales order book
$m



Source: Company

Global offshore capital investment
$bn



Source: Spears and Associates Drilling and Production Outlook – December 2023

Product Review continued

FIND OUT MORE ON ADVANCED MANUFACTURING

Advanced Manufacturing

Hunting's Advanced Manufacturing product lines serve oil and gas, aviation, commercial space, defence, medical and power generation markets. Hunting's expertise is driven by its manufacturing know-how and precision engineering skills for high-value, critical applications as well as high temperature and pressure electronics applications.

The Electronics and Dearborn business units, which comprise the majority of Hunting's Advanced Manufacturing offering, form the foundation of the Group's non-oil and gas sales strategy, which is one of the core pillars of the Hunting 2030 Strategy. Hunting's offering of complex, high-precision engineered products provides clients with components that are used in important mission-critical applications. The businesses attract blue chip clients, based on these skillsets and know-how and this forms the basis of our sales diversification strategy.

Introduction and market overview

Hunting's Advanced Manufacturing offering reported good progress within in its core energy markets as well as non-oil and gas markets, including aviation, medical devices, naval and power generation end-markets. The Electronics business continued to report a strong oil and gas revenue profile, driven by its expertise in MWD / LWD downhole tools and printed circuit board ("PCB") assemblies as well as manufacturing switches for Hunting Titan throughout the year. Non-oil and gas sales have increased as more defence-related work was captured with clients including Cubic and Textron in the US.

The Dearborn business unit has also been successful in developing its non-oil and gas sales, in the sectors noted above, and has developed a strong non-oil and gas sales order book in the year.

Advanced Manufacturing markets, therefore, are based on oil and gas capital investment, which continues to be the foundation of both the Electronics and Dearborn business units. In addition, a further market indicator is the overall level of defence spend by North America and European governments. Both these end-markets are likely to see robust growth to the end of the decade.

During the year, global industry capital investment increased by 11% from $190.6bn in 2022 to $212.5bn. Global offshore capital investment has increased 28% to $68.3bn in the year, while international capital investment has increased 24% to $93.1bn. This industry investment has driven the Group's Advanced Manufacturing sales growth in the year, coupled with strong defence and medical markets.

Group financial performance

Revenue from the Group's Advanced Manufacturing product lines totalled $112.1m in 2023, compared to $75.1m in 2022. $48.1m of Electronics revenue related to the oil and gas sector, which includes revenue from work for Hunting Titan, and $8.3m was related to non-oil and gas markets, and were predominantly medical and defence-related sales. Dearborn's revenue of $14.0m related to the oil and gas sector, while $42.7m related to non-oil and gas sectors. Further detail on the performance of the business units is noted below.

Product Review continued

EBITDA for the product group was $10.7m compared to $0.9m in the prior year, giving an EBITDA margin of 10% in 2023 compared to 1% in 2022.

The Advanced Manufacturing sales order book at the year-end was $161.5m compared to $137.6m at the 2022 year-end, which represents an increase of 17% in the year.

Advanced Manufacturing – Electronics

During 2023, the Electronics business unit reported a strong ramp up in client orders, as activity levels across the oil and gas sector increased, with the demand for MWD/LWD tools improving throughout the year.

Sales accelerated throughout the year as supply chain constraints eased. However, the business has spent the year, encouraging clients to place orders early, given that certain components remain on a 52+ week delivery time scale. During the year, the business installed new equipment, which enabled volumes to be accelerated through the facility, but also to enable the business to manufacture heavier assemblies that had previously been completed by other vendors. This new equipment also enables other PCB applications to be pursued as part of the wider Hunting 2030 Strategy to diversify its total revenue streams to other high-value end-markets.

The Electronics business has seen strong order flows from Halliburton, Schlumberger and Baker Hughes in the year, as well as Hunting Titan as a key internal customer. As noted above, the business unit has been successful in progressing defence-related sales growth, which is likely to grow strongly in the medium term as defence budgets are increased by Western governments.

Progress has also been made in the area of medical devices, where sales have reached $4.3m in 2023.

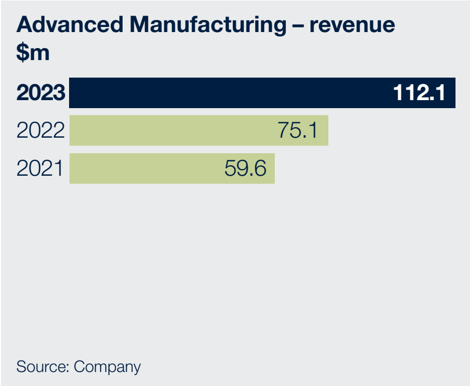
Advanced Manufacturing – Dearborn

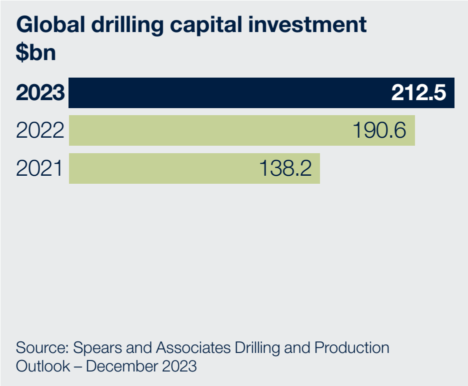
The performance and productivity within the Dearborn business unit has improved dramatically from Q2 2023, following the easing of some labour issues that impacted production in 2022. The business also benefited from large increases in facility throughput in the year. In the early part of the year, the business commissioned new equipment. These factors meant that it outperformed management's expectations during the year.

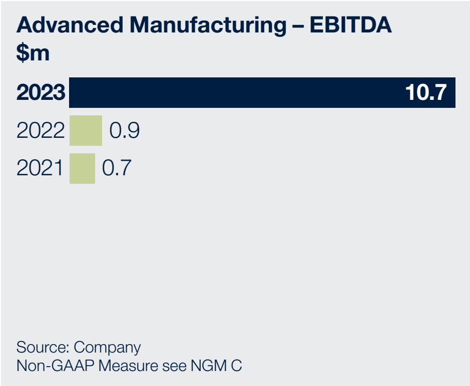
The business continued to complete work for clients such as Halliburton and other international energy services groups in the year. The real success of the business unit in the year has been the increase in its non-oil and gas sales, as well as its total sales order book, to end-markets such as commercial space, defence and power generation.

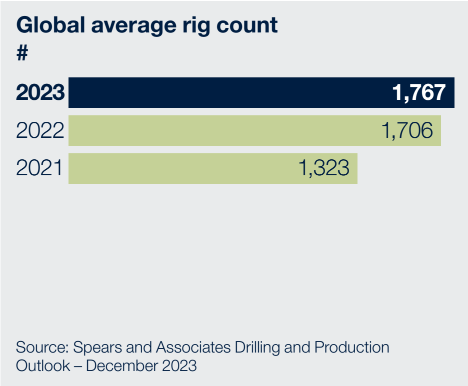
The business increased work with Solar Turbines in the year for turbine shafts, with Pratt and Whitney for engine shafts; with Blue Origin for accumulator cylinders; as well as SpaceX, where the Group manufactures pistons for rocket landing legs.

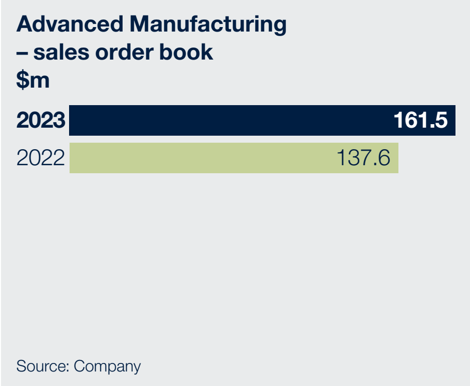
Hunting 2030 Strategy
The Group's non-oil and gas sales, including the Advanced Manufacturing product group, have increased 59% in the year from $47.6m in 2022 to $75.9m in 2023. This result demonstrates strong progress in the past year and keeps Hunting on track to deliver a meaningful diversification by 2030.

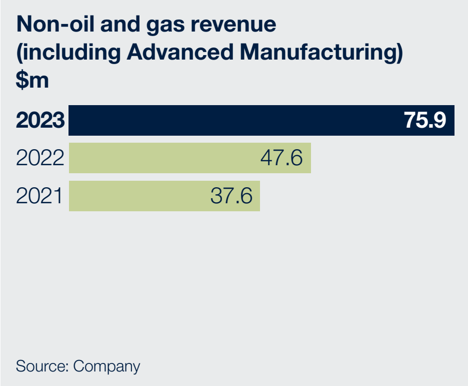












Product Review continued

FIND OUT MORE ON SUBSEA TECHNOLOGIES

Subsea

The Group's Subsea product offering comprises three sub-groups: (i) hydraulic valves and couplings, manufactured by the Stafford business unit; (ii) titanium and steel stress joints, manufactured by the Spring business unit and; (iii) flow access modules and flow intervention systems, manufactured by the Enpro business unit.

Offshore drilling and production capital investment has grown strongly in the past two years, as operators have re-evaluated the long-term, stable production and investment profiles offered by deepwater developments. Further, the offshore segment of the industry has shifted to a business model where end-user operators are more willing to interact with equipment providers further down the supply chain, which has provided opportunities for Hunting to bring its novel technologies into main stream deepwater field developments. This has been an area of success for the Group's titanium stress joint offering, where Hunting has engaged directly with operators ahead of contracts being awarded in South America and the Turkish area of the Black Sea.

Introduction and market overview

The Group's Subsea businesses have reported healthy growth during 2023, as new contract wins coupled with strong investment in offshore projects led to a notable increase in revenue and EBITDA in the year.

Momentum within the Stafford business has been driven by the demand for subsea trees, which is a critical component of deepwater field developments and is a useful market indicator of the ongoing demand for the Group's hydraulic valves and couplings.

The Spring business has seen huge success in rolling out its titanium stress joint technology to Floating Production, Storage and Offloading ("FPSOs") vessels. The investment by clients, such as ExxonMobil, in this technology application has driven the increase in the Subsea sales order book.

The Enpro business started the year slowly, but from mid-year has won a number of large orders as offshore-focused clients have accelerated developments globally.

Global offshore capital investments have increased 28% from $53.5m in 2022 to $68.3m in 2023, with international growth being a key driver in the year.

Group financial performance

Based on this market environment, revenue in the year totalled $98.6m in 2023, compared to $69.0m in 2022, as strong momentum was reported within the Stafford business unit, with the Spring business unit continuing to progress its larger orders for South America. As noted above, the Enpro business had a slower H1 2023, but its performance improved in the second half of the year, as new orders were commenced.

Product Review continued

EBITDA for the product group was $13.7m compared to $3.4m in the prior year, giving an EBITDA margin of 14% in 2023 compared to 5% in 2022.

The order book closed 2023 at a very healthy $152.2m, up from $105.1m at the end of 2022, principally due to another large order for titanium stress joints booked during the year.

Intellectual property

Intellectual property, patents and trade marks totalled 186 in the year, covering 11 product lines across the three major business units noted above.

North America

The Stafford and Spring businesses are both located in Houston, Texas, but service international offshore markets and customers, ranging from South America to West Africa as well as the Gulf of Mexico.

The Stafford business has seen strong demand for its hydraulic coupling and valves in the year from a range of international clients, including Baker Hughes, TechnipFMC and ExxonMobil.

The Spring business has also seen the development of a strong relationship with ExxonMobil in recent years, as the business's titanium stress joints have become the preferred technology for application to FPSOs in Guyana. The business completed stress joints for vessels bound for the YellowTail and Uaru developments, with these contracts to be completed during 2024 and 2025. Work on the Whiptail project will continue into 2026 after being awarded in Q4 2023.

In October 2023, the Group also secured an order with Subsea7 for titanium stress joints, which are to be applied to an FPSO in the Black Sea. This is a new client in a new region for Hunting and the management team is delighted that the Group's stress joint technology is seeing wider adoption.

Europe, Middle East and Africa

Enpro Subsea's Flow Access Modules have seen solid order wins during H2 2023, with clients including Shell and LLOG. These contracts are for the Gulf of Mexico and West Africa.

Hunting 2030 Strategy

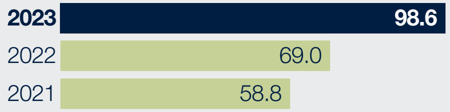
Subsea is a key area for growth for the Group to the end of the decade, with the industry moving to more modular development plans, along with more standardisation of field designs. This is to ensure total project costs are contained.

The approach of operators to engage with a wider number of suppliers within the offshore supply chain provides opportunities for the Group to leverage its technology and service offering into large, turnkey projects, as demonstrated with the success with ExxonMobil since 2021.

As part of the Hunting 2030 Strategy, the Group will invest in new technologies to build the scale of Hunting's subsea product offering, and to capitalise on the renewed interest in offshore projects.

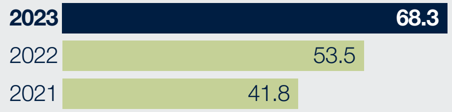
Hunting sees acquisition opportunities in this sub-segment of the market, to increase the scale and products offered by the Group.

Subsea – revenue
$m



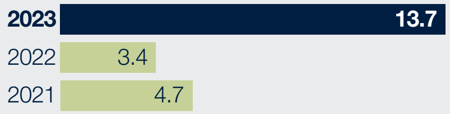
Source: Company

Global offshore capital investment
$bn



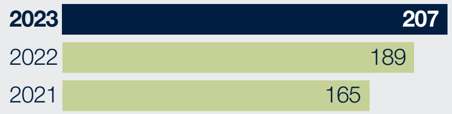
Source: Spears and Associates Drilling and Production Outlook – December 2023

Subsea – EBITDA
$m



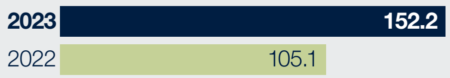
Source: Company
Non-GAAP Measure see NGM C

Global offshore average rig count
#



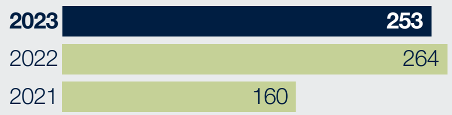
Source: Spears and Associates Drilling and Production Outlook – December 2023

Subsea – sales order book
$m



Source: Company

Global subsea tree demand
#



Source: Rystad Energy

Product Review continued

FIND OUT MORE ON EMEA

Other Manufacturing

Hunting's Other Manufacturing product group includes the Group's well intervention and well testing offerings, along with trenchless and organic oil recovery businesses.

The well intervention business is serviced from the Group's North America, Europe and Asia Pacific operations.

The Group's European well testing business is also incorporated into this product group, given its differing business model and profile to the other products groups. This business is more focused on European and Middle East markets.

Hunting's Trenchless business unit, which sells drill stems, connections and drill pipe, is also part of the Other Manufacturing product group and forms part of the Group's non-oil and gas sales.

The organic oil recovery business is focused across EMEA, commercialising a licenced technology to optimise reservoir performance and recovery rates and extend the life of the well.

The Group's exploration and production assets also formed part of this product group and, as noted elsewhere, were disposed of in the year, leaving one asset at year-end.

Introduction and market overview
Hunting's Other Manufacturing revenue is predominantly based on oil and gas capital investment, which reported good growth in the year, supporting the sales growth noted below.

Sales of well testing and well intervention equipment have increased in the year, as broad-based investment across the industry increased.

During the year, global industry capital investment increased by 11% from $190.6bn in 2022 to $212.5bn.

Hunting's Trenchless business units reported good sales growth as 5G roll out across the US increased demand for its connections, drill stems and drill pipe.

Product Review continued

Group financial performance
Revenue from the Group's Other Manufacturing product lines totalled $78.8m in 2023, compared to $71.0m in 2022.

EBITDA for the product line was $6.8m compared to $4.2m in the prior year, giving an EBITDA margin of 9% in 2023 compared to 6% in 2022.

The Other Manufacturing sales order book at the year-end was $16.8m, which compares to $15.1m at the 2022 year-end, and represents an increase of 11% in the year.

Well intervention
2023 has seen a notable increase in the sale and rental of well intervention equipment globally. The product line has seen good revenue growth across North America and Europe, benefiting the US Manufacturing and Aberdeen facilities.

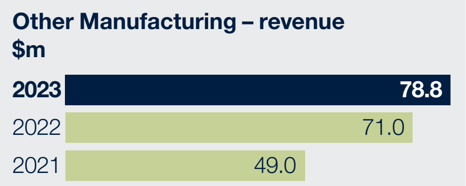
Well testing
In the year, the well testing business delivered another year of revenue growth, in-line with the increase in capital investment across the industry.

Given the focus on the Middle East for this product line, in August 2023 it was announced the two facilities in the Netherlands were to be combined into a single facility, with well testing assembly to be transferred to Dubai, once the new, larger manufacturing facility has been completed.

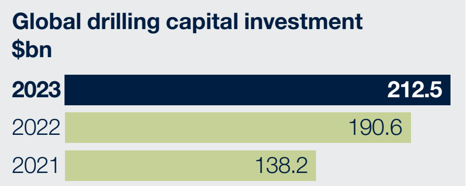
Organic oil recovery
The product continued to make progress in 2023, with new trials and field pilots being agreed or commenced by an increasing number of major international energy businesses.

Trenchless
The Trenchless business reported another solid year, supported by the ongoing rollout of 5G across North America. Sales of connections, drill stems and drill pipe have growth compared to 2022, with the outlook for 2024 also strong.

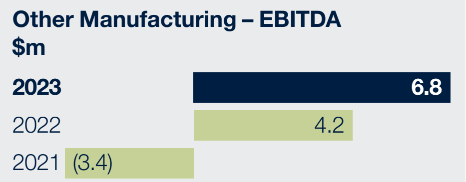
Exploration and production
As noted above, the Group sold all but one of its remaining onshore and offshore assets in the year to streamline Hunting's business profile. The assets were disposed of at net book value, with Hunting being released from future plug and abandonment liabilities.



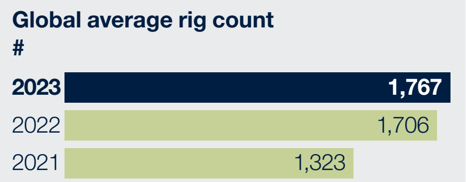
Source: Company



Source: Spears and Associates Drilling and Production Outlook – December 2023



Source: Company
Non-GAAP Measure see NGM C



Source: Spears and Associates Drilling and Production Outlook – December 2023

Source: Company

Operating Segment Review

Hunting Titan

		2023	2022
Market indicators*			
US onshore – average rig count	#	**670**	705
Canada onshore – average rig count	#	**175**	174
Revenue			
Perforating	$m	**93.7**	106.1
Energetics	$m	**70.0**	69.7
Instruments	$m	**72.4**	70.7
Perforating Systems	$m	**236.1**	246.5
OCTG	$m	**6.1**	3.5
Advanced Manufacturing	$m	**8.0**	7.8
External revenue	$m	**250.2**	257.8
Inter-segment revenue	$m	**9.0**	8.2
Segment revenue	$m	**259.2**	266.0
Profitability			
EBITDA**	$m	**21.9**	24.7
EBITDA margin	%	**8**	9
Operating profit	$m	**12.7**	10.3
Adjusting items	$m	**–**	5.6
Adjusted operating profit**	$m	**12.7**	15.9
Adjusted operating margin	%	**5**	6
Other financial measures			
Inventory	$m	**140.5**	122.6
Capital investment**	$m	**3.1**	3.9
Operational			
Headcount (year-end)	#	**622**	656
Headcount (average)	#	**647**	595
Operating sites	#	**4**	5
Service and distribution centres	#	**14**	12
Operational footage	kft²	**659**	651

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction

The Hunting Titan operating segment focuses predominantly on the US and Canadian onshore drilling and completion markets, but also services international markets from its operating sites in the US.

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.

Segment performance

Hunting Titan's revenue streams are divided into four sub-groups: (i) perforating; (ii) energetics; (iii) instruments; and (iv) advanced manufacturing and OCTG. Perforating gun sales decreased by $12.4m in the year while energetics sales remained flat at $70.0m reflecting the slower US market. This was offset by an increase in instrument sales of $1.7m compared to 2022.

Segment revenue was down 3% in 2023 at $259.2m (2022 – $266.0m), as the decline in the average WTI crude oil price, higher interest rates and the lower average US rig count dampened activity across North America during the year. Offsetting this domestic performance, Hunting Titan's international sales increased from $33.6m in 2022 to $45.0m in 2023, as demand for perforating products increased within Asia Pacific, the Middle East and South America.

EBITDA for the year was $21.9m (2022 – $24.7m) leading to an EBITDA margin of 8% compared to 9% in 2022.

Operating profit for the year was $12.7m (2022 – $10.3m), and given there were no adjusting items in the year, the adjusted operating profit was $12.7m (2022 – $15.9m). In 2022, the adjusting item of $5.6m was in respect of legal fees arising on defending a patent infringement claim.

Given the slower US onshore drilling market, inventory levels within the segment increased from $122.6m in 2022 to $140.5m in 2023.

Hunting Titan recorded capital investment of $3.1m (2022 – $3.9m) mainly relating to new equipment purchases for the Milford and Pampa facilities, including further expansion of detonation cord capacity.

The segment capitalised $2.2m (2022 – $1.0m) research and development costs in the year. This predominantly related to the development of the H-4 Perforating System™ and new energetics charges launched in the year.

Operating footprint and headcount

During the year, the Oklahoma City operating site was closed, following the investment at the Pampa and Monterrey operating sites. The Group retains a distribution centre in Oklahoma City to service clients in the immediate area.

During the year, the Group opened a distribution centre in Grande Prairie, Canada to service clients in this region with its H-4 Perforating System™ and Pre-Loaded Guns.

At the year-end, Hunting Titan operated from four operating sites and 14 distribution centres, located in Canada, Mexico and the US.

Headcount within the segment decreased from 656 in 2022 to 622 in 2023, predominantly due to the facility consolidation noted above.

Operating Segment Review continued

North America

		2023	2022
Market indicators*			
US onshore – average rig count	#	**670**	705
US offshore – average rig count	#	**19**	15
US – total drilling spend	$bn	**102.5**	100.8
Canada onshore – average rig count	#	**175**	174
Canada – total drilling spend	$bn	**16.8**	14.8
Revenue			
OCTG	$m	**192.4**	154.3
Advanced Manufacturing	$m	**104.1**	67.3
Other Manufacturing	$m	**42.8**	34.5
External revenue	$m	**339.3**	256.1
Inter-segment revenue	$m	**35.4**	24.6
Segment revenue	$m	**374.7**	280.7
Profitability			
EBITDA**	$m	**54.2**	26.7
EBITDA margin	%	**14**	10
Operating profit	$m	**34.1**	9.2
Adjusting items	$m	**–**	–
Adjusted operating profit**	$m	**34.1**	9.2
Adjusted operating margin	%	**9**	3
Other financial measures			
Inventory	$m	**107.8**	90.4
Capital investment**	$m	**14.5**	6.3
Operational			
Headcount (year-end)	#	**900**	818
Headcount (average)	#	**868**	760
Operating sites	#	**10**	10
Service and distribution centres	#	**2**	2
Operational footage	kft^2	**1,142**	1,136

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction
Hunting's North America operating segment incorporates the US and Canada OCTG businesses, and the Dearborn and Electronics businesses which form the majority of the Group's Advanced Manufacturing product lines. The segment generates a large proportion of the Group's non-oil and gas sales, which includes the Advanced Manufacturing group and the Trenchless business unit that services the telecommunications sector, which is reported under 'Other Manufacturing'.

Segment performance
Revenue within the North America operating segment is derived from three primary product groups being: (i) OCTG, which incorporates premium connection and accessories manufacturing; (ii) Advanced Manufacturing, which incorporates the Electronics and Dearborn business units; and (iii) Other Manufacturing, which incorporates well intervention and trenchless sales.

The segment's OCTG revenue has benefited from strong well completion sales into Guyana and Brazil during the year, as offshore developments have accelerated throughout the period. Sales of the Group's TEC-LOCK™; SEAL-LOCK™ and TKC4040™ connections have been strong as activity in North and South America has strengthened in the year, leading to a $38.1m increase in revenue in 2023 compared to 2022.

The Electronics business reported good growth, as traditional oil and gas sales, as well as medical device, other non-oil and sales and inter-company sales to Titan continued in the year. The Dearborn business reported a strong improvement in performance during 2023, as new equipment was installed and efforts to increase non-oil and gas revenue also were captured. Overall, Advanced Manufacturing revenue increased by $36.8m in the year compared to 2022.

Other Manufacturing revenue, increased by $8.3m, supported by improving well intervention sales and a steady performance from the trenchless business unit.

Overall, segment revenue was up by 33% from $280.7m in 2022 to $374.7m in 2023.

EBITDA for the segment was $54.2m (2022 – $26.7m) as activity increased in all product lines. This has led to an EBITDA margin of 14% compared to 10% in 2022. Operating profit and adjusted operating profit for the year were $34.1m (2022 – $9.2m), as there were no adjusting items in either year.

Inventory levels within the segment increased from $90.4m in 2022 to $107.8m, as new orders were commenced, particularly within the Electronics and US Manufacturing businesses.

The North America operating segment recorded capital investment of $14.5m (2022 – $6.3m) mainly relating to new equipment purchases and upgrades at the segment's Dearborn and US Manufacturing businesses.

The segment spent $4.1m (2022 – $4.3m) on research and development in the year, including spend to support the development and qualification of premium connections for application to geothermal and carbon capture projects.

Operating footprint and headcount
During the year, the operating footprint of the segment remained unchanged, with ten operating sites and two distribution centres at year-end. With the increase in activity reported across most product lines, the headcount within the segment increased from 818 in 2022 to 900 in 2023, predominantly within the Dearborn and US Manufacturing (OCTG) sites.

Subsea Technologies

		2023	2022
Market indicators*			
Global offshore – average rig count	#	**207**	189
Global offshore – total drilling spend	$bn	**68.3**	53.5
Revenue			
Stafford – Couplings and valves	$m	**42.1**	34.1
Spring – Stress joints	$m	**49.1**	25.0
Enpro – Flow access modules & Flow intervention systems	$m	**7.4**	9.9
External revenue	$m	**98.6**	69.0
Inter-segment revenue	$m	**–**	–
Segment revenue	$m	**98.6**	69.0
Profitability			
EBITDA**	$m	**13.7**	3.4
EBITDA margin	%	**14**	5
Operating profit (loss)	$m	**8.0**	(8.1)
Adjusting items	$m	**–**	7.0
Adjusted operating profit (loss)**	$m	**8.0**	(1.1)
Adjusted operating margin	%	**8**	(2)
Other financial measures			
Inventory	$m	**25.4**	18.3
Capital investment**	$m	**1.2**	0.9
Operational			
Headcount (year-end)	#	**196**	155
Headcount (average)	#	**180**	149
Operating sites	#	**3**	3
Operational footage	kft^2	**188**	188

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction
The Subsea Technologies operating segment was formed on 1 January 2023 and comprises three business units: (i) Stafford, which manufactures hydraulic valves and couplings; (ii) Spring, which manufactures titanium and steel stress joints; and (iii) Enpro which manufactures flow access modules and flow intervention systems.

These businesses occupy different parts of the offshore / subsea equipment supply chain, with customers ranging from tier one OEMs to exploration and production companies.

The segment operates from three facilities, two being located in the US and one in Scotland, UK.

Segment performance
With the increase in global offshore drilling spend noted on pages 24 and 25, revenue with the Subsea Technologies operating segment has increased 43% in the year, from $69.0m in 2022 to $98.6m in 2023.

The Stafford business unit has reported an $8.0m increase in revenue in the year, supported by new deepwater developments being progressed globally. The business reported record levels of sales in October and November 2023, which were similar to revenue reported in 2014, supporting the view that offshore investment is a key area of development for the global energy industry.

The Spring business unit has continued to grow its market share in the supply of steel and titanium stress joints for application to Floating Production, Storage and Offtake vessels and in the year revenue nearly doubled from $25.0m in 2022 to $49.1m in 2023.

The Enpro business unit reported a slow 2023, with revenue decreasing by $2.5m in 2023 compared to the prior year. However, a number of new orders were received in H2 2023, with the unit finishing the year with the largest backlog in its history.

EBITDA for the segment was $13.7m (2022 – $3.4m) as key contracts were progressed and operating efficiencies were improved on the back of increased volumes and stronger pricing. This has led to an EBITDA margin of 14% compared to 5% in 2022.

Operating profit for the year was $8.0m (2022 – $8.1m loss). The adjusted operating profit was $8.0m (2022 – $1.1m loss), with 2022 including a $7.0m adjustment for impairment of goodwill in Enpro.

Inventory levels within the segment increased from $18.3m in 2022 to $25.4m, as new orders were commenced, particularly within the Spring business unit.

During the year, the Subsea Technologies operating segment recorded capital investment of $1.2m (2022 – $0.9m) mainly relating to new equipment purchases at the Stafford facility.

Operating footprint and headcount
During the year, the operating footprint of the segment remained unchanged. The segment's Westhill operating site was merged into the Group's Badentoy, Aberdeen facility to save overhead costs, in January 2024.

Headcount within the segment increased from 155 in 2022 to 196 in 2023, reflecting the higher activity levels reported across the operating segment.

Operating Segment Review continued

EMEA

		2023	2022
Market indicators*			
Europe – average rig count	#	**96**	74
Europe – spend	$bn	**15.8**	14.1
North Sea – average rig count	#	**30**	30
North Sea – spend	$bn	**14.5**	13.0
Middle East – spend	$bn	**21.8**	19.0
Revenue			
OCTG	$m	**46.5**	32.4
Perforating Systems	$m	**7.7**	5.4
Other Manufacturing	$m	**32.5**	31.5
External revenue	$m	**86.7**	69.3
Inter-segment revenue	$m	**1.5**	2.2
Segment revenue	$m	**88.2**	71.5
Profitability			
EBITDA**	$m	**1.7**	(2.1)
EBITDA margin	%	**2**	(3)
Operating loss	$m	**(2.3)**	(6.0)
Adjusting items	$m	**–**	–
Adjusted loss**	$m	**(2.3)**	(6.0)
Adjusted operating margin	%	**(3)**	(8)
Other financial measures			
Inventory	$m	**28.1**	23.6
Capital investment**	$m	**2.4**	0.7
Operational			
Headcount (year-end)	#	**270**	247
Headcount (average)	#	**261**	226
Operating sites	#	**7**	7
Operational footage	kft²	**279**	236

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

Introduction

Hunting's EMEA operating segment comprises businesses in the Netherlands, Norway, Saudi Arabia, UAE and UK. The segment provides OCTG (including threading, storage and accessories manufacturing) in the Netherlands, Saudi Arabia and the UK. In the UAE the Group operates an equipment assembly function for well testing and intervention products as well as a global sales office for all of the Group's product lines and operates a service and distribution function in Norway. The Group's operations in Saudi Arabia are through a 65% joint venture arrangement with Saja Energy.

Segment performance

Revenue within the EMEA operating segment is derived from three primary product groups being: (i) OCTG, incorporating premium connection and accessories manufacturing; (ii) Perforating Systems, supporting the sales of products on behalf of Hunting Titan; and (iii) Other Manufacturing, which incorporates well intervention, well testing and organic oil recovery sales.

OCTG revenue has benefited strongly from the Tubacex contract, which is for an offshore, deep water project in Brazil. Within OCTG revenue, $4.2m of sales have been derived from energy transition / geothermal projects, which were completed for clients in the Netherlands. OCTG accessories revenue has also increased in Saudi Arabia as activity in the country increased throughout the year. Overall, OCTG revenue has increased by $14.1m in 2023 compared to the prior year.

Sales of Perforating Systems have also increased in the year, as demand for Hunting Titan's components increased across the Middle East and in Norway. Revenue from this product group increased $2.3m in the year.

Other Manufacturing, which includes well intervention sales and rental in addition to well testing and organic oil recovery sales have increased by $1.0m during the year to $32.5m. This includes $1.0m of non-oil and gas revenue for the sale of trenchless products.

EBITDA for the segment was $1.7m (2022 – $2.1m loss) as the activity noted above increased across most product lines. This has led to an EBITDA margin of 2% compared to (3)% in 2022.

The operating loss and adjusted operating loss narrowed to $2.3m loss (2022 – $6.0m loss). There were no adjusting items in either year.

Inventory levels within the segment increased from $23.6m in 2022 to $28.1m, as new orders were commenced, particularly in respect of the Tubacex contract.

During the year, the EMEA operating segment recorded capital investment of $2.4m (2022 – $0.7m) mainly relating to new equipment purchases at the segment's Badentoy facility.

Operating footprint and headcount

During the year, the operating footprint of the segment remained unchanged, with seven operating sites at the year-end.

In August 2023, the Group announced the consolidation of facilities in the Netherlands from two to one operating sites. Well testing assembly is being transferred to the UAE, where a new larger facility is currently being built and will be opened towards the end of 2024.

The headcount within the segment increased from 247 in 2022 to 270 in 2023.

Operating Segment Review continued

Asia Pacific

		2023	2022
Market indicators*			
Far East – spend	$bn	**24.8**	17.5
Middle East – spend	$bn	**21.8**	19.0
Revenue			
OCTG	$m	**150.8**	68.6
Other Manufacturing	$m	**3.5**	5.0
External revenue	$m	**154.3**	73.6
Inter-segment revenue	$m	**3.3**	6.8
Segment revenue	$m	**157.6**	80.4
Profitability			
EBITDA**	$m	**11.5**	(0.7)
EBITDA margin	%	**7**	(1)
Operating profit (loss)	$m	**8.5**	(3.4)
Adjusting items	$m	**–**	–
Adjusted operating profit (loss)**	$m	**8.5**	(3.4)
Adjusted operating margin	%	**5**	(4)
Other financial measures			
Inventory	$m	**29.2**	19.3
Capital investment**	$m	**2.2**	2.6
Operational			
Headcount (year-end)	#	**346**	309
Headcount (average)	#	**324**	301
Operating sites	#	**3**	3
Operational footage	kft²	**540**	531

* Source: Spears & Associates – December 2023 Drilling and Production Report
** Non-GAAP Measure (see pages 239 to 244)

FIND OUT MORE ON ASIA PACIFIC

Introduction

Hunting's Asia Pacific operating segment covers three operating facilities across China, Indonesia and Singapore and services customers predominantly in Africa, Asia Pacific, India and the Middle East.

In Singapore, Hunting manufactures OCTG premium connections and accessories and well intervention equipment. The Group's Indonesia facility also completes threading and accessories work. In China, the Group operates from a facility in Wuxi, which has OCTG threading and perforating gun manufacturing capabilities.

Segment performance

Revenue within the Asia Pacific operating segment is derived from two primary product groups being: (i) OCTG, which incorporates premium connection and accessories manufacturing; and (ii) Other Manufacturing, which incorporates well intervention manufacturing.

Revenue increased significantly in 2023, growing by 96% to $157.6m, from $80.4m in 2022. This is primarily due to OCTG product revenue which has grown strongly during 2023, following the significant CNOOC order win which was secured in August 2022, followed by a $91m order from Cairn Oil and Gas, Vedanta Limited, which is a three-year contract, and was announced in May 2023. Both contracts utilises China-sourced OCTG, with Hunting applying its SEAL-LOCK™ premium connection technology to this pipe.

EBITDA for the segment was $11.5m (2022 – $0.7m loss) due to a combination of the increased activity, pricing and operating leverage. This has led to an EBITDA margin of 7% compared to (1)% in 2022.

Operating profit and adjusted operating profit for the year was $8.5m (2022 – $3.4m loss), as there were no adjusting items in either year.

Inventory levels within the segment increased from $19.3m in 2022 to $29.2m, as new orders were commenced, particularly in respect to the CNOOC and Cairn Oil and Gas contracts.

During the year, the Asia Pacific operating segment recorded capital investment of $2.2m (2022 – $2.6m) mainly relating to new equipment purchases at the segment's Singapore and Wuxi facilities.

Operating footprint and headcount

During the year, the operating footprint of the segment remained unchanged, with three operating sites at year-end.

The headcount within the segment increased from 309 in 2022 to 346 in 2023, in support of the large OCTG orders secured during the year.

India joint venture

The segment has Group oversight of the Jindal Hunting Energy Services joint venture in India, in which Hunting holds a 49% interest. In September 2023, a state-of-the-art premium connection threading facility was opened in Nashik Province, which has capacity for 60,000 metric tonnes of OCTG per annum.

Group Financial Review

The Group delivered strong operational performance in 2023 reporting growth in revenue, operating profit and earnings, following a return to profitability in 2022. This was driven by heightened industry activity and was achieved despite more subdued commodity prices during the year, demonstrating the robust demand for the Group's diverse portfolio of products.

Financial performance measures

The following are financial key performance indicators as identified on page 12.

	2023 $m	2022 $m
Revenue	**929.1**	725.8
EBITDA (NGM C)	**103.0**	52.0
EBITDA margin[i]	**11%**	7%
Adjusted profit before tax[ii] (NGM B)	**50.0**	10.2
Adjusted diluted earnings per share – cents[ii] (NGM B)	**20.3c**	4.7c
Free cash flow[iii] (NGM P)	**(0.5)**	(60.4)
Total cash and bank (NGM K)	**(0.8)**	24.5
Dividend per share declared – cents (NGM Q)	**10.0c**	9.0c
Sales order book (note 23)	**565.2**	473.0

Financial performance measures derived from IFRS

	2023 $m	2022 $m
Operating profit	**61.0**	2.0
Profit/(loss) before tax	**50.0**	(2.4)
Diluted earnings/(loss) per share – cents	**70.0c**	(2.8)c
Net cash inflow/(outflow) from operating activities	**49.3**	(36.8)

i. EBITDA as a percentage of revenue.
ii. Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in Non-GAAP Measures ("NGM") on pages 239 to 244.
iii. Free cash flow in 2022 has been restated to include capital investment and intangible asset investment, see NGM P for further details.

Group Financial Review continued

Overview

Group revenue increased by 28% in 2023 to $929.1m, from $725.8m in 2022, buoyed by market momentum, notably in South America and Asia Pacific where drilling activity improved.

All operating segments delivered growth in revenue, with the exception of Hunting Titan where demand for Perforating Systems was impacted by a reduction in the North American rig count. There was particularly strong growth in the North America and Asia Pacific operating segments where demand for the Group's OCTG products accelerated in response to the increased activity in these regions. The newly formed Subsea Technologies operating segment benefited from growth in offshore drilling activity and the continued progress in sales of its titanium and steel stress joints. Additionally, in North America the Group's Advanced Manufacturing businesses reported strong revenue growth including the expansion of non-oil and gas sales, which now account for 8% of total Group revenue, up from 7% in 2022.

Gross margin improved by one percentage point, increasing to 25%, primarily from improvements in the Advanced Manufacturing and Subsea product groups.

With increased efficiencies and improved operating leverage, operating expenses as a percentage of revenue improved from 23% to 18%, and EBITDA nearly doubled compared to 2022, and at $103.0m (2022 – $52.0m) represents an EBITDA margin of 11%, up from 7% in 2022.

The Group's activities were further streamlined in 2023 with the disposal of Hunting's legacy oil and gas production assets, together with the closure of the Oklahoma manufacturing facility in the US. In 2024, further efficiencies will be gained with the consolidation of facilities in the Netherlands.

The improvement to EBITDA has driven operating profit performance, and also the adjusted diluted earnings per share, which at 20.3 cents, compared to 4.7 cents in 2022, improved by 332%.

Cash generation has been a focus as revenue growth through 2022 and 2023 has placed demands on increased levels of working capital. This focus can be seen in the cash performance of the Group in the second half of 2023. While working capital (NGM E) increased during the year from $362.8m in 2022 to $415.9m, it has reduced by $30.0m during H2 2023.

The Company's definition of free cash flow has been revised in 2023 and now includes capital investment and intangible asset investment. Free cash outflow in 2023 was $0.5m, compared to a $60.4m outflow in the prior year. Of note was the $59.0m inflow delivered in the second half of the year. Total cash and bank finished the year at $(0.8)m, following the movements noted above. There is more work to do to further improve our working capital efficiency and overall cash generation, and this is a priority for 2024.

The balance sheet at the end of 2023 was strong. There was an increase in non-current assets following continued capital and intangible asset investment in the Group of $34.6m (2022 – $22.0m) to support the growth outlook.

As part of the year-end procedures and following detailed analysis, the Group has recognised $83.1m of previously unrecognised deferred tax assets in the US, driven by the increased forecast profitability across the US businesses.

Whilst capital employed was up, profitability grew by a greater extent, resulting in an improvement in return on average capital employed from 1% in 2022 to 6% in 2023 (NGM S).

Summary Group operating results

	2023 $m	2022 $m
Revenue	**929.1**	725.8
Cost of sales	**(701.4)**	(554.4)
Gross profit	**227.7**	171.4
Selling and distribution costs	**(49.3)**	(46.1)
Administrative expenses	**(119.8)**	(124.9)
Net operating income and other expenses	**2.4**	1.6
Operating profit	**61.0**	2.0
Adjusting items[i] (NGM A)	**–**	12.6
Adjusted operating profit[i] (NGM B)	**61.0**	14.6
EBITDA (NGM C)	**103.0**	52.0
Diluted earnings/(loss) per share – cents (note 10)	**70.0c**	(2.8)c
Adjusted diluted earnings per share – cents[i] (NGM B)	**20.3c**	4.7c

i. Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in Non-GAAP Measures ("NGM") on pages 239 to 244.

Cash returns to shareholders also increased during the year to $15.0m (2022 – $13.6m) and, following the strong performance of the Group in the year, the Board has proposed an increase in the full year dividend of 11% to 10.0 cents per share.

Hunting is well positioned for 2024 and beyond, with a record sales order book of $565.2m at the year-end, compared to $473.0m in 2022, following material OCTG and Subsea order wins. It is expected that $444.5m of the order book will be recognised as revenue in 2024.

Operating results

Revenue

Revenue for 2023 increased by 28% to $929.1m (2022 – $725.8m) reflecting the accelerated industry activity during the year, particularly in South America, as drilling in Guyana and Brazil expanded, and in Asia Pacific, where drilling in India and the Middle East gathered momentum. Performance was particularly strong within the North America, Subsea Technologies and Asia Pacific operating segments driven by growth in the OCTG, Subsea and Advanced Manufacturing product lines, partially offset by some softness in Hunting Titan's perforating systems sales, due in part to a reduction in the North American rig count. There was also growth in non-oil and gas revenue of 59% from $47.6m in 2022 to $75.9m in 2023.

Gross profit

Gross profit for the year increased to $227.7m compared to $171.4m in 2022 driven by higher revenue and facility utilisation, leading to a better absorption of overheads. Gross margin was 25% in the year (2022 – 24%) as product mix, increased pricing and higher utilisation of facilities provided a healthier drop through to profit.

Group Financial Review continued

Operating profit

Following the charges for selling and distribution, administration, and other net operating income and expenses totalling $166.7m (2022 – $169.4m), operating profit in 2023 was $61.0m compared to $2.0m in 2022.

Selling and distribution costs increased by $3.2m to $49.3m (2022 – $46.1m) reflecting the increased level of activity across the Group. Administrative expenses were down from $124.9m in 2022 to $119.8m in 2023. 2022 included $12.6m relating to one-off adjusting items, see below. Excluding these items, the 7% increase in administrative expenses reflects further investment in support functions and infrastructure to underpin the growth agenda.

Profit/(loss) before tax

Net finance expense amounted to $10.4m (2022 – $1.7m) with the higher expense reflecting the interest paid on the utilisation of the Asset Based Lending ("ABL") facility during the year.

The Group's share of associates' and joint ventures' results in the year was a loss of $0.6m, reduced from a loss of $2.7m in 2022, reflecting an improved performance within Rival Downhole Tools. With the mobilisation of the joint venture with Jindal SAW during the year, the Group's share of associates' and joint ventures' results will be presented within operating profit and EBITDA from 1 January 2024.

Following these charges, the Group's profit before tax was $50.0m (2022 – $2.4m loss).

Taxation

The tax credit for the year was $69.0m (2022 – $1.3m charge) resulting in an effective tax rate ("ETR") of (138)% compared to (54)% in 2022.

The adjusted ETR provides a more meaningful comparison of the year-on-year position, which is discussed below. The Group's ETR is significantly different to that which might be expected when applying the weighted average tax rate of 23% to the profits made by the Group. The main driver of this difference relates to an adjusting tax credit of $83.1m that arose from the recognition of previously unrecognised deferred tax assets in the US. Due to the increased profitability in the region, the criteria for the recognition of the deferred tax assets was met in the period.

Profit/(loss) for the year

Following the tax, the profit for the year was $119.0m (2022 – $3.7m loss), with a profit of $117.1m (2022 – $4.6m loss) attributable to Hunting's shareholders.

Earnings/(loss) per share

Diluted earnings per share were 70.0 cents, up from a 2.8 cents loss per share in 2022. There were 167.3m (2022 – 170.1m) weighted average Ordinary shares in issue, inclusive of all dilutive potential Ordinary shares.

Non-GAAP profit measures

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 throughout this review, 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 239 to 244.

EBITDA of $103.0m nearly doubled compared to $52.0m in 2022, demonstrating the increased strength of global energy markets and the overall demand for the Group's diverse product portfolio. As a result, EBITDA margin improved to 11% (2022 – 7%). The definition and calculation of EBITDA is shown in NGM C.

There were no adjusting items impacting operating profit in 2023. Therefore, adjusted operating profit and adjusted profit before tax were the same as the corresponding statutory results.

In 2022, 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 defending a claim made by a competitor against the Group relating to a patent infringement. These adjustments, which impacted operating profit, totalled $12.6m. For further information, please see NGM A.

Adjusted operating profit in 2022 was $14.6m after adding back the adjusting items of $12.6m, which equated to an adjusted profit before tax of $10.2m. Adjusted operating margin in 2023 was 7% compared to 2% in 2022.

There was one adjusting item in 2023 relating to the tax credit of $83.1m in relation to the recognition of US deferred tax assets in the year. As detailed in NGM D, the adjusted tax charge for the year was, therefore, $14.1m, with an adjusted ETR of 28% (2022 – 13%).

The impact on diluted earnings per share of the adjustment to the tax charge was a reduction of 49.7 cents per share to 20.3 cents (2022 – 4.7 cents) for the year.

Revenue

$929.1m

(2022 – $725.8m)

Operating profit

$61.0m

(2022 – $2.0m)

> "With revenue growth combined with increased efficiencies and improved operating leverage, EBITDA nearly doubled to $103.0m."

Group Financial Review continued

Operating segment, product line financial data and sales order book

The Hunting business is organised and managed by segment but has a consistent product structure that runs across the organisation.

In order to provide better insight and visibility, management has provided additional information for revenue and EBITDA by product group, which clarifies the relationship between Hunting's operating segments and key product groups.

The Group's sales order book has increasingly become a more meaningful measure for shareholders to monitor the Company's trading outlook.

Management therefore presents below the sales order book of the Group, as at 31 December 2023, by operating segment and product group to assist in the outlook for the medium term.

The sales order book comprises the value of all unsatisfied orders from customers and is expected to be recognised as revenue in future periods. The sales order book represents the aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations, as defined in IFRS 15 Revenue from Contracts with Customers (note 23).

The Group sales order book continued to grow and was a record $565.2m at 31 December 2023, up 19% from $473.0m at 31 December 2022, following several material order wins within the Subsea and OCTG product groups.

The sales order book comprises 2% Perforating Systems (2022 – 4%); 39% OCTG (2022 – 42%); 29% Advanced Manufacturing (2022 – 29%); 27% Subsea (2022 – 22%) and 3% Other Manufacturing (2022 – 3%).

Of this order book, approximately 79% is expected to be recognised as revenue in 2024, 10% during 2025 and 11% from 2026 onwards, underlying the changing profile of Hunting's revenue visibility.

Detailed commentary on the financial performance of each operating segment can be found on pages 50 to 54.

Detailed commentary on the financial performance of Hunting's product groups can be found on pages 40 to 49.

Segmental operating results

	2023				2022			
	Revenue $m	EBITDA[i] $m	Adjusted operating result[ii] $m	Sales order book $m	Revenue $m	EBITDA[i] $m	Adjusted operating result[ii] $m	Sales order book $m
Hunting Titan	**259.2**	**21.9**	**12.7**	**20.3**	266.0	24.7	15.9	33.0
North America	**374.7**	**54.2**	**34.1**	**298.8**	280.7	26.7	9.2	251.7
Subsea Technologies	**98.6**	**13.7**	**8.0**	**152.2**	69.0	3.4	(1.1)	105.1
EMEA	**88.2**	**1.7**	**(2.3)**	**31.1**	71.5	(2.1)	(6.0)	35.1
Asia Pacific	**157.6**	**11.5**	**8.5**	**142.8**	80.4	(0.7)	(3.4)	110.4
Inter-segment elimination	**(49.2)**	**–**	**–**	**(80.0)**	(41.8)	–	–	(62.3)
	929.1	**103.0**	**61.0**	**565.2**	725.8	52.0	14.6	473.0

i. EBITDA is a non-GAAP measure, see NGM C.
ii. Results are presented on a statutory basis as reported under UK adopted International Financial Reporting Standards. Adjusted results reflect adjusting items determined by management, which are described in NGM A.

Results by product group

	2023			2022		
	Revenue $m	EBITDA[i] $m	Sales order book $m	Revenue $m	EBITDA[i] $m	Sales order book $m
Perforating Systems	**243.8**	**25.1**	**12.7**	251.9	27.3	18.7
OCTG	**395.8**	**46.7**	**222.0**	258.8	16.2	196.5
Advanced Manufacturing	**112.1**	**10.7**	**161.5**	75.1	0.9	137.6
Subsea	**98.6**	**13.7**	**152.2**	69.0	3.4	105.1
Other Manufacturing[ii]	**78.8**	**6.8**	**16.8**	71.0	4.2	15.1
	929.1	**103.0**	**565.2**	725.8	52.0	473.0

i. EBITDA is a non-GAAP measure, see NGM C.
ii. Other Manufacturing now includes the previously disclosed Well Intervention product group.

Group funding

The Group's primary source of funding is through the $150.0m Asset Based Lending ("ABL") facility, which is in place until February 2026.

An accordion feature of up to $50.0m has also been agreed and providing 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.

The ABL was drawn down during 2023 due to investment in working capital to support the increased activity. The closing ABL borrowing position was $44.9m and, together with bank overdrafts of $1.4m, was offset by $45.5m of cash held across the Group. Of this cash holding, $24.3m is in China.

Sales order book

$565.2m

(2022 – $473.0m)

> "The Group sales order book grew by 19% and was a record at 31 December 2023."

The collateral reporting cycle for the period ending 30 November 2023, which determined availability under the ABL facility at 31 December 2023, delivered applicable asset values amounting to $151.1m (2022 – $158.0m). The difference between the total facility quantum available to the Group under the ABL (i.e. $150.0m) and the applicable asset values was $1.1m (2022 – $8.0m). This suppressed availability represents the amount of over collateralisation provided by the Group and means that the entire $150.0m remains available for utilisation by the Group.

It is management's view that the ABL remains resilient and continues to provide a strong foundation on which the strategic growth aspirations of the Group may be established.

Further details relating to the ABL and the other facilities, as well as information on the Group's financial risk management are disclosed in note 30.

Consideration of the likelihood that the Group will require access to the facilities, or any other sources of external funding, to support our existing operations in the next 12 months are covered in the going concern assessment on page 107.

Cash flow

After adding non-cash share-based payment charges back to EBITDA, the resulting cash inflow in 2023 was $116.5m (2022 – $61.9m).

The outflow relating to working capital in 2023 was $55.0m (2022 – $86.6m) reflecting the continued growth in activity across the Group. Hunting is measuring balance sheet efficiency using working capital as a percentage of annualised revenue.

Summary Group cash flow statement

	2023 $m	2022[i] $m
EBITDA (NGM C)	**103.0**	52.0
Add: share-based payment expense	**13.5**	9.9
	116.5	61.9
Working capital movements (NGM M)	**(55.0)**	(86.6)
Lease payments	**(10.4)**	(8.0)
Net interest and bank fees paid	**(7.3)**	(2.9)
Net tax paid	**(9.1)**	(3.9)
Capital investment (NGM N)	**(23.7)**	(16.4)
Intangible asset investment	**(10.9)**	(5.6)
Proceeds from asset disposals	**1.9**	9.0
Net gains on asset disposals	**(1.7)**	(2.8)
Legal fees to defend patent infringement claim	**–**	(5.6)
Other operating and non-cash movements (NGM O)	**(0.8)**	0.5
Free cash flow (NGM P)	**(0.5)**	(60.4)
Investment in associates and joint ventures	**(1.6)**	(3.5)
Dividends received from associates	**0.6**	–
Dividends paid to equity shareholders	**(15.0)**	(13.6)
Net purchase of treasury shares	**(8.7)**	(7.7)
Net cash flow	**(25.2)**	(85.2)
Foreign exchange	**(0.1)**	(4.5)
Movement in total cash and bank (note 26)	**(25.3)**	(89.7)
Opening total cash and bank	**24.5**	114.2
Closing total cash and bank (NGM K)	**(0.8)**	24.5

i. Free cash flow in 2022 has been restated to include capital investment and intangible asset investment, see NGM P for further details.

Whilst significant progress was made in the second half of 2023, with working capital reducing by $30.0m, our closing ratio as a percentage of annualised revenue of 46% is slightly down on the position at the end of 2022 of 44% (NGM E).

Supporting measures of working capital have also been a focus. Inventory days moved from 159 days at 31 December 2022 to 175 days at 31 December 2023 (NGM F), reflecting inventory build in support of both the current order book, and in Titan for future orders. Receivables days have increased slightly to 89 days compared to 84 days at 31 December 2022 (NGM G) reflecting the changing product mix, with OCTG typically having slightly longer payment terms than Perforating Systems. Payables days have remained consistent moving from 50 days to 49 days (NGM H). In addition, Hunting has reduced its payments on account to suppliers from $23.7m in 2022 to $12.4m at the end of 2023, and increased its advances from customers from $8.8m in 2022 to $31.0m at the end of 2023.

During the year, the Group's leasing arrangements gave rise to cash payments of $10.4m (2022 – $8.0m), with the majority of the increase attributable to a one-off payment made to exit a lease for a surplus property in Canada.

Group Financial Review continued

Net interest and bank fees paid in the period were higher at $7.3m (2022 – $2.9m), mainly due to interest paid on the borrowings under the ABL facility. 2022 included $3.0m relating to ABL fees paid, which were capitalised on the balance sheet.

Net tax payments of $9.1m were made in 2023 (2022 – $3.9m), reflecting the Group's improved operating results during the year.

We continued to invest in the business with capital investment in the year totalling $23.7m (2022 – $16.4m). Hunting Titan spent $3.1m, mostly on new plant and machinery; $14.5m was in North America, with $6.1m spent by Dearborn and $4.5m spent by US Manufacturing on new machines and upgrades; $1.2m was in Subsea Technologies on new machines; $2.4m was in EMEA; $2.2m by Asia Pacific; and $0.3m centrally.

Intangible asset investments in the year were $10.9m (2022 – $5.6m), with $7.0m incurred on software and the continued roll out of the D365 ERP system, and $2.2m by Hunting Titan on internally generated technology.

Proceeds from the disposal of assets totalled $1.9m (2022 – $9.0m). In 2022, net proceeds comprised 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.

Gains on asset disposals of $1.7m (2022 – $2.8m) relate to gains on the disposal of property, plant and equipment including the disposal of legacy oil and gas exploration and development assets.

Legal fees of $5.6m were paid in 2022 to defend the Group against a patent infringement claim made by a competitor. There were no corresponding fees in 2023.

The resulting free cash outflow was $0.5m, compared to a free cash outflow in 2022 of $60.4m.

During the year, the Group made a further investment in Cumberland Additive totalling $1.6m, following the $1.6m invested in 2022. In 2022, the Group also invested $1.9m in the joint venture with Jindal SAW in India to support the development of the new threading facility which opened in the second half of 2023. Hunting also received a $0.6m distribution from an associate during 2023.

There were increased returns to shareholders in 2023 with dividends paid to Hunting PLC shareholders amounting to $15.0m (2022 – $13.6m).

During the year, 2.9m Ordinary shares (2022 – 2.1m Ordinary shares) were purchased as treasury shares through Hunting's Employee Benefit Trust for a total consideration of $9.0m (2022 – $7.9m). These shares will be used to satisfy future awards under the Group's share award programme. This was offset by $0.3m (2022 – $0.2m) received on the disposal of treasury shares.

Overall, the Group recorded a net cash outflow of $25.2m (2022 – $85.2m), which was predominantly driven by the absorption of cash into working capital, as noted above.

As a result of the above cash outflows and $0.1m foreign exchange losses (2022 – $4.5m), total cash and bank was $(0.8)m (NGM K) at the year-end (31 December 2022 – $24.5m).

Summary Group balance sheet

	2023 $m	2022 $m
Property, plant and equipment	**254.5**	256.7
Right-of-use assets	**26.2**	26.0
Goodwill	**154.4**	155.5
Other intangible assets	**40.8**	35.7
Investments in associates and joint ventures	**20.5**	20.1
Working capital (NGM E)	**415.9**	362.8
Taxation (current and deferred)	**82.7**	4.0
Provisions	**(7.5)**	(8.9)
Other net assets	**3.0**	4.3
Capital employed (NGM J)	**990.5**	856.2
Total cash and bank (NGM K)	**(0.8)**	24.5
Lease liabilities	**(28.7)**	(30.6)
Shareholder loan from non-controlling interest	**(3.9)**	(3.9)
Net debt (note 26)	**(33.4)**	(10.0)
Net assets	**957.1**	846.2

Balance sheet

Property, plant and equipment was $254.5m at 31 December 2023 (2022 – $256.7m) following additions of $23.1m and other items of $2.7m, offset by depreciation of $27.2m and disposals of $0.8m. Capital investment during the year was made to support the growth agenda.

Right-of-use assets totalled $26.2m at 31 December 2023 compared to $26.0m at 31 December 2022.

Goodwill was largely unchanged at $154.4m (2022 – $155.5m) with impairment and foreign exchange movements totalling $1.1m.

Other intangible assets increased by $5.1m to $40.8m at 31 December 2023. Additions of $10.9m on internal development of new products at Hunting Titan as well as on software and IT data centres, and favourable foreign exchange movements of $0.8m were offset by amortisation charges of $6.6m.

Investments in associates and joint ventures increased by $0.4m, reflecting a further investment in Cumberland Additive of $1.6m, offset by the Group's share of associates' and joint ventures' losses for the period of $0.6m and the receipt of a $0.6m distribution. The Group's share of post-tax profit of its material associate, Rival Downhole Tools, was $1.4m in 2023 (2022 – $1.6m loss).

Working capital (NGM E) increased by $53.1m to $415.9m, in-line with the growth in activity in the business. Inventory levels grew by $58.8m to $380.9m but inventory provision levels remained broadly flat at $52.5m supported by the growth outlook.

Group Financial Review continued

Net tax assets on the balance sheet were $82.7m at 31 December 2023 compared to $4.0m in the prior year. Net tax assets have risen significantly as a result of the recognition of previously unrecognised deferred tax assets in the US, reflecting improved profit expectations in the region.

As a result of the above changes, capital employed in the Group increased by $134.3m to $990.5m. The return on average capital employed was 6% in 2023 compared to 1% in 2022 (NGM S).

Net debt (note 26) at 31 December 2023 was $33.4m (31 December 2022 – $10.0m), a significant improvement on the position reported at half year of $82.3m due to strong cash generation in the second half. The closing position is a result of working capital outflows reflecting the strong trading environment and increased sales order book, as described above. Net debt includes $28.7m of lease liabilities, which have decreased by $1.9m during the year due to lease payments being made.

Dividend

A Final Dividend of 5.0 cents per share (2022 – 4.5 cents) has been proposed by the Board, making the total dividends declared for the year ending 31 December 2023 10.0 cents per share (2022 – 9.0 cents per share), an increase of 11% over 2022. Subject to shareholder approval at the 2024 Annual General Meeting, the Final Dividend will be paid on 10 May 2024. This distribution will amount to an estimated cash return of $7.9m (2022 – $7.1m).

The dividend will be paid in Sterling with the Sterling value of the dividend payable per share 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. The dividend will be paid to those shareholders on the register at the close of business on 12 April 2024, with an ex-dividend date of 11 April 2024.

Bruce Ferguson
Finance Director

29 February 2024

ESG and Sustainability

Our approach

Hunting is committed to operating responsibly, ethically and sustainably to create long-term value by firmly embedding these principles into our strategy and culture. We are committed to relevant and transparent disclosures and continue to improve our ESG-related reporting procedures, aligning these with current and new disclosure regulations and standards and the needs of our stakeholders.

ESG disclosures

- We continue to report in line with the SASB standards most relevant to our business: SASB Oil & Gas – Services and Industrial Machinery & Goods standards. Our SASB content index may be found on pages 80 and 81.
- We have adopted and report against the Task Force on Climate-related Financial Disclosure ("TCFD") standard. See pages 82 to 95.
- We make an annual submission to the Carbon Disclosure Project, which can be reviewed at www.cdp.net.
- Our annual Modern Slavery Act Statement, which is approved by the Board, is available on our website at www.huntingplc.com.
- As a publicly-listed company providing products and services primarily to the oil and gas sector, we annually disclose the Payments made to Governments on a country-by-country and project-by-project basis under the Payments to Government Regulation 2015. This is available at www.huntingplc.com.

We also highlight our contribution to the UN Sustainable Development Goals ("SDGs"). We have identified SDGs 3, 5, 6, 7, 8, 9, 12, 13 and 17 as the ones to which we can make the most positive contribution.

ESG and Sustainability continued

Governance

The Ethics and Sustainability Committee has stewardship of the Group's strategic approach to ESG matters. The Committee monitors and guides those matters that are both financially material to the value of the Group's businesses over time, and those that are important to our markets, our employees, other stakeholders and the environment. The Committee met on two occasions in 2023. For more details see pages 128 to 130.

The management of ESG matters is led by the Chief Executive and the Executive Committee, supported by the ESG Steering Committee and TCFD Working Group.

Focus on material issues

In 2023, we again undertook a materiality assessment to guide our ESG framework and disclosures. For the first time we adopted a 'double materiality approach', considering:

- Impact materiality, that is the actual or potential, positive or negative impacts of the business on people or our environments over the short, medium or long term; and
- Financial materiality, that is whether an issue may be material from a financial perspective, and could potentially trigger financial effects on Hunting, either as a risk or opportunity, in the short, medium or long term.

Our process involved:

- An assessment of new and impending reporting disclosure regulations and standards; a review of peer reporting; and an analysis of feedback from ratings agencies;
- Interviews undertaken with senior executives across the Group in core disciplines: compliance; investor relations; human resources; health, safety, environment and quality; IT; and customer engagement and marketing;
- We undertook an online survey of key executives to determine their assessment of the issues through the lenses of impact and financial materiality; and
- The survey resulted in the identification and ranking of issues. We have focused on the top 14 issues, which were reviewed by the Executive Committee prior to their being submitted to the Board for consideration and approval.

These issues are illustrated on the right in alignment with our sustainability framework.

Material issues 2023 – adopting a 'double materiality' approach

The environment

- Ensuring environmental compliance and good practice; and
- Pursuing the responsible transition to and growth of our business in less carbon-intensive sectors.

People and society

- Protecting the health and safety of our customers;
- Protecting the health, safety and well-being of employees; and
- Promoting and ensuring employee engagement.

Responsible Products

- Ensuring the quality and consistency of our products;
- Ensuring customer and market responsiveness; and
- Delivering innovation.

Governance

- Safeguarding cyber-security;
- Protecting and enhancing our reputation;
- Complying with regulations;
- Promoting business ethics, anti-bribery and corruption;
- Assuring due diligence in our supply chain; and
- Promoting Board leadership and accountability for ESG.

At a glance

The environment

Scope 1 and 2 GHG data assurance completed

To review our assurance report please see www.huntingplc.com

Waste and environmental impact:

Zero environmental fines or recordable environmental incidents (2022 – zero)

People and society

Safety remains a priority

Zero
fatalities (2022 – zero)

24
recordable incidents (2022 – 23)

1.55
near-miss frequency rate (2022 – 2.79)

Improved levels of employee engagement

The 2023 employee engagement survey recorded an engagement score of 42%, compared to 36% recorded in 2019.

Gender diversity improvements

44%
of the Board are women (2022 – 37%)

25%
of workforce are women (2022 – 24%)

32%
of senior management are women (2022 – 28%)

Board independence

78%
of the Board is independent

Responsible products

78%
of our facilities are compliant with ISO 9001: 2015, a globally recognised standard for quality management

Our Quality Management System is aligned with ISO 14001 (international standard for designing and implementing an environmental management system)

ISO 50001
(international standard for designing, implementing and maintaining an energy management system)

Governance

Continued focus on Board accountability for ESG

Ethics and Sustainability Committee met twice in 2023 (2022 – twice)

ESG and Sustainability continued

Our sustainability framework

We have continued to refine and simplify our ESG framework, aligning this with the outcomes of our materiality process.

Our overriding ESG ambition is to create long-term, sustainable value and this was applied in four areas of focus:

- The environment;
- People and society;
- Responsible products; and
- Governance.

Our commitments remain unchanged and are aligned with each of these focus areas, which form the basis of our ongoing disclosure. For each focus area, we indicate the relevant Sustainable Development Goal ("SDG").

Progress against our commitments

AREA	OUR COMMITMENTS	MATERIAL ISSUES ADDRESSED	WHAT WE MEASURE	PERFORMANCE IN 2023
The environment	**Managing our environmental performance, mitigating our impacts** We protect and minimise our impact on the environments in which we operate, and where our products are used. We focus on climate change – setting and achieving emissions reductions and mitigating climate-related risks.	• Applying integrated risk management across the business; • Increasing GHG emissions disclosures, and developing a credible transition pathway to Net Zero; and • Ensuring environmental compliance and good practice (emissions, water, waste).	Environmental incidents	Zero (2022 – zero)
			CO_2e intensity factor	25.9 kg CO_2 per $k revenue (2022 – 30.9 kg)
			Water consumption	198,000m^3 (2022 – 164,000m^3)
People and society	**Operating safely** We seek to achieve and maintain the highest standards of safety for our employees, customers, suppliers and the public.	• Protecting the safety of our customers and users of our products; and • Protecting the health, safety and well-being of our employees.	Internal manufacturing reject rate	0.20% (2022 – 0.13%)
			Fatalities	Zero (2022 – zero)
			Total recordable incident rate	0.91 (2022 – 0.97)
			Near-miss frequency rate	1.55 (2022 – 2.79)
			Vehicle incidents	Zero (2022 – nine)
	Supporting and developing our people We want to attract and retain a highly skilled workforce. We provide training and development to our employees to help them sustain and grow their careers. We promote diversity and workplaces that are free of prejudice.	• Ensuring fair labour practices and optimal human capital management;	Voluntary turnover	14% (2022 – 13%)
		• Promoting diversity and inclusion, with the current focus on gender diversity; and	Representation of women on the Board, in senior management; and in the workforce	44% women on the Board (2022 – 37%) 32% women in senior management (2022 – 28%) 25% women in workforce (2022 – 24%)
		• Engaging with our employees.	Engagement level	42% engagement score (2019 – 36%)
	Supporting communities around us We make a positive contribution to the communities in which we operate.	• Investing in our communities.	Charitable donations	$81k paid in charitable donations (2022 – $85k)

ESG and Sustainability continued

AREA	OUR COMMITMENTS	MATERIAL ISSUES ADDRESSED	WHAT WE MEASURE	PERFORMANCE IN 2023
Responsible products	**Delivering high quality products and services** We meet and pre-empt the needs of our customers and the environments we both operate in, through innovation, customisation and the highest levels of quality control.	• Ensuring the quality assurance of our products; • Transition to and growth of business in less carbon-intensive sectors; • Promoting innovation to develop new products and applications; and • Being responsive to the needs of our customers and market.	Internal manufacturing reject rate	0.20% (2022 – 0.13%)
			% of shipped goods returned	0.0006% (2022 – 0.0013%)
			% of facilities accredited to ISO 9001: 2015 (Quality)	78% (2022 – 74%)
			Non-oil and gas revenue	$75.9m (2022 – $47.6m)
			Research and development expenditure	$6.9m (2022 – $5.8m)
Governance	**Fostering mutually beneficial partnerships** We foster sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. We respect human rights.	• Ensuring sound governance, business ethics, and anti-bribery and corruption; • Due diligence in supply chain; • Observance of regulation and custom, including local content; • Respecting human rights, including preventing modern slavery; • Maintaining transparency and improving ESG disclosure; and • Disclosing Board and leadership accountability for ESG, and linking this to remuneration.	Whistleblowing reports	Six reports (2022 – two)

Our contribution to the SDGs

The United Nations' 2030 Agenda for Sustainable Development provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 SDGs, which are an urgent call for action by all countries – developed and developing – in a global partnership. These goals 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 contribute to achieving these goals, and that every contribution – no matter how small – can have a positive impact on society and the environment.

We have identified nine SDGs to which we can make a positive contribution.

Good health and well-being

The health and safety of our employees is of the utmost importance to us. We are responsible 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, support and access to healthcare we provide, 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. We also have a number of readily available technologies and products to supply to the tangential geothermal and carbon capture and storage markets in the emerging energy transition sector.

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 the responsible sourcing of materials.

Gender equality

Our aim is to ensure that our workplaces and decision making processes 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, we also seek to promote diversity on our Board and among our senior leadership team.

Decent work and economic growth

We have a skilled and diverse workforce, operating in 11 countries across the globe. We place a great emphasis on attracting and retaining talented employees, ensuring that they are engaged and able to develop to their full potential. Measures are 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 the most positive contribution towards climate change mitigation by improving our energy efficiency mix and reducing our greenhouse 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. We 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.

ESG and Sustainability continued

The environment

OUR COMMITMENT

We protect and minimise our impact on the environment in which we operate, and where our products are used. We support the responsible transition to a low carbon economy, by setting and achieving emissions reductions and mitigating climate-related risks, and transitioning our business to less carbon intensive sectors.

MATERIAL ISSUES

Ensuring environmental compliance and good practice (emissions, water, waste)

Pursuing the transition to and growth of our business in less carbon-intensive sectors

SDGs

Our comprehensive and integrated approach to quality, safety, health and environmental management and compliance is underpinned by our sound enterprise risk management framework. This supports our aim to ensure compliance with all environmental regulation in the regions in which we operate.

We are committed to the efficient use of natural resources, such as energy, water and raw materials, and to reducing our overall environmental footprint.

The Group's Quality Management System is aligned with the globally recognised ISO 14001 (environmental) standard and the ISO 50001 (energy management) standard. In 2023, 78% (2022 – 74%) of facilities were in compliance with ISO 9001: 2015.

Climate change

At Hunting, we support a science-based approach to climate change and recognise that responsible companies have a role to play in mitigating our contribution to climate change and its impacts on business and society. The Hunting Board has committed to the principles published in the 2015 Paris Agreement, which aims to limit the increase in global warming to below 2°C and to pursue efforts to limit the increase to 1.5°C. Our Climate Policy was updated in January 2023, and is available at www.huntingplc.com. Having adopted and progressed our TCFD reporting, additional strong governance and reporting initiatives have been put in place to further support our commitment to addressing and mitigating our impact on climate change, as well as the impact of climate change on our business in the short, medium and long term. Our TCFD disclosure is available on pages 82 to 95.

We seek to manage our climate-related impacts by setting and achieving emission reductions, and mitigating climate-related risks. While Hunting's businesses have historically operated in the oil and gas sector, the Group is deliberately seeking to transition to lower carbon products and services. We are committed to pursuing energy transition opportunities as well as diversifying revenue sources to include non-oil and gas sales.

ESG and Sustainability continued

2013	2019	2021	2022	2023	2024	2025
Began scope 1 and 2 GHG emissions reporting	Publication of maiden carbon reduction and intensity targets	Initial TCFD disclosures published	Publication of enhanced TCFD disclosures Commenced carbon assurance against AA1000 standard	Maiden scope 3 GHG reporting, based on Hunting Titan operating segment data	Proposed expansion of scope 3 reporting and development of Net Zero plan	Proposed publication of Net Zero plan

Measuring our emissions and setting targets

Hunting has disclosed its scope 1 and 2 GHG emissions since 2013, in accordance with the principles of the Kyoto Protocol. The process for the reporting of these emissions is integrated into our non-financial reporting framework. As our scope 1 and 2 emissions are within our control, our aim is to reduce them as a priority:

- In 2022, the Board approved a target to reduce our GHG emissions by 50% by 2030, from levels reported in 2019, the baseline year. This equates to a target of 17,937 tonnes in total scope 1 and 2 emissions by the end of the decade. The Group continues to drive an intensity factor (calculated as total emissions divided by revenue) of less than 30; and
- In late 2022, the Group appointed S&P Global to assure our 2022 scope 1 and 2 GHG emissions data. This process was completed in July 2023, with no material issues being identified.

In September 2023, the Group appointed a third-party expert to assist in the evaluation of Hunting's scope 3 GHG emission inventories. This process started in late 2023 at our Hunting Titan operating segment. Hunting Titan currently represents around 23% of the Group's scope 1 and 2 carbon footprint and is considered to be a major component of our overall footprint.

In 2024, this assessment will be extended to the Group's Subsea Technologies, EMEA and Asia Pacific operating segments to further improve the accuracy of our total GHG footprint. This will enable the Group to develop and publish a credible carbon reduction plan by mid-2025.

Our scope 1 and 2 carbon footprint

To reduce our scope 1 and 2 emissions footprint, we aim to improve our energy efficiency and, at the same time, 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.

In the US, where most 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 substantially 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 several 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 2023, our total electricity usage was 49.4 GWh (2022 – 43.4 GWh). Of this figure, total renewable electricity purchased was 11.4 GWh, (2022 – 8.7 GWh) or 23% of electricity purchased (2022 – 20%).

Total purchased electricity GWh

Renewable electricity purchased GWh

The data reported and the carbon dioxide conversion factors used to report the Group's carbon footprint, are based on those published by the International Energy Agency and BEIS and DEFRA in the UK (www.defra.org.uk).

Total scope 1 and 2 CO_2e emissions tonnes

* 2030 Target

The Group's total scope 1 and 2 emissions in 2023 were 24,042 tonnes CO_2e (2022 – 22,422 tonnes CO_2e). In the UK, total scope 1 and 2 emissions in 2023 were 787 tonnes CO_2e (2022 – 359 tonnes CO_2e).

Our scope 3 carbon footprint

In 2023, the Group appointed an independent third-party expert adviser to assist in the determination of Hunting's scope 3 inventories. Following internal discussion, management decided to commence this exercise using the Hunting Titan operating segment as a proxy for the Group's total scope 3 inventories. Hunting Titan has a centralised operating structure, which enabled a broad range of emissions data to be collected and assessed. In recent years, the segment has accounted for c.24% of the Group's total scope 1 and 2 footprint, which management believes to be sufficiently material in order to extrapolate the data and derive an estimate of the Group's total scope 3 footprint.

Working with the third-party expert, the Group has been able to report against eight of the 15 pillars of scope 3 inventories including: purchased goods and services; capital goods; fuel and energy related activities; upstream transportation and distribution; waste generated from operations; business travel; employee commuting; and end of life treatment of sold products.

ESG and Sustainability continued

Two pillars will be reported on in the future when further analysis has been completed, being use of sold products; and downstream leased assets.

Five pillars were determined not to be relevant to the business profile of Hunting Titan, being upstream leased assets; downstream transportation and distribution; processing of sold products; franchises; and investments.

Based on these eight reported pillars, Hunting Titan's 2022 scope 3 inventories were calculated to be 94,938 tonnes. In 2022, Hunting Titan's scope 1 and 2 inventories totalled 5,455 tonnes, indicating that its scope 3 footprint was c.95% of its total scope 1, 2 and 3 footprint. In 2022, Hunting Titan, therefore, had an estimated scope 1, 2 and 3 footprint of c.100,393 tonnes.

Management have used this assessment to extrapolate Hunting's total Group scope 3 footprint for 2022 and 2023. The method for extrapolation had been based on the cost of sales of Hunting Titan and that of the wider Group over these two years, and reflects materials purchasing and employee increases, based on the higher levels of activity reported in the year. The Group's scope 3 inventories for 2023 and 2022 have, therefore, been assessed to be 353,346 tonnes and 277,143 tonnes respectively. The estimated total Group scope 1, 2 and 3 emissions for 2023 were, therefore, 377,388 tonnes (2022 – 299,565 tonnes).

Management will be extending this assessment exercise to include the Group's Subsea Technologies, EMEA and Asia Pacific operating segments in 2024, with the North America operating segment to be assessed in 2025. In addition, further work is planned to broaden the number of reporting pillars of scope 3 being assessed.

Carbon intensity factor

Hunting's CO_2e intensity factor is based on total carbon dioxide equivalent emissions divided by Group revenue. In 2023, this was 25.9 kg/$k of revenue (2022 – 30.9 kg/$k of revenue). This is based on our scope 1 and 2 CO_2e tonnage only.

CO_2e intensity factor
#

Our latest submission to the Carbon Disclosure Project is available at www.cdp.net.

Climate change impact and transition

Hunting is currently transforming its business model to pursue opportunities in a lower carbon economy in response to, and to mitigate, climate change. Currently, around $75.9m or 8% (2022 – $47.6m or 7%) of our revenue contribution is from non-oil and gas sectors, and this is set to steadily increase in the years to come.

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 on page 69.

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

Water management

We recognise that water is a valuable resource and, in some areas in which we operate, it is also a scarce resource. Hunting has a number of water supplies, some provided by utility networks and some from boreholes drilled at certain locations. While Hunting is not considered to be a significant water user, we are mindful of the need to actively reduce our freshwater consumption, to reuse/recycle water as far as possible, and to ensure that no contaminated water is discharged into the original water source. Any water contaminated during industrial activities is collected and treated or contained as special waste. Our intention is to recycle as much as we are able to internally or facilitate treatment and recycling off site. We are mindful of the potential impact on our facilities of extreme weather events, and ensure that any run-off from our facilities is captured and contained, prior to treatment, through secondary containment measures. A feature of all new and planned facilities is the likely impact of severe storms. In 2023, freshwater consumption was 198,000m^3 (2022 – 164,000m^3).

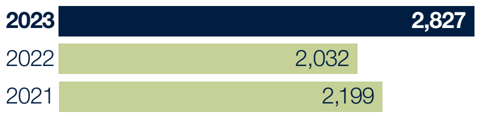
Water consumption
'000 m^3

Waste management and recycling

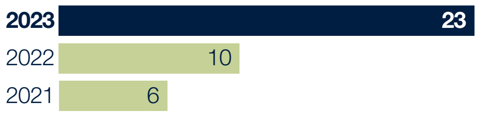
We are mindful of the need to responsibly source and consume materials, to increase and optimise reuse and recycle, and to responsibly dispose of waste.

All our operations have recycling programmes in place and recycling data is collated for metal, wood and plastics. Our industrial waste is largely in the form of liquid waste streams. We continue to explore ways of reusing chemicals and materials. For example, we have introduced a mechanism to capture and reuse cutting fluids, that not only limits this waste stream, but is also cost-effective. Where a waste stream is unavoidable, we dispose of this responsibly using appropriately vetted suppliers. We take the view that we are responsible for materials throughout their life cycles. An excellent example of our approach is Hunting's joint venture manufacturing facility in Nashik, India. The facility produces and supplies pipes, tubes and premium connections for the OCTG and is aiming to be entirely waste-free. See the case study on page 72.

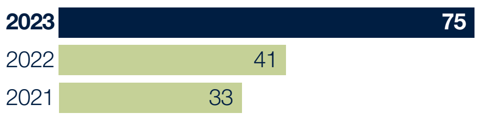
Metal recycling
tonnes



Plastic recycling
tonnes



Wood recycling
tonnes



ESG and Sustainability continued

Nashik facility in India drives strong waste management protocols

Hunting operates a joint venture manufacturing facility together with Jindal SAW Ltd in Nashik, India, approximately 200km north-east of Mumbai.

The facility, Jindal Hunting Energy Services Ltd, produces and supplies pipes, tubes and premium connections for the OCTG sector, and is poised to reach an annual threading capacity of 60,000 metric tonnes of OCTG.

Every day, the manganese phosphate and copper plate processes that the facility uses produce waste water that contains particles and chemical compounds. This water cannot be released into the environment and is therefore properly treated and recycled through the facility's effluent treatment plant ("ETP"). "We have built a 15kl ETP to treat all wastewater produced during the manganese phosphate and copper plate processes," says Kwek Wee Liang, Hunting's Regional GM for QHSE and the facility's Project Manager. "The ETP includes a zero liquid discharge ("ZLD") plant, which is still under construction. Once the ZLD plant is complete, it will process approximately 30% of the waste water, with the remaining 70% going to external treatment."

The ZLD system involves a range of advanced wastewater treatment technologies to recycle, recover and reuse the treated wastewater. It also separates sludge in salt form and disposes of it through a local government-approved vendor.

After treatment, about 99% of the waste water is recycled for utility purposes, and no wastewater is discharged into the environment.

Other forms of waste, including waste oil, sludge, chemical fumes and contaminated dust, are also ethically disposed of, either through the ETP or approved vendors.

Finally, the facility's phosphate, copper plating, pipe stencilling and painting, and blasting processes are equipped with scrubber systems to remove particulates and contaminants before any gases are released into the atmosphere.

ESG and Sustainability continued

Annual energy summary

	Units	2023	2022	2021	2020	2019 base line year
Energy type						
Natural gas – Group	GWh	**7.2**	7.9	8.5	13.7	17.8
Natural gas – UK	GWh	**0.8**	0.8	0.9	2.6	4.2
Vehicle consumption and process emissions – Group	tonnes CO_2e	**3,575**	3,367	2,491	3,338	2,972
Vehicle consumption and process emissions – UK	tonnes CO_2e	**76**	76	28	34	60
Electricity purchased – Group	GWh	**49.4**	43.4	40.5	48.6	55.7
Electricity purchased – UK	GWh	**1.7**	0.5	1.4	1.4	1.6
Renewable electricity purchased – Group	GWh	**11.4**	8.7	6.5	5.8	2.1
Renewable electricity purchased – UK	GWh	**1.7**	0.5	0.3	0.4	0.5
Greenhouse gas emissions						
Scope 1	tonnes CO_2e	**5,612**	5,778	4,171	6,605	7,100
Scope 2	tonnes CO_2e	**18,430**	16,644	14,688	18,811	28,774
Total scope 1 and 2	tonnes CO_2e	**24,042**	22,422	18,859	25,416	35,874
Scope 3	tonnes CO_2e	**353,346**	277,143	n/a	n/a	n/a
Total	**tonnes CO_2e**	**377,388**	299,565	n/a	n/a	n/a
CO_2e intensity factor (based on scope 1 and 2 emissions only)	kilogrammes per $k revenue	**25.9**	30.9	36.2	40.6	37.4
Water consumption	thousand cubic metres	**198**	164	69	257	319

People and society

OUR COMMITMENTS

Operating safely
We seek to achieve and maintain the highest standards of safety for our employees and customers.

Supporting and developing our people
We want to attract and retain a highly skilled workforce. We provide training and development to our employees to help them sustain and grow their careers. We promote diversity and workplaces that are free of prejudice.

Supporting communities around us
We make a positive contribution to the communities in which we operate.

MATERIAL ISSUES

Protecting the safety of our customers and users of our products

Protecting the health, safety and well-being of our employees

Engaging with our employees

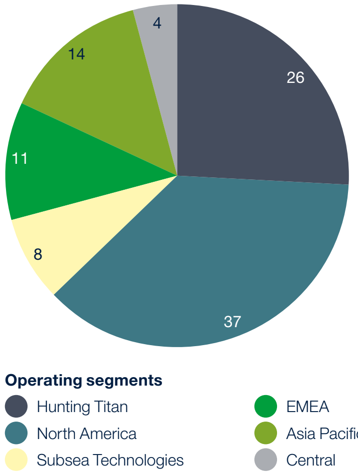
SDGs

Our people

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.

At 31 December 2023, the Group employed 2,420 people across our global operations (2022 – 2,258 people). Of these, 37% are employed in our North America operations, 26% at Hunting Titan, 14% in Asia Pacific, 11% in EMEA, 8% at Subsea Technologies, and 4% in regional headquarters.

Employees by operating segment
%



ESG and Sustainability continued

Health and safety

Our health, safety and environment ("HSE") goals of "No Accidents, No Harm to People", and "No Damage to the Environment" continue to drive our HSE agenda and support our pursuit of high standards of performance.

We place great emphasis on entrenching HSE best practice in our culture and employ rigorous health and safety practices. Our HSE policy guides the way we work, putting safety first. Our approach ensures:

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

We place a great deal of emphasis on training and learning from incidents. We have a rigorous safety training curriculum in place, and each employee received, on average, around 29 (2022 – 12) hours of HSE training in the year.

Total recordable incident rate
#

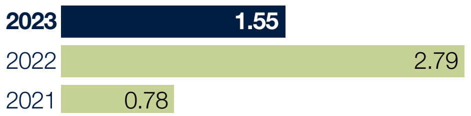
Our Group Health, Safety and Environmental Global Manual is accredited to ISO 14001: Environmental Management System and was compiled in accordance with the ISO 45001: Occupational Health and Safety Management System. This manual specifies requirements for HSE training, the need for protective equipment, and procedures and practices associated with high-risk operations.

Each local business has tailored health and safety policies to suit their particular working environment. At a minimum, we comply with local regulatory requirements.

Our target is to achieve zero recordable incidents. While this was not achieved in 2023, our overall safety performance, as measured by the total recordable incident rate, improved despite a significant increase in the number of hours worked during the year as trading activities increased.

- There were no fatalities in the Group (2022 – zero);
- Recordable incidents rose slightly to 24 in 2023 (2022 – 23), while the total recordable incident rate decreased by 6% to 0.91 (2022 – 0.97) as the number of hours worked increased from 4.7m in 2022 to 5.3m in 2023; and
- There were 41 near-miss incidents in 2023 (2022 – 66), which translates into a total near-miss frequency rate of 1.55 (2022 – 2.79), which decreased by 44% as the number of hours worked increased.

Total near-miss frequency rate
#



Climate, noise and air quality testing is undertaken regularly at our operations to ensure both regulatory compliance and the achievement of our own internal standards.

Through our internal HSE Management System, OnBase, processes, communication, training and reporting are now captured seamlessly within one application across the Group, helping to 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 reinforced.

Attracting, retaining and developing employees

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.

We take diligent steps to comply with all relevant regional laws covering employment and minimum wage legislation.

Recruiting and retention, and training and development have been important areas of focus during the year. Competition for talent remains strong globally. Nonetheless, while finding talent may currently take longer than it has previously, Hunting continues to find and place good candidates.

Voluntary turnover is a measure we use to understand the Company's retention profile. Over the last couple of years, we have experienced an uptick in voluntary turnover, which is currently at 14%. Although this is marginally higher than the last few years, it is still relatively low compared to industry standards.

The tenure of our employees is another good indicator of a positive work culture and Hunting has a reputation for long service of its employees. We maintain this success through competitive compensation, excellent benefits, and a commitment to a safe environment.

To retain our staff, we ensure that our employees are fairly remunerated. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds.

Employees are offered benefits on joining the Group, including healthcare cover, post-retirement benefits and, in certain instances, can include participation in annual bonus arrangements that reflects strong performances. We also continue to enhance the benefits we offer, such as maternity and paternity leave.

During the year, some of our employees were selected from different business units across the globe, to participate in the Energy Workforce and Technology Council Executive Leadership programmes, which are designed to develop and enhance leadership skills as well as engagement in networking opportunities within the industry.

An area of focus in the year ahead is leadership training. An outcome of the engagement survey completed in the year is the need for more recognition of employees. One approach that is being pursued is to better train managers on how to give good feedback and daily recognition.

Additionally, we are placing our senior managers in a programme for executive leadership and our mid-level managers in an operations leadership programme.

Training in respect of the Code of Conduct, anti-harassment and discrimination and unconscious bias is also continuing in support of our diversity and inclusion efforts. We are further committed to uplifting all employees, with training and development covering Health and Safety training, professional development and general career development initiatives.

Employee engagement

Hunting places a great deal of emphasis on employee engagement, recognising that high levels of engagement are related to bottom line outcomes such as job performance, client satisfaction and financial returns, while also improving employees' own quality of life. In 2023, Hunting undertook an all-employee Gallup Q12 survey, a following the survey completed in 2019.

We were extremely pleased with the participation results. A total of 1,866 employees responded to the survey, resulting in a participation rate of 83% (2019 – 80%).

Both the engagement score and engagement index ratio (which defines engaged workers to actively disengaged workers) improved. 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.

Another important result is the employee engagement ratio of engaged workers versus actively disengaged workers. Hunting's Engagement Index Ratio was 3.5:1 which means there are 3.5 engaged employees for each actively disengaged employee. This is again an improvement from our 2019 result of 2.25:1. An optimal ratio and our goal for future surveys is a ratio of 4:1.

Our employees are 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

Hunting prides itself on being a fair and responsible employer. We are committed to creating a positive workplace environment for all our employees, one that is safe, respectful, fair and inclusive, and free of any form of harassment, bullying or discrimination.

More than that, we actively seek to increase the diversity of our workforce through recruitment, training and development, conditions of work and disciplinary procedures.

The Group's ethics policies support equal employment opportunities across all of Hunting's operations.

As a responsible employer, Hunting gives full and fair consideration to applications from disabled persons.

Further, 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 Board with shortlists comprising an appropriate gender balance; and
- a periodic review by the Nomination Committee of its progress in complying with best practice recommendations.

Community engagement and support

Hunting continues to engage with and support the communities located around our operations 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.

An example of this approach is our long-standing relationship with three orphanages in Batam, the largest city in the province of Riau Islands in Indonesia.

ESG and Sustainability continued

FIND OUT MORE ON CSR

Supporting safe and nurturing spaces for orphans in Batam

Hunting believes in providing meaningful and constructive support to communities in which our operations are located, and encourages employees to actively volunteer to good causes.

For some years we have actively supported three orphanages in Batam, the largest city in the province of Riau Islands in Indonesia. The orphanages – Elshaddai Abigail, Manbaul Hidayah and Al Kahfi – provide safe and nurturing environments for orphans and underprivileged children between the ages of two and eighteen. They ensure that the children's basic needs are met and that they receive a good education.

"We are aware that these orphanages face numerous challenges, and are committed to meeting their daily needs, providing them with sustainable support, and ensuring their children receive a good education" says Faris Gateneh, Hunting's HR Manager in Batam.

Over the last three years, Hunting has focused on the following initiatives:

- **Hydroponic gardening:** Through our hydroponic gardening programme, we help the orphanages to grow their own food and earn an income through the vegetables they sell. We have also helped to improve their hydroponics competency;
- **Baking tools:** The provision of baking tools helps the orphanages to prepare their own meals, and nurtures an interest among children who are curious about cooking and baking. The hope is that this will help some children to use these skills to start their own businesses in the future;
- **Industrial sewing machines:** The provision of industrial sewing machines has helped the orphanages to make and mend their own clothing. This has been a significant cost saving and has improved their sewing skills;
- **Chicken coops:** Chicken coops give the orphanages a fresh supply of eggs, and help them to raise money through the eggs they sell. It also ensures the children's daily protein needs are met;
- **Cleft surgery:** Children who require cleft palate surgeries receive excellent care as well as emotional support; and
- **Tuition fees:** Hunting pays tuition fees towards the orphans' education, which is critical in helping them pursue tertiary studies and find employment or become entrepreneurs.

At its annual charity event, Hunting also welcomes voluntary donations from employees in support of the orphanages. In 2022, Hunting transitioned its fundraising system to the Sonny Benevolent Smile Fund, which now processes regular contributions. All future support for orphanages will use the fund to manage and control both donations and expenses.

Governance

Fostering mutually beneficial partnerships

OUR COMMITMENT

We ensure honest, ethical and transparent conduct in our business and our supply chain. We foster sound and positive partnerships with our customers and suppliers, industry bodies, and regulators in the regions in which we operate. We respect human rights.

MATERIAL ISSUES

- Ensuring cyber security and protection of data
- Protecting and enhancing Hunting's reputation
- Ensuring sound governance, business ethics, and anti-bribery and corruption
- Undertaking due diligence in our supply chain
- Compliance with regulation and custom, including local content
- Disclosing Board and leadership accountability for ESG

SDGs

5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 17 PARTNERSHIPS FOR THE GOALS

Business ethics

Hunting's Code of Conduct (the "Code") contains policies and procedures covering how the Group conducts business, internally and externally, and maintains its relationships with business partners. All employees and business partners are provided with a copy of the Code and are expected to adhere to it.

Human rights

We are committed to upholding the human rights of all our stakeholders, and achieve this by 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; respecting and upholding the rights of employees to engage in collective bargaining where relevant; and acting with honesty, transparency and integrity in all of our dealings with our workforce, and anyone else who is in contact with and reliant on our business. 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 with corporate regulations through our Ethical Employment and Trading Policy; our Modern Slavery, Human Trafficking Transparency Statement; and our Ethics Reporting Procedures.

Cyber security

We recognise that as we are more reliant on globally-connected IT infrastructure, our business has become more vulnerable to cyber threats. To this end, we ensure that we have in place the necessary processes and procedures to protect our systems and data that could affect the functioning of the business, and to protect the Company from cyber attacks. We also recognise that we are custodians of data, on behalf of our employees, customers and suppliers, and that we must do all that we can to protect information in order to secure and maintain trust. Our approach is proactive and precautionary and we engage only with Tier 1 suppliers.

Responsible Products

Delivering high quality products and services

OUR COMMITMENT

We meet and pre-empt the needs of our customers and the environment, through innovation, customisation and the highest levels of quality control.

MATERIAL ISSUES

Ensuring the quality consistency of our products

Transition to and growth of business in less carbon-intensive sectors

Promoting innovation to develop new products and applications

Being responsive to the needs of our customers and market

SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reliable and sustainable products

Our purpose as a business is to be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders. Our customers rely on us to meet and even pre-empt their needs, consistently, reliably and sustainably. We recognise that achieving this requires both innovation and trust. Trust in turn is delivered through consistent quality delivery.

A critical part of the customer engagement strategy is to use our core competencies in systems manufacture, precision engineering and print-part manufacturing to deliver innovative solutions in existing and new markets.

Focus on quality

Our Quality Management System ("QMS") underpins every aspect of our business. Certain minimum requirements are mandated at a Group level, with site and product-specific quality measures in place across all sites. Our QMS encompasses procedure specification, job descriptions, and work processes. It states how we control every aspect of a product, from risk assessment to engineering changes and design to new product delivery. Every product is logged and tracked, and its journey can be audited.

Technology development

While Hunting has access to a very wide range of technologies and products, whose applications continue to expand, we know that technology development is an important underpin of our business.

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 are able to deliver a range of benefits, including reducing the timeframes required to deliver technologies to market and into the field; and avoiding duplication of effort, resulting in significant financial, time and opportunity cost and energy/CO_2 savings, which frees up resources to solve new problems.

For developers, the benefits of partnering with Hunting are significant, including access to capital, an international presence and an established and extensive customer base.

Sustainability Accounting Standards Board Information

Oil & Gas – Services

TOPIC	ACCOUNTING METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Emissions Reduction Services & Fuel Management	Total fuel consumed, percentage renewable, percentage used in: (1) on-road equipment and vehicles; and (2) off-road equipment.	EM-SV-110a.1	Yes	Environment	38
	Discussion of strategy or plans to address air emissions-related risks, opportunities, and impacts.	EM-SV-110a.1	Yes	Task force on climate-related financial disclosures	82 to 95
	Percentage of engines in service that meet Tier 4 compliance for non-road diesel engine emissions.	EM-SV-110a.3	n/a	n/a	n/a
Water Management Services	(1) Total volume of fresh water handled in operations; and (2) percentage recycled.	EM-SV-140a.1	Yes	Water management	71
	Discussion of strategy or plans to address water consumption and disposal-related risks, opportunities and impacts.	EM-SV-140a.2	Yes	Water management	71
Chemicals Management	Volume of hydraulic fracturing fluid used, percentage hazardous.	EM-SV-150a.1	n/a	n/a	n/a
	Discussion of strategy or plans to address chemical-related risks, opportunities and impacts.	EM-SV-150a.2	n/a	n/a	n/a
Ecological Impact Management	Average disturbed acreage per: (1) oil; and (2) gas well site.	EM-SV-160a.1	n/a	n/a	n/a
	Discussion of strategy or plan to address risks and opportunities related to ecological impacts from core activities.	EM-SV-160a.2	n/a	n/a	n/a
Workforce Health & Safety	(1) Total recordable incident rate; (2) fatality rate; (3) near-miss frequency rate; (4) total vehicle incident rate; and (5) average hours of health, safety and emergency response training for: (a) full-time employees; (b) contract employees; and (c) short-service employees.	EM-SV-320a.1	Yes Yes Yes n/a Yes	Health and safety Health and safety Health and safety n/a Health and safety	34 and 75 75 34 and 75 n/a 75
	Description of management systems used to integrate a culture of safety throughout the value chain and project life cycle.	EM-SV-320a.2	Yes	Health and safety	34
Business Ethics & Payments Transparency	Amount of net revenue in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index.	EM-SV-510a.1	n/a	n/a	n/a
	Description of the management system for prevention of corruption and bribery throughout the value chain.	EM-SV-510a.2	Yes	Anti-bribery and corruption ("ABC")	36
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.	EM-SV-530a.1	Yes	Business model	31 to 39
Critical Incident Risk Management	Description of management systems used to identify and mitigate catastrophic and tail-end risks.	EM-SV-540a.1	n/a	n/a	n/a

ESG and Sustainability continued

Oil & Gas – Services: metrics

ACTIVITY METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Number of active rig sites	EM-SV-000.A	n/a	n/a	n/a
Number of active well sites	EM-SV-000.B	n/a	n/a	n/a
Total amount of drilling performed	EM-SV-000.C	n/a	n/a	n/a
Total number of hours worked by all employees	EM-SV-000.D	Yes	Health and safety	34 and 75

Industrial Machinery & Equipment

TOPIC	ACCOUNTING METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Energy Management	(1) Total energy consumed; (2) percentage grid electricity; and (3) percentage renewable.	RT-IG-130a.1	Yes	Annual energy summary	73
Employee Health & Safety	(1) Total recordable incident rate; (2) fatality rate; and (3) near-miss frequency rate.	RT-IG-320a.1	Yes Yes Yes	Health and safety Health and safety Health and safety	34 and 75 75 34 and 75
Fuel Economy & Emissions in Use-phase	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles.	RT-IG-410a.1	n/a	n/a	n/a
	Sales-weighted fuel efficiency for non-road equipment.	RT-IG-410a.2	n/a	n/a	n/a
	Sales-weighted fuel efficiency for stationary generators.	RT-IG-410a.3	n/a	n/a	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.	RT-IG-410a.4	n/a	n/a	n/a

Industrial Machinery & Equipment: metrics

ACTIVITY METRIC	SASB CODE	REPORTED BY HUNTING	SECTION	PAGE NAVIGATION
Number of units produced by product category	RT-IG-000.A	n/a	n/a	n/a
Number of employees	RT-IG-000.B	Yes	Employees Our people	33 74

Task Force on Climate-Related Financial Disclosures ("TCFD")

2023 has seen the further embedding of TCFD reporting across the Group's businesses. We have enhanced our disclosures on climate Strategy and Risk Management. As noted elsewhere, during the year the Company completed an assurance programme over its scope 1 and 2 greenhouse gas emissions and in the second half of 2023 commenced the assessment of the Group's scope 3 inventories.

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 2023. The climate-related financial disclosures, which follow, are consistent with the four reporting pillars of:

(i) Governance (page 83);
(ii) Strategy (pages 84 to 93);
(iii) Risk Management (pages 93 and 94); and
(iv) Metrics and Targets (pages 94 and 95) contained within the TCFD Recommended Disclosures.

The Directors believe that Hunting is compliant with Listing Rule 9.8.6(8)b, with the following two exceptions:

- Hunting has not quantified detailed financial impacts of the various risks and opportunities in respect to climate change. Hunting is, therefore, not fully compliant with disclosure part (b) of Strategy; and
- Hunting has extrapolated its 2023 scope 3 emissions data using 2022 collected data and modelling processes. Hunting is, therefore, not fully compliant with disclosure part (b) of Metrics and Targets.

Further work will be completed in 2024, after which the Directors believe the Company will become compliant. This work will form the basis for a Net Zero transition plan to be published in 2025, 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 goal to limit global warming to 1.5°C in-line with the 2015 Paris Accords and commits the Group to assisting in the delivery of this ambition through a reduction in its global carbon footprint.

Progress in Hunting 2030 Strategy
During 2023, the Board of Hunting announced the Hunting 2030 Strategy, which commits to the development of revenue from the energy transition sector, including low carbon geothermal and carbon capture projects, and non-oil and gas end-markets. To increase the Group's long-term sustainability investment profile, Hunting is now targeting 25% of total revenue to be derived from non-oil and gas sources by 2030. This is targeted at reducing the cyclicality of the Group's revenue and profit profile, to ensure Hunting remains an investable business through the energy cycle. For more information on the Hunting 2030 Strategy please see pages 6 to 11.

Risk management
In 2022, the Group rolled out a climate change risk management survey to all businesses, which is updated annually. The survey explores the impact of climate change on the long-term outlook of each business unit, using the 'business as usual' and '1.5°C' global warning scenarios. The survey captures 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 85 to 89 incorporates these disclosures and also reflects the financial impact of these risk in the short, medium and long term. The Group has also developed a model which analyses the carrying values of the assets held by each business and explores the financial impact of each business unit based on these climate scenarios.

Metrics and targets
The Directors of Hunting announced new GHG emissions reduction targets in March 2023, which includes a reduction of scope 1 and 2 emissions to 50% of the base-line year of 2019 by 2030.

Carbon data collection and assurance
During 2022, the Group appointed S&P Global to provide assurance services against the AA1000 standard over Hunting's policies and scope 1 and 2 GHG emissions data which are being externally published. The process concluded in July 2023, with no material issues identified in the Group's data collection and processing of its carbon data.

Scope 3 emissions reporting
In 2023 management commenced the assessment of its scope 3 GHG inventories. To assist Hunting in this initiative, an independent third-party expert adviser was appointed in September 2023 to support the data collection and analysis utilising their long-term expertise in carbon data modelling.

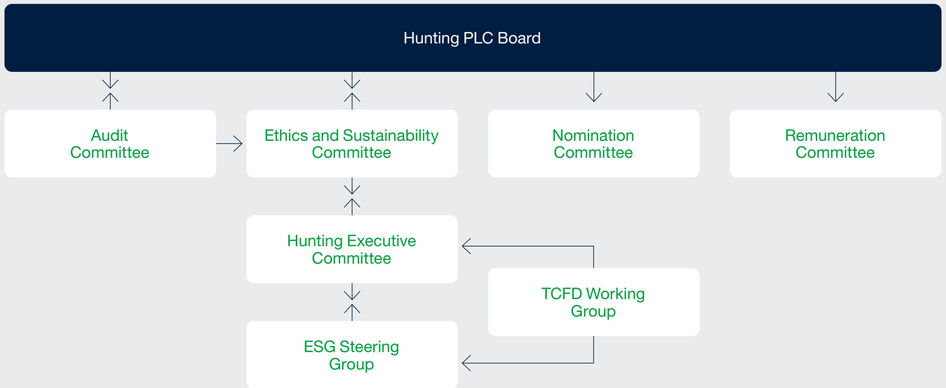
The Group has completed an analysis of the scope 3 emissions of the Hunting Titan operating segment, which historically accounts for c.24% of the Group's scope 1 and 2 carbon footprint, which management believes to be sufficiently material to enable an extrapolation of Hunting's total scope 1, 2 and 3 GHG emissions to be made. The Company has commenced this analysis using Hunting Titan's 2022 data sets. This is believed to be appropriate, given that Hunting Titan's manufacturing business model closely aligns with other businesses within the Group. Management worked with the third-party adviser on the emissions data available for assessment and, following discussion, agreed that eight of the 15 pillars of the TCFD-recommended scope 3 inventories could be reported. These are detailed on pages 70 and 71. Management, therefore, note that this analysis of scope 3 inventories is a partial emissions assessment. Based on the analysis of the Hunting Titan segment, its scope 1, 2 and 3 greenhouse emissions were analysed to be c.100,393 tonnes in 2022, with Hunting Titan's 2022 scope 1 and 2 footprint being 5,455 tonnes and scope 3 being 94,938 tonnes. Scope 3 emissions for Hunting Titan, therefore, equate to c.95% of the emissions of the operating segment. Using this assessment, management has extrapolated the Group's scope 3 inventories, using Hunting Titan's and the Group's cost of sales data as the appropriate scaling factors to calculate a total scope 3 data point. Hunting's scope 1 and 2 emissions have been assessed to be 24,042 tonnes (2022 – 22,422 tonnes). Scope 1, 2 and 3 GHG emissions have, therefore, been assessed to be 299,565 tonnes for 2022 and 377,388 tonnes for 2023. During 2024, the assessment will be extended to the Subsea Technologies, EMEA and Asia Pacific operating segments.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

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.

Climate Governance Framework



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 and finance functions on 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.

In 2021, the Company 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 112 and 113).

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 128 to 130.

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 TCFD disclosure, which includes the climate-related risk assessment 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 and business unit-level climate risk register, which is detailed on pages 85 to 89. 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.

For more information of the Group's wider governance framework, please refer to the Corporate Governance Report on pages 115 to 125.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Strategy

Disclosure (a) – Description of risks and opportunities over the short, medium and long term

Disclosure (b) – The impact of climate-related risks and opportunities

Hunting has not presented risks and opportunities based on the geographic split of its global operations or by the various industry sectors where it sells products and services, as recommended by part (a) of Strategy.

Hunting is a global energy services group focused largely on the oil and gas industry and therefore each of its global operating segments are faced with the same climate change risks and opportunities.

The opportunity to transition to non-oil and gas related sales exists in all operating segments across the Group, but notably in the North America and EMEA operating segments, which currently represent all of the Group's non-oil and gas revenue, and in the segments with high proportions of OCTG related revenue. As such, the non-oil and gas segment of Hunting's revenue profile is not a separate business unit.

Therefore, the Board believes the geographical / sectoral split approach to climate change analysis not to be relevant to Hunting.

Climate scenarios for evaluating transition risks and opportunities
The Group uses three scenarios to evaluate transition risks and opportunities:

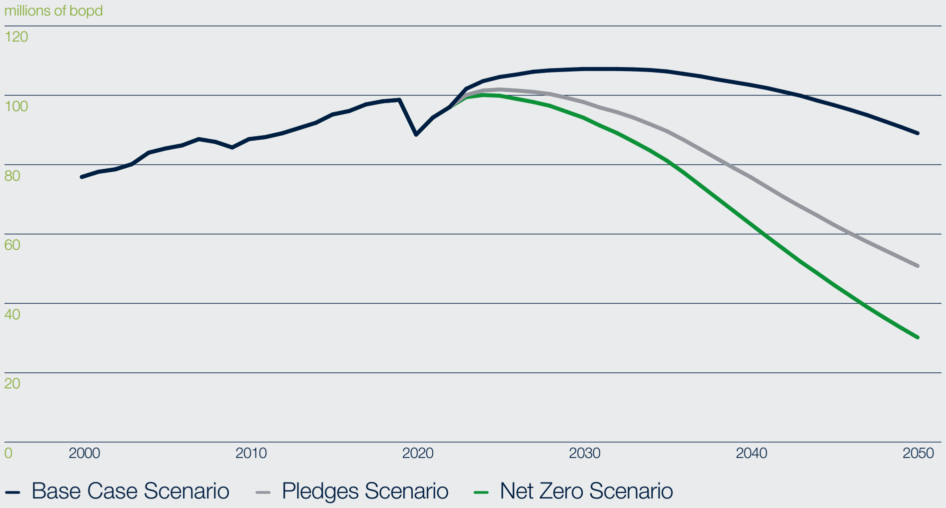
- **Business as usual scenario** (aligned to 2.5°C warming) – evolution of current policies and a steady advancement of current and nascent technologies;
- **Middle case scenario** (aligned to 2.0°C warming) – global net zero achieved by 2060, which incorporates policy response to the current energy crisis as well as decarbonisation commitments, but not as swift as under the rapid transition scenario; and
- **Rapid transition scenario** (aligned to 1.5°C warming) – global net zero achieved by 2050 as prescribed by the Paris Agreement. This reflects immediate peak energy, rapid hydrogen and carbon removal deployment and a consumer shift.

In selecting these scenarios, the Group used energy demand analysis from Wood Mackenzie (see right) which analyses a range of climate change scenarios as well as the latest energy transition projections and oil and gas demand scenarios from the International Energy Agency ("IEA"), see graph on page 90, which is assumed to be in a Stated Policies Scenario. The IEA research included three scenarios: the Stated Policies Scenario, the Announced Pledges Scenario, and the Net Zero Emissions by 2050 Scenario.

Climate scenarios for evaluating physical risks and opportunities
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); and
- Scenario 2 – RCP8.5 (an increase in global temperatures by 4°C by 2050).

Scenarios for oil demand: 2020 to 2050



Source: Wood Mackenzie

It can be noted that in climate scenarios 1 and 2 there is an increase in the frequency and intensity of weather events, in respect of:

(i) tropical cyclones;
(ii) fire stress;
(iii) drought stress; and
(iv) precipitation.

Additionally, all other known risks are evaluated by the Board under the Group's current operational risk programme.

The scenarios have been used to evaluate climate-related risks and opportunities over the short (0-5 years), medium (5-10 years) and long-term (10+ years). The short-term period aligns with the Group's usual business and financial planning timeframe, the medium term aligns with the business outlook beyond the short term, and the long-term period represents the timeframe by which the wide range of uncertainties surrounding the energy transition are widely expected to materialise.

Risks have been categorised as follows:

- Low – no impact to minor impact on the Group's profitability and ability to achieve strategic objectives;
- Medium – some impact felt to the Group's profitability and ability to achieve strategic objectives, requiring some mitigation plans and action; and
- High – significant impact to the Group's profitability and ability to achieve strategic objectives, therefore requiring critical and urgent mitigation plans and action.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis
Transitional risks

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
1. Market			
Risk rating: Medium **Timeframe:** Long term **Financial impact:** Revenue	Hunting's primary revenue streams are derived from the oil and gas industry. 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.	The Board reviews a number of primary energy demand scenarios developed by Wood Mackenzie and the IEA, which include energy transition projections and oil and gas demand scenarios to 2050. The former is presented on page 84 and the latter on page 90. The Directors also 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. From this analysis, the Directors believe that in the business-as-usual scenario 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 6 to 11, 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 18 to 23 and also on page 100.	As noted in the Market Summary on pages 24 and 25, market indicators including rig count and drilling and production spend data, published by Spears & Associates, support the Group's wider financial reporting needs in the short term, including impairment reviews. In October 2023, the IEA issued its annual energy outlook which provides a perspective on the long-term changes to energy demand and its primary energy inputs. This shows that the outlook for oil and gas, in a Stated Policies Scenario as defined by the IEA, remains robust to 2050 with oil demand remaining flat for this timescale, with a small decline in natural gas demand. The analysis from Wood Mackenzie 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 possible reductions in oil and gas revenue of c.50-60% from 2023 in the Middle Case and Rapid Transition scenarios. These energy demand scenarios have implications for Hunting's long-term strategy as the Group's products and services, and overall revenue profile, are currently largely driven by oil and gas demand and investment in the exploration and production of hydrocarbons, notwithstanding the opportunities to pivot to non-oil and gas markets as described below. The Board believes that the primary energy mix to 2050 supports Hunting's long-term focus on energy, underpinned by the pivot to non-oil and gas sales in this timescale, see opportunities below. The split of revenue between oil and gas and non-oil and gas sectors, the relevant metric for managing the risk, is disclosed in note 2 on page 182.
2. Technology			
Risk rating: Medium **Timeframe:** Long term **Financial impact:** Revenue	Hunting's products and services are primarily targeted at the oil and gas industry, given its expertise and know-how of this sector. 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.	The Directors believe that Hunting's engineering excellence, particularly within the 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 2022, a global Energy Transition sales group was formed to pursue carbon capture and geothermal revenue.	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. 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Transitional risks continued

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
3. Labour and expenses			
Risk rating: Medium **Timeframe:** Short to medium term **Financial impact:** Expenditure	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. 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.	The Directors have monitored labour risk during 2023 through the Remuneration and Ethics and Sustainability Committees to ensure possible labour market issues in Hunting's various regions of operation are minimised.	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 102, with employment costs likely to increase in the long term, to attract and retain employees to the oil and gas industry. Hunting's employee costs are disclosed in note 7 on page 186. Energy costs – in 2023 total utilities costs amounted to c.$7m. It is possible that as the energy transition progresses, the cost of electricity will increase as more expensive primary energy sources are adopted. It is expected that the impact will increase in each scenario, with the largest impact expected in the rapid transition scenario.
4. Insurance and tax			
Risk rating: Low **Timeframe:** Short to medium term **Financial impact:** Expenditure	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 possible 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 the end of the decade. 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.	Given the modest level of emissions produced by the Group, the Directors believe that the potential tax cost to the Group is low. 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 due 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Transitional risks continued

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
5. Financial markets			
Risk rating: High **Timeframe:** Short to long 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. 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 it attention. 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 refinancing.	The Hunting 2030 Strategy, Climate policy and ability to diversify revenue streams to non-oil and gas are considered to partially mitigate the impact. **Capital investment** – it is likely that new investment in facilities will occur over time to align with the physical risk to the Group's facilities noted on page 89, which will require funding. However 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, minimising the requirement for access to debt in this regard. **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.
6. Regulatory, legal and compliance			
Risk rating: Medium **Timeframe:** Short to medium term **Financial impact:** Expenditure Capital and financing	Regulatory and compliance risk with respect to climate has increased, 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 to 105, 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.	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. 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. Climate-related litigation is a further potential cost pressure which may materialise over time, as activism increases.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Transitional risks continued

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
7. Reputation			
Risk rating: High **Timeframe:** Short to long 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 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' 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. Management are focused on closer investor relationships and more regular interactions, and further transparency on strategy.	Reputation risk is not easily quantified. Hunting's association with the oil and gas industry is believed to be a high risk in the long term in respect to investor and shareholder perceptions, given the negative media attention of traditional primary energy sources. 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. 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.

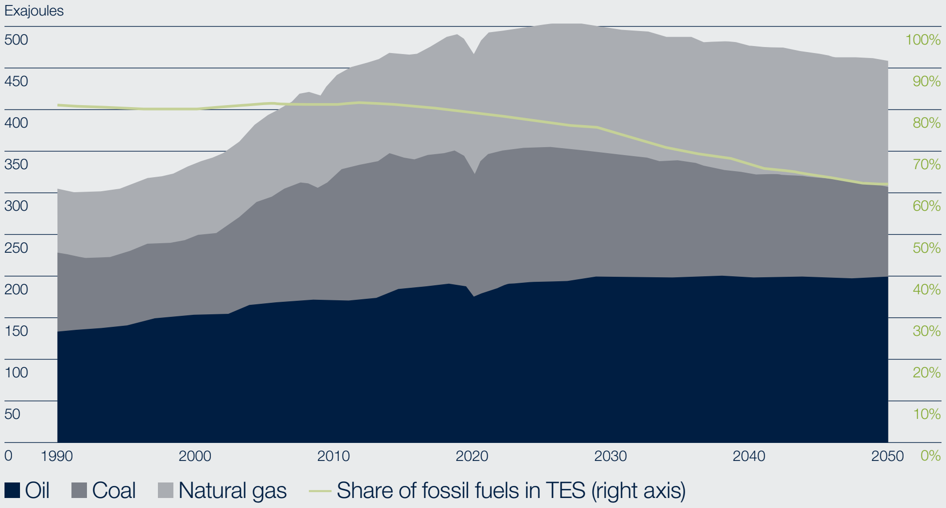
Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Climate change risk analysis continued
Physical risk

CATEGORY	DESCRIPTION OF RISK	MANAGEMENT ACTIONS	IMPACT
8. Assets			
Risk rating: Medium **Timeframe:** Long term **Financial impact:** Revenue Assets and liabilities	The global operating footprint of the Group is potentially exposed to the acute and chronic physical risks of more volatile and severe weather events due to climate change. These events have the ability to damage the Group's operating facilities and property, plant and equipment, thus impairing Hunting's ability to generate revenue. Additionally, in terms of chronic physical risks, higher temperatures are likely to increase the requirement for operational and office cooling, but there will likely be a minor reduction in requirement for space heating in winter.	In December 2021, the Board and the Ethics and Sustainability Committee reviewed an independent report from Willis Towers Watson ("WTW") 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 graph on page 90 presents the Group's facility exposures to severe weather events based on the two physical risk climate scenarios. 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 considered to be in higher-risk areas. 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. The Directors believe that 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 Group's operating sites are largely unchanged since 2021. The WTW analysis will be refreshed in 2024. As considered as part of the Group's strategic planning, it is expected that the majority of products and services offered by Hunting can be manufactured in multiple facilities, which mitigates the risk of loss of revenue.	There is not considered to be a significant difference in weather events between the two scenarios in respect of the Group's exposure to physical risks, with only a minor increase in the frequency and intensity of such events in scenario 2, other than in relation to heat stress, which intensifies further in scenario 2. The graphs on page 91 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 that virtually all facilities reported 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 product lines are manufactured and the relative climate risk associated with each of these sites. 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. Higher peak and average temperatures are likely to lead to an increase in cooling capacity, required for facility cooling, possibly leading to higher capital costs to expand or upgrade equipment and also higher operational costs. However, the Group's facilities are located at sites that are not at risk of significant increases in heat stress so the impact is expected to be low.

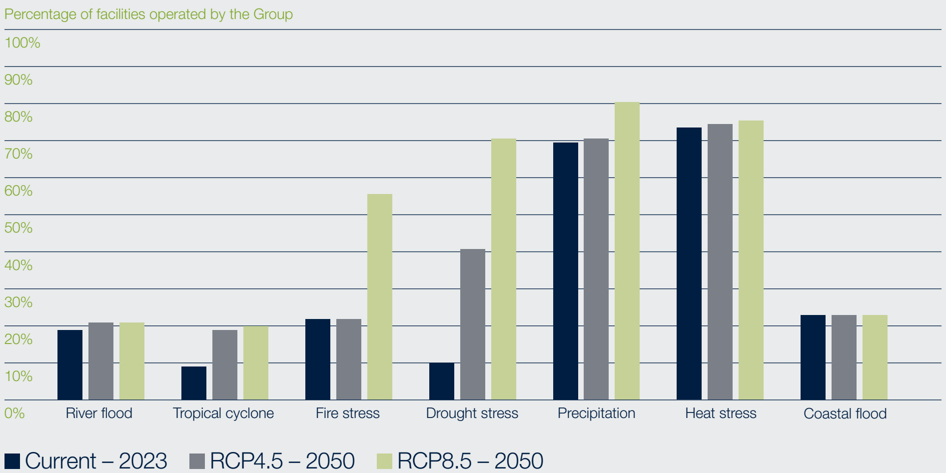
Task Force on Climate-Related Financial Disclosures ("TCFD") continued

IEA projected fossil fuel demand: 1990-2050



Source: IEA – World Energy Outlook 2022

Facility exposure to severe weather events based on RCP4.5 and RCP8.5 climate scenarios to 2050



Source: Company/WillisTowersWatson

Climate opportunities

Resource efficiency

The Group retains an ongoing lean manufacturing programme that is aimed at increasing productivity and reducing costs of operation.

In 2023, the cost saving estimated by this programme was $1.4m (2022 – $1.4m).

Key resource inputs for the Group include the availability of power and water.

Energy source

The Group's carbon emissions footprint is noted on pages 94 and 95.

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. These opportunities are considered to exist in each scenario but would be expected to accelerate and happen more swiftly in the Rapid Transition and Middle Case scenarios.

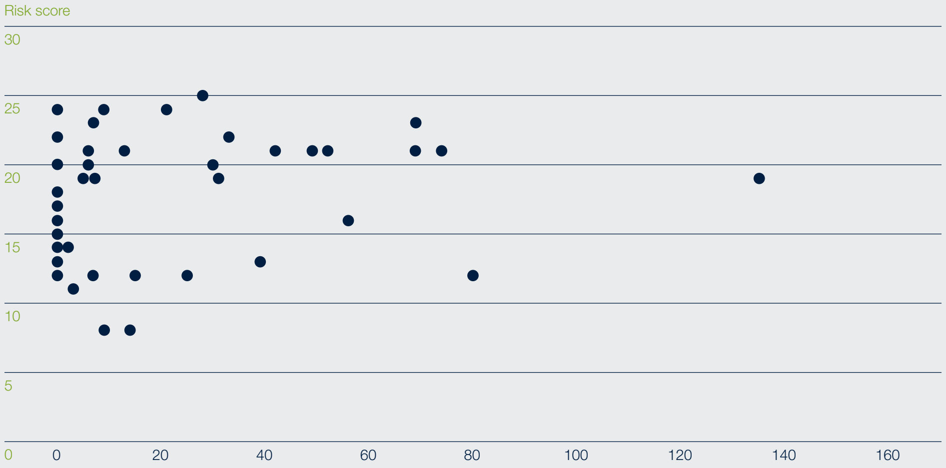
i. Participation in non-oil and gas primary energy development

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 energy 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.

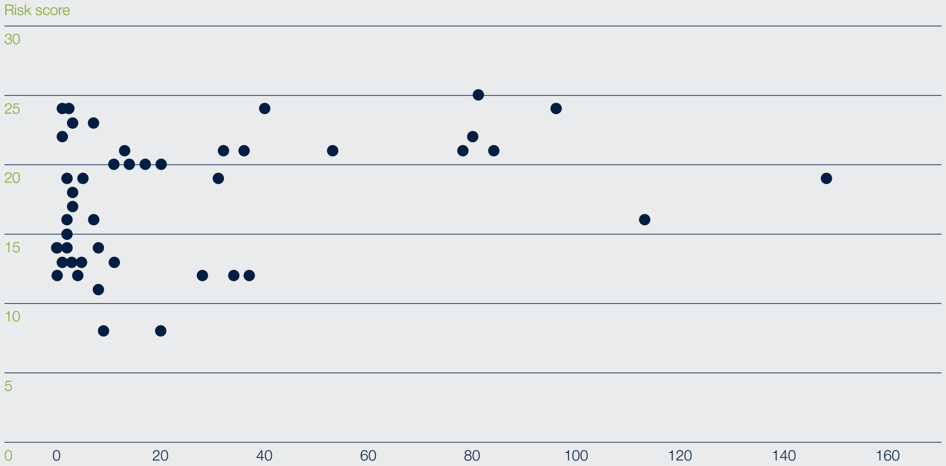
Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Total invested value (£m) by facility vs Weather risk score (max = 48)



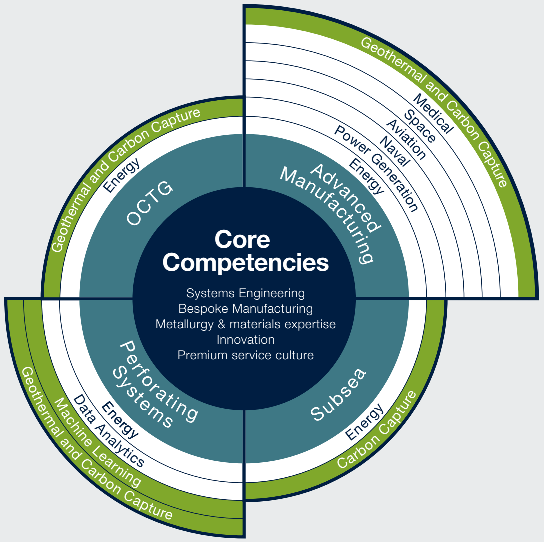
Source: Company/WillisTowersWatson

Revenue ($m) by facility vs Weather risk score (max = 48)



Source: Company/WillisTowersWatson

Hunting's core competencies – current and target markets



ii. Participation in carbon capture and storage projects

As noted in the Market Summary, on page 26, 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.

These opportunities are explained further as part of the Hunting 2030 Strategy on pages 6 to 11.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

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 a comprehensive Quality Management System ("QMS") supported by strong management oversight, which includes supply chain risk management.

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, due to geopolitical and market factors, we have seen significant supply chain disruptions, including supply chain inflation and the extension of lead times of critical components. This has resulted in a strong surge in demand, price increases and uncertain availability.

Measuring and reducing carbon emissions 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.

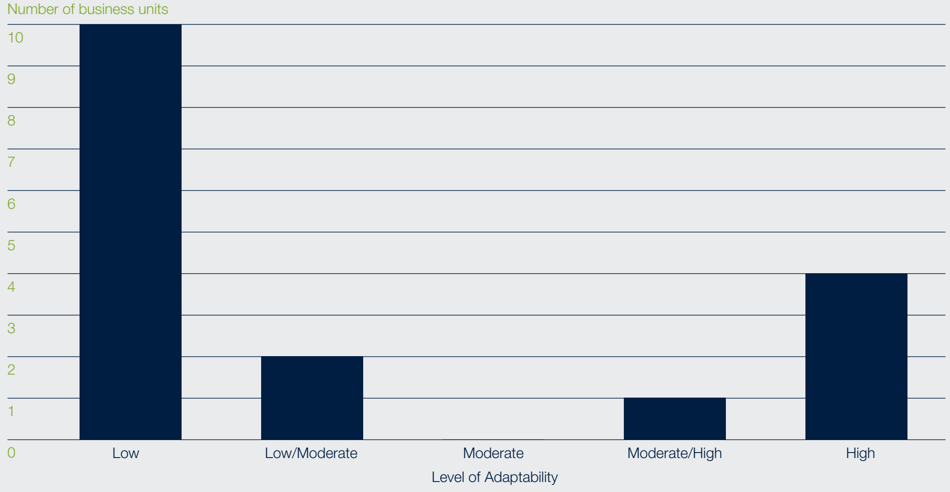
At all times, Hunting has existing mitigation plans in place should there be a supply chain interruption. For example, we maintain, and in some circumstances have increased, a safe stock, or buffer stock, for critical materials and components. We also have a highly diverse range of approved suppliers 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 from geothermal and carbon capture opportunities.

Investment in research and development for new products and technologies is a strategic objective to maintain market leadership in its core markets. In 2023, research and development expenditure totalled $6.9m (2022 – $5.8m).

Business unit resilience and adaptability



Source: Company

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 expansion of the Group's portfolio. The Group continues to review and monitor opportunities in this area.

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.

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 determines 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.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

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 majority of the Group's businesses report that they have a moderate or high level of adaptability if energy markets change materially.

We have progressed scenario analysis in 2023 to allow us to further test the resilience of our strategy against the three climate scenarios identified above with reference to evaluating transition risks and opportunities, one being a 1.5°C scenario. The scenario analysis leverages the Group's extended forecast out to 2028 and is extrapolated to the long term using growth rates and assumptions that are consistent with other forward-looking financial statement elements. In the analysis modelled, the Group is considered resilient to climate-related scenarios. The analysis will continue to be evolved in 2024.

Risk Management

Hunting's climate-related Risk Management disclosures are detailed on pages 84 to 89.

As part of Hunting's TCFD reporting, Hunting's central compliance function prepares an annual business unit climate risk assessment, which assesses the short, medium, and long-term risks and opportunities of climate change. The assessment also 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.

Given the Group's focus on the changing oil and gas industry and the scrutiny of climate change by investors and lenders, 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 and energy transition risk can be found on page 101 within Risk Management.

The Group's central compliance function rolls out 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

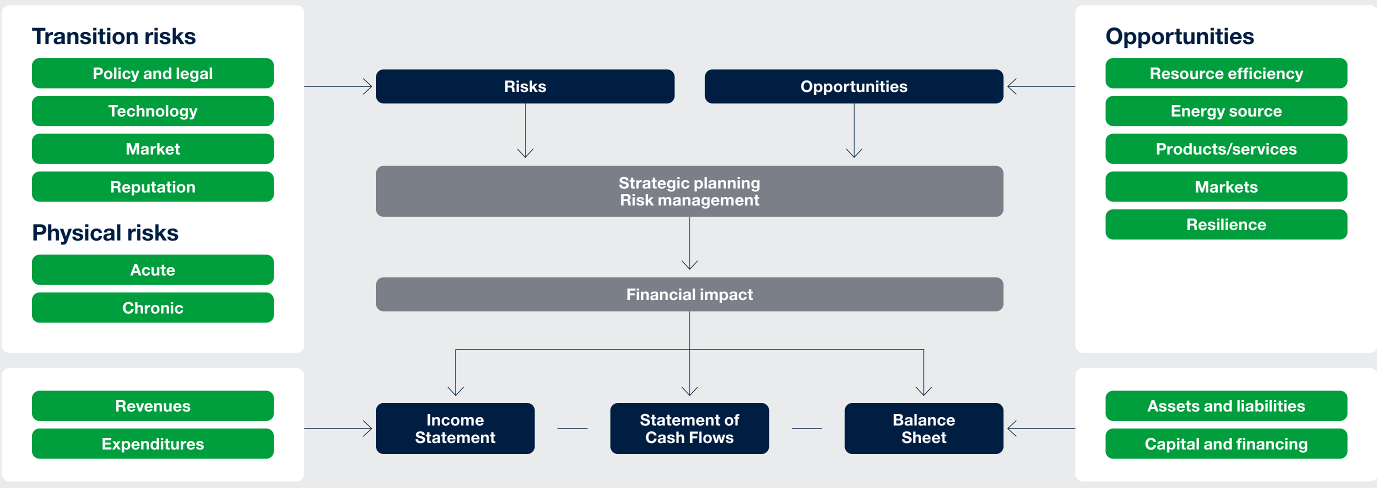
Each business unit within the Group completes a broad-based risk assessment three times a year. The results of the process are consolidated into a Group-level risk register, which includes details of the risk and the associated mitigating controls. This includes financing, reputational, strategic, legal 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, Group Risk Manager and the Internal Auditor. In 2023, a Group-level broad-risk assessment was also introduced, bringing together responses from global heads of functions.

The Group-level risk assessment was followed by a workshop to pressure test responses and gain a greater understanding of strategic, legal, financial and operational impacts of climate change and energy transition on ongoing Hunting strategy.

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 below.

TCFD risk assessment chart



Source: TCFD – Recommendations of the Task Force on Climate-Related Financial Disclosures – 2017

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

The results of the annual process are reviewed and consolidated by the Group's central compliance and finance functions and fed into the scenario analysis presented on page 92.

This analysis was reviewed by the Directors at its meeting in February 2024 and will be debated further at the meeting of the Ethics and Sustainability Committee in June 2024.

Further, this analysis will continue to be completed annually as part of the Group's wider risk management procedures.

To prioritise climate risk, in consideration of the principal risks, climate questionnaires feed into the Group-level risk matrix. As a result, climate change and energy transition risk is fourth from the top in the principal annual risk list, with further Group-level discussion around interdependencies to understand how this risk impacts on other principal risks.

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 unit; 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 such as geothermal or carbon capture or to introduce more efficient products and services to reduce the environmental impact of our customers oil and gas activities.

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. This is due to be updated in 2024.

Disclosure (c) – integration of climate risk identification and management

The climate-related governance processes highlighted on page 83 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 set of metrics to enable investors to monitor climate-related risks and opportunities. These are presented in the accompanying table on page 95.

Disclosure (b) – scope 1 and 2 emissions

The Group currently collects scope 1 and 2 GHG emissions data based on 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 2023 were 5,612 tonnes (2022 – 5,778 tonnes) and scope 2 emissions were 18,430 tonnes (2022 – 16,644 tonnes). Hunting's total scope 1 and 2 emissions have been assessed to be 24,042 tonnes (2022 – 22,422 tonnes).

Scope 1 and 2 emissions, when comparing 2023 outcomes to the prior year indicate a slightly higher result. This small increase has been achieved despite revenue increasing materially in the year, reflecting the attention management is giving to containing its carbon footprint.

As noted on pages 70 and 71 the Group has analysed the scope 1, 2 and 3 emissions of the Hunting Titan operating segment, from which an extrapolation of the Group's scope 3 inventories was made.

Based on this analysis, Hunting Titan's scope 1, 2 and 3 greenhouse emissions were analysed to be c.100,393 tonnes in 2022, with Titan's 2022 scope 1 and 2 footprint being 5,455 tonnes and scope 3 being 94,938 tonnes. Scope 3 emissions for Titan, therefore, equate to c.95% of the emissions of the operating segment.

Using this analysis as a proxy for Hunting's total GHG emissions data, a Group scope 1, 2 and 3 emissions data set, based on a cost of sales method of extrapolation, has been published this year. The Group's total scope 1, 2 and 3 GHG emissions have, therefore, been extrapolated to be 299,565 tonnes for 2022 and 377,388 tonnes for 2023. This is a partial assessment of scope 3 inventories, given that eight of the 15 pillars have been analysed. This use of extrapolation of 2022 data to deliver a 2023 scope 3 figure, therefore, makes Hunting non-compliant with the relevant Listing Rule.

The data collection and modelling exercise completed in the year has, however, enabled a framework of data collection to be put in place, with management confident of being fully compliant with the TCFD reporting guidelines in 2024. Further work is planned in 2024 to increase the number of pillars being reported against in addition to extending the analysis to the Group's Subsea Technology, EMEA and Asia Pacific operating segments.

Disclosure (c) – targets

In March 2023 the Company announced new GHG emissions targets, with the Group's scope 1 and 2 emissions reduction now targeted at 50% below the 2019 base-year by 2030. This equates to absolute scope 1 and 2 emissions of 17,937 tonnes by 2030. The Group has also committed to a long-term Intensity Factor target of less than 30 by 2030. The Group has also set a non-oil and gas revenue target of 25% by 2030.

Task Force on Climate-Related Financial Disclosures ("TCFD") continued

Sector specific and cross-sector metrics and targets

METRIC	DESCRIPTION OF METRICS/REASON FOR ADOPTION	2023	2022
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.	**853.2**	678.2
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 as the Group seeks to diversify its revenue streams.	**75.9**	47.6
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.	**5.6**	4.5
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 financial and asset risk profile.	**4.4**	4.3
Expenditure – research and development: $m	The long-term diversification to non-oil and gas revenue will require investment in new technology and will form part of the Group's research and development activities.	**6.9**	5.8
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.	**34.6**	22.0
Scope 1 GHG emissions: tonnes	Hunting's scope 1 carbon footprint provides investors data on the Group's contribution to climate change.	**5,612**	5,778
Scope 2 GHG emissions: tonnes	Hunting's scope 2 carbon footprint provides investors data on the Group's contribution to climate change.	**18,430**	16,644
Scope 3 GHG emissions: tonnes	Hunting's scope 3 carbon footprint provides investors data on the Group's contribution to climate change.	**353,346**	277,143
Water consumption: '000s cubic metres	Hunting's water consumption provides investors with data on this impact on the planet.	**198**	164
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**	1.4
Carbon emissions offset cost: €m	The cost of purchasing carbon credits (scope 1 and 2 emissions only) to become a Net Zero business.	**1.4**	2.2
Market capitalisation: $m	The value of the Group's equity provides an indication of the future value of the Group's cash generating assets.	**620.5**	662.4
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.	**957.1**	846.2
Renewable electricity purchased: GWh	The level of renewable energy purchased provides an indication of the Group's drive to lower emissions.	**11.4**	8.7
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

Risk Management

Managing risks in a changing world

We operate in a complex global environment which is highly regulated and demands high specification products that meet stringent quality criteria. Hunting's risk management and internal control processes are designed to appropriately mitigate risks inherent in this sector, while allowing the Group to achieve its strategic objectives and deliver value to shareholders in a changing world.

Identifying our risks

Effective risk identification aims to enable Hunting to make meaningful and informed strategic decisions and deliver long-term success. Under Hunting's decentralised philosophy, risk management acts as a "challenger" to pressure test business risks and mitigation, while local management is empowered to manage the risks in their respective markets. Effective risk management further helps us comply with the UK Corporate Governance Code requirements, implement relevant controls and pursue new opportunities and markets while mitigating risks in a rapidly changing industry and external environment.

We take both a bottom-up and a top-down approach to risk management and we continue to improve alignment between them. Three times a year, local management formally reviews risks faced by their business, based on current trading, 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- 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, where a Group-level workshop is performed to pressure test the risks and their controls as well as fill in any gaps. In addition, 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.

To further understand Group-level risks and the interdependencies between them, a new Group-level risk assessment was introduced in 2023, which included input from members of the executive team and additionally, their direct reports.

To further pressure test the responses, a senior management strategy workshop session was run to understand top principal risks and their impact on Hunting's strategy and long-term planning.

Managing our risks

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. 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.

Hunting's internal control system, which has been in place throughout 2023 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 to in the future. Internal controls are regularly assessed to ensure they remain appropriate and effective.

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.

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 meeting internal control objectives.

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. We also use insurance as a risk mitigation tool.

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.

Emerging risks

Alongside the process of identifying the Group's current risks, local and Group-level management is challenged to identify and consider emerging risks that may impact the Group.

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 executives.

Emerging risks identified were: increasing climate regulations, an ageing workforce, and artificial intelligence although further developments to emerging risk identification are underway.

Risk Management continued

Overview of risk governance structure

The Board has set risk management roles and responsibilities as illustrated.
The diagram below shows a high-level governance structure for risk management.

Board
- Determines the Group's culture and mission;
- Sets the risk management framework; and
- Ensures management processes and internal controls are effective in identifying the Group's principal risks and emerging risks.

Ethics and Sustainability Committee
- Monitors key non-financial matters, including human capital, HSE and Quality Assurance;
- Reviews the Group's carbon and climate data; and
- Reviews bribery and corruption, modern slavery and sanctions procedures.

Audit Committee
- Oversees the Group's risk management processes;
- Reviews business risks and considers emerging risks; and
- Gains assurance that the risk management processes and controls are effective.

Group Management
- Establishes detailed Group policies and procedures;
- Manages centrally-controlled risks; and
- Reviews segment and business unit risks.

Segment and Business Unit Management
- Ensures Group policies and procedures are applied; and
- Manages business unit controlled risks.

Assurance – Internal Audit
Hunting's internal audit department reviews internal controls and risk management processes for their existence, relevance and effectiveness. Actions are recommended and graded in terms of importance and timeliness for change.

Strengthening our risk framework in 2023

We continue to enhance and develop our risk management and mature our risk processes to make them more valuable to both the business and long-term strategy. Over the course of the year, we have:

- Appointed a stand-alone Group Risk Manager role as part of the reorganisation of the central finance team. The new role has been tasked with developing the existing risk management framework, integrating the approach to business risk and ESG risk, and improving the quality and sophistication with which risk is managed and reported;
- Introduced a Group-level risk assessment, which serves to understand strategic and operational principal and emerging risks from the Group level;
- Run a risk workshop in the annual senior strategy meeting to supplement the written top-down Group-level risk assessment and pressure-test business risks; and
- Developed a long-term timeline for risk management to enhance the current risk processes and risk framework, and help Hunting meet its long-term strategic objectives.

Risk Management continued

Principal Risks

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.

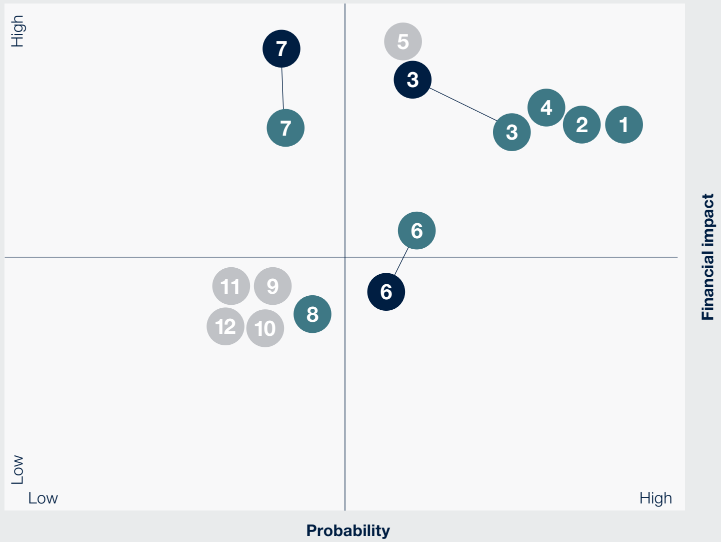
Key changes to our principal risks

In alignment with the Hunting 2030 Strategy and external environments, a review of principal risks has been undertaken, resulting in changes to several risks as well as an increase in the number of principal risks published. The following risks have been either evolved, added, escalated, or de-escalated due to the evolving strategic initiatives, internal and external pressures, changes in terminology and enhancements to risk identification processes. The following changes were observed:

- **Increased competition and market consolidation** has been changed from "increased competition" risk to include the current market trends;
- **Climate change and energy transition** has been renamed from "climate change" to include the wider scope of transition risks and opportunities;
- **Third-party** risk has been introduced and includes a wide spectrum of third party and supply chain risks including non-compliance of partners and joint ventures, agents, and distributors;
- **Acquisition** risk has been introduced into the principal list and includes a wider range of associated acquisition risks. It was previously disclosed as "overpayment for acquisitions or capital expenditure";
- **Cyber security** is a new principal risk. Components of this risk include high-impact cyber security attacks, data leakage, and server outages;
- **Loss of key executives or staff and shortage of skilled labour** expands the original risk of "loss of key executives" to also include the worldwide skilled-labour shortage risk;
- **Increased quantity and complexity of changing global rules and regulations** is a new risk and includes increased tax regulation, increasing climate regulatory requirements such as TCFD, and ongoing labour regulation and associated risks;
- **Our ability to achieve our strategic goals depends on how we react to external and internal forces** has been introduced and describes how strategic plans need to be executed on, including financial targets for profitability and cash generation to sustain investor confidence; and
- **Significant adverse changes to shale drilling** have been removed from the principal risk although it continues to be a closely monitored risk.

The Group's principal risks are identified on the pages following. While we have presented these as separately identified risks, internal and external events will often affect multiple risks and this is considered by the Board when assessing the impact on the Group.

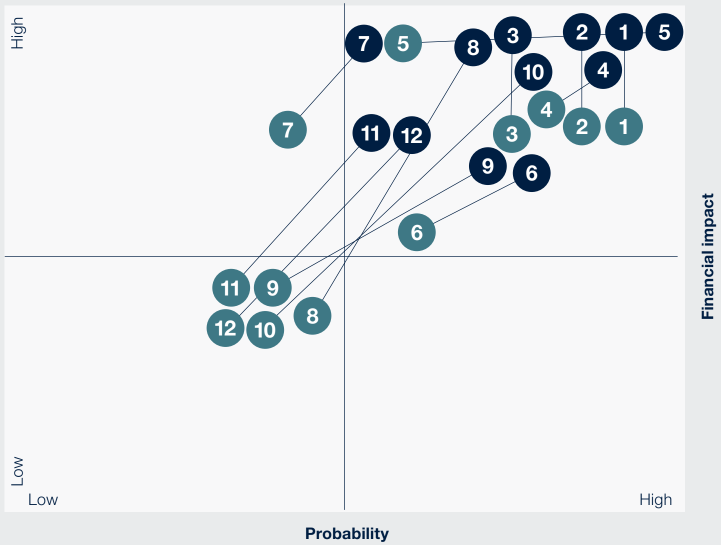
Movement in risks (post-control) during the year



- Current status
- Prior year status
- New risk

1 Increased competition and market consolidation
2 Geopolitical instability
3 Adverse movement in commodity prices
4 Climate change and energy transition
5 Cyber security
6 Loss of key executives or staff and shortage of skilled staff
7 Work environment issues including health and safety
8 Product quality and reliability
9 Our ability to achieve our strategic goals depends on how we react to external and internal forces
10 Third-party risk, including joint-venture, distributor and agent
11 Acquisition risk
12 Increased quantity and complexity of changing global rules and regulations

Effectiveness of internal controls



- Post-control status
- Pre-control status

Risk Management continued

1. Increased competition and market consolidation

Risk category
Strategic

Change from last year

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth
Operational Excellence

Risk description

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 and margins were put under pressure. 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. Competition to secure raw materials and components for the oil and gas services industry was strong throughout 2023.

Technological advancements in the oil and gas industry continue at pace and failure to keep ahead will result in lost revenue and market share. Additionally, the oil and gas industry is undergoing continuing consolidation that could impact our operations and financial results.

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, whilst also presenting an opportunity in geothermal and carbon capture markets.

Key mitigations

Management has been working to widen the Group's sources of raw materials; 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 operators. 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.

Key changes during 2023

Hunting's operations are established close to their end-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, Hunting management continues to work closely with customers to place orders with the Group earlier than usual and to be more consenting of longer lead-times in the short term. 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, with a focus on strategic partnerships, as detailed within the Chief Executive's Report on pages 18 to 23.

Risk Management continued

2. Geopolitical instability

Risk category
Operational

Change from last year

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth, Operational Excellence, Strong Returns, ESG and Sustainability

Risk description
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 which countries to operate from, considering the differing economic and geopolitical risks associated with each geographic territory.

Key mitigations
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 40 to 54.

Key changes during 2023
Geopolitical issues remain a feature of the modern world in which Hunting 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. The conflict in Gaza further adds to volatility in the region and worldwide. 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 remained high over the last twelve months.

3. Adverse movement in commodity prices

Risk category
Strategic

Change from last year

Risk owner
Chief Executive, subsidiary management

Link to strategy
Growth, Operational Excellence, Strong Returns

Risk description
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. The continued volatility of commodity prices, inclusive of both oil and gas and raw materials, cause a number of ongoing risks for the business.

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. Falling gas prices, leading to oversupply in oil plays, are also leading to pricing pressure.

Key mitigations
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 to plan for and predict improvements or declines in activity levels.

The Group is undertaking a measured diversification into non-oil and gas markets including geothermal and carbon capture which helps 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.

Key changes during 2023
Hunting's exposure to this risk was relatively high at the start of the year and has remained as such during the year. The oil price reflects the volatility caused by differences in the supply and demand and other influences such as geopolitics.

Risk Management continued

4. Climate change and energy transition

Risk category
Strategic

Change from last year

Risk owner
Chief Executive, Finance Director

Link to strategy
Growth
Operational Excellence
Strong Returns
ESG and Sustainability

Risk description
Failure to adapt to climate change and energy transition or to mitigate the Company's impact on the environment has the potential to damage the Company's reputation and cause issues, 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 regulations;
- increased cost and/or incidences of asset purchases in order to comply with new technological regulations;
- increased energy costs and liability insurance premiums; and
- increased taxation on perceived non-sustainable industries as governments set about using the tax system to pay for their net carbon emissions targets.

Key mitigations
The Group takes seriously its commitment to environmental compliance and stewardship. We have continued to increase and refine our climate-related disclosures. In 2023, the Company announced new GHG emissions targets, with the Group's scope 1 and 2 emissions reduction now targeted at 50% below the 2019 base-year 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. In addition, a number of workgroups, including an Ethics and Sustainability Committee, are monitoring climate-based matters.

The Group's environmental, climate and TCFD disclosures are described in detail on page 38 and pages 62 to 95.

Key changes during 2023
Climate risk commenced as a principal risk in the 2022 financial year as a high risk and has remained high throughout 2023. The Hunting 2030 Strategy outlined key targets for ongoing energy transition and long-term investment in geothermal and carbon capture.

5. Cyber security

Risk category
Operational

New Risk

Risk owner
Chief Executive, Finance Director, Chief IT Officer

Link to strategy
Operational Excellence

Risk description

Our continued dependence on Information Technology systems for our operations mean we rely heavily on secure and resilient IT systems. Components of this risk range from high-impact cyber security attacks, data leakage and server outage to the emerging risk of Artificial Intelligence and the confidential data storing practices in unsecure third-party environments. Through increased disaster recovery procedures, security awareness training, regular monitoring, content filtering, and DNS security solutions, risk mitigation has grown significantly over the past several years and most components of the risk have lowered net risk likelihoods although cyber attack remains high.

Key mitigations

Risks associated with cyber security range from loss of control or financial data, reputational damage and lost client and supplier trust, and financial loss.

Key mitigating actions include regular monitoring, back-ups and offsite servers (Cloud), and disaster recovery procedures including security awareness training, secure mail gateway, content filtering, and DNS security solutions.

Key changes during 2023

Hunting's exposure to this risk was relatively high due partly to the external factors impacting cyber risk.

In 2023, we have rolled out cyber security training, alongside a phishing campaign launched in July. Several infrastructure and data centre initiatives have been launched, and all 2023 objectives were tied directly to improving business reliability as well as Hunting's stance against the never-ending cyber security threats. With the stronger focus on cyber risk and ongoing mitigation, cyber risk has been escalated into our top principal risk list.

6. Loss of key executives or staff and shortage of key staff

Risk category
Operational

Change from last year

Risk owner
Chief Executive, Finance Director, Chief HR Officer, Remuneration Committee

Link to strategy
Growth, Operational Excellence, Strong Returns, ESG and Sustainability

Risk description

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. Similarly, skilled labourers, especially skilled machinists, are critical to operations and their shortage has the potential to compromise product quality in the near term. Rising inflation in certain regions can cause higher resignation rates, therefore competition for skilled labour remains high globally.

Key mitigations

Remuneration packages are regularly reviewed to ensure that key executives are remunerated in-line with market rates including healthcare and pension arrangements. External consultants are engaged to provide guidance on best practice. In response to the heightened risk of losing key employees and skilled labour, base and entry-level salaries were raised and a new pension scheme was set up for certain US employees in order to provide an incentive to remain with the Group. A new Directors' Remuneration Policy is to be introduced, and closer work with recruitment agents is underway.

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 131 to 154.

Key changes during 2023

Executives with tangible skills are capable of migrating to other industries with less exposure to cyclicality 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 key executives remained at a high level throughout 2023 as does the shortage of skilled labour.

Risk Management continued

7. Work environment issues including health and safety

Risk category
Operational

Risk owner
Chief Executive, subsidiary management

Change from last year

Link to strategy
Operational Excellence
ESG and Sustainability

Risk description

Due to the broad 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. Additionally, inadequately perceived environmental safety can contribute to reputational risk.

Key mitigations

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 34 and 75.

Key changes during 2023

The Group recorded an HSE total recordable incident rate of 0.91 in the year, which is significantly below the industry average and is a decrease from the prior year. This particular risk pertaining to HSE incidents, therefore, continues to be relatively low, post-controls. Ongoing audits and Group reporting have highlighted no material weakness or significant deficiencies.

8. Product quality and reliability

Risk category
Operational

Risk owner
Chief Executive, subsidiary management

Change from last year

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description

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.

Risk of developing or innovating products or differentiating existing products could have an adverse effect on responding to customers' needs and could result in a loss of customers, as well as adversely affecting future success and profitability.

Key mitigations

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 replacement has been established in order to mitigate the risk of machine breakdowns affecting product quality.

Key changes during 2023

The risk of 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.

The Group's commitment to product quality is detailed on pages 29 and 79.

Risk Management continued

9. Our ability to achieve our strategic goals depends on how we react to external and internal forces

Risk category
Strategic

New Risk

Risk owner
Chief Executive, Finance Director

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description
Hunting's ability to achieve its strategic goals depends on how we react to external and internal forces. This presents itself both as a risk as well as an opportunity. Hunting has set out a clear strategy with long-term growth objectives to investors during its Capital Markets Day and those plans need to be executed on, including the delivery of financial targets for profitability and cash generation.

Internal and external risks could cause Hunting to miss financial targets previously communicated to shareholders. This could impact investor confidence and, therefore, impact the Hunting share price. Additionally, Hunting has a range of external stakeholders and shareholders, whose interests, and definitions of success are different. There is a risk that our definition of success is not aligned to the changing external perspective.

Key mitigations
Hunting's first Capital Markets Day hosted in 2023 enabled the sharing of strategy and long-term goals to inform the market. Increased focus on continuously developing investor and analyst relations further influenced the ongoing collection of market intelligence to enable Hunting to address any change in shareholder expectations more quickly.

Key changes during 2023
Facing competition in all aspects of our business means that failing to manage our costs and operational performance could result in inadequate earnings, cash flows and other financial performance metrics. This in turn can affect Hunting being perceived as an attractive proposition for shareholders and lenders. A stronger focus on monitoring both internal and external environments and stakeholder expectations has been a priority for 2023, therefore escalating the risk.

10. Third-party risk, including joint-venture, distributor, and agent

Risk Category
Operational

New Risk

Risk Owner
Chief Executive, subsidiary management

Link to strategy
Growth
Operational Excellence
Strong Returns

Risk description
Third-party risk has been evolving due to Group's focus on global partnerships and joint ventures. Partnerships can expose Hunting to regulatory non-compliance as a result of reduced oversight of relevant internal controls. Furthermore, failure to find an appropriate joint venture partner or a failure by a joint venture partner to perform to the standards required by the joint venture agreement could result in negative financial and reputational impact to the Hunting Group.

Key mitigations
Apart from regular monitoring practices, a new Supply Chain Code of Conduct was implemented, and bi-annual reports are now required from each third party in EMEA and Singapore. The Board, Chief Executive and Finance Director additionally hold post-investment appraisals.

Key changes during 2023
Ongoing relationship building with joint-venture partners has been a focus to ensure compliance and the application of our Global principles wherever we work. This year, the Hunting Group has updated the Supply Chain Code of Conduct, which has been sent to all our suppliers and customers. Continuous monitoring of practices keep this risk high, yet stable.

Risk Management continued

11. Acquisition risk

Risk category
Strategic

New Risk

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth, Operational Excellence, Strong Returns

Risk description
Due to the nature of our business, and especially a focus on alternative revenue streams such as geothermal or carbon capture, acquisitions are an integral part of Hunting 2030 Strategy. This puts us in a position of managing the inherent risks of identifying and integrating businesses that we have or may acquire. Furthermore, acquisitions and investments may not result in anticipated benefits and may present risks not originally considered, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Key mitigations
With a clear long-term strategy mapped out at the Group's Capital Market's Day, increased monitoring of Hunting's businesses has been in place, with increased reporting to the Board. Further mitigation includes undertaking additional due diligence, and defining investment criteria for investment appraisals. Ongoing post-investment appraisals and additional Board, Chief Executive and Financial Director appraisals are in place.

Key changes during 2023
Acquisition risk is a new entrant to the Group's annual risks, although its risk rating has remained unchanged from its previous rating during the year, with no significant issues raised by the Group.

12. Increased quantity and complexity of changing global rules and regulations

Risk category
Legal and Compliance

New Risk

Risk owner
Chief Executive, Finance Director, subsidiary management

Link to strategy
Growth, Operational Excellence, Strong Returns, ESG and Sustainability

Risk description
Hunting operates globally in complex regulatory environments, and there is an ongoing risk that we are not compliant with global rules and regulations. Further increasing risks range from increased tax regulations, labour regulatory risks and their long-term impacts, and increased climate regulatory requirements and changing international rules and regulations such as TCFD. The development of climate change regulations also differs globally, influencing varied shareholder expectations, especially between the US and the UK.

Key mitigations
Ongoing monitoring and increased resource allocation for internal monitoring has helped in efforts to continuously track any evolving regulatory requirements.

Key changes during 2023
The risk of increased rules and regulations is a new addition to the principal risk list due to changing priorities of the UK regulatory environment, as well as ongoing evaluation of climate-related requirements. It is a risk that is continually monitored with no significant issues being raised by the Group.

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 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 96 and 97 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 uncertainty 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 Asset Based Lending facility ("ABL") is a four-year bank borrowing facility that commenced in February 2022. 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 financial statements are approved, is the appropriate length of time to reasonably assess the Group's viability.

Assessment

The nature of the Group's operations exposes the business to a variety of risks, which are noted on pages 98 to 105.

The Board regularly reviews the principal risks and assesses the appropriate mitigation and further actions required as described on page 96 and pages 98 to 105. The Board has further considered their potential impact within the context of the Group's viability assessment.

In assessing the viability of the Group, the Board consider internal financial projections to the end of 2027 which made the following assumptions:

- global exploration and production spend, excluding Russia, China and Central Asia, is expected to rise by 48% from 2023 to 2027;
- 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 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 continues to widen its customer base beyond the oil and gas industry, including into non-oil and gas energy, aerospace, military and medical markets;
- the Group's cost base is expected to benefit from improved efficiency resulting from reductions in fixed costs, simplified management structures and back office services, which together with the improved operating leverage, is expected to drive EBITDA margins up; and
- the Group will continue to have a low to medium exposure to higher risk countries given the proportion of its current revenues and profits derived from politically stable regions such as North America, Europe and South East Asia.

A downside case of the financial projections was also produced to model a severe but plausible deterioration in market conditions relevant to the Group's principal risks. The downside case models a reduction in revenue of between 10-15% per year in 2026 and 2027 and the resulting impact on EBITDA and total cash and bank assuming a modest reduction in discretionary corporate cash outflows such as dividends and treasury share purchases. If conditions were worse than anticipated in the downside case, corporate cash outflows, capital expenditure and operating costs would be reassessed resulting in additional financial flexibility. In the downside scenario, the Group continued to generate cash and had significant headroom under its committed facilities and financial covenants.

Liquidity and solvency

The $150m ABL facility is a four-year bank borrowing facility and includes an option that allows Hunting to increase the facility by a further $50m subject to the lenders' credit approval. The ABL facility was partially utilised during 2023 in order to fund working capital. At 31 December 2023, the Group's total cash and bank position was broadly zero (NGM K). The Group's internal financial projections indicate that the Group is expected to deliver a cash positive position by the end of 2024.

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 against the principal risks, the availability of borrowing facilities 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

Introduction

The Group's principal cash outflows include capital investment, labour costs, inventory purchases and dividends. 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 2023, 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"). Throughout 2023, the facility was partially utilised in order to fund working capital. At 31 December 2023, the Group had total cash and bank of broadly zero (NGM K). The Group's internal financial projections indicate that the Group is expected to return to a cash-positive position by the end of 2024 and consequently has sufficient resources to meet its liabilities as they fall due over the next twelve months following the date of approval of the financial statements.

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 as well as the availability of borrowing facilities. The Board also considered the principal risks faced by the Group and the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. Management also sensitised the forecasts to reflect plausible downside scenarios and these demonstrated that the Group is able to maintain sufficient cash resources to meet its liabilities as they fall due over the twelve months following the date of approval of the financial statements. 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 the financial statements.

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 2023 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 will promote the continued success of the Company, for the benefit of its members and stakeholders as a whole.

The Board 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 longstanding 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; and
- 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 ensure we 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;
- Our second global employee engagement survey was launched during the year leading to additional training programmes being set up;
- Updated Code of Conduct training programmes were rolled out to all Group employees in 2023 as well as cyber security training;
- A Supplier Code of Conduct was rolled out during the year;
- Charitable donations were made in-line with the new policy to distribute unclaimed dividends to UK-based charities;
- The Group has continued to expand its carbon data and climate reporting. During the year, the Company announced its targets to reduce carbon emissions, based on its scope 1 and 2 carbon footprint;
- The Group also completed its first carbon data assurance project, using S&P Global;
- The Group commenced the analysis of its scope 3 emissions, beginning with the Hunting Titan operating segment, which will enable the Company to estimate its scope 1, 2 and 3 greenhouse gas emissions;
- Hunting's TEK-HUB™ continues to build relationships with innovative individuals and organisations that are developing technologies that align with our customers' and wider stakeholders' requirements;
- The Company held a Capital Markets Day during which senior management presented the Hunting 2030 Strategy, outlining the Company's ambitions to expand in traditional energy, energy transition markets as well as non-oil and gas markets such as aviation, commercial space, defence, medical and power generation;
- Teams from Singapore, China and Indonesia organised various events to celebrate International Women's Day, which included team building exercises, speakers and activities. The workshops addressed several topics including diversity and equality in regard to the workplace;
- In February 2023, the Society of Petroleum Engineers hosted a roundtable discussion led by Hunting staff, with the event providing the perfect opportunity to showcase how the Company is supporting global energy transition projects; and
- 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 2023 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 31 and 32);
- lenders (pages 31 and 32);
- employees (pages 31 and 33 to 35);
- customers (pages 31, 36 and 37);
- suppliers (pages 31 and 37);
- environment and climate change (pages 31 and 38);
- governments (pages 31 and 39); and
- communities (pages 31 and 39).

On behalf of the Board

Jim Johnson
Chief Executive

Bruce Ferguson
Finance Director

29 February 2024

CORPORATE GOVERNANCE

Introduction to Corporate Governance

John (Jay) F. Glick
Company Chair

2023 saw a strong increase in the activity and profitability of the Company as global energy markets continued their growth, driven by energy security concerns and wider economic progress. The delivery of affordable energy supplies is also a key driver for the new activity seen in the year, with offshore markets being particularly strong. The Board of Hunting believes that energy markets will remain resilient for many years to come, with the Company's strategic ambitions also aligned with new, non-oil and gas opportunities.

Around this sector narrative, the Directors of the Company continued to implement improvements to the strategic and governance frameworks to position Hunting for long-term success. A new strategy was announced and, in parallel to this, the work of the Nomination and Remuneration Committees, in particular, reflect the alignment of succession and compensation with these ambitions.

I am due to retire from the Board in April 2024, following completion of nine years' service to shareholders, but I leave the Company in excellent shape, positioned well for continued growth, supported by strong and experienced Directors.

Hunting 2030 Strategy
In March 2023, the Company announced the Hunting 2030 Strategy, which presented the growth ambitions of management to the end of the decade.

Details of this strategy were delivered at the Company's first Capital Markets Day on 13 September 2023, where Hunting's senior leadership team presented the strategic plans, growth ambitions and financial targets for the medium-term.

Hunting has a compelling technology and product offering, which covers many critical areas of the global energy industry. The Company is also making good progress in developing energy transition revenue opportunities, particularly in the tangential markets of geothermal energy and carbon capture and storage. Further, Hunting is driving growth through diversification outside of energy markets, which require quality-assured products, supported by high-end manufacturing capabilities. These ambitions will deliver growth in the financial performance of the Company, given the market fundamentals being reported for energy, but also other industries that need our skills. I would like to commend Jim Johnson, our Chief Executive, for the evolution and delivery of this new strategic plan.

Board succession and refreshing
On 3 January 2023, Stuart Brightman was appointed as a new, independent, non-executive Director of the Company. Stuart brings a wealth of manufacturing, energy services and quoted company experience to the Hunting Board. In-line with the Company's Articles of Association, Stuart automatically retired as a Director and was reappointed by shareholders at the 2023 Annual General Meeting ("AGM").

As noted below, the Board are submitting to shareholders, for approval at the 2024 AGM, a new Directors' Remuneration Policy and Long-Term Incentive Plan. To ensure continuity through this process of engagement with shareholders, on 5 December 2023 the Board agreed to reappoint Annell Bay, the Chair of the Remuneration Committee, for up to a further 12 months, with effect from 2 February 2024. Major shareholders were consulted on this decision during January 2024, as part of the Board's ongoing governance dialogue.

During H2 2023, the Nomination Committee undertook a search process to appoint an additional, independent, non-executive Director. Following a detailed search and interview process, Dr Margaret Amos was appointed as a Director on 10 January 2024, joining all of the Committees of the Board. Margaret brings new sector expertise to the Board, as Hunting seeks to pursue non-oil and gas revenue streams, in-line with the Hunting 2030 Strategy.

2024 will be a year of change for the profile of the Hunting Board as the process of succession and rotation continues. On 17 April 2024, I will step down as Company Chair at the conclusion of the AGM. Following a rigorous process, the Nomination Committee, led by Annell Bay, proposed Stuart Brightman to succeed me as Company Chair to lead Hunting through its next phase of development, as the Hunting 2030 Strategy is executed by executive management. I wish Stuart all the best in his new role.

As detailed in our announcement on 10 January 2024, following Stuart's appointment as Company Chair, Margaret Amos will take over as Chair of the Ethics and Sustainability Committee.

Introduction to Corporate Governance continued

> "Hunting's governance framework, along with the Board and Committee processes and procedures have remained robust during 2023 with progress being made on many fronts."

Dividends declared in the year

10.0 cents

(2022 – 9.0 cents)

Total distributions payable to shareholders in respect of the financial year

$15.8m

(2022 – $14.3m)

With these changes, the Hunting Board is well positioned to pursue a broad range of growth opportunities as the energy industry continues its growth path.

New Directors' Remuneration Policy

Hunting's Remuneration Committee continued its excellent work throughout 2023, and, in the year, commenced a review process to ensure the Company's compensation practices aligned with the long-term strategic ambitions of the Board, as well as ensuring that Hunting's remuneration framework remains competitive in its key recruitment markets of the US and the UK.

As described in more detail in the Remuneration Committee report see pages 131 to 154, a detailed and balanced benchmarking process was completed, which compared the remuneration structure of Hunting's Chief Executive to its most relevant and appropriate peers who carry the same profile and size to our Company. This process resulted in a new Director's Remuneration Policy, which includes a proposed hybrid long-term incentive structure, with Hunting's executive Directors being granted a mix of performance-based and restricted stock awards. The Remuneration Committee and wider Board believe this structure to be critical to the long-term recruitment and succession planning needs of the Company, given the location of the majority of Hunting's most senior executives. During H2 2023, a thorough shareholder engagement process was undertaken, led by Annell Bay, and following some amendments to our proposals after receiving feedback from our shareholders, the 2024 Directors' Remuneration Policy and new Long-Term Incentive Plan are being submitted for approval at the 2024 AGM. The Directors believe the new Policy to be key to the long-term success of the Company and seek shareholder support for these proposals.

Dividends

With the continued improvement in the Company's financial performance in the year, and in-line with the dividend ambition announced as part of the Hunting 2030 Strategy, the Directors are proposing a Final Dividend, with respect to 2023 of 5.0 cents per share. This distribution is being submitted to shareholders for approval at the 2024 AGM.

An Interim Dividend of 5.0 cents per share was paid on 27 October 2023, equating to a cash distribution of $7.9 million.

The total distribution for the year to shareholders is, therefore 10.0 cents per share, or a 11% increase over 2022, which equates to total distributions payable of approximately $15.8m (2022 – $14.3m).

ESG and sustainability

As a responsible Company, our efforts to increase our ESG and Sustainability commitments have continued in the year, with Hunting announcing new 2030 carbon emission reduction targets in March 2023. A new initiative introduced in the year was an independent assurance process covering our scope 1 and 2 emissions, which was completed in July 2023. S&P Global was appointed to oversee this process, which was successfully concluded with no amendments to our published 2022 emissions data.

As noted elsewhere in this report, the Company has commenced a process to determine its scope 3 carbon emissions data. This is an important milestone for Hunting as it will enable management to develop a Net Zero carbon reduction plan, which is an area of increased focus for investors.

During 2023, the Company completed a second employee engagement survey, with the results being reviewed by the Ethics and Sustainability Committee at its June 2023 meeting. The Directors noted the improved scoring recorded in this process, which underlines their belief that Hunting retains a strong culture across all of its global operations.

New UK Corporate Governance Code

The Board is keeping under close review the proposals by the UK government to reform audit and governance procedures. The Directors of Hunting remain committed to close alignment with the UK Corporate Governance Code, and will implement new practices as and when required to remain compliant with the Code.

In summary, the governance framework, along with the Board and Committee processes and procedures, have remained robust during 2023 with progress being made on many fronts. As I retire from the Company, I believe that Hunting is poised for a period of resilient performance in the short- to medium-term.

On behalf of the Board

John (Jay) F. Glick
Company Chair

29 February 2024

Board of Directors and Company Secretary

Key to committees:

- N Nomination Committee
- E Ethics and Sustainability Committee
- R Remuneration Committee
- A Audit Committee
- I By invitation
- Chair

John (Jay) F. Glick
Non-executive Company Chair

Nationality
American

Length of service
9 years; appointed to the Board as a non-executive Director in 2015 and is viewed as independent. In 2017, Jay was appointed non-executive Company Chair and in September 2023, was reappointed for a final 8 months. Jay currently Chairs the Nomination and Ethics and Sustainability Committees. Jay will retire from the Board at the conclusion of the 2024 AGM. Age 71.

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 with Cameron International Corporation.

External appointments
Jay is currently a non-executive director and chairman of TETRA Technologies Inc.

Arthur James (Jim) Johnson
Chief Executive

Nationality
American

Length of service
32 years; appointed to the Board as a Director and Chief Executive in 2017. Age 63.

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.

Bruce Ferguson
Finance Director

Nationality
British

Length of service
30 years; appointed to the Board as a Director and Finance Director in 2020. Age 52.

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.

Margaret Amos
Non-executive Director

Nationality
British

Length of service
Less than 1 year; appointed to the Board as a non-executive Director in January 2024 and is viewed as independent. Following Jay Glick's retirement in April 2024, Margaret will Chair the Ethics and Sustainability Committee. Age 54.

Skills and experience
Margaret spent the majority of her career at Rolls-Royce plc, where she held a number of senior positions including Finance Director – Engineering, IT and Corporate as well as Director of Business Planning.

External appointments
Margaret is currently a non-executive director of Tyman plc, Volution Group plc and Pod Point Group Holdings PLC.

Annell Bay
Non-executive Director

Nationality
American

Length of service
9 years; appointed to the Board as a non-executive Director in 2015 and is viewed as independent. In February 2024, Annell was reappointed for a further 12 months to oversee the implementation of the new Directors' Remuneration Policy, which will be submitted to shareholders at the 2024 AGM. Annell is Chair of the Remuneration Committee and is also the Company's designated non-executive Director for employee engagement. Age 68.

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.

Board of Directors and Company Secretary continued

Key to committees:

- N Nomination Committee
- E Ethics and Sustainability Committee
- R Remuneration Committee
- A Audit Committee
- I By invitation
- ● Chair

Stuart M. Brightman
Non-executive Director

Nationality
American

Length of service
1 year; appointed to the Board as a non-executive Director in 2023 and is viewed as independent. Age 67.

In January 2024 it was announced that following the conclusion of the 2024 AGM Stuart would succeed Jay Glick as Company Chair.

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
None.

Carol Chesney
Non-executive Director

Nationality
American and British

Length of service
6 years; appointed to the Board as a non-executive Director in 2018 and is viewed as independent. Carol is Chair of the Audit Committee, and in April 2021 was reappointed for a further three-year term. Age 61.

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 and Hill & Smith plc.

Paula Harris
Non-executive Director

Nationality
American

Length of service
2 years; appointed to the Board as a non-executive Director in April 2022 and is viewed as independent. Age 60.

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.

Keith Lough
Senior Independent Non-executive Director

Nationality
British

Length of service
6 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 reappointed for a further three-year term. Age 65.

Skills and experience
Keith was formerly the non-executive Chairman of Gulf Keystone Petroleum Limited and Rockhopper Exploration plc as well as a non-executive director of Capricorn Energy plc. He has 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 chair of Southern Water.

Ben Willey
Company Secretary

Nationality
British

Length of service
14 years; joined Hunting in 2010 and was appointed Company Secretary in 2013. Age 50.

Skills and experience
Ben is a Fellow of the Institute of Chartered Secretaries and Administrators. He was formerly a partner at Buchanan, a WPP company, and, prior to that, worked in investment banking.

External appointments
None.

Executive Committee

Stewart Barrie
Managing Director
– EMEA

Nationality
British

Length of service
12 years; joined Hunting in 2012.
Age 55.

Liese Borden
Chief HR Officer

Nationality
American

Length of service
6 years; joined Hunting in 2018.
Age 62.

Ryan Elliott
Chief IT Officer

Nationality
American

Length of service
11 years; joined Hunting in 2013.
Age 46.

Gregory T. Farmer
Global Director
– QAHSE/Compliance

Nationality
American

Length of service
36 years; joined Hunting in 1993.
Age 57.

Scott George
Managing Director
– North America

Nationality
American

Length of service
14 years; joined Hunting in 2010.
Age 50.

Jason Mai
Managing Director
– Hunting Titan

Nationality
American

Length of service
8 years; joined Hunting in 2016.
Age 55.

Daniel Tan
Managing Director
– Asia Pacific

Nationality
Singaporean

Length of service
16 years; joined Hunting in 2008.
Age 61.

Dane Tipton
Managing Director
– Subsea Technologies

Nationality
American

Length of service
14 years; joined Hunting in 2010.
Age 52.

Randy Walliser
Managing Director
– Canada

Nationality
Canadian

Length of service
5 years; joined Hunting in 2019.
Age 63.

Jim Johnson, Bruce Ferguson and Ben Willey are also members of the Hunting Executive Committee.

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 notes that it has complied with all provisions within the Code except for the following from which there has been a departure as at 29 February 2024:

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 12% of base salary. Under the current Directors' Remuneration Policy, the Board 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. In 2023, a new deferred savings plan was implemented in the US, which fully aligns the workforce and management across the region. The Remuneration Committee notes that this plan will be offered to future US-based executive Directors, which will make the Company fully compliant with the Code.

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 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.

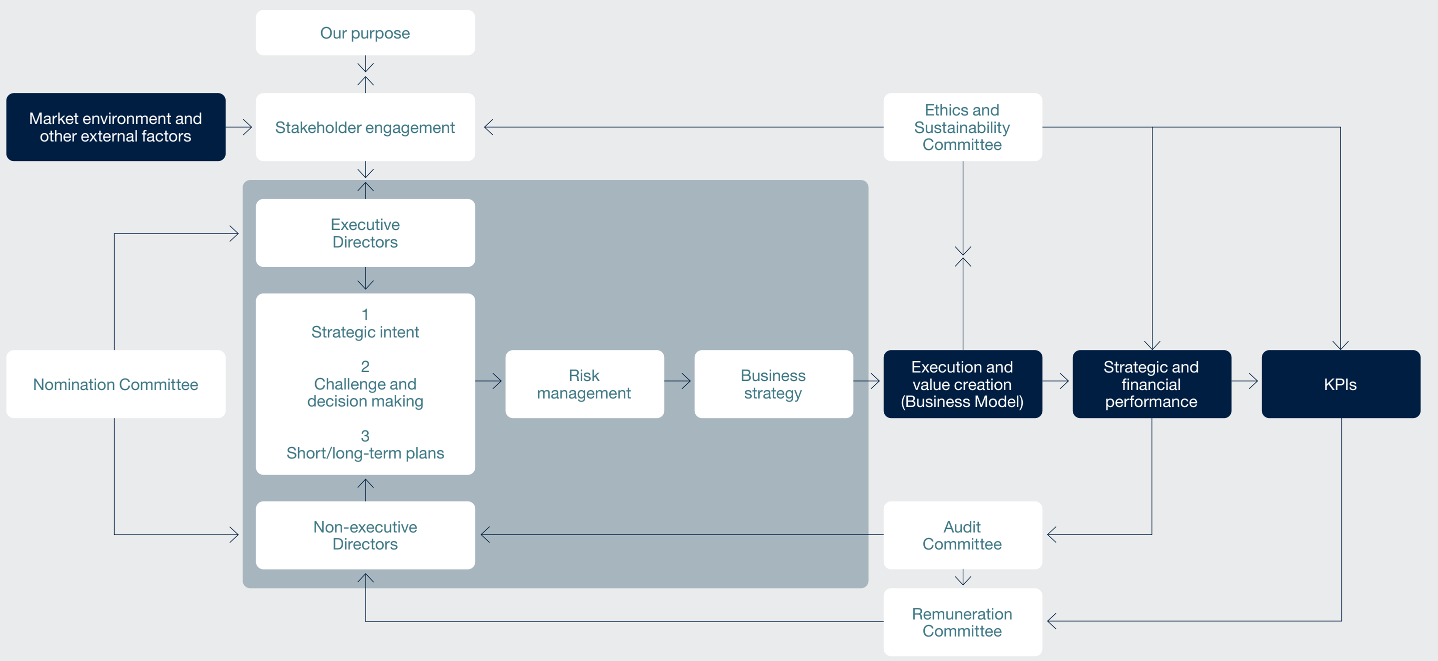
Embedded within strategic planning is the Group's appetite for risk. The Group's Risk Management framework (see pages 96 and 97), and supporting procedures, help the Board refine its decision making, as the opportunities and risks for long-term success and growth are evaluated against the risk appetite 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 126 and 127;
- the Ethics and Sustainability Committee, whose report can be found on pages 128 to 130;
- the Remuneration Committee, whose report can be found on pages 131 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.

Hunting governance framework



Corporate Governance Report continued

The work of the Nomination Committee supports the Board's responsibility for ensuring that a framework for the 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 supports the Group's environmental, social and governance ("ESG") decision making. The Committee also monitors the long-term strategies to reduce our impact on the environment, improve our sustainability, monitor stakeholder engagement procedures and oversees 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 and overseeing the internal audit and external audit functions.

The Board and its Committees are further supported by an Executive Committee, comprising senior leaders across the Group. The Executive Committee oversees the implementation of the Group's strategy and growth objectives and ensures that the risks and also 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 Company Chair, 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 exercises 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 these forecasts to market expectations and assessing other financial matters. They review and approve all public announcements, including financial results and 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. The compensation 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 markets, 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 nine times in 2023 (2022 – eight times), with the attendance record noted below:

Number of meetings held	**9**
Number of meetings attended (actual/possible):	
Annell Bay	9/9
Stuart Brightman	9/9
Carol Chesney	9/9
Bruce Ferguson	9/9
Jay Glick	9/9
Paula Harris	9/9
Jim Johnson	9/9
Keith Lough	9/9

Corporate Governance Report continued

2023 Board Meetings and Agenda Items	26 Jan	25 Feb	19 Apr	6 Jun	14 Jul	23 Aug	4 Oct	30 Oct	6 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									•
Company Chair/Senior Independent Director Investor Feedback		•							

Tenure

The average tenure of the Board, at 29 February 2024, is five years (2022 – four years). Within the non-executive Directors, the average tenure is five years (2022 – five years).

Jay Glick was appointed to the Board in 2015, was appointed Company Chair in 2017 and will retire as a Director at the conclusion of the AGM on 17 April 2024.

As noted in the Nomination Committee Report, Annell Bay, Chair of the Remuneration Committee, was reappointed for a further 12 months from 2 February 2024, to oversee the final implementation of the new Directors' Remuneration Policy and Long-Term Incentive Plan. Ms Bay will retire no later than the tenth anniversary of her appointment, being 2 February 2025. The Board continues to consider Ms Bay as an objective and independent non-executive Director.

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 the appointment.

For more information on the service contracts of the current executive Directors, please see the Remuneration Committee Report on page 144.

Composition and diversity

As part of the Board's focus on refreshing its skills and expertise as Hunting enters another growth phase, Stuart Brightman was appointed as a new, independent non-executive Director on 3 January 2023. Mr Brightman was appointed to all Board Committee's on appointment, and at the 2023 AGM automatically retired and offered himself for reappointment by shareholders. Shareholders duly reappointed Mr Brightman at the 2023 AGM.

The Nomination Committee continued its search process with a view to appointing a further non-executive Director who provides non-oil and gas experience as the Company executes the Hunting 2030 Strategy. During the second half of 2023, the Nomination Committee interviewed candidates and at its meeting on 8 January 2024, proposed the appointment of Dr Margaret Amos. Dr Amos was appointed to the Board on 10 January 2024 and was appointed to all Board Committees from this date. Dr Amos will automatically retire at the 2024 AGM, and offer herself for reappointment by the shareholders.

For further information on the biographical details of the Board of Directors, please see pages 112 and 113.

Average tenure of the Board

5 years

at 29 February 2024
(2022 – 4 years)

Average tenure of the non-executive Directors

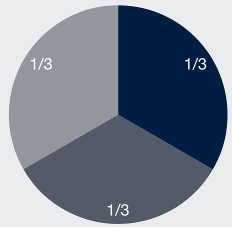
5 years

at 29 February 2024
(2022 – 5 years)

Board tenure

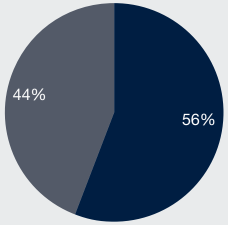
at 29 February 2024

- Less than 3 years
- 3-5 years
- 6-9 years

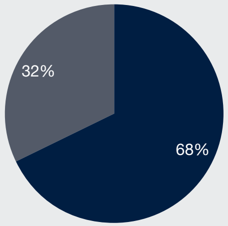


Corporate Governance Report continued

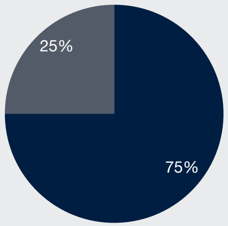
Board gender diversity
%
● Male
● Female



Senior management gender diversity
%
● Male
● Female



Workforce gender diversity
%
● Male
● Female



Board of Directors and Executive Committee
At 29 February 2024

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	56	4	11	92
Women	4	44	0	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)	8	89	4	10	83
Mixed/Multiple Ethnic Groups	–	–	–	–	–
Asian/Asian British	–	–	–	2	17
Black/African/Caribbean/Black British	1	11	–	–	–
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 with two of the three requirements under Listing Rule 9.8.6, with the requirement for at least one senior Board position being held by a women not being met. The Directors anticipate that this non-compliance will be resolved in the next few years as further refreshing of the Board continues.

The Board is currently reviewing the Group-wide ethnicity profile and will likely target a diversity profile for the senior management team similar to the whole workforce. Further information on this area will be incorporated in the 2024 Annual Report.

Corporate Governance Report continued

Purpose

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.

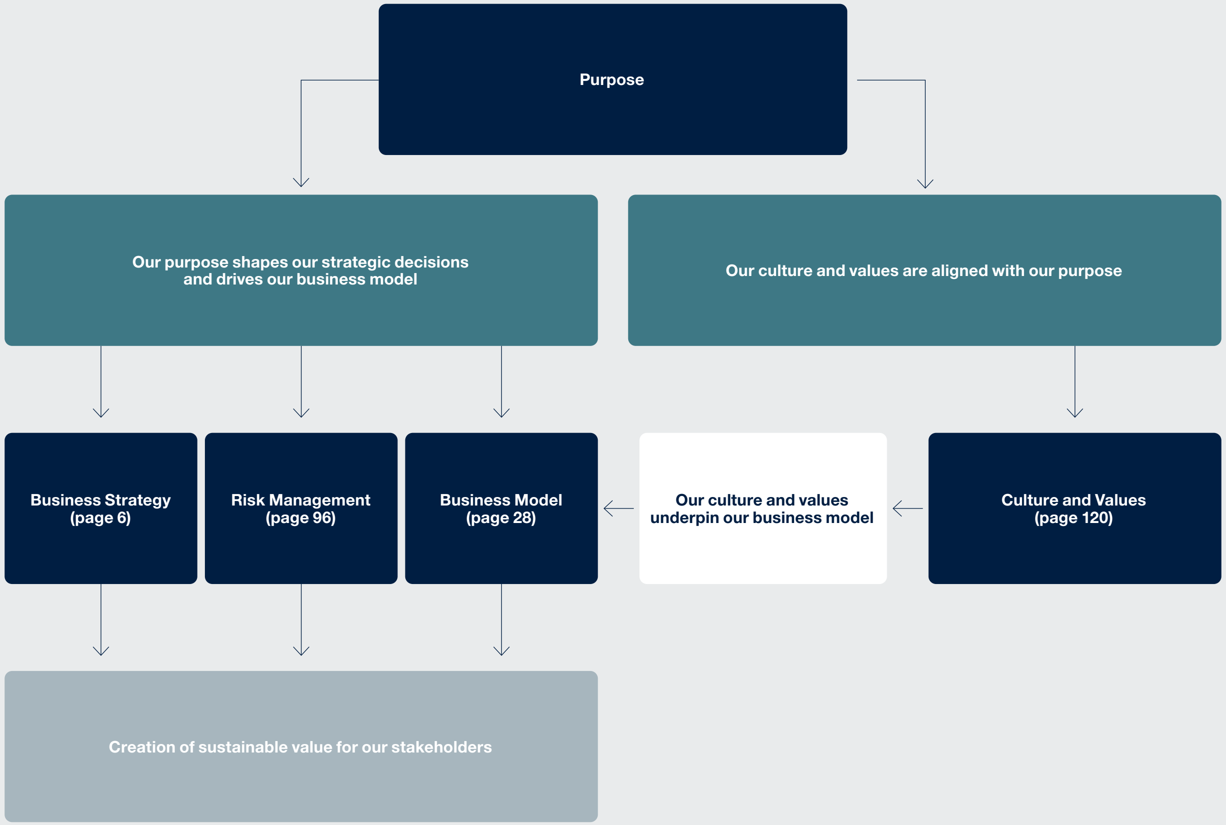
Our customers are constantly pursuing higher levels of safety and reliability and better efficiencies, leading to a lower cost of operation for themselves, while aiming to be good stewards of the environment, through a safe and responsible approach to oil and gas field development.

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 non-oil and gas sectors that utilise our core competencies and offer an attractive return.

Our Purpose – to be a highly trusted innovator and manufacturer of technology and products that create sustainable value for our stakeholders.



Corporate Governance Report continued

Culture and values

Our culture is the shared way that we do things in the Company and is underpinned by our core values of respect, honesty, integrity, innovation and reliability.

The Company has been operating since 1874 and has a long history with a strong culture of excellence. At the heart of Hunting's culture is our people.

Our culture is shaped and determined by the way we:

Attract and retain people

Training and development
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.

Fair remuneration
To retain our staff, our employees are fairly remunerated, which, in addition to a competitive base salary, can comprise a range of benefits. Given the competitive landscape of our industry, our base levels of pay are well above minimum wage thresholds.

Safety
Zero harm to our employees.

Key metrics
- HSE hours of training per employee;
- Cyber security training;
- Voluntary turnover rate;
- Salary and benefits;
- Talent development;
- Succession planning;
- Total recordable incident rate; and
- Total near-miss frequency rate.

Work together

Speak up
Our culture encourages a "speak up" environment to enable our processes to be improved, but also to address possible concerns from all levels of staff.

Equity and inclusion
Hunting prides itself on being a fair and responsible employer. We are committed to creating a positive workplace environment for all of our employees; one that is safe, respectful, fair and inclusive, and free of any form of harassment, bullying or discrimination.

Diversity and inclusion
The Company recognises the business benefits of having a diverse workforce, including a diverse Board, as this supports the delivery of high performance and increases the effectiveness of the Company.

Key metrics
- Diversity of employees;
- Diversity at management level;
- SafeCall reports; and
- Employee engagement survey.

Do business in a responsible and sustainable way

Strong HSE and quality assurance ethic
We seek to achieve and maintain the highest standards of safety for our employees, customers, suppliers and the public.

Looking after local 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.

Commitment to minimising our impact on the environment
We protect and minimise our impact on the environment in which we operate, and where our products are used. We focus on climate change – setting targets for, and achieving, emissions reductions and mitigating climate-related risks.

Key metrics
- Total recordable incident rate;
- Total near-miss frequency rate;
- Internal manufacturing reject rate;
- Scope 1 and 2 emissions; and
- ISO accreditation of facilities.

Make decisions

Flat management structure
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 Company forward.

Ongoing engagement with our shareholders, customers, suppliers, and employees
Stakeholder engagement is a key element for our culture as our stakeholders enable Hunting to deliver its strategy.

Incorporating environmental concerns into our business decisions
Our operating principles are focused on containing and reducing our carbon footprint.

Key metrics
- Employee engagement survey;
- Townhall meetings;
- NED engagement meetings;
- Capital Markets Day; and
- Customer satisfaction surveys.

Maintain high business standards

Code of Conduct and Supplier Code of Conduct
Hunting's Code of Conduct underpins all our engagements, internally and externally.

Internal and external audit & assurance, risk assessment
Hunting is committed to carrying out its business in a responsible way and holds itself to high standards of honesty and integrity.

Long-term relationships with core stakeholders
Creating positive, long-term relationships with our key stakeholders ensures that we are sustainable.

Key metrics
- Code of Conduct training;
- Rolling out Supplier Code of Conduct;
- Prompt payment of suppliers;
- Total recordable incident rate; and
- Total near-miss frequency rate.

Corporate Governance Report continued

Board engagement

The Directors have oversight of all stakeholder engagement activities and receive reports on regional activities throughout the year.

The Board meets shareholders as part of an investor relations programme of work which includes the Company Chair, Senior Independent Director, Chief Executive and Finance Director.

All the Directors participate in employee engagement initiatives.

Engagement with Customers and Suppliers is primarily delegated to the Chief Executive and Executive Committee members.

Stakeholder engagement

Details of engagement activities with all our key stakeholders and the Board can be found, within the Strategic Report, on pages 31 to 39.

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 Houma, Louisiana facility, as part of ongoing engagement programmes.

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 2023, the Group completed a second, all-employee engagement survey. The results of the survey were reviewed by the Directors, with improvements in engagement being noted since the last survey in 2019. Supporting this initiative has been a process of formalising other employee engagement initiatives including management briefings, and introducing roundtable employee discussion forums and regular townhall meetings.

During the year, the Company held its first Capital Markets Day where the executive Directors and senior leadership team launched a resilient long-term strategy, which is aimed at delivering growth and strong returns to 2030 in a sustainable and responsible way.

Shareholder views

The Company Chair and Senior Independent Director met with shareholders in January 2023 and January 2024 to discuss governance, remuneration strategy and other matters.

Between July 2023 and February 2024, Annell Bay, as Chair of the Remuneration Committee, met with shareholders to discuss the new Directors' Remuneration Policy and Long-Term Incentive Plan, with extensive engagement beginning in July 2023 up to the date of the publication of this Annual Report. Shareholder feedback was considered by the Remuneration Committee and has been incorporated into the policy where appropriate.

During the year, the Chief Executive and Finance Director also regularly met shareholders to discuss performance and strategy. Investor meeting feedback reports are prepared by the Group's advisers and are circulated to the Directors.

During the year, an investor perception survey was also initiated, which was conducted by a third party on behalf of the Company, with feedback presented to the Board. The survey sought to appreciate major investors' perceptions on strategy, performance, executive management and other issues.

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 AGM in April 2023, 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 2024 AGM 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 of and during the meeting to be answered by the Board.

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 six reports received through the SafeCall service (2022 – two reports). 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 at 29 February 2024 comprises the independent non-executive Company Chair, Chief Executive, Finance Director and six independent non-executive Directors, one of whom is the Senior Independent Director.

The profiles and experience of each Director are found on pages 112 and 113. In-line with the Code's recommendations, the Notice of Annual General Meeting incorporates details of the contribution in the year by each Director and the Board's reasons for proposing the re-election of each Director.

There is a clear division of responsibilities between the Company Chair and Chief Executive, with the Company Chair required to lead the Board, while the Chief Executive runs the Group's businesses as shown on the right.

Responsibilities of the Company Chair
- 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 that internal control and risk management processes are effective and defensible.

Responsibilities of the Senior Independent Director
- provide a sounding board for the Company Chair and serve as an intermediary to other Directors when required;
- be available to shareholders, should the normal channels through the Company Chair and Chief Executive not be appropriate;
- chair meetings of the Board in the absence of the Company Chair;
- lead an annual performance evaluation of the Company Chair, 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 Company Chair 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, for both the parent Company and its subsidiaries.

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.

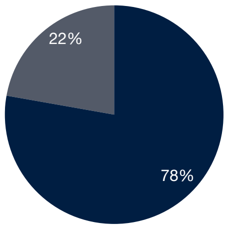
Corporate Governance Report continued

Board independence
On 5 December 2023, the Nomination Committee recommended the appointment of Annell Bay for a further 12-month period. The Nomination Committee, as part of its rigorous evaluation, considered Ms Bay's independence and concluded that, despite exceeding the recommended nine-year timescale, Ms Bay retained a strongly independent contribution to the Board.

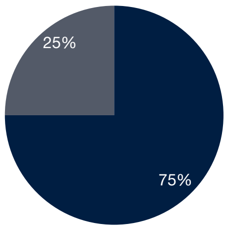
With the appointment of Margaret Amos on 10 January 2024 and at the date of signing these accounts, being 29 February 2024, the Board, including the Company Chair, comprised 78% independent, non-executive Directors. Excluding the Company Chair, the Board comprised 75% independent, non-executive Directors.

The Board, including the Chair, has access to professional advisers, at the Company's expense, to fulfil their various Board and Committee duties.

Board independence (including Company Chair)
At 29 February 2024
- Independent
- Non-Independent



Board independence (excluding Company Chair)
At 29 February 2024
- Independent
- Non-Independent



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 a year 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 114.

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, Stuart Brightman was appointed to the Board on 3 January 2023 and Margaret Amos was appointed on 10 January 2024 as new, independent, non-executive Directors of the Board, in-line with the succession and rotation recommendations tabled by the Nomination Committee. On 2 February 2024, Annell Bay was appointed for a further 12-month period, and will step down as a Director no later than of 2 February 2025.

Jay Glick will step down as a Director at the conclusion of the AGM on 17 April 2024.

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
Margaret Amos	Accounting and finance, aviation markets, UK quoted companies.
Annell Bay	Upstream oil and gas, US energy market development and US quoted companies.
Stuart Brightman	Oilfield services and manufacturing, investor relations, business transformation and US quoted companies.
Carol Chesney	Accounting and finance, 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 and finance, upstream oil and gas, UK energy regulation and market development and UK quoted companies.

Corporate Governance Report continued

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 96 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 Company Chair'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 the 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 on page 125, 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.

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.

In respect of the 2021 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;
- 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.

Corporate Governance Report continued

The following chart summarises the components of executive remuneration and the key performance indicators that are inputs to the remuneration outcomes.

Summary of remuneration structure and KPIs

Fixed

- **Base Salary**
- **Benefits**
- **Pension Provision**

Variable

Annual Bonus

KPIs

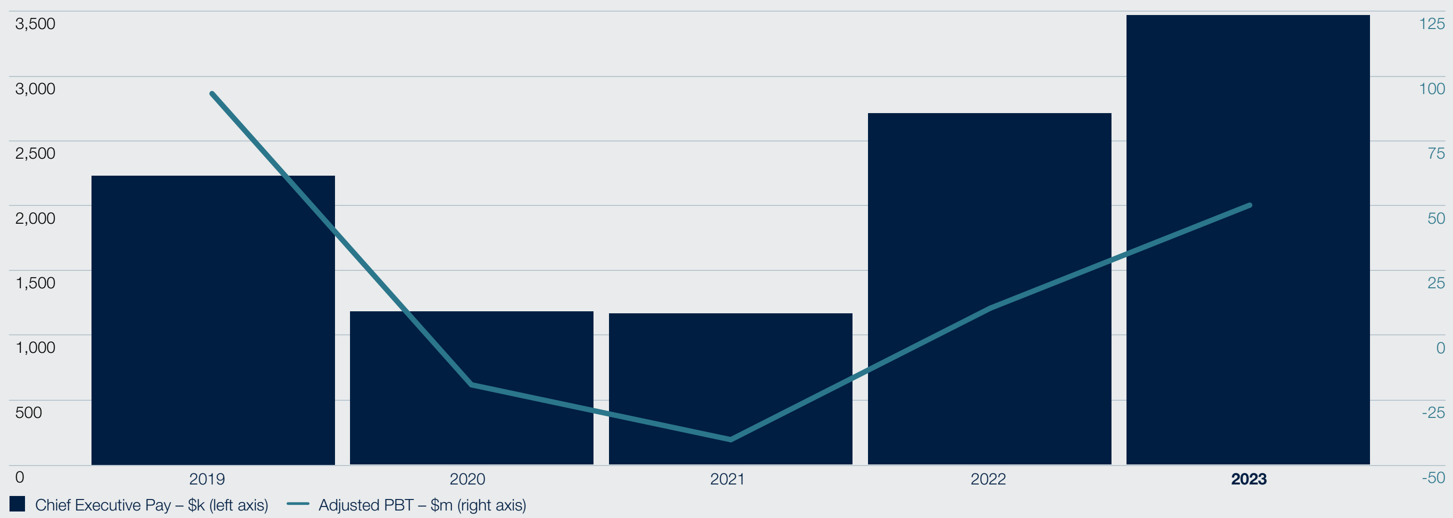
Adjusted profit before tax
ROCE
Personal Objectives

Long-Term Incentive Plan

KPIs

ROCE
TSR
Adjusted diluted EPS
FCF
Safety
Quality Assurance

Adjusted result before tax (USD $m) vs Chief Executive pay (USD $k)



New Directors' Remuneration Policy and Long-Term Incentive Plan

The Directors are submitting a new Directors' Remuneration Policy for shareholder approval at the 2024 AGM. Details of the new proposals can be found on pages 137 to 145. Given the expiry of the Hunting Performance Share Plan in 2023, the Directors are also submitting a new Long-Term Incentive Plan for Shareholder approval.

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
Company Chair

29 February 2024

Nomination Committee Report

John (Jay) F. Glick
Chair of the Nomination Committee

	Member	Invitation
Number of meetings held	**6**	
Number of meetings attended (actual/possible):		
Annell Bay	6/6	–
Stuart Brightman	6/6	–
Carol Chesney	6/6	–
Bruce Ferguson	–	6/6
Jay Glick (Committee Chair)	6/6	–
Paula Harris	6/6	–
Jim Johnson	–	6/6
Keith Lough	6/6	–

The work of the Nomination Committee during 2023 has been focused on delivering a seamless succession of the Company Chair, the appointment of new, independent non-executive Directors and the delivery of a Board profile which aligns with best practice governance recommendations in the UK.

On 17 April 2024, I will retire from the Board following completion of nine years' service, and I would like to thank my fellow Directors for their support since my appointment in 2017. The counsel and courage of the Directors and Hunting's senior leadership team through the COVID-19 pandemic has been a source of inspiration to me as the Board navigated those highly challenging times. But as we look to the future, I am sure Hunting is poised for a period of strong growth, with a refreshed Board profile that will deliver this strategic ambition for our shareholders and stakeholders.

Composition and frequency of meetings
The Committee comprises the Company Chair and the independent non-executive Directors of the Company. Jay Glick chairs the Committee. The Committee meets as required to discuss succession matters at both the Board and Executive Committee levels. During 2023, the Committee met six times (2022 – 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.

The attendance of the Nomination Committee during 2023 is noted in the table on the left.

> "As we look to the future, I am sure Hunting is poised for a period of strong growth, with a refreshed Board profile."

Terms of reference and Committee effectiveness
At its December 2023 meeting, the Committee reviewed its terms of reference and considered its effectiveness, concluding that its performance had been satisfactory during the year.

Company Chair succession
During 2023, the Nomination Committee agreed a process to appoint a successor to Mr Glick, which included an evaluation of internal candidates to be considered in the process. Following this preliminary evaluation, Messrs Brightman and Lough were short-listed as possible successors to Mr Glick. Given Mr Lough's role as Senior Independent Director, who would normally lead this process, the Board agreed to appoint a wholly independent sub-Committee of the Nomination Committee comprising Ms Bay, Mrs Chesney and Ms Harris. Ms Bay led the sub-committee's deliberations, given her Board tenure. Interviews by the sub-Committee were completed during August 2023 with Messrs Brightman and Lough, with the sub-Committee concluding that an external search process was not required, given the significant experience of these internal candidates.

On Monday 8 January 2024, the Nomination Committee met to receive the recommendation of the sub-Committee, with Stuart Brightman being recommended as the successor to Mr Glick. This recommendation was agreed by the Nomination Committee and agreed by the wider Board at the Meeting of Directors on Monday 8 January 2024.

Nomination Committee Report continued

Mr Brightman will succeed Mr Glick as Company Chair at the conclusion of the 2024 AGM, when Mr Glick will retire and step down from the Board.

Appointment of Stuart Brightman

Stuart Brightman was appointed as a new independent non-executive Director of the Company on 3 January 2023. On appointment, Mr Brightman was appointed to all of the Board's Committees. Following the Company's Articles of Association, Mr Brightman automatically retired at the 2023 AGM and was reappointed by shareholders.

Heidrick & Struggles assisted the Committee in the search process for Mr Brightman.

Appointment of Margaret Amos

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 2023 to consider new Director candidates.

The recruitment objectives for the new Director included:

(1) broadening the Board skills and expertise in high-value industries outside of the oil and gas sector;
(2) retaining an appropriate balance of UK Directors given the Company's London listing; and
(3) retaining a strong gender balanced profile to the Board. The Nomination Committee and wider Board agreed that these objectives aligned with the long-term success of the Company, particularly in light of the strategic ambitions announced as part of the Hunting 2030 Strategy.

Interviews were held during September and October and, following the January 2024 meeting of the Committee, a proposal was submitted to the Board to appoint Dr Margaret Amos as a new, independent, non-executive Director. Dr Amos was appointed on 10 January 2024, and was appointed to all of the Board's Committees from this date. Following the Company's Articles of Association, Dr Amos will automatically retire at the 2024 AGM and will offer herself for reappointment by shareholders on 17 April 2024. Details of Dr Amos' skills and expertise are noted on page 112.

Heidrick & Struggles assisted the Committee in the search process for Dr Amos.

Reappointment of Annell Bay

Annell Bay was appointed to the Board on 2 February 2015 and was appointed Chair of the Remuneration Committee in August 2018. During 2023, the Remuneration Committee developed a new Directors' Remuneration Policy and Long-Term Incentive Plan, which are to be submitted to shareholders for approval at the 2024 AGM. Since H2 2023, the Remuneration Committee, led by Ms Bay, has consulted major shareholders on the new proposals contained in the Directors' Remuneration Policy, which is an ongoing process. To provide continuity to the Board and Remuneration Committee, the Nomination Committee met on 5 December 2023 to consider the reappointment of Ms Bay for an additional 12-month period, to oversee the completion of the discussions with shareholders.

Following a rigorous evaluation process, which included an assessment of Ms Bay's ongoing independence, the Committee concluded that Ms Bay remained a highly effective, independent, non-executive Director. Ms Bay will, therefore, remain as a Director up to the latest date of 2 February 2025, and will be submitted for re-election by shareholders at the 2024 AGM, as has been the Company's practice for many years.

Board roles

With the refreshing of the Board noted above, the Company has announced that on Mr Glick's retirement from the Board, Ms Amos will take over as Chair of the Ethics and Sustainability Committee.

Mr Brightman will take over as Chair of the Nomination Committee, as part of his succession to being Company Chair.

Gender and ethnicity balance

With the appointment of Dr Amos and following the retirement of Mr Glick on 17 April 2024, the Hunting Board will have an equal gender balance, which will meet the requirements of UK regulators.

Senior management development and succession

During the year, the Nomination Committee and wider Board have received reports on the development of the Group's senior management team, with Russell Reynolds being appointed in H2 2023 to assist executive management with this process.

Throughout the year, all managing directors of the Group, who lead each operating segment, have presented to the Board as part of a broader initiative to increase interaction between the Directors and the Company's senior leadership team.

The Group's Chief HR Officer also submitted detailed succession plans for key positions across the Hunting organisation.

Internal Board evaluation

In December 2023, the Board completed an internally facilitated board evaluation, which was coordinated by the Company Chair 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 2024. The Directors noted the observations and implemented plans to address the findings.

On behalf of the Board

John (Jay) F. Glick
Chair of the Nomination Committee

29 February 2024

Ethics and Sustainability Committee Report

John (Jay) F. Glick
Chair of the Ethics and Sustainability Committee

	Member	Invitation
Number of meetings held	**2**	
Number of meetings attended (actual/possible):		
Annell Bay	2/2	–
Stuart Brightman	2/2	–
Carol Chesney	2/2	–
Bruce Ferguson	–	2/2
Jay Glick (Committee Chair)	2/2	–
Paula Harris	2/2	–
Jim Johnson	–	2/2
Keith Lough	1/2	–

The work of the Ethics and Sustainability Committee has continued throughout 2023, with the focus on the development and reporting of the Group's environmental, social and governance ("ESG") matters.

Attention continues to be given to improving the quality of our carbon and climate data, with Hunting completing an assurance programme over the Company's scope 1 and 2 emissions during the year. The process confirmed the robust processes in place to capture this data. The Group also commenced a process to determine its scope 3 carbon emission inventories. We are pleased to be reporting initial scope 3 data in this Annual Report and aim to complete this scope of work in 2024.

As part of the Capital Markets Day, the Company confirmed its commitment to ensuring long-term sustainability and its focus on reducing its carbon emissions and increasing the purchase of electricity from renewable sources.

In summary, the Ethics and Sustainability Committee is encouraged by the Company's progress in these important areas over the past two years, and looks forward to reporting further progress in the future.

Composition and frequency of meetings
The Committee comprises the Company Chair and the independent, non-executive Directors of the Company. Jay Glick chairs the Committee. The Committee met twice in the year, as planned, in June and December 2023. The Committee operates under written terms of reference approved by the Board, which are published on the Company's website at www.huntingplc.com.

The attendance of the Ethics and Sustainability Committee is noted in the table on the left.

As noted elsewhere, Mr Glick is due to retire from the Board on 17 April 2024, with Margaret Amos to Chair the Committee from this date.

Responsibilities
The principal responsibilities of the Ethics and Sustainability Committee are to:

- Monitor the Group's scope 1, 2 and 3 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 ("TCFD") 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 of sanctioned territories;
- Monitor the Group's whistleblowing procedures; and
- Monitor the Group's anti-bribery and corruption initiatives.

Ethics and Sustainability Committee Report continued

> "In 2023, the Group completed an assurance programme over its scope 1 and 2 greenhouse gas emissions data. S&P Global was appointed in H2 2022 to complete this work, with the assurance process completing in July 2023."

Terms of reference and Committee effectiveness

At its December 2023 meeting, the Committee reviewed its terms of reference and considered its effectiveness, concluding that its performance had been satisfactory during the year.

SASB reporting framework

During the year, the Group reported against the SASB reporting standards for Oil & Gas – Services and Industrial Equipment & Machinery, which are noted on pages 80 and 81.

Work undertaken by the Committee during 2023

The Committee discussed, reviewed and made a number of decisions on key areas in 2023, which are set out below:

	Jun	Dec
Carbon		
Procedures for measuring and monitoring the Group's scope 1, 2 and 3 GHG emissions	•	•
TCFD and CRFD analysis and reporting	•	•
Climate scenario reports	•	•
Stakeholders		
Employee and workforce reports	•	•
Code of Conduct training reports	•	•
Whistleblowing summary reports	•	•
Quality assurance and health and safety reports	•	•
Community reports	•	•
Ethics		
Anti-bribery and corruption reports	•	•
Entertainment and hospitality summary	•	•
Modern slavery analysis	•	•
Customer and supplier risk analysis	•	•
Sanctions and export compliance	•	•

Carbon and climate

The Group has reported scope 1 and 2 emissions in its Annual Reports for a number of years. 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 a maximum of 17,937 tonnes CO_2e by 2030. These targets were announced in March 2023.

In 2023, the Group completed an assurance programme over its scope 1 and 2 greenhouse gas emissions data. S&P Global was appointed in H2 2022 to complete this work, with the assurance process completing in July 2023, where the accuracy of the Group's externally published data was confirmed.

In Q3 2023, the Company appointed an independent, third-party expert adviser to assist Hunting with the determination of the Group's scope 3 greenhouse gas inventories. The Group has started this assessment with the Hunting Titan operating segment, given that the segment makes up a material proportion of our scope 1 and 2 emissions. Following analysis, Hunting is reporting against eight of the 15 pillars of scope 3 inventories. The analysis provides an estimate of the scope 1, 2 and 3 emissions for Titan, which enabled the Group's total emissions to be extrapolated. For further information, please see pages 70, 71 and 94. During 2024, this process will be extended to the Group's Subsea, EMEA and Asia Pacific operating segments, to enable a more accurate assessment of the Group's total scope 1, 2, and 3 inventories to be calculated. The North America operating segment will be assessed in 2025.

The Committee also reviewed the work completed in the year with respect to the Company's TCFD disclosures, which are included on pages 82 to 95. Hunting's TCFD reporting aligns with the four recommended pillars of governance, strategy, risk management and targets. 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.

At its meeting in June 2023, the Committee reviewed the results of the Gallup Q12 employee engagement survey, which had been completed in H1 2023. The Committee noted the improved scoring since the last survey in 2019, underpinning the Board's belief that Hunting's culture and engagement with its employees is robust. For further information on this process, please refer to the Strategic Report.

Ethics and Sustainability Committee Report continued

Quality assurance and HSE ("QAHSE")

As part of its review work, the Committee received quality assurance and health and safety reports from the Group's Director for QAHSE. For further information on QAHSE 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 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;
- Tax evasion and facilitation of tax evasion; and
- Our approach to national and international trade, including compliance with laws and regulations, competition, and export and import controls.

The Code of Conduct is available on the Group's website and is distributed to most customers.

In 2023, a new Code of Conduct training programme was rolled out, which reflects new procedures introduced by the Company since 2018, and now includes sustainability considerations.

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.

Communities

The Committee also reviewed a report that summarised Community initiatives which were undertaken by the Group's businesses throughout the year.

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 2023, 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 jurisdictions where trafficking and slavery is more prevalent. Hunting published its Modern Slavery Act report in March 2023, located at www.huntingplc.com.

The new Code of Conduct training course incorporates information on modern slavery and trafficking.

Supplier Code of Conduct

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.

On behalf of the Board

John (Jay) F. Glick
Chair of the Ethics and Sustainability Committee

29 February 2024

Remuneration Committee Report

Annell Bay
Chair of the Remuneration Committee

	Member	Invitation
Number of meetings held	**7**	
Number of meetings attended (actual/possible):		
Annell Bay (Committee Chair)	7/7	–
Stuart Brightman	7/7	–
Carol Chesney	7/7	–
Bruce Ferguson	–	7/7
Jay Glick	–	7/7
Paula Harris	7/7	–
Jim Johnson	–	7/7
Keith Lough	7/7	–

On behalf of the Board, I am pleased to present the Remuneration Committee Report to shareholders for the year ended 31 December 2023. This letter provides a summary of the work completed by the Remuneration Committee (the "Committee") in the year, including the major decisions taken, details of how the approved Directors' Remuneration Policy was implemented during the year, and the proposed new Policy being put to shareholders at the 2024 AGM.

Introduction

2023 has been a year of significant revenue and profit growth, as Hunting's core energy markets increased activity throughout the year. The strength of these markets enabled the Company to upgrade profit expectations three times across 2023, with most product lines within the Group seeing strong demand throughout the year. The Company also launched its new Hunting 2030 Strategy in September 2023, which laid out the strategic ambition of the Board to the end of the decade and included details of the Group's intention to grow its presence across the energy supply chain, to increase energy transition revenue and to build further non-oil and gas sales. The strategy supports a sustainable and resilient growth plan for shareholders, which has been well received with strongly positive support from all stakeholders, including institutional investors and our employees.

Remuneration paid to the Company's executive Directors in 2023 was in-line with the 2021 Directors' Remuneration Policy, with the Committee applying a consistent approach to its decision making, in-line with prior years. Base salary increases were awarded to the executive Directors in December 2022 and salaries then remained unchanged during 2023.

2023 annual bonus awards were "Above Target" due to the earnings momentum noted above, which resulted in performance that exceeded the Committee's expectations. The 2021 grant under the Hunting Performance Share Plan ("HPSP") will vest on 4 March 2024, at 34.2% of the maximum, reflecting performance against the demanding growth targets set by the Committee in 2021 as the Company exited from the COVID-19 pandemic. This award was also subject to a 22% reduction applied at the time of the grant to mitigate any potential windfall. No discretion was applied to incentive outcomes in 2023.

During 2023, the Committee undertook a review of executive Director remuneration in order to develop a new Directors' Remuneration Policy (the "new Policy") for approval at the Annual General Meeting ("AGM") on 17 April 2024. At the upcoming AGM, the Committee will also submit a new Long-Term Incentive Plan for approval, to replace the previous Hunting Performance Share Plan, which granted the last award in 2023 after ten years of use.

> "During 2023, the Committee undertook a review of executive Director remuneration in order to develop a new Directors' Remuneration Policy and Long-Term Incentive Plan for approval at the 2024 AGM."

Remuneration Committee Report continued

Hunting's businesses are mostly based in North America. For perspective, over 70% of the revenue and EBITDA are attributed to, and over 70% the workforce, including the majority of the senior leadership team are located in the United States. We think it is critical that the Company's Chief Executive remains located in the centre of activity for the global energy industry in the US where the majority of both our peer companies and customers are also based.

As highlighted in my letter last year, recent remuneration reviews conducted by the Committee have highlighted a significant misalignment between Hunting's current approach and the approach to remuneration taken by its US competitors for senior talent.

The new Policy seeks to increase alignment with the compensation practices in this important region, given that the ability to attract executive talent remains a key priority of the Board. The Hunting 2030 Strategy included a number of ambitious and stretching financial targets, and the Remuneration Committee recognises that the new Policy needs to fairly reflect the new strategic commitments to be delivered by management to meet the growth objectives of the Company.

In developing the proposals, the Committee consulted with all of Hunting's major shareholders, a process which began in July 2023 and which progressed throughout the second half of the year. The Committee wishes to thank those shareholders who have engaged constructively and had a significant role in shaping the proposals. We look forward to receiving strong support for the new Policy at the 2024 AGM.

Major decisions made by the Committee

Base salary and fee review

The base salaries of the executive Directors remained unchanged during 2023.

As part of the wider considerations for the new Directors' Remuneration Policy to be put to shareholders at the 2024 AGM, the Remuneration Committee will review the base salaries for the Chief Executive and the Finance Director in April 2024. Full details are noted below.

The Board met in December 2023 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 remain unchanged at £64,000. From 1 January 2024, the Board agreed to increase the additional fees paid to all the Committee Chairs and Senior Independent Director to £11,000 per annum in recognition of the added workload and responsibilities associated with these roles over the past three years.

In addition, the Committee discussed the annual fee of Hunting's non-executive Company Chair in December 2023 and, following receipt of benchmarked fee data from Mercer, determined that the fee for the Company Chair should be increased from £205,000 to £225,000 p.a., also with effect from 1 January 2024.

Annual bonus

In December 2022, the Committee reviewed the 2023 Annual Budget targets, which focused on increased profitability and returns, and which reflected a further strengthening in the Company's core energy markets.

In January 2024, the Committee was pleased to review the financial outturn for 2023, which included marked improvements in pre-tax profitability and positive returns on capital employed, reflecting the strong performance throughout the Group and especially within the OCTG, Subsea and Advanced Manufacturing product lines. As a result of this performance, a vesting of 72.5% of the maximum opportunity of 80% for the financial portion of the Annual Bonus was recorded.

The Committee met in January and February 2024 to review the delivery of the executive Directors' strategic/personal 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 the Hunting 2030 Strategy, which was presented to investors at a Capital Markets Day held at the London Stock Exchange in September 2023. Following discussion, the Committee agreed that the executive Directors had exceeded most of these objectives and, therefore, were awarded a vesting of 18% of the maximum of 20% of this portion of the Annual Bonus.

The Committee noted that the threshold targets set at the start of the year had been exceeded, leading to a 90.5% total vesting of the maximum annual bonus opportunity for the executive Directors. The Committee satisfied itself with the overall Annual Bonus outcome, which resulted in an Annual Bonus of $1,467k receivable in the year for the Chief Executive and $536k receivable for the Finance Director.

The 2023 Annual Bonus will be delivered in cash, with 25% of the post-tax cash bonus to be utilised to purchase Ordinary shares of the Company, which are 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 2023, 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 retained the Free Cash Flow performance condition for the 2023 award, alongside the Return on Average Capital Employed ("ROCE"), adjusted diluted Earnings per Share ("EPS"), relative Total Shareholder Return ("TSR"), and Strategic Scorecard performance conditions. The Committee considers that these metrics continue to provide a balance of performance targets for the executive Directors to achieve. The awards encourage a good balance between earnings and cash generation growth.

Remuneration Committee Report continued

Activities undertaken by the Remuneration Committee during 2023

	Jan	Feb	Apr	Jun	Aug	Oct	Dec
Overall remuneration							
Annual base salary review							•
Review senior management annual emoluments							•
Review total remuneration against benchmarked data		•	•	•	•	•	•
Shareholder and proxy group feedback on new Policy					•	•	•
Items specific to the annual bonus							
Approve annual bonus including delivery of personal/strategic performance targets		•					
Review Annual Bonus Plan rules					•		
Agree strategic/personal 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 Report on Remuneration and Policy			•				
Review Committee effectiveness							•
Review terms of reference							•

HPSP awards vesting

The 2021 awards under the HPSP are due to vest on 4 March 2024 and incorporate four performance conditions, being ROCE (35%), adjusted diluted EPS (25%), relative TSR (25%) and a Strategic Scorecard (15%). The ROCE and EPS performance conditions were based on performance targets to be delivered for the financial year ending 31 December 2023. The Strategic Scorecard comprises two non-financial measures, being the Group's Safety and Quality performance.

Given the low share price in 2021, due to a subdued energy market, the Committee reduced the face value of the award by 22% at the time of grant to mitigate the risk of a windfall gain occurring.

Following measurement of the financial elements of the award, the ROCE and EPS performance conditions for the 2021 awards recorded a 12.7% and 6.5% vesting respectively of the maximum vesting opportunity.

The TSR performance condition was measured independently by Mercer and recorded a "Below Median" ranking against the 13 peer group comparators. This led to a nil vesting of this portion of the 2021 award.

The Strategic Scorecard recorded a 15% vesting in-line with the operation of the Policy, and given that the financial targets had been met, the Committee approved a full vesting of the Scorecard.

The Committee satisfied itself that there were no circumstances justifying the application of any discretion and therefore the overall vesting of the 2021 HPSP grant was 34.2% of the maximum vesting opportunity.

2023 AGM result

At the Company's AGM held on 19 April 2023, the Company received 88% votes in favour of the resolution to approve the 2022 Annual Report on Remuneration.

Context of remuneration awarded in 2023

The Group's performance in the year, as noted above, has led to a 90.5% vesting of the Annual Bonus opportunity and a 34.2% vesting of the 2021 HPSP grant. The Annual Bonus outcome reflects an "Above Target" outcome, reflecting strong in-year performance, while the HPSP vesting reflects an "Above Threshold" vesting given the Company's financial performance over the three-year vesting cycle.

The single figure total remuneration for Jim Johnson was, therefore, $3.5m in 2023 and $1.2m for Bruce Ferguson.

The 2022 restated single figure total for Jim Johnson was $2.7m and for Bruce Ferguson was $1.0m, following final determination of the 2020 HPSP vesting values.

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.

Remuneration Committee Report continued

2024 Directors' Remuneration Policy

As noted above, the location of Hunting's Chief Executive has been in Houston, Texas since 2001 and, during this time, the Committee has sought to strike an appropriate balance between the compensation frameworks adopted by Hunting's closest trading peers within the quoted oilfield services sector in the US so as to ensure that the Policy is capable of meeting the Board's future recruitment and retention needs, and the governance expectations of the Company's mainly UK-based shareholders.

The Committee's most recent review highlighted that the balance struck by the current Policy was no longer sufficiently aligned with practices among our peers or with the pay arrangements of Hunting's wider workforce. In particular, the overwhelming majority of Hunting's direct trading peers now grant a mix of restricted stock units ("RSUs") and performance stock units ("PSUs"). Pay levels amongst our direct trading peers in the US are also higher. The Committee believes this to be a material recruitment risk to the Group as it seeks to implement the Hunting 2030 Strategy.

Within Hunting, the Chief Executive and Finance Director are the only mid-level and senior executives who do not currently receive awards of RSUs. Therefore, the Committee is also seeking to increase consistency within the Company's remuneration framework as part of the new Policy.

The Committee has engaged with its largest shareholders extensively since June 2023 on proposals to introduce a RSU element.

The feedback received, which related to the quantum, choice and weighting of long-term performance metrics and shareholding requirements, has materially influenced the final proposals, with further amendments being made to the proposals following wider shareholder engagement throughout Q4 2023 and Q1 2024. As part of this engagement, proxy voting groups were also consulted, with feedback being incorporated into the final proposals, which were communicated to shareholders in January 2024, to confirm support or otherwise to the Committee's thinking.

The majority of shareholders consulted have indicated they are supportive of the proposals given Hunting's North America business profile, including revenue, profits, people and facilities which is fairly unique to the UK listed environment.

The principal changes to the existing Policy being proposed are as follows:

- the maximum PSU award level will be reduced from 450% to 350% of salary for the Chief Executive and from 210% to 160% of salary for the Finance Director;
- a new RSU element will be introduced with an annual award level of 100% of salary for the Chief Executive and 50% of salary for the Finance Director. RSU awards will normally vest three years after grant subject to an underpin based on the Committee's assessment of underlying performance against a range of objective factors; and
- the post-cessation shareholding requirement, which currently applies to shares worth up to 200% of salary to be held for one year following the end of employment, will be extended to two years following the adoption of the new Policy.

The overall impact of these changes will be to increase alignment with shareholders through the acquisition and holding of shares and greater alignment between the remuneration arrangements of the executive Directors and their relevant labour markets as well as those of the workforce. The maximum opportunity of the long-term incentive will remain unchanged at the levels awarded since 2013, being 450% of base salary in aggregate to the Chief Executive and 210% to the Finance Director, while ensuring that target levels of remuneration are positioned competitively against our peers.

A number of shareholders, as part of the feedback received, requested that the balance of the performance conditions be increased for ROCE and TSR to ensure the executive Directors remained focused on delivering growth in the Company's enterprise value. Following this feedback, the Committee have approved an increase in the weighting attached to these measures for 2024.

In addition, the Committee has reviewed the salaries of the Chief Executive and the Finance Director for 2024 and, subject to the new Policy being approved, intends to implement a one-off adjustment by awarding base salary increases of 3.5% over the average of the workforce (an average increase of 5.0% was awarded in January 2024 to the workforce).

This increase is also in-line with increases being awarded to other high performing employees at Hunting whose remuneration is below the market level. Following these one-off adjustments, both executive Directors' remuneration will be positioned around median and, therefore, it is anticipated that future increases will be no higher than the average awarded to the workforce.

The Committee and Board welcome the support to the new Policy by those shareholders consulted since June 2023 and look to the support of all stakeholder groups to ensure the Company has the right compensation framework going forward.

On behalf of the Board

Annell Bay
Chair of the Remuneration Committee

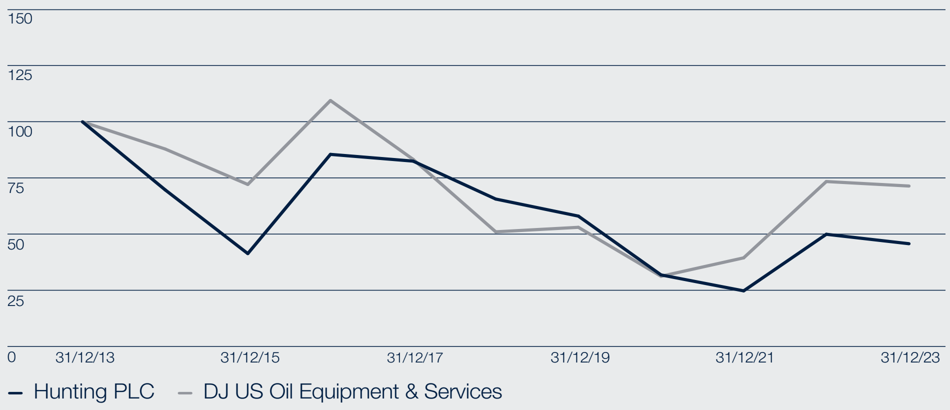
29 February 2024

Remuneration Committee Report continued

Remuneration at a glance

Remuneration paid to the executive Directors in the year was consistent with the 2021 Directors' Remuneration Policy. Base salaries were unchanged throughout 2023, given that increases were implemented in December 2022. The 2023 Annual Bonus has vested at 90.5% of the maximum bonus opportunity, which reflected an "Above Target" performance compared to the Annual Budget approved by the Directors at the start of 2023. The awards under the Hunting Performance Share Plan granted in 2021 are due to vest in March 2024, with a vesting outcome of 34.2%, which reflects an "Above Threshold" outcome.

Total shareholder return (rebased to 100 at 31 December 2013)



Performance metrics

Adjusted profit before tax

$50.0m

(2022 – $10.2m)

Adjusted diluted earnings per share

$20.3cents

(2022 – $4.7 cents)

Return on average capital employed

6.45%

(2022 – 1.45%)

Total shareholder return (1-year)

(8.6)%

(2022 – 102%)

Safety (Total recordable incident rate three-year average)

0.96

(2022 – 0.88)

Quality assurance (Internal manufacturing reject rate three-year average)

0.15%

(2022 – 0.17%)

Remuneration Policy and 2023 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 2023 Annual General Meeting of the Company on 19 April 2023, the resolution to approve the 2022 Annual Report on Remuneration was supported by a vote of 88% in favour.

Link to strategy and KPIs

The Group's Key Performance Indicators ("KPIs") are described in detail on pages 12 and 13, and incorporate financial measures including adjusted profit before tax, return on average capital employed ("ROCE") and adjusted diluted earnings per share ("EPS") 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.

Remuneration Committee Report continued
Remuneration at a glance continued

Base Salaries

As noted in the 2022 Annual Report on Remuneration, base salary increases were implemented across the Group on 1 December 2022, with no adjustments being made in 2023.

Jim Johnson's base salary was, therefore, $810,338 in the year and Bruce Ferguson's base salary was £317,625.

Arthur James (Jim) Johnson
Chief Executive

$810,338

(2022 – $774,966)

Bruce Ferguson
Finance Director

£317,625

(2022 – £303,760)

Annual Bonus

In 2023, the financial targets set by the Board within the Annual Budget were exceeded, with strong increases in pre-tax profit and average return on capital employed being recorded. The Committee also reviewed the delivery of the strategic/personal performance objectives by the executive Directors. Overall, a 90.5% vesting of the annual bonus opportunity was recorded.

On this basis, Jim Johnson will receive a bonus of $1,467k and Bruce Ferguson will receive a bonus of £431k ($536k).

The annual bonus will be delivered in cash, as per the normal operation of the Annual Bonus Plan, with 25% of the post-tax bonus to be utilised to purchase Ordinary shares, to be retained for two years from the vesting date.

$1,467k

(2022 – $1,550k)

£431k

(2022 – £456k)

Hunting Performance Share Plan

The Group's 2021 HPSP grant's performance conditions incorporated ROCE and adjusted diluted EPS, measured for the year ended 31 December 2023, and relative TSR and Strategic Scorecard, measured over the three financial years ending 31 December 2023.

	Recorded performance	Vesting
ROCE	6.45%	12.7%
Adjusted diluted EPS	20.3 cents	6.5%
Relative TSR	Below median	nil
Balanced Scorecard		
– Safety	0.96	7.5%
– Quality	0.15%	7.5%

Following measurement of the above performance conditions, the 2021 HPSP grant will vest at 34.2%.

Jim Johnson will be entitled to receive 259,144 Ordinary shares and Bruce Ferguson will be entitled to receive 58,893 Ordinary shares on the vesting date of 4 March 2024.

Dividend equivalents accrued over the vesting period totalling 26.0 cents per vested share will be added to this award.

259,144 shares

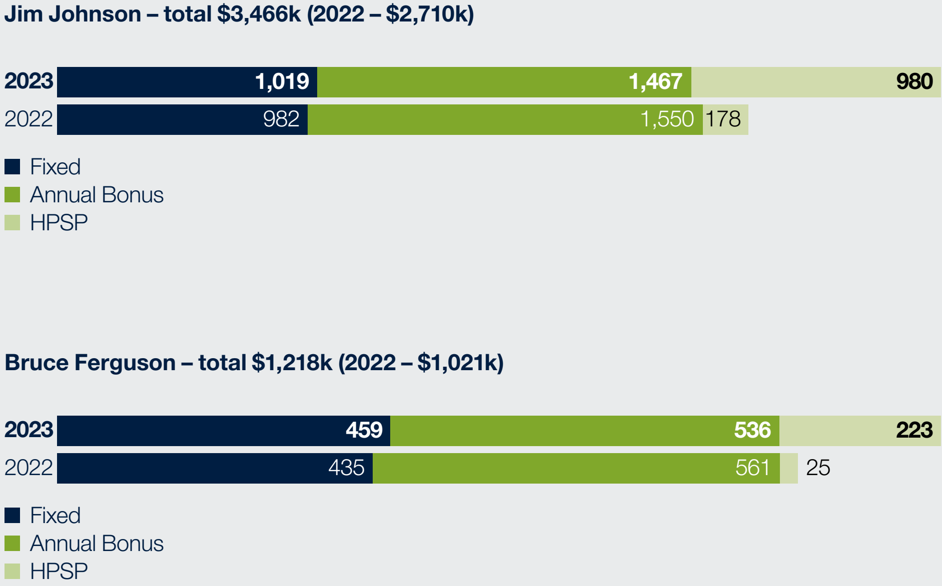
(2022 – 48,990 shares)

58,893 shares

(2022 – 6,827 shares)

Remuneration Committee Report continued
Remuneration at a glance continued

Executive Directors' single figure remuneration
$k



Directors' Remuneration Policy

Policy overview

This section sets out the new Directors' Remuneration Policy (the "Policy") applicable to Hunting's executive and non-executive Directors, which, if approved by shareholders at the Annual General Meeting ("AGM") to be held on 17 April 2024, will be applied with effect from 1 January 2024. Updates to the Policy have also been made to align it with the rules of the 2024 Hunting Performance Share Plan, which is being submitted to shareholders for their approval at the 2024 AGM. The Policy is designed to take account of the principles of the 2018 UK Corporate Governance Code and the Companies Act 2006 regarding remuneration. It has been designed to promote the strategy and long-term sustainable success of the Company by ensuring that rewards are competitive within the relevant market for talent and comprise fixed and variable incentives that link total reward with corporate and individual performance as well as shareholder value creation.

Executive Director pay is overseen by the Remuneration Committee. The Chief Executive's remuneration is benchmarked against global peers, the majority of which are headquartered or 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. Non-executive Director fees are set at levels that take into account the time commitment and responsibilities of each role. Given the international scope of the business, each non-executive Director is required to give an above average time commitment to Group matters. Non-executive Directors do not receive bonuses or other variable emoluments. The fees are benchmarked against other UK companies of a similar size, profile and profitability and are reviewed annually by the Board. The Company Chair fee is set by the Remuneration Committee. The Remuneration Policy tables that follow provide an overview of each element of the Directors' Remuneration Policy. As no Director is involved in the setting of their own pay, this mitigates conflicts of interest as required by the relevant regulations.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

Executive Director Remuneration Policy Table
Fixed emoluments

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS	CHANGES TO POLICY PROPOSED
Base salary				
• To attract, retain and reward executives with the necessary skills to effectively deliver the Company strategy.	• 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.	• 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.	• Individual and Group performance are taken into account when determining appropriate salaries.	• None.
401k and tax-deferred saving plans (US-based roles)				
• To provide a tax efficient long-term savings arrangement for US-based Directors.	• The Group provides matching contributions (subject to limitations) to a US qualified 401K deferred savings plan and an additional non-qualified tax-deferred savings plan as allowed under US tax laws to US-based executive Directors ("EDs").	• The Company previously agreed to grandfather the incumbent Chief Executive's original 401k and deferred compensation arrangements. • Any future executive Director appointees in the US will have a contribution cap set at the same level offered to the wider workforce.	• None.	• Maximum company contributions into the 401k and tax-deferred compensation arrangements of new US EDs will be capped at the same level offered to the wider US workforce. Previously, new US executive Director contributions would be capped at 12% of salary.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

Executive Director Remuneration Policy Table continued
Fixed emoluments continued

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS	CHANGES TO POLICY PROPOSED
Pension (roles based outside of the US)				
• To provide normal pension schemes appropriate to the country of residence.	• Company contribution or an annual cash sum in lieu of contributions to a company pension scheme. • The Finance Director currently elects to receive a cash sum. • Equivalent arrangements would be offered to any future executive Director based outside of the UK or US.	• UK executive Directors receive a company pension contribution or cash alternative of up to 12% of salary, in-line with the rest of the UK workforce.	• None.	• None.
Benefits				
• To provide standard benefits appropriate to the country of residence.	• 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 and/or where these are introduced to the wider workforce.	• There is no maximum value set on benefits. They are set at a level that is comparable to market practice.	• None.	• Updated to allow for the introduction of new benefits provided these have also been introduced to the wider workforce.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

Executive Director Remuneration Policy Table continued
Variable emoluments

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS	CHANGES TO POLICY PROPOSED
Annual bonus				
• To incentivise annual delivery of financial and operational targets. • To provide high reward potential for exceeding demanding targets.	• At least 25% of any after-tax Annual Bonus must be used to acquire shares in Hunting. These shares are required to be held for two years. • 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, corporate failure, gross misconduct or actions that cause reputational damage to the Company.	• The Chief Executive and Finance Director have a maximum opportunity of 200% and 150% of salary, respectively. • For an on-target performance, 50% of the maximum opportunity will be paid.	• Typically, 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 all financial targets not be met, a 50% vesting cap of the strategic/personal component would normally be implemented.	• Removal of the requirement for bonus threshold and maximum targets to be at 80% and 120% of budget to enable greater flexibility in target setting and ensure appropriate degree of stretch.
Long-term incentive plan				
• To align the interests of executives with shareholders in growing the value of the business over the long term and provide a competitive total package that enables the Company to compete for talent in its key market of the US.	• Awards of performance shares ("HPSP") or restricted shares ("HRSP"), may be granted in the form of nil cost options or conditional awards to eligible participants. The performance conditions which apply to HPSP awards will normally be measured over a period of at least three years. • Awards normally vest three years after grant, and retained post-tax in shares for up to two years. • Vested awards granted from 2024 will normally be subject to an additional holding period of two years (subject to settlement of any tax charges on vesting). • Awards are subject to malus and clawback provisions, for five years from grant, which cover cases of material financial misstatement, calculation error, gross misconduct actions that cause reputational damage to the Company, or corporate insolvency or failure. • In respect of vested shares, participants are eligible to receive an amount equivalent to dividends paid by the Company during the vesting period, (and where relevant, the post-vesting holding period) once the final vesting levels have been determined, either in cash or shares. This dividend equivalent payment may assume the reinvestment of dividends in shares.	• In respect of any financial year of the Company: – Chief Executive: HPSP up to 350% and HRSP up to 100% of base salary. – Finance Director: HPSP up to 160% and HRSP up to 50% of base salary.	• HPSP awards will vest on achievement of financial and strategic performance targets, measured over a performance period of three years. Financial measures for HPSP awards will be aligned with the strategy and, for 2024, will include measures such as adjusted diluted EPS, FCF, and ROCE. A TSR element will also be included. Strategic measures may also be included and will not normally account for more than 15% of each award. • Achievement of threshold performance for HPSP targets results in a 25% vesting. • In the event that all of the financial measures are not met in respect of a HPSP grant, the vesting of the Strategic Scorecard will be reduced by 50%. • HRSP awards are subject to an underpin based on the Committee's assessment of the underlying performance of the business over the performance period having regard for a number of factors also measured over three financial years. • The Committee has the ability to exercise discretion to override the HPSP or HRSP outcome in circumstances where strict application of the performance conditions or underpin would produce a result inconsistent with the Company's remuneration principles. Any upward discretion would normally be subject to prior shareholder consultation.	• Introduction of the HRSP element and a reduction in the quantum of HPSP awards.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

Executive Director Remuneration Policy Table continued
Variable emoluments continued

PURPOSE AND LINK TO STRATEGY	OPERATION	MAXIMUM OPPORTUNITY	PERFORMANCE METRICS	CHANGES TO POLICY PROPOSED
Minimum stock ownership requirement				
• To encourage the retention of shares under award to the executive Directors. • To align the long-term interests of the Directors with shareholders.	• 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.	• The target holding of the Chief Executive is equal to a market value of 500% of base salary and for the Finance Director 200% of base salary.	• None.	• None.
Post-employment shareholding requirement				
• 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.	• Directors are required to hold 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.	• Executive Directors must continue to hold shares equal to the lesser of their actual holding on stepping down as an executive Director and 200% of base salary, for a minimum of 24 months. • This requirement applies to shares acquired under incentives granted after the 2024 AGM.	• None.	• Extension of holding period from 12 to 24 months from the date of cessation of employment.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

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
Company Chair and non-executive Director fees				
• To attract and retain high-calibre non-executive Directors by offering a market competitive fee.	• Fees for the Company Chair 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 Company Chair is paid a single consolidated fee for his responsibilities including chairing the Nomination 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, Ethics and Sustainability and Remuneration Committees and the Senior Independent Director. • The non-executive Directors and Company Chair do not participate in the Group's share plans and do not receive a cash bonus or any other benefits. Any travel or hospitality costs (including any tax thereon) related to the performance of their duties may be reimbursed by the Company.	• Fees paid to the non-executive Directors are benchmarked against other UK companies of a similar size and profile to the Group. • The aggregate maximum fees for all non-executive Directors, including the Company Chair, within the Company's Articles of Association are £750,000.	• None.	• None.
Minimum stock ownership requirements				
• To align the non-executive Directors' interests with the long-term interests of shareholders.	• 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.	• The target holding for the Company Chair and non-executive Directors is equal to 100% of the annual fee.	• None.	• None.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

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 Policy under review, and will make any necessary revisions after appropriate consultation and approval from shareholders has been received.

Remuneration Committee discretion

The Committee has defined areas of discretion within the Directors' Remuneration Policy. Where discretion is applied, the Committee will disclose the rationale for the application of discretion. The Committee will operate the Annual Bonus Plan, HPSP and HRSP in accordance with the relevant plan rules and this Policy. The Committee retains discretion as to the operation and administration of these plans in a number of areas, including:

- selecting the participants in the incentive plans on an annual basis;
- determining the timing of grants of awards and/or payments;
- determining the quantum of awards and/or payments (within the limits set out in the Policy table on pages 138 to 142);
- reviewing performance against any performance targets;
- determining the extent of vesting based on the assessment of performance and to adjust the amount of any incentive pay-out 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;
- making the appropriate adjustments required in certain circumstances, for instance for changes in capital structure;
- determining "Good Leaver" status for incentive plan purposes, including assessing part-year performance for bonus awards and applying the appropriate treatment; and
- undertaking the annual review of weighting of performance measures and setting targets for the incentive plans, where applicable, from year-to-year.

If an event occurs that results in the Annual Bonus Plan or LTIP performance conditions and/or targets being deemed no longer appropriate (e.g. material change acquisition or divestment), the Committee will have the ability to adjust appropriately the measures, peer groups and/or targets and alter weightings, provided that the revised conditions are not materially less challenging than the original conditions. In addition, 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 honour any remuneration commitments (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 (i) before the Policy came into effect; or (ii) 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.

The Committee may also make any payments that it is required to make as a result of its statutory obligations or by way of settlement for any claim of breach of a director's legal entitlements.

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. In 2024, it is intended that the performance of the executive Directors in executing this strategy will be evaluated using a number of key performance indicators ("KPIs") shown in the table below, which drive the variable components of the executive Directors' emoluments. The HPSP performance conditions and growth targets can be amended by the Remuneration Committee over the life of the Policy, 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 metrics	Variable incentive	Rationale
Adjusted profit before tax ("PBT")	Annual Bonus	Adjusted PBT is a management KPI used to measure the performance of the Group. Adjusted 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 ("ROCE")	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 ("TSR")	HPSP	TSR reflects the Group's long-term goal to achieve superior levels of shareholder return.
Adjusted diluted earnings per share ("EPS")	HPSP	To encourage sustained levels of earnings growth over the long term.
Free cash flow ("FCF")	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.
Underlying Group performance	HRSP	Ensures that executives are not rewarded where the underlying performance of the Company is not satisfactory.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

Relevance to employee pay

The Policy table on pages 138 to 142 summarises 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 below the executive Director and senior manager level, with total remuneration driven by market comparatives and the individual responsibilities of each role.

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 contracts with the Company on 7 December 2017 and 2 June 2020, respectively. Under the terms of these service contracts, 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 eligible 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 contracts, benefits may include the provision of a company car and fuel benefits or allowance in lieu, 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, which is retained by the Company Secretary at Hunting PLC's registered head office, that sets out the responsibilities and time commitments for the role. Additional duties, as requested by the Nomination Committee, including chairing a Board Committee, 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 employing company or business ceasing to be part of the Group, 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 taking into account the achievement of the relevant performance conditions which may be delivered in such proportions of cash and shares, and subject to such deferral arrangements, as the Committee may determine; and any unvested long-term incentives that vest at the normal time taking into account the achievement of the relevant performance conditions and any other relevant factors, and will, unless the Committee determines otherwise, be pro-rated by reference to the performance period applicable to the award which has elapsed. If an executive Director dies (or any other exceptional circumstances), awards will vest at the time the executive Director ceases to be a Director on the same basis as set out above for other "Good Leavers".

The Company may also provide assistance with any reasonable legal costs and a contribution towards outplacement services. If an executive Director departs the Group for any other reason, no bonus would be payable and their unvested long-term incentives would lapse immediately on cessation of employment.

Corporate events

If there is a change of control of the Company, HPSP and HRSP awards will normally vest early. The extent to which awards vest in these circumstances will be determined by the Remuneration Committee, taking into account the extent to which the performance conditions have been satisfied, the underlying performance of the Company and the participant, any other relevant factors and, unless the Remuneration Committee determines otherwise, the proportion of the performance period that has elapsed. If other corporate events affect the Company such as a demerger, the Remuneration Committee may decide that awards vest on the same basis as for a change of control of the Company.

Consideration of employment conditions elsewhere in the Group

The Committee considers the general basic salary increases for the broader workforce 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.

Remuneration Committee Report continued
Directors' Remuneration Policy continued

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 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.

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, normally, 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. Fixed pay will comprise base salary, including any appropriate relocation or tax equalisation agreements, benefits (including healthcare insurance, pension contributions, and car benefits) and any other components deemed necessary to secure an appointment. Variable pay will be in-line with the policies above, subject to any future amendments to these arrangements being approved by shareholders. Any specific change of control provisions within new service contracts would be consistent with UK market norms.

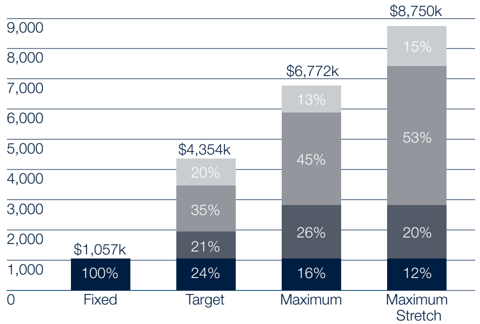
In addition, for new appointees, the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company and shareholders. Any such payments would take account of remuneration relinquished when leaving the former employer and would be structured to take account of 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.

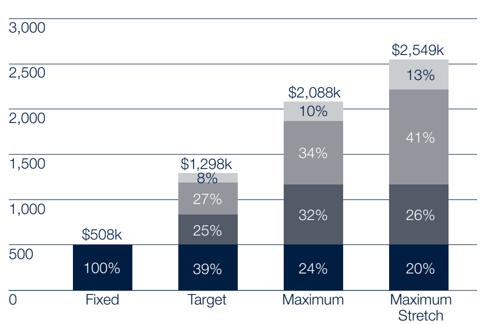
Remuneration scenarios for executive Directors

The remuneration scenarios of the executive Directors for a fixed, target and maximum performance are presented in the charts below, based on the proposed 2024 Directors' Remuneration Policy.

Chief Executive



Finance Director



■ Total Fixed ■ Annual Bonus ■ HPSP ■ HRSP

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 plus 100% vesting of awards under the HRSP;
- 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 and HRSP in accordance with the reporting regulations; and
- The Finance Director is paid in Sterling and the equivalent total remuneration scenarios are as follows – fixed £399k; target £1,020k, maximum £1,640k and maximum stretch of £2,002k.

On behalf of the Board

Annell Bay
Chair of the Remuneration Committee

29 February 2024

Annual Report on Remuneration

Introduction

The principles set out in the 2021 Directors' Remuneration Policy (the "Policy") have been applied throughout the year.

Compliance statement

The Directors' Remuneration Policy and the 2023 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) Regulations 2008 (as amended), 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 2023 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 2023. This report was approved by the Remuneration Committee at its meeting on Monday 26 February 2024.

Role

The Committee is responsible for developing and implementing the Directors' Remuneration Policy and has direct oversight, of the remuneration of the executive Directors, Company Chair and Company Secretary. The Company Chair and Chief Executive are consulted on proposals relating to the remuneration of the Finance Director and designated senior management. Where appropriate, the Company 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, Ms Harris and Messrs Brightman and Lough have relevant energy sector expertise, while Mrs Chesney has relevant financial expertise. Dr Amos has non-oil and gas expertise.

Ms Bay was appointed to the Committee on her appointment to the Board on 2 February 2015 and was appointed Committee Chair on 30 August 2018. The Nomination Committee has extended Ms Bay's term of appointment to the Company for one additional year to allow for appropriate succession plans to be put in place and to oversee the final implementation of a new Directors' Remuneration Policy, to be approved by shareholders at the Company's 2024 Annual General Meeting ("AGM") on 17 April 2024. Stuart Brightman was appointed by the Board and became a member of the Committee on 3 January 2023.

On 10 January 2024, Margaret Amos was appointed as a new, independent, non-executive Director and joined the Committee from this date. Further, the Company announced on 10 January 2024 that Stuart Brightman will succeed Jay Glick as Company Chair. Mr Brightman will, therefore, step down as a member of the Committee at the 2024 AGM.

The Committee met seven times during 2023 and attendance details are shown on page 131. On 29 February 2024, 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 29 February 2024 months
Margaret Amos	10 January 2024	34
Annell Bay	2 February 2024	11
Stuart Brightman	3 January 2023	22
Carol Chesney	23 April 2021	2
Paula Harris	20 April 2022	14
Keith Lough	23 April 2021	2

External advisers

Mercer and Pearl Meyer are 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 2023 was $300,553 (2022 – $136,613) 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.

Shareholder voting at the 2023 AGM

At the Company's AGM held in April 2023, the resolution to approve the Annual Report on Remuneration received the following votes from shareholders:

	Number of votes cast	% of votes cast
For	108,770,961	88.0
Against	14,855,627	12.0
Votes withheld[i]	25,707	n/a
Total votes cast	**123,652,295**	**100.0**

i. A vote withheld is not a vote in law and is not included in the percentage for votes cast.

The 2021 Policy was last approved by shareholders at the AGM on 21 April 2021, receiving 92.0% votes in favour. A new Policy is to be approved by shareholders at the 2024 AGM.

Remuneration Committee Report continued
Annual Report on Remuneration continued

Single figure remuneration

	Fixed								Variable						Total Remuneration	
	Base Salary[i]		Pension Provision[ii]		Benefit[iii]		Sub Totals		Annual Bonus		HPSP Awards		Sub Totals			
$k	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**[iv]	2022[v]	**2023**[vi]	2022 (restated)[vii]	**2023**	2022 (restated)	**2023**	2022 (restated)
Executive Directors																
Jim Johnson	**810**	775	**137**	139	**72**	68	**1,019**	982	**1,467**	1,550	**980**	178	**2,447**	1,728	**3,466**	2,710
Bruce Ferguson	**395**	374	**47**	44	**17**	17	**459**	435	**536**	561	**223**	25	**759**	586	**1,218**	1,021
Non-executive Directors																
Annell Bay	**92**	86	**–**	–	**–**	–	**92**	86	**–**	–	**–**	–	**–**	–	**92**	86
Stuart Brightman	**80**	–	**–**	–	**–**	–	**80**	–	**–**	–	**–**	–	**–**	–	**80**	–
Carol Chesney	**92**	86	**–**	–	**–**	–	**92**	86	**–**	–	**–**	–	**–**	–	**92**	86
Jay Glick	**255**	227	**–**	–	**–**	–	**255**	227	**–**	–	**–**	–	**–**	–	**255**	227
Paula Harris (from 20.04.22)	**80**	52	**–**	–	**–**	–	**80**	52	**–**	–	**–**	–	**–**	–	**80**	52
Richard Hunting (to 20.04.22)	**–**	22	**–**	–	**–**	–	**–**	22	**–**	–	**–**	–	**–**	–	**–**	22
Keith Lough	**92**	86	**–**	–	**–**	–	**92**	86	**–**	–	**–**	–	**–**	–	**92**	86
Totals	**1,896**	1,708	**184**	183	**89**	85	**2,169**	1,976	**2,003**	2,111	**1,203**	203	**3,206**	2,314	**5,375**	4,290

The remuneration of the Finance Director and non-executive Directors is determined in UK Sterling

	Fixed								Variable						Total Remuneration	
	Base Salary[i]		Pension Provision[ii]		Benefit[iii]		Sub Totals		Annual Bonus		HPSP Awards		Sub Totals			
£k	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**[iv]	2022[v]	**2023**[vi]	2022 (restated)[vii]	**2023**	2022 (restated)	**2023**	2022 (restated)
Executive Directors																
Bruce Ferguson	**318**	304	**38**	36	**14**	13	**370**	353	**431**	456	**179**	20	**610**	476	**980**	829
Non-executive Directors																
Annell Bay	**74**	70	**–**	–	**–**	–	**74**	70	**–**	–	**–**	–	**–**	–	**74**	70
Stuart Brightman	**64**	–	**–**	–	**–**	–	**64**	–	**–**	–	**–**	–	**–**	–	**64**	–
Carol Chesney	**74**	70	**–**	–	**–**	–	**74**	70	**–**	–	**–**	–	**–**	–	**74**	70
Jay Glick	**205**	184	**–**	–	**–**	–	**205**	184	**–**	–	**–**	–	**–**	–	**205**	184
Paula Harris (from 20.04.22)	**64**	42	**–**	–	**–**	–	**64**	42	**–**	–	**–**	–	**–**	–	**64**	42
Richard Hunting (to 20.04.22)	**–**	18	**–**	–	**–**	–	**–**	18	**–**	–	**–**	–	**–**	–	**–**	18
Keith Lough	**74**	70	**–**	–	**–**	–	**74**	70	**–**	–	**–**	–	**–**	–	**74**	70

i. There were no base salary increases awarded to the executive Directors in 2023, given that the last review by the Committee was completed in December 2022, where a 5% increase was implemented. In December 2023, the Committee received workforce salary proposals, to be implemented in January 2024. Base salary increases for the executive Directors have been proposed as part of the new Directors' Remuneration Policy and remain subject to shareholder approval. In January 2023, the base fee for the non-executive Directors was increased to £64,000.
ii. 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.
iii. Benefits include the provision of healthcare insurance, subscriptions, and a company car with fuel benefits or allowance in lieu.
iv. With the Company recording another year of growth, including an increase in adjusted profit before tax ("PBT") and return on average capital employed ("ROCE"), both of which exceeded the Annual Budget targets set in December 2022, a 90.5% vesting of the maximum opportunity has been recorded. On this basis, Mr Johnson will receive a bonus payment of $1,467k, being 181% of his base salary paid in 2023, and Mr Ferguson will receive a bonus payment of £431k ($536k), being 136% of his base salary. The bonuses will be paid in March 2024 and, in-line with the usual operation of the Annual Bonus Plan, 25% of the after-tax bonus will be utilised to purchase Ordinary shares in the Company, to be retained for two years.
v. In 2022, Mr Johnson's annual bonus was $1,550k and Mr Ferguson's annual bonus was £456k ($561k). The after-tax bonuses were utilised to purchase 68,813 and 21,004 Ordinary shares respectively in the Company, to be retained for two years.
vi. The share awards granted in 2021 under the HPSP had a three-year performance period to 31 December 2023 and will vest on 4 March 2024. The 2021 grant comprised the following four performance conditions: ROCE, EPS, TSR, and a Strategic Scorecard. The ROCE and EPS targets both recorded a threshold vesting. The TSR performance condition was independently measured by Mercer and recorded a "Below Median" outcome vesting leading to nil vesting of this portion of the 2021 grant. In total, the 2021 grant under the HPSP recorded a 34.2% vesting. On this basis, Mr Johnson will receive 259,144 Ordinary shares, plus a cash payment of 26.0 cents per share, equalling the dividends paid during the vesting period. The total value of Mr Johnson's vested award was $980k. Following measurement, Mr Ferguson will receive 58,893 Ordinary shares, plus a cash payment of 26.0 cents per share, equalling the dividends paid during the vesting period, with a total value of $223k. For the purposes of the single figure calculation, the average mid-market closing price of £2.8371 during Q4 2023 has been applied to the number of vested shares and converted to dollars using the average £:$ exchange during Q4 2023, being £1.2417. Further details of the vesting calculation are shown on page 150.
vii. The share awards granted in 2020 at £3.12 under the HPSP had a three-year performance period to 31 December 2022 and incorporated four performance conditions. The awards were measured against the relevant performance conditions, with a nil vesting recorded for the ROCE, EPS and TSR 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 48,990 and 6,826 Ordinary shares, respectively. For the purposes of the single figure calculation, the average mid-market closing price of £2.82 was applied to the share awards vested on 3 March 2023, with the 2022 single figure table being restated to reflect the actual vested amount.

Remuneration Committee Report continued
Annual Report on Remuneration continued

Salary and fees

There were no changes to the base salaries of the executive Directors during 2023.

The Committee met in December 2023 to receive management's proposals for an average increase in base salaries for the wider workforce for 2024. The Committee will deliberate on increases to the executive Directors at its meeting in April 2024, subject to approval of the new Directors' Remuneration Policy at the Company's 2024 AGM.

In December 2023, the Board reviewed the fee levels for the non-executive Directors and decided to increase the Committee Chair and Senior Independent Director additional fees to £11,000 p.a. The base fee for the non-executive Directors was left unchanged at £64,000 p.a. The Committee reviewed benchmarked fee data for the Company Chair and, following discussion, decided to increase the annual fee to £225,000 from 1 January 2024.

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 matched deferred savings plan. Company contributions to the former arrangement were $116,823 (2022 – $121,194) 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 matched savings plan, totalling $19,800 (2022 – $18,300).

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 $47,385/£38,115 (2022 – $43,902/£35,626).

Annual performance-linked bonus plan (audited)

The annual performance-linked bonus plan for 2023 was based on the following metrics:

Proportion of award	Performance metric
60%	Adjusted profit before tax
20%	Return on average 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 2023 Annual Budget agreed by the Board in December 2022 contained financial targets of adjusted profit before tax of $43.4m and ROCE of 5.4%. The financial performance targets for the 2023 Annual Bonus were thus set as follows:

	Threshold vesting	Target vesting	Maximum vesting	Actual outcome	% vesting
Adjusted profit before tax ("PBT")	$34.7m	$43.4m	$52.1m	$50.0m	52.8%
Return on average capital employed ("ROCE")	4.3%	5.4%	6.5%	6.45%	19.7%

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, the Annual Bonus targets were exceeded, with a 72.5% of a possible 80% outcome of this portion of the Annual Bonus award. The Committee awarded a 90% outcome of the 20% vesting of the personal performance component of the Annual Bonus award. The overall outcome of the Annual Bonus was 90.5%.

Remuneration Committee Report continued
Annual Report on Remuneration continued

Delivery of strategic/personal performance objectives

The strategic/personal performance objectives agreed by the Committee with the executive Directors in early 2023 are summarised in the table below. Detailed analyses of these outcomes follow this table.

OBJECTIVE	JIM JOHNSON (CHIEF EXECUTIVE)	BRUCE FERGUSON (FINANCE DIRECTOR)	PERFORMANCE ACHIEVED	OUTCOME
Managing from crisis to success (50%)	• Enhance senior executive development and training, including use of an external facilitator. • Increase operational and manufacturing data flows across the Group, and increase financial performance and accountability within the senior leadership team. • Evaluate and present development plans for the Company including the delivery of a refreshed strategic plan focusing on oil and gas, non-oil and gas and energy transition sectors. • Continue to monitor the reduction of the Group's carbon footprint, with increased accountability for initiatives flowed to the senior leadership team.	• Align financial reporting processes and systems to deliver the required operational and manufacturing data flow improvements, with particular attention to production efficiencies and working capital management. • Improve board reporting format for new data requested. • Deliver reports that detail major project opportunities for the Group and the targeted returns, to ensure rates of return are understood.	• Further progressed the implementation of the D365 ERP system. Developed new reporting formats that highlighted the Group's external sales order book, product line revenue, EBITDA, working capital and other key performance indicators based around a 'Product Line' external reporting format. • Delivered new reports on working capital efficiency and project evaluation metrics to deepen the Board's understanding of the returns of the larger OCTG orders. • These reports enabled members of the Executive Committee to present to the Directors during the year. • The Chief Executive implemented a senior leadership development programme, with Russell Reynolds being engaged to support this initiative. • Strong progress in identifying and evaluating potential non-oil and gas and energy transition opportunities. These teams were expanded as geothermal and carbon capture projects accelerated, particularly in the US and Asia Pacific. • Expanded carbon data collection and continued to drive initiatives to contain and reduce scope 1 and 2 emissions. Commenced assessment of scope 3 greenhouse gas emissions.	Exceeded "Target" delivery
Revenue diversification (25%)	• Continued focus on revenue diversification including non-oil and gas and energy transition sales.	• Continued focus on revenue diversification including non-oil and gas and energy transition sales.	• As noted in the Strategic Report, non-oil and gas revenue increased from $47.6m in 2022 to $75.9m, with progress being made particularly within the Advanced Manufacturing business units.	Fully achieved
Market value correction (25%)	• Increase engagement with institutional investors to understand Hunting's market valuation and discount to net asset value. • Present an informative narrative framework at a Capital Markets Day.	• Increase engagement with institutional investors to understand Hunting's market valuation and discount to net asset value. • Present an informative narrative framework at a Capital Markets Day.	• To enable investors to better understand the Group's opportunities within the global offshore energy industry, from 1 January 2023, executive management separated the Subsea Technologies businesses from the North America operating segment. This is aimed at increasing transparency in this segment of the market. • Increased engagement with institutional investors and wider capital markets in the year, including completion of an independent investor perception survey among the Group's top shareholders. • Investor engagement efforts refocused on highlighting the Group's technology, market leadership and strength based around its major product lines, as opposed to the geographic segmental reporting format. Profit measures based around product groups have been developed during the year, to provide greater granularity on the performance of the Group. • These initiatives combined underpinned successful delivery of executive management's maiden Capital Markets Day, held in London in September 2023 at which a long-term strategy and financial ambition to 2030 was delivered to investors, which included detailed capital allocations and key strategic growth initiatives.	Exceeded "Target" delivery

Remuneration Committee Report continued
Annual Report on Remuneration continued

Annual Bonus outcome

Based on this outcome of a vesting of 90.5%, the following bonus awards were made to the executive Directors:

Proportion of award	Performance metric	Percentage of annual bonus awarded
60%	Adjusted profit before tax	52.8%
20%	Return on average capital employed	19.7%
20%	Strategic/personal performance objectives	18.0%

Mr Johnson was, therefore, awarded a bonus for the year of $1,467k, and Mr Ferguson was awarded a bonus of $536k. In-line with the normal operation of the Annual Bonus, 100% of the bonus will be delivered in cash in March 2024, 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 2021 Directors' Remuneration Policy.

2021 HPSP vesting (audited)

The 2021 awards under the HPSP have been measured against the performance conditions following completion of the three-year performance period ended 31 December 2023. The 2021 awards were based on four performance conditions – 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 for the year ended 31 December 2023 for ROCE and adjusted diluted EPS and over three financial years ending 31 December 2023 for relative TSR and the Strategic Scorecard. A summary of the performance achieved is detailed below:

	% of award	Threshold vesting target	Maximum vesting target	Recorded performance	% vesting outcome
ROCE	35%	6.0%	9.0%	6.45%	12.7%
Adjusted diluted EPS	25%	20 cents	40 cents	20.3 cents	6.5%
Relative TSR	25%	Median	Upper quartile	Below Median	nil
Strategic Scorecard					
– Safety	7.5%	2.00	<1.00	0.96	7.5%
– Quality	7.5%	0.8%	0.5%	0.15%	7.5%

The ROCE and EPS components of the 2021 grant under the HPSP have recorded a threshold vesting and, based on this outcome, the Strategic Scorecard component of the HPSP grant will vest in full.

The Total Shareholder Return ("TSR") performance condition was measured by Mercer in January 2024, 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 a nil vesting of this portion of the grant.

Overall, the total vesting of the 2021 HPSP award is 34.2%. The vesting date of the 2021 HPSP award is 4 March 2024. Mr Johnson will, therefore, receive 259,144 Ordinary shares and Mr Ferguson will receive 58,893 Ordinary shares. A cash equivalent of dividends paid by the Company during the vesting period, totalling 26.0 cents per vested share, will be added to the award on the vesting date. The 2021 HPSP vesting has been calculated as follows:

	Number of shares granted in 2021	Vesting %	Number of shares vested	Value of vested shares at 31 December 2023 $*	Value of dividends at 26.0 cents per share $	Total award value $	Value attributable to share price growth $
Jim Johnson	757,732	34.2	259,144	**912,919**	67,377	980,296	70,180
Bruce Ferguson	172,203	34.2	58,893	**207,469**	15,312	222,781	15,948

* As per the methodology for reporting the values of unvested awards, the average price of a Hunting PLC share during Q4 2023 of £2.8371 has been applied and converted to US dollars at an exchange rate of £1.2417 for the period. The share price on the date of grant was £2.619.

In accordance with the 2021 Directors' Remuneration Policy, these vested shares (net of tax) are to be held for two years from the vesting date.

2020 HPSP vesting (audited)

The 2020 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 2020	Vesting %	Number of shares vested	Value of vested shares at 3 March 2023 $*	Value of dividends at 21.5 cents per share $	Total award value $	Value attributable to share price reduction $
Jim Johnson*	653,205	7.5	48,990	167,896	10,104	178,000	17,623
Bruce Ferguson*	91,022	7.5	6,826	23,394	1,408	24,802	2,455

* The value of awards have been restated at the market price of £2.82 per share with an FX rate of $1.2153 on 3 March 2023. 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.

Remuneration Committee Report continued
Annual Report on Remuneration continued

2023 HPSP grant (audited)

On 6 March 2023, 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 6 March 2026, subject to the achievement of the performance metrics, with a two-year holding period then applying to the post-tax vested shares. The 2023 grant under the HPSP to the executive Directors was at the normal quantum, as detailed in the Directors' Remuneration Policy on pages 137 to 145.

	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 maximum vesting $
Jim Johnson	450	994,687	911,630	3,646,521
Bruce Ferguson	210	236,529	216,779	867,115

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 is also 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
ROCE[i]	25	10.5%	13.0%
FCF[ii]	20	$200m	$250m
Adjusted diluted EPS[i]	20	25.0 cents	50.0 cents
Relative TSR[ii]	20	Median	Upper Quartile
Strategic Scorecard[ii]			
– Safety	7.5	2.00	<1.00
– Quality	7.5	0.8%	0.5%

i. Measured for the year ended 31 December 2025.
ii. Measured across the three-year vesting period.

The following quoted businesses comprise the TSR comparator group for the 2023 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 2023 award is based on the closing mid-market share price on Friday 3 March 2023, which was 282.0 pence per share.

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 includes base salaries, benefits in kind and bonuses and exclude pension contributions and share awards. If a Director has not served for the entire year, they are shown as not applicable.

	2018 to 2019	2019 to 2020	2020 to 2021	2021 to 2022	2022 to 2023
Executive Directors					
Jim Johnson					
Base salary	+4%	+1%	+1%	+4%	+5%
Annual cash bonus	-60%	-74%	+5%	+906%	-5%
Benefits	+8%	+31%	-7%	+1%	+6%
Bruce Ferguson[i]					
Base salary	n/a	n/a	n/a	+8%	+5%
Annual cash bonus	n/a	n/a	n/a	+913%	-5%
Benefits	n/a	n/a	n/a	–	+8%
Average global employee					
Base salary	–	-2%	+9%	+5%	+3%
Annual cash bonus	-14%	-81%	+9%	+726%	-21%
Benefits	+8%	+7%	+4%	-3%	+9%
Non-executive Directors (fees)					
Annell Bay	+11%	–	–	–	+6%
Carol Chesney	+46%	–	–	–	+6%
Keith Lough	+56%	–	–	–	+6%
Jay Glick	+5%	–	–	–	+11%
Paula Harris[ii]	n/a	n/a	n/a	n/a	n/a
Stuart Brightman[iii]	n/a	n/a	n/a	n/a	n/a

i. Bruce Ferguson was appointed to the Board on 20 April 2022 and therefore no change prior to 2021-2022 is applicable.
ii. Paula Harris was appointed to the Board on 20 April 2022 and therefore no change is applicable.
iii. Stuart Brightman was appointed to the Board on 3 January 2023 and therefore no change is applicable.

The average salary for employees in 2023 reflects a change in the average monthly employee headcount compared to the prior year, coupled with base salary increases implemented in December 2022 to the existing workforce. In addition some businesses exceeded maximum bonus levels while other businesses failed to reached set targets, resulting in an overall reduced bonus payout.

Remuneration Committee Report continued
Annual Report on Remuneration continued

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 2023[i]	At 31 December 2022
Executive Directors		
Jim Johnson[iii]	**567,988**	469,463
Bruce Ferguson[iii]	**215,554**	170,839
Non-executive Directors		
Annell Bay	**21,347**	18,769
Stuart Brightman	**–**	–
Carol Chesney	**24,000**	24,000
Jay Glick	**75,923**	75,923
Paula Harris	**–**	–
Richard Hunting (to 20.04.22)[ii]	**n/a**	468,133
– as trustee	**n/a**	194,960
– as Director of Hunting Investments Limited	**n/a**	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. As at cessation date.
iii. The shareholdings for Messrs Johnson and Ferguson include shares restricted from sale, in-line with the rules of the Annual Bonus Plan and Hunting Performance Share Plan. At 31 December 2023, 125,497 restricted-from-sale Ordinary shares are held by Mr Johnson and 35,116 are held by Mr Ferguson.

There have been no further changes to the Directors' share interests in the period 31 December 2023 to 29 February 2024.

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 or annual fee as at 31 December 2023 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
Stuart Brightman	1	N
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 2023 of £2.955.

The interests of the executive Directors in Hunting PLC Ordinary shares 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 2023	Options/awards granted in year	Options/awards exercised in year	Options/awards lapsed in year	Interests at 31 December 2023	Exercise price p	Grant date	Date exercisable	Expiry date	Scheme
Jim Johnson	653,205	–	(48,990)	(604,215)	**–**	Nil	03.03.2020	03.03.2023	–	HPSP^
	757,732	–	–	–	**757,732**	Nil	04.03.2021	04.03.2024	–	HPSP^
	1,217,058	–	–	–	**1,217,058**	Nil	04.03.2022	04.03.2025	–	HPSP^
	–	994,687	–	–	**994,687**	Nil	06.03.2023	06.03.2026	–	HPSP^
Total	2,627,995	994,687	(48,990)	(604,215)	**2,969,477**					
Bruce Ferguson	91,022	–	(6,826)	(84,196)	**–**	Nil	03.03.2020	03.03.2023	03.03.2030	HPSP~
	172,203	–	–	–	**172,203**	Nil	04.03.2021	04.03.2024	04.03.2031	HPSP~
	289,408	–	–	–	**289,408**	Nil	04.03.2022	04.03.2025	04.03.2032	HPSP~
	–	236,529	–	–	**236,529**	Nil	06.03.2023	06.03.2026	06.03.2033	HPSP~
Total	552,633	236,529	(6,826)	(84,196)	**698,140**					

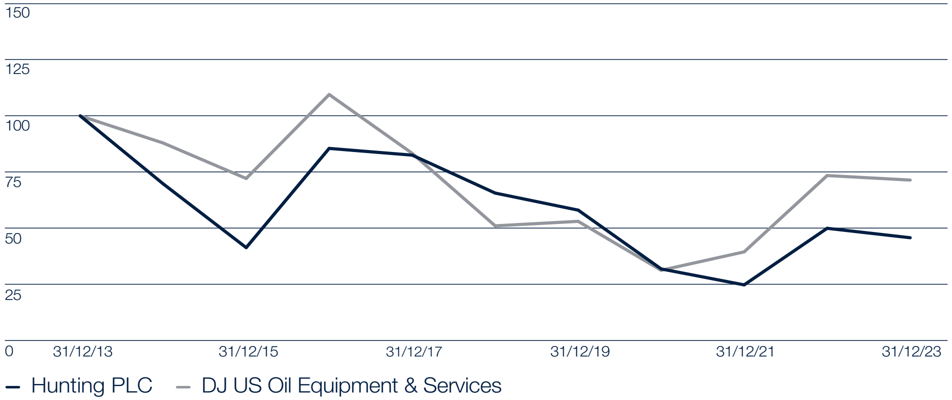
^ Nil-cost share awards that are not yet vested or exercisable and still subject to the performance conditions being measured in accordance with the HPSP rules.
~ Nil-cost share options that are not yet vested or exercisable and still subject to the performance conditions being measured in accordance with the HPSP rules.

Remuneration Committee Report continued
Annual Report on Remuneration continued

Executive Director remuneration and shareholder returns

The following chart compares the TSR of Hunting PLC between 2013 and 2023 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.

Total shareholder return (rebased to 100 at 31 December 2013)



	Single figure remuneration $000[i]	Annual cash bonus %[ii]	HPSP % vesting[iii]	LTIP award %[iv]
2023 – Jim Johnson	3,466	91	34	n/a
2022 – Jim Johnson[v]	2,710	100	8	n/a
2021 – Jim Johnson	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)	3,972	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

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 HPSP that vested in the financial year 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 in 2017.
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 147.

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	$45,666	$61,329	$107,314
2021	Option A	21:1	17:1	11:1
	Workforce Pay Quartiles	$52,699	$63,329	$102,807
2022	Option A	55:1	43:1	26:1
	Workforce Pay Quartiles	$48,736	$62,108	$105,704
2023	**Option A**	**70:1**	**54:1**	**33:1**
	Workforce Pay Quartiles	**$49,837**	**$64,467**	**$106,492**

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 for 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 191 in the year (2022 – 158), which represents 8% (2022 – 8%) of the Group's total average workforce in 2023. The basis of the workforce pay calculations is aligned with the basis of preparation of the single figure table on page 147, 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 as at 31 December 2023. The changes to the Chief Executive pay ratios in the year mainly reflect a higher HPSP vesting percentage of 34.2% compared to 7.5% in 2022.

Remuneration Committee Report continued
Annual Report on Remuneration continued

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.

	2023 $m	2022 $m	Change
Employee remuneration[i]	**254.8**	223.7	14%
Net tax paid[ii]	**9.1**	3.9	141%
Dividends paid to Hunting PLC shareholders[ii]	**15.0**	13.6	10%
Capital investment[ii]	**23.7**	16.4	34%

i. Includes staff costs for the year (note 7) plus benefits in kind of $35.8m (2022 – $29.2m), which primarily comprises US medical insurance costs.
ii. Please refer to page 59.

Payments to past Directors (audited)

Peter Rose retired as a Director of the Company on 15 April 2020. The emoluments paid during 2023 to Mr Rose were wholly related to his vested 2020 awards under the HPSP, whereby 3,788 Ordinary shares in the Company were delivered to him when exercised on 3 March 2023, with a pro-rated value of $13,195. Mr Rose has no outstanding share awards under the HPSP.

Payments for loss of office

There were no payments for loss of office in the year.

Implementation of policy in 2024

The remuneration policy for 2024 will be applied in-line with those detailed on pages 138 to 142. Following consultation with a significant number of institutional investors, the Remuneration Committee is submitting a new Director's Remuneration Policy and Long-Term Incentive Plan at the Company's Annual General Meeting on 17 April 2024. Details of the new policy can be found on pages 133 and 134.

Salary and fees

Subject to approval of the new Directors' Remuneration Policy at the Company's AGM in April 2024, the base salaries of the executive Directors will be increased by the average of the workforce plus an additional 3.5%. Workforce base salary increases of 5.0% were implemented on 1 January 2024. The increases proposed for the executive Directors are in-line with increases awarded to other high performing employees of the Group.

As noted earlier, the base fees for the non-executive Directors will remain unchanged for 2024; however, the Committee Chair and Senior Independent Director fees were increased to £11,000 p.a. from the start of 2024.

The Company Chair fee was also increased to £225,000 p.a. from 1 January 2024, following deliberations by the Committee and wider Board in December 2023.

Pension and benefits

Jim Johnson will continue to receive contributions towards a US deferred compensation scheme and a US 401k matched 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 or allowance in lieu.

Annual Bonus

The annual performance-linked bonus for 2024 will operate in-line with the shareholder approved Directors' Remuneration Policy. The Committee will disclose details of performance against the pre-set financial targets and strategic/personal performance objectives after the year-end, as the Board believes that forward disclosure of the financial targets is commercially sensitive.

New Long-Term Incentive Plan

In April 2024, an award under a new Long-Term Incentive Plan will be granted to the executive Directors and wider members of the Group subject to approval of the new plan at the Company's 2024 Annual General Meeting on 17 April 2024.

Subject to approval, the performance-based awards to the Chief Executive and Finance Director will be issued share awards at the quantum of 350% of base salary for Mr Johnson and 160% of base salary for Mr Ferguson. The performance conditions to be adopted for these awards are expected to include relative TSR (30%); ROCE (25%); adjusted diluted EPS (15%); Free Cash Flow (15%); and the Strategic Scorecard (15%). The proposed TSR peer group has been expanded for 2024 in light of shareholder feedback to include Hunting's key competitors for talent and comprises: Akastor, Cactus, Core Laboratories, Dril-Quip, Expro Group Holdings, Flotek Industries, Forum Energy Technologies, Liberty Energy, Nine Energy Service, NOV, Oceaneering International, Oil States International, Patterson-UTI Energy, Petrofac, Schoeller Bleckmann, TechnipFMC, Tenaris, Tetra Technologies and Vallourec. Time-based awards will also be granted to the executive Directors, being 100% of base salary for the Chief Executive and 50% for the Finance Director, subject to approval by shareholders.

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

29 February 2024

Audit Committee Report

Carol Chesney
Chair of the Audit Committee

	Member	Invitation
Number of meetings held	**5**	
Number of meetings attended (actual/possible):		
Annell Bay	5/5	–
Stuart Brightman	5/5	–
Carol Chesney (Committee Chair)	5/5	–
Bruce Ferguson	–	5/5
Jay Glick	–	5/5
Paula Harris	5/5	–
Jim Johnson	–	5/5
Keith Lough	4/5	–

During 2023, the Company continued to build on momentum from 2022 and the strengthening of its end-markets, and reported a significant increase in its revenue and profitability over the previous year. The focus of the Audit Committee's (the "Committee") work over the year has been consideration of the recognition of previously unrecognised deferred tax assets held by the Group's US businesses, and revenue recognition processes and procedures.

"The Group's growing order book and tender pipeline have enabled the business units to have greater visibility on earnings."

Introduction

As impetus in the international and offshore markets continued to improve, the Group's growing order book and tender pipeline have enabled the business units to have greater visibility on earnings, with the most recent forecasts prepared by the business units reflecting this. As the forecasts demonstrated that the US businesses were to be profitable for the foreseeable future, the unrecognised deferred tax assets held by the US businesses were recognised on the balance sheet at the year-end as realisation of the tax benefit within a reasonable time frame was probable. Due to the size and nature of the deferred tax assets recognised in the year, the Committee concurred with management's proposal to disclose these as an adjusting item.

Revenue recognition has remained an area of focus for the Committee during the year, given the increase in the number of long timescale orders received by the Subsea Spring and Dearborn business units. Each contract is quite complex, unique and has to be assessed for 'point in time' or 'over time' revenue recognition, which is an area that requires a high level of judgement.

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 resulted in a small goodwill impairment charge being recorded within the Enpro Subsea business unit at the half-year. This impairment was triggered as a result of the broad-based increase in discount rates, driven by the higher interest rates being recorded globally, with a consistent approach being adopted in-line with impairment reviews completed in recent years. Given the improved operating environment for the Group, no further goodwill impairment charges were recognised at the year-end.

During the year, the Committee monitored inventory, together with the inventory provision discussed below, and the levels of working capital in general.

The Committee continued to monitor the implementation of the inventory valuation model that was established in 2022, to ensure that a consistent approach was being applied across the Group to inventory provisioning. Overall, the Committee was satisfied that there was a robust control process in place following final refinements and that the valuation methodology allowed for management's judgement to be applied when appropriate.

The Committee also considered whether there were any other significant items that should be disclosed as adjusting items for the current year and, following discussion with management and the external auditor, no additional items were identified for separate disclosure.

Audit Committee Report continued

Composition and frequency of meetings

The Committee currently comprises six independent non-executive Directors (at 29 February 2024) and is chaired by Carol Chesney. Following his appointment to the Board on 3 January 2023, Stuart Brightman joined the Committee. Margaret Amos also joined the Committee on her appointment as a Director to the Board on 10 January 2024.

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. Margaret Amos has experience in the aviation industry, an area where Hunting seeks to grow in the coming years, as well as finance and accounting.

Further details of the Committee's experience can be found in the biographical summaries set out on pages 112 and 113. 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 2023, the Committee met five times in January, 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 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 plans, scope and resourcing; 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; review the external auditor's management letter; and
- monitor corporate governance and accounting developments.

Work undertaken by the Committee during 2023

	Jan	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 plan and resourcing		•			
External auditor					
Auditor's objectivity, 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					•

Review of the 2023 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.

Significant matters reviewed by the Committee in connection with the 2023 Annual Report and Accounts were as follows:

Taxation

A major area of focus for the Committee during the year related to the recognition of the unrecognised deferred tax assets ("DTAs"), with a briefing given to the Board by the Group Head of Tax at the December 2023 meeting. Management assessed the probability of Hunting being able to utilise the unrecognised DTAs against future taxable profits, and concluded that the strong performance by the businesses in the year as well as forecast profitability supported the recognition of these DTAs. The Committee were satisfied with the timing of the recognition of the DTAs.

The Committee continues to monitor tax risk, tax audits and provisions held for taxation in view of the international spread of operations.

Revenue recognition

Given the Group's improving results in 2023 together with the increase in longer-term contracts received by the Subsea Spring and Dearborn business units, revenue recognition received ongoing focus in the year. Additional internal review procedures with respect to revenue recognition were introduced in 2022, following challenge from the external auditor, and their implementation continued to be monitored throughout the year. The Internal Audit function included a review of Subsea Spring's revenue recognition procedures as part of its audit plan for the year. The Committee was satisfied that more robust procedures are now in place.

Inventory valuation and provisioning procedures

During 2023, inventory valuation and provisioning procedures continued to be an area of review for the Committee. During 2022, the Group's central finance function developed a common valuation methodology to further improve 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 Committee reviewed reports by both management and the external auditor on the continued refinement of the model and the process for embedding it within the Group's business units. The Committee was satisfied that the inventory valuation model was being used appropriately by management, that the judgements being applied were balanced, and, therefore, the carrying values of inventories at the year-end were appropriate.

Impairment reviews

The Committee also received reports on the review of 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, resulting in an impairment review of the Enpro Subsea cash generating unit and a $1.4m charge being recorded due to an increase in the discount rate. A review of indefinite life assets was undertaken for the full year, with no further impairment charges being recognised. 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 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 24 to 26.

Inventories

At the year-end, the Group held $328.4m (2022 – $272.1m) of inventory. This represents approximately 34% of the Group's net assets (2022 – 32%). Inventory levels have increased as activity levels in the Group rose and inventory purchases were increased to meet the requirements of the sales order book. 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 $254.5m (2022 – $256.7m) for PPE. This represents approximately 27% of the Group's net assets (2022 – 30%).

The movement in PPE reflects depreciation of $27.2m and disposals of $0.8m offset by additions of $23.1m and other items totalling $2.7m. 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 $154.4m (2022 – $155.5m) of goodwill. This represents approximately 16% of the Group's net assets (2022 – 18%), with Hunting Titan representing 74% of the year-end balance (2022 – 74%). As noted above, a $1.4m impairment to goodwill 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 $40.8m (2022 – $35.7m). This represents approximately 4% of the Group's net assets (2022 – 4%). Additions in the year were $10.9m (2022 – $5.7m) and the amortisation charge recorded in the consolidated income statement was $6.6m (2022 – $4.4m). 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 $26.2m (2022 – $26.0m). This represents approximately 3% of the Group's net assets (2022 – 3%). The movement in the year is predominantly attributed to depreciation of $6.6m (2022 – $6.4m) offset by additions of $6.2m (2022 – $5.1m). 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 material adjusting items proposed by management.

At the 2023 year-end, the recognition of the US DTAs of $83.1m as an adjusting item was proposed by management. The Committee agreed with this presentation and also considered whether there were any other material or significant items that should be disclosed as adjusting items for the current year and, following discussion, agreed that no further items had been identified. In 2022, two adjusting items to profit before tax totalling $12.6m were recorded.

From 1 January 2023, the Group's Subsea Technologies businesses were reported as a standalone operating segment, as these businesses had been identified by management as an area of growth and focus for the Group. It was noted that there was no requirement under IFRS to separately disclose Subsea Technologies as an operating segment as it did not meet the required thresholds. The external auditor reviewed and agreed the revised presentation of the operating segments.

Going concern basis and Viability Statement

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.

While the Group reported a year-end small negative total cash and bank position compared to the positive position at 31 December 2022, the Committee noted that Hunting has absorbed part of its cash balances in the investment in inventory to support the strong order book of the Group's global businesses. Other principal cash outflows were for capital investment, labour costs and dividends.

The utilisation and availability of the $150 million Asset Based Lending ("ABL") facility has supported the Group's Going Concern statement. The ABL facility continues to add 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. In the year, Hunting remained fully compliant with its bank covenants.

As part of the Company's 2023 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.

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 2024 and used it to support the carrying values of assets held on the consolidated balance sheet.

On 26 February 2024, the Committee approved the Viability Statement, detailed on page 106 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 108, and believes that the 2023 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 2023 Annual Report and Accounts, taken as a whole, was fair, balanced and understandable at a Meeting of Directors on 27 February 2024.

Internal audit

An annual programme of internal audit assignments in respect of 2023 was reviewed and approved by the Committee in February.

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, eight field audits were completed in-line with the 2023 Internal Audit Plan. In addition, further work on control review procedures was carried out, especially in relation to the revenue recognition procedures of the Subsea Spring business unit's long-term contracts and the continuing implementation of the Group's new ERP system within a number of businesses.

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 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 second partner on the Group account rotated off, with a new second partner appointed. The engagement partner is due to rotate off the Hunting account following the completion of the 2023 audit.

The external auditor presented reports at the February, April, August and December meetings of the Audit Committee during 2023. Further, the Chair of the Committee also had regular dialogue with the audit engagement partner throughout the year.

In April 2023, Deloitte LLP presented its Management Controls Report, which highlighted control improvements they recommended be made by the Group.

On 26 February 2024, a full-year report by Deloitte LLP was considered ahead of publication of the Group's 2023 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 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 $4.5m (2022 – $4.0m). This equates to approximately 0.5% (2022 – 0.6%) of the Group's total external revenue reported in 2023. 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 Committee Report continued

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 79% of the Group's reported revenue and the Group's net assets were audited, covering 18 reporting units, including a number of investment holding companies, across five countries.

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 taken into account these factors, the Committee concluded that Deloitte LLP was independent from the Group throughout the year and to the date of their audit report.

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 and execution of the audit plan by the external auditor approved by the Committee;
- the communication between the Group and audit engagement team;
- the external 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 audit scope;
- 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 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 audit-related assurance services, which totalled $0.2m (2022 – $0.2m), there were no non-audit service fees paid during the year (2022 – $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.

Auditor reappointment

Following discussion in February 2024, the Committee approved the recommendation to propose the reappointment of Deloitte LLP at the Company's 2024 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 2022 Annual Report and Accounts and the structured report was successfully submitted to the Financial Conduct Authority's National Storage Mechanism in April 2023. A qualified IT provider was involved in the preparation of the structured report and Deloitte LLP completed a number of assurance procedures on the structured report.

Deloitte LLP has again been asked to provide an assurance report on the compliance of the Group's tagged 2023 Annual Report and Accounts with the ESEF reporting 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 96 to 105.

As noted above, the inventory valuation methodology that was successfully introduced in 2022, continued to be refined and embedded during 2023.

Financial Reporting Council ("FRC") review of the 2022 Annual Report and Accounts

As part of its remit, the FRC is authorised to review and investigate the Annual Accounts, Strategic Reports and Directors' Reports of public and large private companies for compliance with relevant reporting requirements. Although these reviews are carried out by personnel skilled in the relevant legal and accounting frameworks, they are based solely on published report and accounts and do not benefit from a detailed knowledge of the company or the underlying transactions entered into.

The FRC therefore requests companies referring to these reviews to make clear the limitations of the review process and that the review provides no assurance that the report and accounts are correct in all material respects.

As part of its normal operating procedures, Hunting's 2022 Annual Report and Accounts were selected for review by the FRC. Based on this review, the FRC had no questions or queries that it wished to raise and informed the Company of this by letter. The letter did note a number of areas where the FRC felt disclosures could be improved.

The Audit Committee welcomes the constructive feedback from the FRC and, as a result, has enhanced disclosures in a number of areas in the 2023 Annual Report and Accounts.

Review of Committee effectiveness

In December 2023, the Committee reviewed its effectiveness and the Committee Chair reported these findings to the Board. No issues were identified as part of this review process.

On behalf of the Board

Carol J. Chesney

Carol Chesney
Chair of the Audit Committee

29 February 2024

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 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 Tuesday 27 February 2024.

Directors

The Directors of the Company, during the year and up to the date of signing these accounts, are listed on pages 112 and 113.

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 2023, 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 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 2024 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 2023, 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 Committee the authority to determine the remuneration of the auditor will be proposed at the 2024 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 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 2023 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 162, 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 2023 was £0.5bn (2022 – £0.5bn).

Share price

	2023 p	2022 p
At 1 January	**333.0**	169.2
At 31 December	**295.5**	333.0
High during the year	**351.5**	365.0
Low during the year	**197.4**	169.2

Dividends

The Company normally pays dividends semi-annually. Details of the Company's dividend policy is set out on page 10.

The Company paid the 2022 final dividend of 4.5 cents per share on 12 May 2023, which absorbed $7.1m of cash. At the Group's 2023 Half Year Results, the Board declared an interim dividend of 5.0 cents per share, which was paid to shareholders on 27 October 2023, and absorbed $7.9m of cash. The Board is recommending a final dividend for 2023 of 5.0 cents per share, to be paid to shareholders on 10 May 2024, subject to approval by shareholders at the Company's 2024 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 2023, the Trust held 6,591,918 Ordinary shares in the Company (2022 – 5,370,963). 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 2023, are listed in the table below.

	Notes	Number of Ordinary Shares	% of ISC
BlackRock, Inc.		12,749,575	7.73
Schroder Investment Management		11,649,926	7.06
Hunting Investments Limited	1/4/5	11,003,487	6.67
Abrdn		10,784,962	6.54
GLG Partners		9,565,911	5.80
J P Morgan Asset Management		8,443,282	5.12
Hunting Employee Benefit Trust		6,591,918	4.00
Slaley Investments Limited	5	6,424,591	3.89
Orbis Investment Management		5,951,997	3.61
J Trafford – as trustee	2/5	5,228,660	3.17
David RL Hunting	1/2/3/4/5	194,120	0.12
– as trustee		3,157,750	1.91
– other beneficial		1,875,950	1.14
Dimensional Fund Advisers		5,076,993	3.08

1. 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.
2. After elimination of duplicate holdings, the total Hunting family trustee interests shown above amount to 5,228,660 Ordinary shares.
3. David RL Hunting and his children are or could become beneficiaries under the relevant family trusts of which Mr Hunting is also a trustee.
4. David RL Hunting is a director of Hunting Investments Limited.
5. 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 29 February 2024, the Hunting Family Interests, party to the agreement, totalled 24,170,900 Ordinary shares in the Company, representing 14.7% of the total voting rights.

Other information

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.

Political contributions

It is the Group's policy not to make political donations. Accordingly, there were no political donations made during the year (2022 – $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 2022 was published on 20 April 2023 and totalled $875,964.

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 $6.9m (2022 – $5.8m), with the amount expensed in the year totalling $4.7m (2022 – $4.8m).

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 2023.

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 Review, ESG and Sustainability, and Risk Management and is located on pages 2 to 108.

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 20 and 21);
- dividends (page 15);
- future developments (page 23);
- risk management, objectives and policies (pages 96 to 98);
- bribery and corruption (pages 33 to 37 and 78);
- ethnicity and diversity (pages 33 and 76);
- employment of disabled persons (pages 33 and 76); and
- greenhouse gas emissions and environmental matters (pages 38, 69 to 73, 82 and 95).

For further information, please see the Shareholder and Statutory Information section located on pages 246 and 247.

The Companies (Miscellaneous Reporting) Regulations 2018

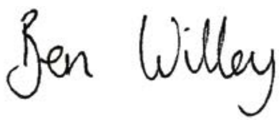
As required by The Companies (Miscellaneous Reporting) Regulations 2018 (the "Regulations"), the Board of Hunting PLC has prepared a section 172(1) statement, which can be found on page 108 and also on the Group's website www.huntingplc.com.

The Directors' Stakeholder Engagement and decision making disclosures are summarised within the Strategic Report on pages 32 to 39, 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 2023 Annual Report and Accounts were approved by the Directors at their meeting on Tuesday 27 February 2024.

By order of the Board



Ben Willey
Company Secretary

29 February 2024

FINANCIAL STATEMENTS

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 2023 and of the Group's profit 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 statements of cash flows; and
- the related notes 1 to 40 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.

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: • inventory valuation in Titan US and pressure control equipment in US Manufacturing; and • revenue recognition in relation to specific long-term contracts. Within this report, key audit matters are identified as follows: Increased level of risk Similar level of risk
Materiality	The materiality that we used for the Group financial statements was $4.5 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 79% of the Group's revenue and net assets. Our audit work covered Group operations in five countries comprising 18 reporting units, including a number of investment holding companies.
Significant changes in our approach	We no longer consider goodwill and non-current asset impairment as a key audit matter, given improved trading conditions across the Group and specifically a strong order book supporting the revenue forecasts within the Enpro CGU.

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:

- 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;
- evaluating the cash flow forecasts that drive the going concern assessment, including the reliability of the underlying data and challenging management on the assumptions applied by comparing to external industry data where relevant and considering how these have been sensitised to determine reasonable downside scenarios;
- assessing the terms of the asset-based borrowing facility and whether any amounts had been drawn down in order to determine whether covenants in the agreement have been breached and therefore could impact the going concern assessment;
- performing a stand-back assessment and considered all relevant audit evidence obtained, whether corroborative or contradictory, for any indicators of possible management bias; and
- assessing the appropriateness of the disclosures in the financial statements, and that these were 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.

Independent Auditor's Report to the Members of Hunting PLC continued

5.1. Inventory valuation in Titan US and pressure control equipment in US Manufacturing)

Key audit matter description	The Group holds inventory of $328.4 million at 31 December 2023 (2022 – $272.1 million), net of a provision of $52.5 million (2022 – $50.0 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 therefore it is key that the Group has an appropriate provisioning model. We identified inventory valuation in Titan US and pressure control equipment in US Manufacturing as a key audit matter given the 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 40 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 and tested the design and implementation of the relevant controls over the inventory valuation process, including how management estimate their inventory reserves; • obtained and assessed the inventory provisioning models (including assessing the mechanical accuracy) and detailed analysis prepared by management, to determine whether the Group's provisioning policy has been applied appropriately and that the approach taken appropriately reflect 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 uplifts or decreases factored in by management to adjust 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, inventory utilisation plans, 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 • evaluated 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 in relation to inventory valuation are appropriate in light of current market conditions.

Independent Auditor's Report to the Members of Hunting PLC continued

5.2. Revenue recognition in relation to specific long-term contracts

Key audit matter description	The revenue recognised by the Group in 2023 is $929.1 million (2022 – $725.8 million). The application of the Group's revenue recognition policies to the various contractual arrangements in place across the Group can be complex. This complexity arises most notably in those contracts where revenue is recognised over time due to the judgement involved in estimating a contract's costs to complete; and where revenue is recognised at a point in time, in the timing of recognition. We identified revenue recognition on specific long-term contracts as a key audit matter related to the potential risk of fraud 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 increasing size and complexity of the Group's contractual arrangements with its customers. The key risks we identified in revenue recognition on specific long-term contracts are: • the application of IFRS 15 *Revenue from contracts with customers* in determining the appropriate basis for revenue recognition of five contracts with total contract values in excess of $270 million over the term of those contracts. In particular, the assessment of whether revenue should be recognised at a point in time or over time, and where revenue should be recognised at a point in time, the timing of that recognition of revenue; and • the accuracy of the forecast costs to complete in the over time revenue for Spring and Dearborn. For Spring this specifically related to two contracts where revenue should be recognised over time. Refer to page 157 of the Audit Committee report and notes 3 and 40 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 recognition process relating to these contracts. This included: the preparation and review of the accounting papers related to the significant contracts, the estimation processes for contracts where revenue is recognised over time including how those costs to complete are reviewed and challenged, and the process for ensuring the revenue recognised aligns to the transfer of control for contracts where revenue is recognised at a point in time. We performed the following procedures: • for those contracts where this risk is around the judgements involved with respect to the application of revenue recognition, we obtained and assessed the related contracts and analyses from management over the timing of the revenue recognised and assessed how the terms had been interpreted to determine whether the conclusions were appropriate and in accordance with the requirements of IFRS 15. Where the revenue was recognised at a point in time, we evaluated whether the point in time determined by management was appropriate and obtained the relevant evidence to confirm the performance obligations had been met and that the revenue had been appropriately recognised; and • for those contracts where this risk is around the judgement in the 'over time' recognition of revenue, we assessed the appropriateness of estimated costs to complete as this impacts the extent of revenue recognised. The specific procedures performed included: – inspecting the bill of materials to confirm how these were being priced; – inspecting the labour cost estimate and confirming this to forecast labour rates; – inspecting the overhead estimate and assessing how this had been allocated; and – evaluating historical estimating accuracy i.e., comparing forecast and actual profit to verify if adequate risks are considered.
Key observations	We are satisfied that revenue in relation to specific long-term contracts has been recognised appropriately and in accordance with IFRS 15 *Revenue from Contracts with Customers.*

Independent Auditor's Report to the Members of Hunting PLC continued

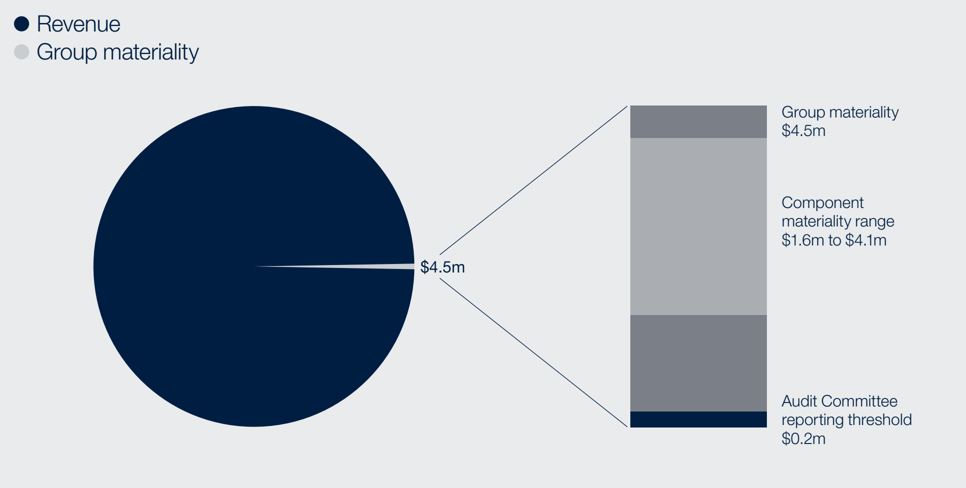
6. Our application of materiality

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	$4.5 million (2022 – $4.0 million)	$4.1 million (2022 – $3.6 million)
Basis for determining materiality	0.5% of revenue (2022 – 0.6%)	Parent Company materiality equates to 0.4% (2022 – 0.4%) of net assets, which is capped at 90% (2022 – 90%) of Group materiality
Rationale for the benchmark applied	Consistent with the prior year we have used revenue as our primary benchmark in determining materiality as this is a key metric for the users of the financial statements.	Given that the Parent 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% (2022 – 70%) of Group materiality	70% (2022 – 70%) of Parent Company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • our knowledge obtained from the previous audits; and • our overall assessment of the control environment and the corrected and uncorrected misstatements identified in the prior year, including the fact that we have placed reliance on the relevant controls over revenue within the Titan US, US Manufacturing and US Connections reporting 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 $225,000 (2022 – $200,000), 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.

Independent Auditor's Report to the Members of Hunting PLC continued

7. An overview of the scope of our audit

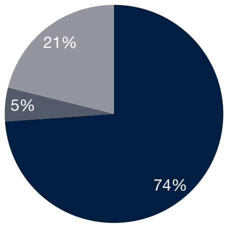
7.1. Identification and scoping of components

The Group has 56 (2022 – 56) 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 reporting unit individually.

Our scoping consisted of three levels, with audit effort split across each scoping level. We identified eleven (2022 – ten) reporting units across the Group that were subject to full scope reporting on their complete financial information, which included three (2022 – three) holding company reporting units. Specific audit procedures over certain balances were performed at a further seven (2022 – seven) reporting units, to give appropriate coverage on all material balances at the Group level. The remaining reporting units and balances not included above were subject to analytical review procedures. Together, the reporting units subject to audit procedures accounted for over 79% (2022 – over 78%) of the Group's revenue and net assets. The range of component materiality levels is $1.6 million to $4.1 million (2022 – $1.4 million to $3.6 million).

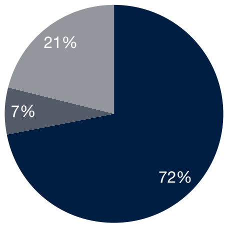
Revenue

- Full audit scope
- Specified audit procedures
- Review at Group level



Net assets

- Full audit scope
- Specified audit procedures
- Review at Group level



7.2. Our consideration of the control environment

The new ERP system ("D365") continues to be rolled out across the Group, with a number of business units having gone live during 2023. Consistent with our audit plan we adopted a controls reliance approach across the revenue processes within the business units already live on D365 (Titan US, US Manufacturing and US Connections). To enable this, we obtained an understanding of the relevant manual controls within those processes and 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. In addition to the GITCs within D365, we also obtained an understanding of the key GITCs within Cognos, management's reporting and consolidation software.

Further, we assessed certain implementation controls over the data conversion and the data migration on business units that went live on D365 during the year, which included business units in the US, Singapore and the UK. This included GITCs and manual controls.

Across the Group, we also 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.

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 85 to 89.

As a part of our audit we obtained management's climate-related risk assessment and held 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 179, 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 over the short and medium term. Estimates made using these forecasts do not currently identify any concerns regarding the carrying values or expected lives of longer-lived assets.

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 evaluating whether appropriate climate-related 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 five (2022 – seven) countries, covering 18 (2022 – 17) reporting units, including a number of head office entities. Three (2022 – three) reporting units were within the Group team's scope and residual 15 (2022 – 14) were covered by the respective component audit teams in the US, the UK, Singapore and China.

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 each of our component teams 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 where relevant. 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' Responsibility 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/auditorsresponsibilities. 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; and
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team including significant component audit teams and relevant internal specialists, including tax, valuations, IT and financial instruments 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 relation to specific long-term contracts. 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, pensions legislation and tax 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. This included employment legislation, health, safety and the environment ("HSE") regulations, international trading laws and environmental regulations.

11.2. Audit response to risks identified

As a result of performing the above, we identified revenue recognition in relation to specific long-term contracts 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; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports; 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 Directors' remuneration report 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 107;
- 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 106;
- the Directors' statement on fair, balanced and understandable set out on page 160;
- the Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 96 to 98 and 106;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 116, 158 and 159; 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 Directors' 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 ended 31 December 2019 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is five years, covering the years ending 31 December 2019 to 31 December 2023.

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).

Independent Auditor's Report to the Members of Hunting PLC continued

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) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R. We have been engaged to provide assurance on whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R and will publicly report separately to the members on this.

William Smith
(Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

29 February 2024

Consolidated Income Statement

For the year ended 31 December 2023

	Notes	2023 $m	2022 $m
Revenue	3	**929.1**	725.8
Cost of sales		**(701.4)**	(554.4)
Gross profit		**227.7**	171.4
Selling and distribution costs		**(49.3)**	(46.1)
Administrative expenses		**(119.8)**	(124.9)
Net operating income and other expenses	4	**2.4**	1.6
Operating profit	6	**61.0**	2.0
Finance income	8	**0.9**	3.0
Finance expense	8	**(11.3)**	(4.7)
Share of associates' and joint ventures' results	16	**(0.6)**	(2.7)
Profit/(loss) before tax		**50.0**	(2.4)
Taxation	9	**69.0**	(1.3)
Profit/(loss) for the year		**119.0**	(3.7)
Attributable to:			
Owners of the parent		**117.1**	(4.6)
Non-controlling interests		**1.9**	0.9
		119.0	(3.7)

Earnings/(loss) per share	Notes	cents	cents
Basic	10	**73.8**	(2.8)
Diluted	10	**70.0**	(2.8)

The notes on pages 179 to 227 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2023

	Notes	**2023 $m**	2022 $m
Profit/(loss) for the year		**119.0**	(3.7)
Other comprehensive income/(expense), after tax:			
Items that may subsequently be reclassified to profit or loss:			
Exchange adjustments		**3.6**	(9.9)
Fair value (losses)/gains arising on cash flow hedges during the year		**(0.3)**	0.3
Far value (gains)/losses arising on cash flow hedges reclassified to profit or loss		**(0.2)**	0.1
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	32,35	**–**	0.1
Other comprehensive income/(expense), after tax		**3.1**	(9.4)
Total comprehensive income/(expense) for the year		**122.1**	(13.1)
Attributable to:			
Owners of the parent		**120.4**	(13.3)
Non-controlling interests		**1.7**	0.2
		122.1	(13.1)

Total comprehensive income/(expense) attributable to owners of the parent arises from the Group's continuing operations.

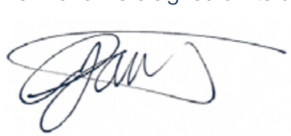
Consolidated Balance Sheet

At 31 December 2023

	Notes	2023 $m	2022 $m
ASSETS			
Non-current assets			
Property, plant and equipment	11	**254.5**	256.7
Right-of-use assets	12	**26.2**	26.0
Goodwill	13	**154.4**	155.5
Other intangible assets	14	**40.8**	35.7
Investments in associates and joint ventures	16	**20.5**	20.1
Investments	17	**4.4**	4.8
Trade and other receivables	18	**1.8**	2.8
Deferred tax assets	19	**93.1**	13.7
		595.7	515.3
Current assets			
Inventories	20	**328.4**	272.1
Trade and other receivables	18	**251.4**	232.4
Cash and cash equivalents	21	**45.5**	29.4
Current tax assets		**1.3**	0.1
		626.6	534.0

	Notes	2023 $m	2022 $m
LIABILITIES			
Current liabilities			
Trade and other payables	22	**163.4**	141.8
Lease liabilities	24	**8.0**	9.1
Borrowings	25	**46.3**	4.9
Provisions	27	**4.8**	4.6
Current tax liabilities		**3.3**	3.4
		225.8	163.8
Net current assets		**400.8**	370.2
Non-current liabilities			
Trade and other payables	22	**3.7**	3.2
Lease liabilities	24	**20.7**	21.5
Borrowings	25	**3.9**	3.9
Provisions	27	**2.7**	4.3
Deferred tax liabilities	19	**8.4**	6.4
		39.4	39.3
Net assets		**957.1**	846.2
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	**8.9**	15.8
Retained earnings	35	**725.4**	609.3
Total attributable to owners of the parent		**953.8**	844.6
Non-controlling interests		**3.3**	1.6
Total equity		**957.1**	846.2

The notes on pages 179 to 227 are an integral part of these consolidated financial statements. The financial statements on pages 174 to 227 were approved by the Board of Directors on 29 February 2024 and were signed on its behalf by:



Jim Johnson
Director

Bruce Ferguson
Director

Registered number: 00974568

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share capital $m	Share premium $m	Other components of equity[i] $m	Retained earnings $m	Total attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
		Year ended 31 December 2023						
At 1 January 2023		**66.5**	**153.0**	**15.8**	**609.3**	**844.6**	**1.6**	**846.2**
Profit for the year		**–**	**–**	**–**	**117.1**	**117.1**	**1.9**	**119.0**
Other comprehensive income/(expense)		**–**	**–**	**3.3**	**–**	**3.3**	**(0.2)**	**3.1**
Total comprehensive income		**–**	**–**	**3.3**	**117.1**	**120.4**	**1.7**	**122.1**
Transfer of cash flow hedging losses to the initial carrying value of hedged items		**–**	**–**	**0.3**	**–**	**0.3**	**–**	**0.3**
Dividends paid to Hunting PLC shareholders	36	**–**	**–**	**–**	**(15.0)**	**(15.0)**	**–**	**(15.0)**
Treasury shares:								
– purchase of treasury shares	35	**–**	**–**	**–**	**(9.0)**	**(9.0)**	**–**	**(9.0)**
– disposal of treasury shares		**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.3**
Share options and awards:								
– value of employee services		**–**	**–**	**12.3**	**–**	**12.3**	**–**	**12.3**
– discharge		**–**	**–**	**(8.3)**	**7.9**	**(0.4)**	**–**	**(0.4)**
– taxation		**–**	**–**	**–**	**0.3**	**0.3**	**–**	**0.3**
Transfer between reserves		**–**	**–**	**(14.5)**	**14.5**	**–**	**–**	**–**
At 31 December 2023		**66.5**	**153.0**	**8.9**	**725.4**	**953.8**	**3.3**	**957.1**

	Notes	Share capital $m	Share premium $m	Other components of equity[i] $m	Retained earnings $m	Total attributable to owners of the parent $m	Non-controlling interests $m	Total equity $m
		Year ended 31 December 2022						
At 1 January 2022		66.5	153.0	38.0	612.4	869.9	1.4	871.3
(Loss)/profit for the year		–	–	–	(4.6)	(4.6)	0.9	(3.7)
Other comprehensive (expense)/income		–	–	(8.8)	0.1	(8.7)	(0.7)	(9.4)
Total comprehensive (expense)/income		–	–	(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	36	–	–	–	(13.6)	(13.6)	–	(13.6)
Treasury shares:								
– purchase of treasury shares	35	–	–	–	(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

i. An analysis of other components of equity is provided in note 34.

Consolidated Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 $m	2022 $m
Operating activities			
Operating profit		**61.0**	2.0
Adjusting items (NGM A)		**–**	12.6
Depreciation, amortisation and impairment (NGM C)		**42.0**	37.4
EBITDA (NGM C)		**103.0**	52.0
Share-based payment expense	37	**13.5**	9.9
Increase in inventories		**(56.7)**	(72.3)
Increase in receivables		**(19.2)**	(76.2)
Increase in payables		**20.9**	61.9
Increase in provisions		**0.5**	0.2
Net taxation paid		**(9.1)**	(3.9)
Net (gain)/loss on disposal of property, plant and equipment		**(1.7)**	0.3
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 N)		**(0.6)**	(0.5)
Legal fees to defend patent infringement claim		**–**	(5.6)
Other non-cash items		**(1.3)**	0.3
Net cash inflow/(outflow) from operating activities		**49.3**	(36.8)
Investing activities			
Interest received		**0.7**	1.2
Proceeds from disposal of property, plant and equipment		**1.9**	6.6
Increase in current investments		**–**	6.7
Dividend received from associates	16	**0.6**	–
Investment in associates and joint ventures	16	**(1.6)**	(3.5)
Purchase of property, plant and equipment (NGM N)		**(23.1)**	(15.9)
Purchase of intangible assets		**(10.9)**	(5.6)
Net cash outflow from investing activities		**(32.4)**	(10.5)

	Notes	2023 $m	2022 $m
Financing activities			
Interest and bank fees paid		**(8.0)**	(4.1)
Payment of lease liabilities, principal and interest		**(10.4)**	(8.0)
Net proceeds on disposal of lease liabilities		**–**	2.2
Increase in bank borrowings		**42.1**	2.9
Dividends paid to Hunting PLC shareholders	36	**(15.0)**	(13.6)
Purchase of treasury shares	35	**(9.0)**	(7.9)
Proceeds on disposal of treasury shares		**0.3**	0.2
Net cash outflow from financing activities		**–**	(28.3)
Net increase/(decrease) in cash and cash equivalents		**16.9**	(75.6)
Cash and cash equivalents at the beginning of the year		**27.3**	107.4
Effect of foreign exchange rates		**(0.1)**	(4.5)
Cash and cash equivalents at the end of the year		**44.1**	27.3
Cash and cash equivalents at the end of the year comprise:			
Cash and cash equivalents included in current assets	21	**45.5**	29.4
Bank overdrafts included in borrowings	25	**(1.4)**	(2.1)
		44.1	27.3

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 30 Panton Street, London, SW1Y 4AJ. The principal activities of the Group and the nature of the Group's operations are set out in the Strategic Report on pages 2 to 108. 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 United Kingdom adopted 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 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 107.

The principal accounting policies applied in the preparation of these financial statements are set out in note 40. These policies have been consistently applied to all the years presented.

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 for over time revenue recognition, as described in note 40; and
- In considering whether the conditions were appropriate to recognise deferred tax assets (see note 9);

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 recoverable amounts (see note 15); and
- Estimates of future turn rates by inventory line item in determining inventory provisions (see note 20).

The Directors believe that there are no other critical judgements or estimates applied in the preparation of the consolidated financial statements.

Climate Change

The impact of climate change is presented in the Strategic Report on pages 82 to 95.

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 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.

Notes to the Consolidated Financial Statements continued
1. Basis of Preparation continued

New and Amended Standards adopted by the Group

IFRS 17 Insurance Contracts and a number of amended standards became effective for the financial year beginning on 1 January 2023; however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers such as Hunting PLC. The Group carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the consolidated financial statements.

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.

- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information[i]
- IFRS S2 Climate-related Disclosures[i]
- Amendment to IAS 1: Classification of Liabilities as Current or Non-current Liabilities[ii]
- Amendment to IAS 1: Non-current Liabilities with Covenants[ii]
- Amendment to IAS 7 and IFRS 7: Supplier Financing Arrangements[ii]
- Amendment to IFRS 16: Lease Liability in a Sale and Leaseback[ii]

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 2024.

2. Segmental Reporting

For the year ended 31 December 2023, the Group has been reporting on five 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. 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 their size and/or nature of their operations, Hunting Titan and Subsea Technologies are reported separately.

From 1 January 2023, the Group has reported Subsea Technologies as a separate operating segment as management believes this will be a growth area for the 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. Subsea Technologies was previously reported as part of the North America operating segment. The segmental results for 2022 have been restated to show Subsea Technologies separately from North America. There has been no impact on external revenue, total segment revenue or inter-segment revenue following the restatement.

The Board assesses the performance of the operating segments based on revenue and adjusted operating results. Adjusted operating result is reported operating profit excluding adjusting items (see NGM A).

Finance income and finance expense are not allocated to operating 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 domicile of Hunting PLC is the UK.

Notes to the Consolidated Financial Statements continued
2. Segmental Reporting continued

(a) Segment Revenue and Profit

	2023					
	Total segment revenue $m	Inter-segment revenue $m	Total external revenue $m	Adjusted operating result $m	Adjusting items $m	Reported operating result $m
Hunting Titan	259.2	(9.0)	250.2	12.7	–	12.7
North America	374.7	(35.4)	339.3	34.1	–	34.1
Subsea Technologies	98.6	–	98.6	8.0	–	8.0
EMEA	88.2	(1.5)	86.7	(2.3)	–	(2.3)
Asia Pacific	157.6	(3.3)	154.3	8.5	–	8.5
Total	978.3	(49.2)	929.1	61.0	–	61.0
Net finance expense				(10.4)	–	(10.4)
Share of associates' and joint ventures' results				(0.6)	–	(0.6)
Profit before tax				50.0	–	50.0

	2022[i]					
	Total segment revenue $m	Inter-segment revenue $m	Total external revenue $m	Adjusted operating result $m	Adjusting items $m	Reported operating result $m
Hunting Titan	266.0	(8.2)	257.8	15.9	(5.6)	10.3
North America	280.7	(24.6)	256.1	9.2	–	9.2
Subsea Technologies	69.0	–	69.0	(1.1)	(7.0)	(8.1)
EMEA	71.5	(2.2)	69.3	(6.0)	–	(6.0)
Asia Pacific	80.4	(6.8)	73.6	(3.4)	–	(3.4)
Total	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' results				(2.7)	–	(2.7)
Profit/(loss) before tax				10.2	(12.6)	(2.4)

i. The segmental results for 2022 have been restated to show Subsea Technologies separate from North America.

Notes to the Consolidated Financial Statements continued
2. Segmental Reporting continued

(a) Segment Revenue and Profit continued
Adjusting items by operating segment:

	2022 Hunting Titan $m	2022 Subsea Technologies $m	2022 Total $m
Legal fees	(5.6)	–	(5.6)
Impairment of goodwill	–	(7.0)	(7.0)
	(5.6)	(7.0)	(12.6)

A breakdown of external revenue by products and services is presented below:

	2023 $m	2022 $m
Perforating Systems	**243.8**	251.9
OCTG	**395.8**	258.8
Advanced Manufacturing	**112.1**	75.1
Subsea	**98.6**	69.0
Other Manufacturing[i]	**78.8**	71.0
Total	**929.1**	725.8

i. The Other Manufacturing product group comprises the intervention tools and other product groups that were reported separately in 2022.

	2023 $m	2022 $m
Revenue from products is further analysed between:		
Oil and gas	**853.2**	678.2
Non-oil and gas	**75.9**	47.6
Total	**929.1**	725.8

(b) Other Segment Items

	2023				2022[i]			
	Depreciation[ii] $m	**Amortisation $m**	**Impairment of non-current assets[iii] $m**	**Impairment of current assets[iv] $m**	Depreciation[ii] $m	Amortisation $m	Impairment of non-current assets[iii] $m	Impairment of current assets[iv] $m
Hunting Titan	**(7.5)**	**(1.7)**	**–**	**(2.9)**	(7.5)	(1.3)	–	0.1
North America	**(17.9)**	**(2.0)**	**(0.2)**	**(1.6)**	(16.5)	(1.0)	–	1.1
Subsea Technologies	**(2.4)**	**(1.9)**	**(1.4)**	**(0.2)**	(2.7)	(1.8)	(7.0)	0.4
EMEA	**(3.4)**	**(0.6)**	**–**	**(0.3)**	(3.6)	(0.3)	–	(1.7)
Asia Pacific	**(2.6)**	**(0.4)**	**–**	**(1.6)**	(2.7)	–	–	–
Total	**(33.8)**	**(6.6)**	**(1.6)**	**(6.6)**	(33.0)	(4.4)	(7.0)	(0.1)

i. The segmental results for 2022 have been restated to show Subsea Technologies separate from North America.
ii. Depreciation in 2023 comprises depreciation of property, plant and equipment of $27.2m (2022 – $26.6m) and depreciation of right-of-use assets of $6.6m (2022 – $6.4m).
iii. Impairment of non-current assets comprises impairment of goodwill of $1.4m (2022 – $7.0m) and impairment of right-of-use assets of $0.2m (2022 – $nil).
iv. Impairment of current assets comprises the net impairment of inventories of $5.7m (2022 – $0.7m) and the net impairment of trade and other receivables of $0.9m (2022 – $0.6m net reversal).

Notes to the Consolidated Financial Statements continued
2. Segmental Reporting continued

(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.

	2023 $m	2022[i] $m
Hunting Titan – US	177.2	178.8
Hunting Titan – Canada	2.4	2.2
Hunting Titan – Other	2.7	1.3
Hunting Titan	182.3	182.3
North America – US	213.4	211.1
North America – Canada	0.7	0.8
North America	214.1	211.9
Subsea Technologies – US	38.0	38.2
Subsea Technologies – UK[ii]	21.4	23.7
Subsea Technologies	59.4	61.9
EMEA – UK[ii]	19.6	19.7
EMEA – Rest of Europe	5.0	5.5
EMEA – Middle East	4.3	1.5
EMEA	28.9	26.7
Asia Pacific – China	9.4	10.6
Asia Pacific – Indonesia	2.9	2.9
Asia Pacific – Singapore	5.6	5.3
Asia Pacific	17.9	18.8
Unallocated assets:		
Deferred tax assets	93.1	13.7
Total non-current assets	595.7	515.3

i. The segmental results for 2022 have been restated to show Subsea Technologies separate from North America.
ii. The value of non-current assets located in the UK, the Group's country of domicile, is $41.0m (2022 – $43.4m).

Revenue from external customers attributable to the UK, the Group's country of domicile, included in the Subsea Technologies and EMEA operating segments, is $34.7m (2022 – $34.5m). Revenue attributable to foreign countries totalled $894.4m (2022 – $691.3m). Revenue attributable to the US, the Group's largest individual foreign country where revenue is earned, is $619.8m (2022 – $517.4m), which represents 67% (2022 – 71%) 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 $79.8m (2022 – $63.5m) which arose from sales to the Halliburton Company Group ("Halliburton"), the Group's largest customer. This represents 9% (2022 – 9%) of the Group's revenue from external customers. All of Hunting's operating segments except for Subsea Technologies have benefited from trading with Halliburton. No single customer contributed more than 10% of the Group's external revenue in either 2023 or 2022.

Notes to the Consolidated Financial Statements continued

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.

	2023			
	Revenue from contracts with customers $m	**Rental revenue $m**	**Other revenue $m**	**Total external revenue $m**
Hunting Titan	**248.9**	**1.3**	**–**	**250.2**
North America	**336.6**	**1.7**	**1.0**	**339.3**
Subsea Technologies	**98.6**	**–**	**–**	**98.6**
EMEA	**82.0**	**4.7**	**–**	**86.7**
Asia Pacific	**154.1**	**0.2**	**–**	**154.3**
Total	**920.2**	**7.9**	**1.0**	**929.1**

	2022			
	Revenue from contracts with customers $m	Rental revenue $m	Other revenue $m	Total external revenue $m
Hunting Titan	256.5	1.3	–	257.8
North America	248.8	2.2	5.1	256.1
Subsea Technologies	69.0	–	–	69.0
EMEA	64.8	4.5	–	69.3
Asia Pacific	73.5	0.1	–	73.6
Total	712.6	8.1	5.1	725.8

Revenue is typically recognised for products when the product is shipped or made available to customers for collection, or over time as control of the product is transferred to customers, and for services either on completion of the service or, at a minimum, monthly for services covering more than one month. The majority of the Group's revenue is recognised at a point in time. The Group's revenue recognised over time is within the North America and Subsea Technologies operating segments.

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

	2023 $m	2022 $m
Operating income from leasing assets (note 24)	**2.7**	2.1
Gain on disposal of property, plant and equipment	**2.2**	1.1
Gain on curtailment of leases	**–**	3.2
Government grants	**0.2**	0.3
Foreign exchange gains[i]	**1.1**	1.6
Other income[ii]	**1.8**	1.6
Total operating income	**8.0**	9.9
Loss on disposal of property, plant and equipment	**(0.5)**	(1.4)
Foreign exchange losses[iii]	**(0.3)**	(1.9)
Research and development costs expensed	**(4.7)**	(4.8)
Other operating expenses[iv]	**(0.1)**	(0.2)
Total other operating expenses	**(5.6)**	(8.3)
Net operating income and other expenses	**2.4**	1.6

i. Includes fair value gains on derivatives designated in a cash flow hedge of $0.3m (2022 – $0.1m losses).
ii. Includes fair value gains on derivatives not designated in a hedge of $0.1m (2022 – $0.1m).
iii. Includes fair value gains on derivatives designated in a fair value hedge of $nil (2022 – $0.1m).
iv. Includes fair value losses on derivatives not designated in a hedge of $0.1m (2022 – $0.1m) and $nil (2022 – $0.1m) loss on curtailment of leases.

During 2022, the Group's Asia Pacific operating segment completed the relocation of its facilities to a single site in the Tuas port region of Singapore. As a result of this relocation, the Group disposed of the related lease liabilities and right-of-use assets, recording a net gain of $2.4m to exit the lease at Benoi Road. This gain together with other lease curtailments resulted in a total gain of $3.2m during the year and there was also a $0.1m loss on curtailment of leases.

Notes to the Consolidated Financial Statements continued

5. Adjusting Items

Due to their size and nature, the following items have been disclosed separately, as required by IAS 1.

	2023 Gross amount $m	2023 Tax impact $m
Recognition of US deferred tax assets	**–**	**83.1**

During the year, previously unrecognised US deferred tax assets of $83.1m were recognised on the balance sheet, reflecting the improved profitability in the US which resulted in the criteria for recognition being met (note 9). The related tax credit in the income statement has been presented as an adjusting item (NGM A).

	2022 Gross amount $m	2022 Tax impact $m
Legal fees	(5.6)	–
Impairment of goodwill	(7.0)	–
Total	(12.6)	–

During 2022, 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 were included in administrative expenses. No tax arose in relation to these legal fees due to the fact deferred tax was not recognised in relation to this jurisdiction. Additionally, following the annual review of goodwill, an impairment charge of $7.0m was recognised in relation to Enpro Subsea. Further details can be found in note 15. The impairment charge was included in administrative expenses. No tax arose because the impairment of this goodwill was not a tax deductible expense.

6. Operating Profit

The following items were (charged)/credited in arriving at operating profit:

	2023 $m	2022 $m
Staff costs (note 7)	**(218.5)**	(194.1)
Depreciation of property, plant and equipment (note 11)	**(27.2)**	(26.6)
Amortisation of intangible assets (included in cost of sales and administrative expenses) (note 14)	**(6.6)**	(4.4)
Impairment of goodwill (included in administrative expenses) (note 13)	**(1.4)**	(7.0)
Net gain/(loss) on disposal of property, plant and equipment (note 4)	**1.7**	(0.3)
Net lease charges included in operating profit (note 24)	**(8.6)**	(5.1)
Research and development expensed (note 4)	**(4.7)**	(4.8)

Fees payable to the Group's independent auditor and its associates are for:

	2023 $m	2022 $m
The audit of these financial statements	**(2.8)**	(2.8)
The audit of the financial statements of the Company's subsidiaries	**(0.5)**	(0.6)
Total audit	**(3.3)**	(3.4)
Audit-related assurance services	**(0.2)**	(0.2)
Total audit and audit-related services	**(3.5)**	(3.6)

Notes to the Consolidated Financial Statements continued

7. Employees

	2023 $m	2022 $m
Wages and salaries (including annual cash bonuses)	**(183.4)**	(164.4)
Social security costs	**(13.6)**	(12.7)
Share-based payments (note 37)	**(13.5)**	(9.9)
Pension costs		
– defined contribution schemes (note 32)	**(8.2)**	(7.2)
– unfunded defined benefit schemes – US and Middle East (note 32)	**(0.3)**	(0.3)
Staff costs for the year	**(219.0)**	(194.5)

Staff costs for the year included in the financial statements are as follows:

	2023 $m	2022 $m
Total staff costs included in operating profit (note 6)	**(218.5)**	(194.1)
Staff costs capitalised as R&D	**(0.5)**	(0.4)
	(219.0)	(194.5)

The average monthly number of employees by geographical area (including executive Directors) during the year was:

	2023 Number	2022 Number
North America	**1,672**	1,486
Europe	**261**	223
Asia Pacific	**324**	301
Central America, Middle East and Africa	**104**	92
	2,361	2,102

The average monthly number of employees by operating segment (including executive Directors) during the year was:

	2023 Number	2022 Number
Hunting Titan	**647**	595
North America	**868**	760
Subsea Technologies	**180**	149
EMEA	**261**	226
Asia Pacific	**324**	301
Central	**81**	71
	2,361	2,102

The actual number of employees at the year-end was 2,420 (2022 – 2,258).

Key management comprises the Board and the ten members of the Executive Committee who acted during the year (2022 – eleven). Their aggregate remuneration in the year was:

	2023 $m	2022 $m
Salaries, annual cash bonuses and short-term employee benefits	**(9.8)**	(10.8)
Post-employment benefits	**(0.4)**	(0.4)
Share-based payments	**(5.7)**	(3.4)
	(15.9)	(14.6)

Remuneration of the Board, included as part of key management compensation, can be found in the Annual Report on Remuneration on pages 146 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 an 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:

	2023 $m	2022 $m
Salaries, annual cash bonuses and short-term employee benefits	**(4.0)**	(3.9)
Gains on exercise of share awards	**(1.2)**	(0.2)
Post-employment benefits	**(0.2)**	(0.2)
	(5.4)	(4.3)

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.

Notes to the Consolidated Financial Statements continued

8. Net Finance Expense

	2023 $m	2022 $m
Finance income:		
Interest received on bank balances and deposits	**0.2**	0.4
Foreign exchange gains[i]	**0.1**	1.3
Fair value gains on non-hedging derivative financial instruments	**0.4**	0.8
Other finance income	**0.2**	0.5
	0.9	3.0
Finance expense:		
Interest on lease liabilities	**(1.3)**	(1.2)
Bank fees and commissions	**(2.9)**	(2.1)
Interest on bank borrowings	**(5.2)**	–
Foreign exchange losses	**(0.6)**	(1.0)
Other finance expense[ii]	**(1.3)**	(0.4)
	(11.3)	(4.7)
Net finance expense	**(10.4)**	(1.7)

i. Foreign exchange gains include gains of $nil (2022 – $0.1m) in relation to lease liabilities.
ii. Other finance expense includes fair value losses on derivatives not designated in a hedge of $0.2m (2022 – $0.2m) and fair value losses on derivatives designated in a cash flow hedge of $0.1m (2022 – $nil).

9. Taxation

	2023 $m	2022 $m
Current tax:		
Current year charge	**(8.4)**	(4.3)
Adjustments in respect of prior years	**0.4**	(0.7)
	(8.0)	(5.0)
Deferred tax:		
Origination and reversal of temporary differences	**(6.7)**	3.5
Change in tax rates	**–**	(0.2)
Adjustments in respect of prior years	**0.6**	0.4
Recognition of US deferred tax assets	**83.1**	–
	77.0	3.7
Taxation credit/(charge)	**69.0**	(1.3)

The tax credit for the year was $69.0m (2022 – $1.3m charge) and the effective tax rate ("ETR") was minus 138% (2022 – minus 54%). The Group's ETR is significantly different to that which might be expected from prevailing jurisdictional rates as the recognition of the US deferred tax assets in the year distorts the IFRS reported ETR considerably. In addition, the Group's ETR is distorted when deferred tax is not fully recognised in loss-making jurisdictions, as was the situation in 2022.

When adjusting items are excluded, the Group's adjusted ETR is 28% (2022 – 13%). 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 credit of $1.0m (2022 – $0.3m charge) mainly relate to true-ups of prior year balances.

The UK standard rate of corporation tax increased from 19% to 25% from 1 April 2023 and UK deferred tax balances have therefore all been calculated at 25%.

The table below reconciles the tax on the Group's profit/(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 23% (2022 – 4%) was used as this reflects the applicable rates for the countries applied to their respective profits/losses in the year. The total tax credit/(charge) for the year is different to the weighted average rate of tax of 23% (2022 – 4%) for the following reasons:

	2023 $m	2022 $m
Profit/(loss) before tax	**50.0**	(2.4)
Tax at 23% (2022 – 4%)	**(11.5)**	0.1
Permanent differences including tax credits	**(2.7)**	(4.7)
Current year deferred tax not recognised	**(0.6)**	(1.5)
Recognition of previously unrecognised deferred taxes	**83.1**	5.3
Difference in tax rates	**(0.3)**	(0.2)
Adjustments in respect of prior years	**1.0**	(0.3)
Taxation credit/(charge)	**69.0**	(1.3)

Notes to the Consolidated Financial Statements continued
9. Taxation continued

Tax effects relating to each component of other comprehensive income were as follows:

	2023			2022		
	Before tax $m	**Tax credited $m**	**After tax $m**	Before tax $m	Tax charged $m	After tax $m
Exchange adjustments	**3.6**	**–**	**3.6**	(9.9)	–	(9.9)
Fair value (losses)/gains arising on cash flow hedges during the year	**(0.3)**	**–**	**(0.3)**	0.4	(0.1)	0.3
Fair value (gains)/losses reclassified to profit or loss	**(0.3)**	**0.1**	**(0.2)**	0.1	–	0.1
Remeasurement of defined benefit pension schemes	**–**	**–**	**–**	0.1	–	0.1
	3.0	**0.1**	**3.1**	(9.3)	(0.1)	(9.4)

The tax relating to the components of other comprehensive income comprises a deferred tax credit of $0.1m (2022 – $0.1m charge).

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 as well as 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 2023 has been based on the forecast accounting profits in the 2024 and 2025 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 impairment testing of non-current assets, per note 15. For periods 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 losses arising from periods of economic downturn, such as during the COVID-19 pandemic. Historically, the majority of the deferred tax not recognised in the Group was in relation to deferred tax arising in the US. As a result of the recognition of deferred tax in the US in the current year, the level of deferred tax not recognised at 31 December 2023 has significantly reduced. Management will continue to monitor the position in those jurisdictions where deferred tax is not recognised.

The main jurisdiction where there is a change in deferred tax recognition is the US. Previously unrecognised deferred tax assets, in respect of historical tax losses and other deductible temporary differences in the US, have been recognised in the period due to taxable profits arising in the year as well as continued forecast improved profitability in future periods. In accordance with IAS 12 and previous years, partial recognition of the deferred tax arising on tax losses is supported by the taxable temporary differences arising on goodwill and depreciable fixed assets. Applying IAS 12 recognition criteria, the recognition of the remaining deferred tax assets is supported by the forecast profitability in the next four years. Recognition of the US 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.

Notes to the Consolidated Financial Statements continued

10. Earnings/(Loss) per Share

Basic earnings/(loss) per share ("EPS/(LPS)") 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 earnings/(loss) and weighted average number of Ordinary shares used in the calculations are set out below:

	2023			2022		
	Earnings attributable to Ordinary shareholders $m	**Basic weighted average number of Ordinary shares millions**	**Earnings per share cents**	Loss attributable to Ordinary shareholders $m	Basic weighted average number of Ordinary shares millions	Loss per share cents
Basic EPS/(LPS)	**117.1**	**158.6**	**73.8**	(4.6)	160.3	(2.8)
Effect of dilutive long-term incentive plans	**–**	**8.7**	**(3.8)**	–	9.8	–
Diluted EPS/(LPS)[i]	**117.1**	**167.3**	**70.0**	(4.6)	170.1	(2.8)

i. For the year ended 31 December 2022, the Group reported a loss which meant the effect of dilutive long-term incentive plans was anti-dilutive (i.e. they reduced the loss per share). Therefore, they were disregarded in the calculation of diluted loss per share.

The calculation of adjusted earnings/(loss) per share is presented in NGM B.

11. Property, Plant and Equipment

	2023				
	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 2023	**255.5**	**331.7**	**24.1**	**112.3**	**723.6**
Exchange adjustments	**2.0**	**1.5**	**0.8**	**–**	**4.3**
Additions	**1.0**	**21.4**	**0.6**	**0.1**	**23.1**
Disposals	**(0.1)**	**(9.6)**	**(0.5)**	**(112.4)**	**(122.6)**
Reclassification from inventories (note 20)	**–**	**–**	**1.5**	**–**	**1.5**
Reclassifications	**(0.1)**	**0.3**	**(0.2)**	**–**	**–**
At 31 December 2023	**258.3**	**345.3**	**26.3**	**–**	**629.9**
Accumulated depreciation and impairment:					
At 1 January 2023	**(77.9)**	**(262.9)**	**(16.2)**	**(109.9)**	**(466.9)**
Exchange adjustments	**(1.3)**	**(1.3)**	**(0.5)**	**–**	**(3.1)**
Charge for the year	**(6.3)**	**(16.7)**	**(2.2)**	**(2.0)**	**(27.2)**
Disposals	**–**	**9.4**	**0.5**	**111.9**	**121.8**
Reclassifications	**–**	**(0.1)**	**0.1**	**–**	**–**
At 31 December 2023	**(85.5)**	**(271.6)**	**(18.3)**	**–**	**(375.4)**
Net book amount	**172.8**	**73.7**	**8.0**	**–**	**254.5**

Notes to the Consolidated Financial Statements continued
11. Property, Plant and Equipment continued

	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

The net book amount of property, plant and equipment at 1 January 2022 was $274.4m.

During the year, the Group disposed of oil and gas exploration and development assets with a net book value of $0.5m (2022 – $2.4m). These legacy assets were owned by Tenkay Resources, Inc and reported as part of the North America operating segment.

Included in the net book amount is expenditure relating to assets in the course of construction of $0.2m (2022 – $0.1m) for buildings and $0.7m (2022 – $0.9m) for plant and machinery.

Group capital expenditure committed for the purchase of property, plant and equipment, but not provided for in these financial statements, amounted to $7.0m as at 31 December 2023 (2022 – $3.7m).

The net book amount of land and buildings of $172.8m (2022 – $177.6m) comprises freehold land and buildings of $169.2m (2022 – $173.7m) and capitalised leasehold improvements of $3.6m (2022 – $3.9m). The net book value of land and buildings that are leased out is $4.8m at 31 December 2023 (2022 – $5.4m).

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over specific items of property, plant and equipment that had a carrying value of $137.8m at 31 December 2023 (31 December 2022 – $141.9m).

Notes to the Consolidated Financial Statements continued

12. Right-of-use Assets

	2023 Land and buildings $m	2023 Plant, machinery and motor vehicles $m	2023 Total $m
Cost:			
At 1 January 2023	**60.7**	**2.1**	**62.8**
Exchange adjustments	**0.4**	**0.1**	**0.5**
Additions	**5.4**	**0.8**	**6.2**
Lease cessations	**(2.2)**	**(0.2)**	**(2.4)**
Modifications	**0.7**	**0.2**	**0.9**
At 31 December 2023	**65.0**	**3.0**	**68.0**
Accumulated depreciation and impairment:			
At 1 January 2023	**(35.8)**	**(1.0)**	**(36.8)**
Exchange adjustments	**(0.4)**	**(0.2)**	**(0.6)**
Charge for the year	**(6.1)**	**(0.5)**	**(6.6)**
Impairment of assets	**(0.2)**	**–**	**(0.2)**
Lease cessations	**2.2**	**0.2**	**2.4**
At 31 December 2023	**(40.3)**	**(1.5)**	**(41.8)**
Net book amount	**24.7**	**1.5**	**26.2**

	2022 Land and buildings $m	2022 Plant, machinery and motor vehicles $m	2022 Total $m
Cost:			
At 1 January 2022	63.5	2.2	65.7
Exchange adjustments	(3.0)	–	(3.0)
Additions	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
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

The net book amount of right-of-use assets at 1 January 2022 was $24.7m.

The Group sub-leases certain right-of-use assets under operating leases. The net book value of items that are sub-leased included in the table above is $2.1m (2022 – $2.1m) for land and buildings.

Included in land and buildings additions in 2023 was $2.1m for a new lease for Hunting's Dubai operations, $1.6m relating to a new lease in the US and $1.4m for a lease renewal in Saudi Arabia.

In 2022, land and buildings additions included $4.4m for the Group's new UK headquarters. In 2022, the Group also had lease modifications of $3.8m including a lease extension of $8.6m in Wuxi, China partially offset by lease curtailments of $4.7m for the Group's previous UK headquarters.

13. Goodwill

	2023 $m	2022 $m
Cost:		
At 1 January	**527.1**	532.0
Exchange adjustments	**2.0**	(4.9)
At 31 December	**529.1**	527.1
Accumulated impairment:		
At 1 January	**(371.6)**	(367.9)
Exchange adjustments	**(1.7)**	3.3
Charge for the year (note 15(b))	**(1.4)**	(7.0)
At 31 December	**(374.7)**	(371.6)
Net book amount	**154.4**	155.5

The net book amount of goodwill at 1 January 2022 was $164.1m.

Details of the allocation of goodwill by cash-generating unit ("CGU"), identification of the material CGUs and impairment sensitivity disclosures are given in note 15(b).

Notes to the Consolidated Financial Statements continued

14. Other Intangible Assets

	2023					
	Customer relationships $m	Patented technology and trademarks $m	Unpatented technology $m	Software $m	Other $m	Total $m
Cost:						
At 1 January 2023	7.1	73.7	82.4	16.6	3.5	183.3
Exchange adjustments	0.4	0.7	0.2	0.2	0.2	1.7
Additions	–	0.8	2.2	7.0	0.9	10.9
Disposals	–	–	–	(0.7)	–	(0.7)
At 31 December 2023	7.5	75.2	84.8	23.1	4.6	195.2
Accumulated amortisation and impairment:						
At 1 January 2023	(2.0)	(61.7)	(73.3)	(8.8)	(1.8)	(147.6)
Exchange adjustments	(0.2)	(0.2)	(0.2)	(0.3)	–	(0.9)
Charge for the year	(0.7)	(1.7)	(1.5)	(2.3)	(0.4)	(6.6)
Disposals	–	–	–	0.7	–	0.7
At 31 December 2023	(2.9)	(63.6)	(75.0)	(10.7)	(2.2)	(154.4)
Net book amount	4.6	11.6	9.8	12.4	2.4	40.8

	2022					
	Customer relationships[i] $m	Patented technology and trademarks $m	Unpatented technology $m	Software $m	Other $m	Total $m
Cost:						
At 1 January 2022	219.8	74.9	81.9	14.7	1.9	393.2
Exchange adjustments	(0.9)	(1.4)	(0.5)	(0.2)	(0.2)	(3.2)
Additions	–	0.6	1.0	2.3	1.8	5.7
Disposals	(211.8)	(0.4)	–	(0.2)	–	(212.4)
At 31 December 2022	7.1	73.7	82.4	16.6	3.5	183.3
Accumulated amortisation and impairment:						
At 1 January 2022	(213.3)	(60.8)	(72.9)	(8.3)	(1.7)	(357.0)
Exchange adjustments	0.2	0.3	0.6	0.2	0.1	1.4
Charge for the year	(0.7)	(1.6)	(1.0)	(0.9)	(0.2)	(4.4)
Disposals	211.8	0.4	–	0.2	–	212.4
At 31 December 2022	(2.0)	(61.7)	(73.3)	(8.8)	(1.8)	(147.6)
Net book amount	5.1	12.0	9.1	7.8	1.7	35.7

i. The accumulated cost, amortisation and impairment of those customer relationships where the relationship had ended, or where the relationship with the customer had changed from when the business was acquired, were disposed of during the year.

Notes to the Consolidated Financial Statements continued
14. Other Intangible Assets continued

The net book amount of other intangible assets at 1 January 2022 was $36.2m.

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:

	2023		2022	
	Internally generated patented technology $m	Internally generated unpatented technology $m	Internally generated patented technology $m	Internally generated unpatented technology $m
Cost:				
At 1 January	**12.1**	**29.0**	11.8	28.5
Exchange adjustments	**0.2**	**0.2**	(0.3)	(0.5)
Additions	**0.7**	**2.2**	0.6	1.0
At 31 December	**13.0**	**31.4**	12.1	29.0
Accumulated amortisation and impairment:				
At 1 January	**(6.5)**	**(19.9)**	(6.0)	(19.5)
Exchange adjustments	**–**	**(0.2)**	0.1	0.6
Charge for the year	**(0.7)**	**(1.5)**	(0.6)	(1.0)
At 31 December	**(7.2)**	**(21.6)**	(6.5)	(19.9)
Net book amount	**5.8**	**9.8**	5.6	9.1

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, shared management or cost base are treated as a CGU. The recoverable amount of each CGU was determined using a value-in-use method which uses discounted cash flow projections. The key assumptions for the value-in-use calculations are revenue growth rates, taking into account the impact these have on margins, terminal growth rates and the discount rates applied.

For 2024 and 2025, cash flows are based on the latest detailed budget, as approved by the Board. For 2026 to 2028, 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 exploration and production 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 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 2023 to 2028 vary between 5% and 20% (2022 – CAGR from 2022 to 2027 between 3% and 22%). The weighted average growth rate for revenue from 2023 to 2028 was 9% (2022 – from 2022 to 2027 was 8%). After 2028, a terminal value was calculated assuming growth of 50 basis points above assumed inflation (2022 – 50 basis points), giving nominal growth rates between 2% and 6% (2022 – between 2% and 6%).

Cash flows were discounted using nominal pre-tax rates between 12% and 17% (2022 – 14% and 18%). 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 capital asset pricing model (“CAPM”), which is then incorporated into a weighted average cost of capital (“WACC”) calculation. Risk free rates are determined using long-dated Government borrowing instruments.

Management have also considered indicators of impairment in the carrying value of the assets, including the excess of the value calculated under the value-in-use methodology described above, compared to the Group’s market capitalisation.

(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 of either its fair value less costs of disposal, or its value-in-use. The fair value less costs of disposal or the value-in-use is a Level 3 measurement 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.

Notes to the Consolidated Financial Statements continued
15. Impairment of Non-current Assets continued

(b) Impairment Tests for Goodwill

(i) Allocation

Goodwill is allocated to the Group's CGUs as follows:

CGU	Operating segment	2023 $m	2022 $m
Hunting Titan	Hunting Titan	**114.9**	114.9
US Subsea	Subsea Technologies	**15.0**	15.0
Enpro	Subsea Technologies	**4.4**	5.5
Dearborn	North America	**7.6**	7.6
US Manufacturing	North America	**12.5**	12.5
At 31 December		**154.4**	155.5

Goodwill is tested at least annually for impairment. A charge of $1.4m (note 13) was recognised in the first half of 2023 (2022 – $7.0m) in relation to the Enpro CGU, resulting from an increase in the discount rate used to discount the cash flow projections, driven by a rise in the risk free rate which was determined using long-dated government borrowing instruments. In addition to the impairment charge, the Enpro goodwill balance increased by $0.3m 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% (2022 – 74%) of the balance. Titan reported a slight reduction in revenue in 2023 with demand for its Perforating Systems impacted by a reduction in onshore US rig count and spending, however, the outlook for US onshore activity looks positive. The recently launched H-3 and H-4 Perforating Systems are expected to drive the business forward and the growth in international sales in 2023 is expected to continue.

The projected cash flows for Hunting Titan were discounted using a nominal pre-tax rate of 13% (2022 – 15%). Given the level of headroom for this CGU, there are no reasonably possibly changes in the assumptions that would result in a material impairment charge in 2023.

(c) CGU Sensitivities

In considering sensitivities of possible changes in key assumptions that could lead to a material impairment charge in the year, a materiality level of $4.5m has been used (2022 – $4.0m).

(i) Enpro

The goodwill relating to the Enpro CGU was impaired by $7.0m in 2022 and by a further $1.4m in 2023 and is therefore identified as being sensitive to possible changes in key assumptions.

The Enpro business started the year slowly but gained traction in the second half, winning a number of large orders as offshore-focused clients have accelerated developments globally. The forecast growth in the offshore deepwater market is expected to benefit Enpro throughout the cash flow projection period. The impairment in the year was mainly driven by an increase in discount rates in the first half, together with a modest reduction in growth assumptions.

The projected cash flows for Enpro were discounted using a nominal pre-tax rate of 12% (2022 – 16%). At 31 December 2023, the Group is carrying $4.4m (2022 – $5.5m) of goodwill and $11.2m (2022 – $12.2m) of other intangible assets in respect of the Enpro CGU. The sensitivities of possible changes to key assumptions are disclosed below.

(ii) Dearborn

There was no impairment at Dearborn in either 2023 or 2022 but the CGU remains sensitive to possible changes in key assumptions.

Investment into labour and new equipment at Dearborn during the year improved production and the CGU delivered strong results, outperforming management's expectations. The business continues to see growth in its non-oil and gas sales, as well as into end markets such as commercial space, defence and power generation, and this trend is expected to continue throughout the forecast period.

The projected cash flows for Dearborn were discounted using a nominal pre-tax rate of 14% (2022 – 15%).

The following changes to key assumptions would, in isolation, lead to material impairment charges in 2023, notwithstanding the impairment at Enpro during the year:

	Enpro increase/ (decrease)	Dearborn increase/ (decrease)
Pre-tax discount rate	**3%**	**2%**
Terminal value growth rate	**(3%)**	**(2%)**
Revenue growth rates (CAGR from 2023 to 2028)	**(6%)**	**(3%)**

(iii) Other CGUs

For other CGUs that carry goodwill, management has concluded that there are no reasonably possible changes in key assumptions that would result in a material impairment charge in 2023.

(d) Impairment of Other Non-Current Assets

In 2023, an impairment charge of $0.2m was made against right-of-use assets in the North America operating segment (note 2(b) and note 12). There was no impairment of other non-current assets in 2022.

Notes to the Consolidated Financial Statements continued

16. Investments in Associates and Joint Ventures

Movement on investments in associates and joint ventures:

	2023 $m	2022 $m
At 1 January	**20.1**	19.4
Exchange adjustments	**–**	(0.1)
Additions	**1.6**	3.5
Share of associates' and joint ventures' results for the year	**(0.6)**	(2.7)
Dividends received from associates	**(0.6)**	–
At 31 December	**20.5**	20.1

During 2023, the Group invested a further $1.6m in Cumberland Additive Holdings LLC ("Cumberland"), increasing its share of equity to 30.4% (2022 – 29.2%). During 2022, the Group invested $1.9m in its Indian joint venture arrangement with Jindal SAW, and a further $1.6m in Cumberland.

The investments in associates and joint ventures, including the name, country of incorporation and proportion of ownership interest, are disclosed in note C19.

Rival Downhole Tools LC ("Rival") is a provider of drilling and thru tubing tools and motors to the upstream oil and gas industry. Cumberland is a contract manufacturer which specialises in metal and polymer 3D printing and computer numerical control machining to support the aerospace, defence, space and energy markets. The joint venture with Jindal SAW, leaders in pipe manufacturing, is to deliver OCTG products in India.

(a) Material Associates and Joint Ventures

The tables below provide summarised financial information for Rival which is considered to be a material associate of the Group. The Group has a 23.0% (2022 – 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	
	2023 $m	2022 $m
Summarised statement of comprehensive income:		
Revenue	**53.5**	39.6
Operating profit/(loss)	**6.7**	(6.8)
Total comprehensive income/(expense)	**6.7**	(6.8)

The Group's share of Rival's post-tax profit was $1.4m (2022 – $1.6m share of post-tax loss). Amortisation of $0.3m (2022 – $0.3m) was charged to the Group's income statement during the year in relation to the intangible assets recognised at the time the investment in Rival was made.

	Rival	
	2023 $m	2022 $m
Summarised balance sheet:		
Non-current assets	**26.6**	24.2
Current assets	**25.4**	17.4
Total assets	**52.0**	41.6
Non-current liabilities	**(7.1)**	(2.6)
Current liabilities	**(6.0)**	(6.8)
Total liabilities	**(13.1)**	(9.4)
Net assets	**38.9**	32.2
Reconciliation to carrying amounts:		
Opening net assets at 1 January	**32.2**	39.0
Profit/(loss) for the year	**6.7**	(6.8)
Net assets	**38.9**	32.2
Group's share of equity %	**23.0%**	23.5%
Group's share of net assets	**8.9**	7.5
Goodwill	**2.1**	2.1
Other intangible assets	**2.1**	2.4
Carrying amount at 31 December	**13.1**	12.0

(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:

	2023 $m	2022 $m
Aggregate carrying amount of individually immaterial associates	**5.7**	6.2
Aggregate carrying amount of individually immaterial joint ventures	**1.7**	1.9
Share of immaterial associates' and joint ventures' results for the year	**(1.7)**	(0.8)

Notes to the Consolidated Financial Statements continued

17. Investments

	2023 $m	2022 $m
Listed equity investments and mutual funds	2.2	1.9
Well Data Labs convertible financing	2.2	2.9
	4.4	4.8

The listed equity investments and mutual funds are held in relation to the US defined benefit scheme (note 32).

In February 2021, the Group entered into a strategic alliance with Wells 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 $2.2m (2022 – $2.9m) at the year-end (note 29(b)).

18. Trade and Other Receivables

	2023 $m	2022 $m
Non-current:		
Prepayments	1.8	2.7
Other receivables	–	0.1
	1.8	2.8

	2023			
	Contracts with customers $m	Rental receivables $m	Other receivables $m	Total $m
Current:				
Trade receivables	202.7	2.0	–	204.7
Accrued revenue	2.5	–	–	2.5
Contract assets (note 23)	17.5	–	–	17.5
Gross receivables	222.7	2.0	–	224.7
Less: provisions for impairment	(3.2)	(0.3)	–	(3.5)
Net receivables	219.5	1.7	–	221.2
Prepayments	–	–	27.1	27.1
Other receivables	–	–	3.1	3.1
	219.5	1.7	30.2	251.4

	2022			
	Contracts with customers $m	Rental receivables $m	Other receivables $m	Total $m
Current:				
Trade receivables	180.1	2.1	0.9	183.1
Accrued revenue	2.0	0.2	–	2.2
Contract assets (note 23)	8.6	–	–	8.6
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
	187.4	1.9	43.1	232.4

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 $1.0m (2022 – $0.6m), derivative financial assets of $0.5m (2022 – $0.6m) and other receivables of $1.6m (2022 – $3.2m), the latter of which are classified as 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.

During the year, the Group sold trade receivables amounting to $9.9m to third parties under trade receivables purchasing programmes in order to accelerate collections. Upon sale, the receivables were derecognised from the balance sheet.

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 $77.6m at 31 December 2023 (31 December 2022 – $96.3m). For the receivables pledged as security, their carrying value approximates their fair value.

Notes to the Consolidated Financial Statements continued
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 2023, 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	**111.0**	**40.9**	**23.9**	**9.7**	**8.5**	**8.7**	**202.7**
Trade receivables – rental receivables	**0.7**	**0.1**	**0.5**	**0.3**	**0.2**	**0.2**	**2.0**
Total trade receivables	**111.7**	**41.0**	**24.4**	**10.0**	**8.7**	**8.9**	**204.7**
Accrued revenue – contracts with customers	**2.5**	**–**	**–**	**–**	**–**	**–**	**2.5**
Contract assets	**17.5**	**–**	**–**	**–**	**–**	**–**	**17.5**
Other receivables[i]	**2.1**	**–**	**–**	**–**	**–**	**–**	**2.1**
	133.8	**41.0**	**24.4**	**10.0**	**8.7**	**8.9**	**226.8**

i. Other receivables excludes $1.0m in relation to receivables from tax as these are not considered financial assets.

Since 31 December 2022, there has been a modest decrease in the ageing of trade receivables despite the increase in trade receivables by $21.6m from $183.1m to $204.7m at 31 December 2023, with trade receivables not overdue at the year-end comprising 55% of gross trade receivables compared to 56% at 31 December 2022. 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 2022, the ageing of the Group's gross financial assets, based on days overdue, was 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
Accrued revenue – contracts with customers	2.0	–	–	–	–	–	2.0
Accrued revenue – rental receivables	0.2	–	–	–	–	–	0.2
Contract assets	8.6	–	–	–	–	–	8.6
Other receivables[i]	3.8	–	–	–	–	–	3.8
	117.9	37.2	17.9	8.7	9.6	6.4	197.7

i. Other receivables excludes $0.6m in relation to receivables from tax as these are not considered financial assets.

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 receivable approximates their fair value as described in note 29(b)(iv).

Notes to the Consolidated Financial Statements continued
18. Trade and Other Receivables continued

Impairment of Trade and Other Receivables continued
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.

Whilst a proportion, 9% (2022 – 9%), 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 and other issues or due to general slow payment by the customer. Where there is no history of bad debts and there are no indicators that the debts will not be settled, the receivables 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 Group 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:

	2023		
	Contracts with customers $m	**Rental receivables $m**	**Total $m**
At 1 January 2023	**(3.3)**	**(0.4)**	**(3.7)**
Charge to the consolidated income statement – lifetime expected credit losses	**(0.9)**	**–**	**(0.9)**
Utilised against receivables written off	**1.0**	**0.1**	**1.1**
At 31 December 2023	**(3.2)**	**(0.3)**	**(3.5)**

The provision for the impairment of trade and other receivables has marginally decreased by $0.2m to $3.5m at 31 December 2023. Management is of the view that the credit risk is largely unchanged during the year.

	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)

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:

	2023 $m	2022 $m
Deferred tax assets	**93.1**	13.7
Deferred tax liabilities	**(8.4)**	(6.4)
	84.7	7.3

The movement in the total deferred tax shown in the balance sheet is as follows:

	2023 $m	2022 $m
At 1 January	**7.3**	3.5
Credit to the consolidated income statement	**77.0**	3.9
Change in tax rates	**–**	(0.2)
Total credit to the consolidated income statement	**77.0**	3.7
Taken direct to equity	**0.4**	0.1
At 31 December	**84.7**	7.3

Notes to the Consolidated Financial Statements continued
19. Deferred Tax continued

The change in tax rates in 2022 relates to an increase in the blended State rate applied to the recognised US deferred tax balances. The UK standard rate of corporation tax increased from 19% to 25% from 1 April 2023. UK deferred tax balances have therefore all been calculated at 25%.

Deferred tax assets of $57.8m gross and $7.1m tax (2022 – $354.8m gross and $87.1m tax) have not been recognised as the assessment of recoverability at 31 December 2023 is that it is uncertain and therefore does not meet the criteria for recognition under IAS 12. This includes $57.5m gross and $7.0m tax (2022 – $216.9m gross and $51.0m tax) in respect of trading losses, the majority of which do not have an expiry date. A deferred tax asset of $69.4m (2022 – $24.2m) 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 2023 $m	**Exchange adjustments $m**	**(Charge)/credit to income statement $m**	**Change in tax rates $m**	**Taken direct to equity $m**	**At 31 December 2023 $m**	**Net deferred tax assets $m**	**Net deferred tax liabilities $m**
Tax losses	**24.2**	**0.3**	**44.9**	**–**	**–**	**69.4**	**51.2**	**18.2**
Inventory	**0.8**	**–**	**13.0**	**–**	**–**	**13.8**	**13.8**	**–**
Goodwill and intangibles	**(19.7)**	**(0.1)**	**8.3**	**–**	**–**	**(11.5)**	**13.8**	**(25.3)**
Interest deductible in future periods	**–**	**–**	**17.1**	**–**	**–**	**17.1**	**17.1**	**–**
Property, plant and equipment	**(0.9)**	**–**	**(15.0)**	**–**	**–**	**(15.9)**	**(14.6)**	**(1.3)**
Share-based payments	**1.0**	**(0.1)**	**3.4**	**–**	**0.3**	**4.6**	**4.6**	**–**
Other	**1.9**	**(0.1)**	**5.3**	**–**	**0.1**	**7.2**	**7.2**	**–**
	7.3	**–**	**77.0**	**–**	**0.4**	**84.7**	**93.1**	**(8.4)**

	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)
Property, plant and equipment	(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)

Notes to the Consolidated Financial Statements continued

20. Inventories

	2023 $m	2022 $m
Raw materials	**150.9**	118.7
Work in progress	**94.0**	82.7
Finished goods	**136.0**	120.7
Gross inventories	**380.9**	322.1
Less: provisions for impairment	**(52.5)**	(50.0)
Net inventories	**328.4**	272.1

	2023 $m	2022 $m
Gross inventories:		
At 1 January	**322.1**	263.9
Exchange adjustments	**1.6**	(3.7)
Additions	**719.1**	584.5
Charged to cost of sales in the consolidated income statement	**(660.4)**	(521.0)
Reclassification to property, plant and equipment (note 11)	**(1.5)**	(1.6)
At 31 December	**380.9**	322.1
Provisions for impairment:		
At 1 January	**(50.0)**	(59.5)
Exchange adjustments	**(0.4)**	0.9
Charged to cost of sales in the consolidated income statement	**(7.5)**	(6.4)
Provisions utilised against inventories written off	**3.6**	9.3
Provisions released to the consolidated income statement	**1.8**	5.7
At 31 December	**(52.5)**	(50.0)
Net inventories	**328.4**	272.1

The Group's inventory is highly durable and it can, therefore, 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.

During 2023, inventory provisions increased by $2.5m to $52.5m at 31 December 2023, which represents 14% of gross cost balances (2022 – 16%). The broadly unchanged provision in the year reflects new charges offsetting utilisation of provisions and the reversal of unutilised provisions 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 $245.2m are expected to be realised within 12 months of the balance sheet date (2022 – $194.5m) and $83.2m after 12 months (2022 – $77.6m).

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over inventories which had a carrying value of $172.3m at 31 December 2023 (31 December 2022 – $142.9m) held in certain US and Canadian subsidiaries.

21. Cash and Cash Equivalents

	2023 $m	2022 $m
Cash at bank and in hand	**45.5**	29.4

Cash at bank and in hand is carried at amortised cost. The maximum exposure to credit risk is the carrying amount. 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

	2023 $m	2022 $m
Non-current:		
US deferred compensation plan obligation (note 32(b)(i))	**2.2**	1.9
Social security and other taxes	**0.4**	0.5
Other payables	**1.1**	0.8
	3.7	3.2

	2023 $m	2022 $m
Current:		
Trade payables	**62.5**	66.8
Accruals	**50.7**	56.9
Social security and other taxes	**7.4**	7.8
Contract liabilities (note 23)	**39.6**	8.8
Other payables[i]	**3.2**	1.5
	163.4	141.8

i. Other payables include derivative financial liabilities of $0.1m (2022 – $0.1m).

Notes to the Consolidated Financial Statements continued

23. Contract Assets and Liabilities

The following table provides information about receivables, accrued income, contract assets and contract liabilities arising from contracts with customers.

	2023 $m	2022 $m	2021 $m
Contract assets (note 18)	**17.5**	8.6	9.9
Contract liabilities (note 22)	**(39.6)**	(8.8)	(6.1)
Trade receivables – contracts with customers (note 18)	**202.7**	180.1	126.5
Provisions for impairment (note 18)	**(3.2)**	(3.3)	(4.3)
Net trade receivables – contracts with customers	**199.5**	176.8	122.2
Accrued revenue – contracts with customers (note 18)	**2.5**	2.0	3.7

(a) Significant Changes in Contract Assets and Contract Liabilities

Contract assets increased from $8.6m at 31 December 2022 to $17.5m at 31 December 2023 due to an increase in bespoke customer work-in-progress in North America.

Contract liabilities represent deposits received from customers on over time contracts and amounts invoiced in excess of the value of the work completed to date at the Subsea Technologies operating segment, as well as deposits received from customers for the purchase of pipe in the Asia Pacific businesses, prior to Hunting placing an order with the steel mills. Contract liabilities increased by $30.8m in the year to $39.6m at 31 December 2023 reflecting the improvement in orders, the increase in customer deposits and the higher portion of contracts during the year where revenue is recognised over time versus at point in time.

(b) Revenue Recognised in Relation to Contract Liabilities

During the year, $8.8m of revenue was recognised in relation to amounts that were included in the contract liabilities balance at the beginning of the year (2022 – $6.1m). There was no revenue recognised from performance obligations satisfied or partially satisfied in previous years (2022 – none).

(c) Unsatisfied Performance Obligations (sales order book)

The aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations as at the year-end, generally on confirmed purchase orders received, is expected to be recognised as revenue in the following periods:

	2023 $m	2022 $m
Hunting Titan	**15.9**	29.8
North America	**252.8**	207.4
Subsea Technologies	**152.2**	105.1
EMEA	**29.7**	28.3
Asia Pacific	**114.6**	102.4
	565.2	473.0
Expected to be recognised as revenue:		
Within 1 year	**444.5**	402.3
After 1 year	**120.7**	70.7
	565.2	473.0

It is expected that 79% of the transaction price allocated to unsatisfied performance obligations as of 31 December 2023 will be recognised as revenue in 2024 (2022 – 85% in 2023) and the remaining 21% in future years (2022 – 15% after 2023).

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 2023, the Group did not have any commitments for leases that were due to commence in 2024 or later (31 December 2022 – no commitments due to commence in 2023 or later).

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.

Notes to the Consolidated Financial Statements continued
24. Leases continued

(a) Amounts Recognised in the Consolidated Balance Sheet

The analysis of right-of-use assets is presented in note 12.

	2023 $m	2022 $m
Lease liabilities		
Current	**8.0**	9.1
Non-current	**20.7**	21.5
	28.7	30.6

The decrease during the year is largely due to a one-off payment to exit a lease for a surplus facility in North America.

(b) Amounts Recognised in the Consolidated Income Statement

	2023 $m	2022 $m
Depreciation of right-of-use assets (note 12)	**(6.6)**	(6.4)
Net gain on curtailment of leases (note 4)	**–**	3.1
Expense relating to short-term leases and leases of low-value assets (included in cost of sales and administrative expenses)	**(1.8)**	(1.8)
Impairment of right-of-use assets (note 12)	**(0.2)**	–
Lease charges included in operating profit (note 6)	**(8.6)**	(5.1)
Interest on lease liabilities (included in finance expenses) (note 8)	**(1.3)**	(1.2)
Foreign exchange gains on lease liabilities (note 8)	**–**	0.1
Lease charges included in profit/(loss) before tax	**(9.9)**	(6.2)

In 2022, following the relocation of a number of the Group's Asia Pacific facilities to a single site, certain lease liabilities were disposed of, recording a net gain of $2.4m. This gain 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 Consolidated Statement of Cash Flows

	2023 $m	2022 $m
Payments for short-term and low-value leases	**(1.8)**	(1.8)
Payment of lease liabilities, principal and interest	**(10.4)**	(8.0)
Proceeds on disposal of lease liabilities	**–**	2.2
	(12.2)	(7.6)

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 lease liabilities and proceeds on disposal of lease liabilities are presented within cash flows from financing activities.

In 2022, the Group received net receipts of $2.2m largely relating to the exit of the leases in Asia Pacific, see above.

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 right-of-use assets are leased to third parties under operating lease agreements. Income from leasing these assets during the year was $2.7m (2022 – $2.1m) and is included within operating income (note 4). The Group also earns revenue from the rental of tools, which are items of property, plant and equipment (note 11). Rental revenue during the year was $7.9m (2022 – $8.1m) (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 2023 $m	Property 2022 $m
Year one	**2.5**	1.9
Year two	**0.8**	1.0
Year three	**0.7**	0.9
Year four	**0.7**	0.7
Year five	**0.7**	0.7
Year six	**–**	0.7
Total lease income receivable	**5.4**	5.9

25. Borrowings

	2023 $m	2022 $m
Non-current:		
Shareholder loan from non-controlling interest	**3.9**	3.9
Current:		
Bank borrowings unsecured (note 30(d)(i))	**–**	2.8
Bank borrowings secured (note 30(d)(i))	**44.9**	–
Bank overdrafts secured	**1.4**	2.1
	46.3	4.9
Total borrowings	**50.2**	8.8

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.

All of the borrowings are financial liabilities measured at amortised cost. The shareholder loan, secured bank borrowings and bank overdrafts are denominated in US Dollars. The unsecured bank borrowings are denominated in Renminbi. The shareholder loan is interest-free and not repayable on demand.

Notes to the Consolidated Financial Statements continued

26. Changes in Net Cash/(Debt)

Hunting operates a centralised treasury function that manages all cash and borrowing 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 L) is a non-GAAP measure; however, management and the Group treasury function monitor total cash and bank (NGM K) 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 2023 $m	Cash flow $m	Non-cash movements on lease liabilities[i] $m	Exchange movements $m	At 31 December 2023 $m
Cash and cash equivalents (note 21)	29.4	16.2	–	(0.1)	45.5
Bank overdrafts secured (note 25)	(2.1)	0.7	–	–	(1.4)
Cash and cash equivalents – per cash flow statement	27.3	16.9	–	(0.1)	44.1
Total lease liabilities (note 24)	(30.6)	10.4	(8.4)	(0.1)	(28.7)
Shareholder loan from non-controlling interest (note 25)	(3.9)	–	–	–	(3.9)
Bank borrowings (note 25)	(2.8)	(42.1)	–	–	(44.9)
Liabilities arising from financing activities	(37.3)	(31.7)	(8.4)	(0.1)	(77.5)
Total net debt	(10.0)	(14.8)	(8.4)	(0.2)	(33.4)

i. Non-cash movements on lease liabilities comprise new leases of $6.2m, lease modifications of $0.9m and interest expense of $1.3m.

During the year, $1.7m of loan facility fees were amortised (2022 – $1.0m) and $nil were paid in respect of the Asset Based Lending ("ABL") facility (2022 – $3.0m). The fees for the ABL facility were capitalised in prepayments and amortised over the expected useful life of the facility.

	At 1 January 2022 $m	Cash flow $m	Non-cash movements on lease liabilities[i] $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	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.

Notes to the Consolidated Financial Statements continued

27. Provisions and Contingent Liabilities

(a) Provisions

	Asset decommissioning and remediation $m	Other $m	Total $m
At 1 January 2023	3.7	5.2	8.9
Exchange adjustments	–	0.1	0.1
Charged to the consolidated income statement	–	0.5	0.5
Charged other	–	1.4	1.4
Provisions utilised	(0.2)	(1.1)	(1.3)
Unutilised amounts reversed	(2.0)	(0.1)	(2.1)
At 31 December 2023	1.5	6.0	7.5

Provisions are due as follows:

	2023 $m	2022 $m
Current	4.8	4.6
Non-current	2.7	4.3
	7.5	8.9

Asset decommissioning and remediation provisions of $1.5m (2022 – $3.7m) relate to the Group's obligations to restore leased properties. The restoration provisions of $1.5m are expected to be utilised at the end of the respective leases, with $0.9m current and $0.6m non-current. Provisions are made on a discounted basis; however, the impact of discounting is not material.

Other provisions include provisions for onerous contracts of $0.5m (2022 – $0.7m), restructuring provisions of $0.3m (2022 – $0.2m), a provision for a pension fund for officers and ratings in the mercantile marine industry from a legacy subsidiary of $0.9m (2022 – $0.9m), warranties and tax indemnities of $0.3m (2022 – $1.1m), litigation costs of $2.3m (2022 – $1.8m) and $1.7m (2022 – $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 2021, a claim against the Group from a competitor relating to a patent infringement was disclosed. The legal case was settled in Hunting's favour in January 2023. During the period, the Group has received confirmation that an appeal will not be filed and now considers the case to be closed.

The Group has entered into a number of guarantee and performance bond arrangements arising in the normal course of business which have not been provided for as any significant liability is considered to be remote.

28. Derivatives and Hedging

(a) Currency Derivatives

The Group uses derivatives for economic hedging purposes and there are no speculative positions 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.

The fair values of outstanding derivative financial instruments are set out below:

	2023		2022	
	Total assets $m	Total liabilities $m	Total assets $m	Total liabilities $m
Forward foreign exchange contracts – cash flow hedges	0.3	–	0.4	–
Forward foreign exchange contracts – fair value hedges	–	–	0.1	–
Foreign exchange swaps – not in a hedge	0.2	(0.1)	0.1	(0.1)
	0.5	(0.1)	0.6	(0.1)

Net fair value gains on contracts that are not designated in a hedge relationship of $0.2m (2022 – $0.6m) were recognised in the consolidated income statement during the year, all within net finance expenses (note 8).

Notes to the Consolidated Financial Statements continued
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 $nil (2022 – $0.1m) were recognised in the consolidated income statement in net operating income and other expenses (note 4) during the year. At the year-end, the fair value of derivative assets designated in a fair value hedge was $nil (2022 – $0.1m).

(c) Cash Flow Hedge

The Group entered into contracts to purchase materials from suppliers in a currency other than the relevant 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/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, GBP/EUR, EUR/NOK and USD/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.

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 movements in the hedging reserve 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:

		2023	2022
Carrying amount of the forward foreign exchange contracts – other receivables (note 18)	$m	**0.3**	0.4
Notional amount of the forward foreign exchange contracts	$m	**23.1**	18.5
Maturity date		**2 January 2024 to 24 June 2024**	3 January 2023 to 21 August 2023
Hedge ratio[i]		**1:1**	1:1
Change in value of hedged item used to determine hedge effectiveness	$m	**(0.3)**	(0.4)

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.

Notes to the Consolidated Financial Statements continued

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 disclosed 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 asset. 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.

(a) Financial Instruments at Amortised Cost

The carrying values of the Group's financial instruments at amortised cost are as follows:

	2023 $m	2022 $m
Financial assets at amortised cost:		
Trade and other receivables (note 18):		
Trade receivables	**204.7**	183.1
Accrued revenue	**2.5**	2.2
Other receivables – non-current	**–**	0.1
Other receivables – current[i]	**1.6**	3.1
Less: provisions for impairment	**(3.5)**	(3.7)
Cash and cash equivalents (note 21)	**45.5**	29.4
	250.8	214.2
Financial liabilities at amortised cost:		
Trade and other payables[ii] (note 22):		
Trade payables	**(62.5)**	(66.8)
Accruals – current[iii]	**(24.2)**	(29.4)
Other payables – current[iv]	**(2.8)**	(1.0)
Lease liabilities – current and non-current (note 24)	**(28.7)**	(30.6)
Borrowings (note 25):		
Shareholder loan from non-controlling interest	**(3.9)**	(3.9)
Bank borrowings unsecured	**–**	(2.8)
Bank borrowings secured	**(44.9)**	–
Bank overdrafts secured	**(1.4)**	(2.1)
	(168.4)	(136.6)

i. Excludes non-financial assets of $1.0m (2022 – $0.6m) and those financial assets measured at fair value of $0.5m (2022 – $0.6m).
ii. Excludes non-current payables of $1.1m (2022 – $0.8m) as these are non-financial liabilities.
iii. Excludes accruals of $26.5m (2022 – $27.5m) recognised under IAS 19 and IFRS 2 that are outside the scope of IFRS 7.
iv. Excludes non-financial liabilities of $0.3m (2022 – $0.4m) and financial liabilities measured at fair value of $0.1m (2022 – $0.1m).

Amounts recognised in profit or loss in relation to financial instruments carried at amortised cost were:

	2023 $m	2022 $m
Net foreign exchange gains/(losses) included in operating income and other operating expenses (note 4)	**0.8**	(0.3)
Net foreign exchange gains/(losses) included in net finance expense (note 8)	**(0.5)**	0.2
Interest received on bank balances and deposits (note 8)	**0.2**	0.4
Bank fees and commissions (note 8)	**(2.9)**	(2.1)
Other finance income (note 8)	**0.1**	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.

The listed equity investments and mutual funds (note 17) are equity instruments measured at fair value through profit or loss ("FVTPL"), 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 for the year was $0.1m on these instruments (2022 – $nil) recognised in other finance income (note 8).

The fair value of the convertible financing provided to Wells Data Labs was determined by considering the probability weighted average discounted cash flows of the different scenarios using a discount rate of 13% (2022 – 12%). The most significant unobservable inputs to the fair value calculation are the probabilities of a conversion to equity and change of control assumptions. The fair value at 31 December 2023 was $2.2m (2022 – $2.9m) (note 17), with a fair value loss of $0.7m (2022 – $0.2m gain) recognised in net finance expense during the year (note 8). At 31 December 2023, 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 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.

Notes to the Consolidated Financial Statements continued
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 levels during the year.

	Fair value at 31 December 2023 $m	Level 1 $m	Level 2 $m	Level 3 $m
Equity instruments at FVTPL				
Listed equity investments and mutual funds	**2.2**	**2.2**	**–**	**–**
Debt instruments at FVTPL				
Wells Data Labs convertible financing	**2.2**	**–**	**–**	**2.2**
Current derivatives in a hedge				
Derivative financial assets	**0.3**	**–**	**0.3**	**–**
Current derivatives held for trading				
Derivative financial assets	**0.2**	**–**	**0.2**	**–**
Derivative financial liabilities	**(0.1)**	**–**	**(0.1)**	**–**
	4.8	**2.2**	**0.4**	**2.2**

	Fair value at 31 December 2022 $m	Level 1 $m	Level 2 $m	Level 3 $m
Equity instruments at FVTPL				
Listed equity investments and mutual funds	1.9	1.9	–	–
Debt instruments at FVTPL				
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

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 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 Wells 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 FVTPL:

	2023 $m	2022 $m
Fair value gains on the listed equity investments and mutual funds (note 8)	**0.1**	–
Fair value (loss)/gain on Wells Data Labs convertible financing (note 8)	**(0.7)**	0.2
Fair value gains on money market funds (note 8)	**–**	0.1
Fair value gains on financial instruments mandatorily measured at FVTPL:		
Net fair value gains on derivative financial instruments (note 4)	**0.3**	–
Net fair value gains on derivative financial instruments (note 8)	**0.1**	0.6

The fair value gains on the listed investments and mutual funds and the Wells 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 values of trade receivables, accrued revenue, contract assets, 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.

Notes to the Consolidated Financial Statements continued

30. Financial Risk Management

The Group's activities expose it to certain financial risks, namely market risk (including foreign exchange risk and interest rate risk), 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 exchange 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 for 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, Chinese Renminbi, Saudi Arabia Riyal and Canadian Dollars. 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	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
Average exchange rate to US Dollars	**0.80**	0.81	**7.07**	6.73	**3.75**	3.75	**1.35**	1.30
Year-end exchange rate to US Dollars	**0.79**	0.83	**7.08**	6.92	**3.75**	3.75	**1.33**	1.35

The aggregate net foreign exchange gains recognised in profit or loss during the year were $0.3m (2022 – $nil).

(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.

Notes to the Consolidated Financial Statements continued
30. Financial Risk Management continued

(a) Market Risk: Foreign Exchange Risk continued
(i) Transactional Risk continued

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.

At 31 December 2023	Currency of denomination Sterling $m	US Dollars $m	UAE Dirham $m	Singapore Dollars $m	Saudi Arabia Riyal $m	Chinese Renminbi $m	Other currencies $m	Total $m
Functional currency of Group's entities:								
Sterling	**–**	**(1.0)**	**–**	**–**	**–**	**–**	**–**	**(1.0)**
US Dollars	**(2.0)**	**–**	**(1.7)**	**(0.6)**	**2.2**	**(1.6)**	**(0.2)**	**(3.9)**
Canadian Dollars	**–**	**(0.5)**	**–**	**–**	**–**	**–**	**–**	**(0.5)**
Euro	**(0.2)**	**1.1**	**–**	**–**	**–**	**–**	**–**	**0.9**
Chinese Renminbi	**–**	**(0.5)**	**–**	**–**	**–**	**–**	**–**	**(0.5)**
	(2.2)	**(0.9)**	**(1.7)**	**(0.6)**	**2.2**	**(1.6)**	**(0.2)**	**(5.0)**

At 31 December 2022	Currency of denomination Sterling $m	US Dollars $m	UAE Dirham $m	Singapore Dollars $m	Saudi Arabia Riyal $m	Chinese Renminbi $m	Other currencies $m	Total $m
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 Renminbi	–	(0.1)	–	–	–	–	–	(0.1)
	(2.9)	(3.2)	(1.2)	(1.3)	1.4	2.4	(0.2)	(5.0)

Financial instruments comprise cash balances, trade and other receivables, accrued revenue, trade and other payables, accrued expenses, finance lease liabilities 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.

(ii) Translational Risk

Foreign exchange risk also arises from financial assets and liabilities not denominated in the functional currency of an entity's operations. 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.

Notes to the Consolidated Financial Statements continued
30. Financial Risk Management continued

(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.

At the year-end, cash at bank and in hand totalled $45.5m (2022 – $29.4m), with $31.2m (2022 – $19.7m) deposited with banks with Fitch short-term ratings of F1 to F1+. Of the remaining $14.3m (2022 – $9.7m), $11.6m (2022 – $6.2m) 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 from any of the ratings agencies mentioned above, 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 $1.7m at the year-end. In order for the Group to access the balance of $9.9m, 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. The use of these deposits 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.

The credit ratings of the financial institutions where the Group's total cash and bank balances have been invested are listed below:

	Credit rating		2023 $m	2022 $m
Cash at bank and in hand	Fitch	F1 to F1+	**31.2**	19.7
Cash at bank and in hand	n/a		**14.3**	9.7
Derivative financial assets	Fitch	AA-(dcr)	**0.5**	0.2
Derivative financial assets	Fitch	A+(dcr)	**–**	0.4

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.

(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, on individual receivable balances that are both greater than $32,500 and 60 days overdue, and on quarterly average receivables balances. At the year-end, trade receivables of $179.4m (2022 – $158.9m) comprised individual balances greater than $0.2m, with no individual customer balance representing more than 9% (2022 – 7%) of the year-end receivables balance of $204.7m (2022 – $183.1m).

The risk of customer default for outstanding trade receivables, 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. The probability that a customer would default has remained broadly flat in 2023. 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 2023, 38% of sales, which is more than $347m (2022 – 37%/$263m) 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.

	% of Revenue	
Credit Benchmark – Credit Consensus Ratings	2023	2022
aa	**8**	2
a	**22**	16
bbb	**8**	19
bb	**7**	3
b	**–**	3
No rating	**55**	57

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.

Notes to the Consolidated Financial Statements continued
30. Financial Risk Management continued

(c) Credit Risk continued
(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 $2.2m (2022 – $1.9m) and are expected to be fully recovered.

The Group has provided Wells Data Labs with $2.5m in convertible financing, the fair value of which was $2.2m at 31 December 2023 (2022 – $2.9m). The investment is considered to have a low credit risk, 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.

(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 $193.8m (2022 – $186.9m) at the year-end.

The Group's undrawn facilities at the year-end were as follows:

	2023 $m	2022 $m
Secured committed facilities	**103.1**	155.0
Unsecured uncommitted facilities	**34.4**	31.9
	137.5	186.9

Secured Committed Facilities: Asset Based Lending Facility
The ABL facility of $150.0m, arranged with a four-year term, matures on 7 February 2026. An accordion feature of up to $50.0m was also agreed during facility negotiations. This feature allows the Group to increase the total facility quantum to $200.0m, subject to further credit approval by the ABL lenders.

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 107.

During 2023, the Group began drawing down on the ABL to fund its working capital requirements. However, utilisation of the facility has not exceeded the threshold of 87.5% of the Line Cap and, therefore, formal testing of the FCCR financial covenant has not been required.

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
To support the CNOOC order in China, three local facilities were arranged. One facility is with the Bank of Jiangsu for CNY50.0m and another is with ICBC for CNY60.0m, both maturing in the second half of 2024. A third facility for CNY165.0m was provided by HSBC China in Suzhou. There is no formal termination date on this facility, which means it is available until further bilateral agreement. These facilities, totalling CNY275.0m ($38.9m; 31 December 2022 – $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 2023 stood at 3.45% (31 December 2022 – 3.65%). At 31 December 2023, $9.4m of the facilities were utilised (31 December 2022 – $2.8m).

(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 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.

Notes to the Consolidated Financial Statements continued
30. Financial Risk Management continued

(d) Liquidity Risk continued
(ii) Management of Cash continued
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 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.

During the year, the treasury function has invested surplus cash in deposits 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 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 2023 there were no balances held in deposits.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(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.

Notes to the Consolidated Financial Statements continued
30. Financial Risk Management continued

(d) Liquidity Risk continued
(iii) Future Cash Flows of Financial Liabilities continued

	2023				
	On demand or within one year $m	**Between one and five years $m**	**After five years $m**	**Total $m**	**Carrying value $m**
Non-derivative financial liabilities:					
Trade payables	**62.5**	**–**	**–**	**62.5**	**62.5**
Accruals	**24.2**	**–**	**–**	**24.2**	**24.2**
Other payables	**2.8**	**–**	**–**	**2.8**	**2.8**
Lease liabilities	**8.2**	**16.2**	**10.3**	**34.7**	**28.7**
Bank borrowings secured	**48.6**	**4.1**	**–**	**52.7**	**44.9**
Bank overdrafts secured	**1.4**	**–**	**–**	**1.4**	**1.4**
Shareholder loan from non-controlling interest	**–**	**–**	**3.9**	**3.9**	**3.9**
Total	**147.7**	**20.3**	**14.2**	**182.2**	**168.4**

	2022				
	On demand or within one year $m	Between one and five years $m	After five years $m	Total $m	Carrying value $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
Bank borrowings unsecured	2.8	–	–	2.8	2.8
Bank borrowings secured	0.7	1.6	–	2.3	–
Bank overdrafts secured	2.1	–	–	2.1	2.1
Shareholder loan from non-controlling interest	–	–	3.9	3.9	3.9
Total	111.7	18.0	13.4	143.1	136.6

The Group had no net settled financial liabilities at the year-end (2022 – 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.

	2023			2022		
	On demand or within one year $m	**Between one and five years $m**	**Total $m**	On demand or within one year $m	Between one and five years $m	Total $m
Currency derivatives:						
Inflows	**58.2**	**–**	**58.2**	47.5	–	47.5
Outflows	**(57.9)**	**–**	**(57.9)**	(47.1)	–	(47.1)

(e) Capital Risk Management
The Group's objectives, policies and processes for managing capital are outlined in the Strategic Report within the Group Funding section on pages 58 and 59. 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 2023. 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.

Notes to the Consolidated Financial Statements continued
31. Financial Instruments: Sensitivity Analysis continued

(a) Interest Rate Sensitivity
(i) US Interest Rates
The sensitivity rate of 2.0% (2022 – 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 $0.6m (2022 – $0.1m) 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 selected range between 3-5% and 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 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 2023 these totalled $8.2m (2022 – $7.2m).

(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 $0.2m (2022 – $0.1m) reflecting the employer's current service cost (charged to administrative expenses) and a net $nil (2022 – $nil) relating to fair value gains and losses on the listed equities and mutual funds and interest charged on the benefit obligations.

Movements in the present value of the obligation for the unfunded defined benefit US deferred compensation plan

	2023 $m	2022 $m
Present value of the obligation at the start of the year	**1.9**	1.9
Current service cost (equal to the notional contributions)	**0.2**	0.1
Remeasurement – excess of notional investment returns over interest cost	**–**	(0.1)
Interest on benefit obligations	**0.1**	–
Present value of the obligation at the end of the year	**2.2**	1.9

The obligation of $2.2m (2022 – $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 $0.8m (2022 – $0.7m), with $0.1m (2022 – $0.2m) recognised in the consolidated income statement during the year. The obligation is presented in non-current other payables (note 22).

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 2021, 2022 and 2023	**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 161. All of the Ordinary shares in issue are fully paid.

At 31 December 2023, 6,591,918 (2022 – 5,370,963) Ordinary shares were held by an Employee Benefit Trust. Details of the carrying amount are set out in note 35.

Notes to the Consolidated Financial Statements continued

34. Other Components of Equity

	2023					
	Merger reserve $m	**Share-based payments reserve $m**	**Currency translation reserve $m**	**Capital redemption reserve $m**	**Hedge reserve $m**	**Total $m**
At 1 January 2023	**11.8**	**15.9**	**(13.0)**	**0.8**	**0.3**	**15.8**
Exchange adjustments	**–**	**–**	**3.8**	**–**	**–**	**3.8**
Share options and awards:						
– value of employee services	**–**	**12.3**	**–**	**–**	**–**	**12.3**
– discharge	**–**	**(8.3)**	**–**	**–**	**–**	**(8.3)**
Fair value gains and losses:						
– losses originating on cash flow hedges arising during the year	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
– losses transferred to balance sheet on disposal of cash flow hedges	**–**	**–**	**–**	**–**	**0.3**	**0.3**
– gains reclassified to profit or loss on disposal of cash flow hedges	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
– taxation	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Transfer between reserves (note 35)	**(11.8)**	**–**	**(2.7)**	**–**	**–**	**(14.5)**
At 31 December 2023	**–**	**19.9**	**(11.9)**	**0.8**	**0.1**	**8.9**

	2022					
	Merger reserve $m	Share-based payments reserve $m	Currency translation reserve $m	Capital redemption reserve $m	Hedge reserve $m	Total $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 reclassified to profit or loss on disposal of cash flow hedges	–	–	–	–	0.1	0.1
– taxation	–	–	–	–	(0.1)	(0.1)
Transfer between reserves (note 35)	(13.6)	–	–	–	–	(13.6)
At 31 December 2022	11.8	15.9	(13.0)	0.8	0.3	15.8

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, the remaining balance of $11.8m (2022 – $13.6m) 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.

Notes to the Consolidated Financial Statements continued
34. Other Components of Equity continued

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. During the year, there was a transfer of $2.7m between the currency translation reserve and retained earnings.

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 property, plant and equipment 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

	2023 $m	2022 $m
At 1 January	**609.3**	612.4
Profit/(loss) for the year	**117.1**	(4.6)
Remeasurement of defined benefit pension schemes net of tax (note 32)	**–**	0.1
Dividends paid to Hunting PLC shareholders	**(15.0)**	(13.6)
Treasury shares:		
– purchase of treasury shares	**(9.0)**	(7.9)
– proceeds on disposal of treasury shares	**0.3**	0.2
Share options and awards:		
– discharge	**7.9**	8.9
– taxation	**0.3**	0.2
Transfer between reserves (note 34)	**14.5**	13.6
At 31 December	**725.4**	609.3

The share options and awards taxation credit taken directly to equity of $0.3m (2022 – $0.2m) comprised a deferred tax credit.

Retained earnings include the following amounts in respect of the carrying amount of treasury shares:

	2023 $m	2022 $m
Cost:		
At 1 January	**(19.2)**	(15.0)
Purchase of treasury shares	**(9.0)**	(7.9)
Cost of treasury shares disposed	**6.0**	3.7
At 31 December	**(22.2)**	(19.2)

At 31 December 2023, 6,591,918 Ordinary shares were held by the Employee Benefit Trust (2022 – 5,370,963). The Company purchased 2,935,096 (2022 – 2,130,142) additional treasury shares during the year for $9.0m (2022 – $7.9m). The loss on disposal of treasury shares during the year, which is recognised in retained earnings, was $5.7m (2022 – $3.5m).

36. Dividends Paid to Hunting PLC Shareholders

	2023		2022	
	Cents per share	**$m**	Cents per share	$m
Ordinary dividends:				
2022 final dividend	**4.5**	**7.1**	–	–
2023 interim dividend	**5.0**	**7.9**	–	–
2021 final dividend	**–**	**–**	4.0	6.4
2022 interim dividend	**–**	**–**	4.5	7.2
	9.5	**15.0**	8.5	13.6

A final dividend for 2023 of 5.0 cents per share has been proposed by the Board, amounting to an estimated distribution of $7.9m. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting to be held on 17 April 2024 and has not been provided for in these financial statements. If approved, the dividend will be paid in Sterling on 10 May 2024, to shareholders on the register on 12 April 2024, 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 10.

Notes to the Consolidated Financial Statements continued

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:

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**1,001**	2,726
Vested and exercised during the year	**(1,001)**	(866)
Lapsed during the year	**–**	(859)
Outstanding and exercisable at the end of the year	**–**	1,001

The weighted average share price at the date of exercise during 2023 was 332.0 pence (2022 – 282.0 pence).

Details of the time-based PSP awards and options outstanding at 31 December 2023 are as follows:

	2023 Number of shares	2022 Number of shares	Normal vesting date	Expiry date
Date of grant:				
20 March 2013	**–**	1,001	20 March 2016	20 March 2023
Outstanding and exercisable at the end of the year	**–**	1,001		

The fair value charge to the consolidated income statement attributable to the time-based PSP is $nil (2022 – $nil).

(b) 2014 Hunting Performance Share Plan ("HPSP")

The Company grants share awards annually to executive Directors and senior employees under the rules of the HPSP, following shareholder approval at the Annual General Meeting ("AGM") of the Company on 16 April 2014. Awards are granted as either performance or time-based options or awards at nil cost under the HPSP and can only be exercised by the employees to whom they were granted. Share options which are subject to tax on exercise are granted to UK employees. Share option holders have seven years in which to exercise their vested awards. Share awards which are subject to tax on vesting are granted to employees resident in some other tax jurisdictions.

(i) Performance-based Awards

The performance-based HPSP awards granted 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 metrics, as shown in the table below.

The performance period for awards granted on 6 March 2023 under the HPSP is 1 January 2023 to 31 December 2025. The vesting date of the 2023 award is 6 March 2026.

The award weightings for the years 2021, 2022 and 2023 are in the table below.

Performance measure	**Award weighting 2023 %**	Award weighting 2022 %	Award weighting 2021 %
Total Shareholder Return ("TSR") of a bespoke comparator group	**20**	25	35
Adjusted diluted earnings per share ("EPS")	**20**	20	25
Return on average capital employed ("ROCE")	**25**	20	25
Free cash flow ("FCF")	**20**	20	–
Balanced strategic scorecard – non-financial KPIs comprising Quality and Safety performance	**15**	15	15

Details of the performance-based HPSP award movements during the year are set out below:

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**7,641,325**	5,757,230
Granted during the year to executive Directors	**1,231,216**	1,506,466
Granted during the year to senior employees	**1,263,083**	2,170,275
Vested and exercised during the year	**(178,211)**	(95,035)
Lapsed during the year	**(2,127,921)**	(1,697,611)
Outstanding at the end of the year	**7,829,492**	7,641,325

Notes to the Consolidated Financial Statements continued
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 2023 are as follows:

	2023 Number of shares	2022 Number of shares	Normal vesting date	Expiry date
Date of grant:				
11 March 2016 – options	–	22,065	11 March 2019	11 March 2026
19 April 2018 – options	–	3,485	19 April 2021	19 April 2028
21 March 2019 – options	–	2,272	21 March 2022	21 March 2029
3 March 2020 – options	1,566	303,732	3 March 2023	3 March 2030
3 March 2020 – awards	–	1,722,521	3 March 2023	–
4 March 2021 – options	365,499	346,282	4 March 2024	4 March 2031
4 March 2021 – awards	1,838,743	1,897,447	4 March 2024	–
4 March 2022 – options	505,420	506,709	4 March 2025	4 March 2032
4 March 2022 – awards	2,662,151	2,836,812	4 March 2025	–
6 March 2023 – options	425,229	–	6 March 2026	6 March 2033
6 March 2023 – awards	2,030,884	–	6 March 2026	–
Outstanding at the end of the year	**7,829,492**	7,641,325		
Exercisable at the end of the year	**1,566**	27,822		
Weighted average remaining contractual life of options outstanding at the end of the year	**8.25 years**	8.27 years		

In 2023, a total of 178,211 awards were exercised (2022 – 95,035). The weighted average share price at the date of exercise during 2023 was 230.4 pence (2022 – 327.7 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.

Details of the time-based HPSP award movements during the year are set out below:

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**5,382,246**	3,794,815
Granted during the year	**2,143,469**	2,695,411
Vested and exercised during the year	**(1,434,673)**	(882,875)
Lapsed during the year	**(392,624)**	(225,105)
Outstanding at the end of the year	**5,698,418**	5,382,246

In 2023, a total of 1,434,673 awards were exercised (2022 – 882,875). The weighted average share price at the date of exercise during 2023 was 251.1 pence (2022 – 324.6 pence).

Notes to the Consolidated Financial Statements continued
37. Share-based Payments continued

(b) 2014 Hunting Performance Share Plan ("HPSP") continued
(ii) Time-based Awards continued

Details of the time-based HPSP awards outstanding at 31 December 2023 are as follows:

	2023 Number of shares	2022 Number of shares	Normal vesting date	Expiry date
Date of grant:				
1 May 2014 – options	–	1,568	1 May 2017	1 May 2024
28 April 2015 – options	–	3,932	28 April 2018	28 April 2025
11 March 2016 – options	1,411	39,942	11 March 2019	11 March 2026
3 March 2017 – options	1,859	11,737	3 March 2020	3 March 2027
19 April 2018 – options	4,341	33,718	19 April 2021	19 April 2028
21 March 2019 – options	13,384	57,599	21 March 2022	21 March 2029
3 March 2020 – options	68,328	216,863	3 March 2023	3 March 2030
3 March 2020 – awards	–	975,642	3 March 2023	–
4 March 2021 – options	219,433	289,650	4 March 2024	4 March 2031
4 March 2021 – awards	1,005,865	1,129,512	4 March 2024	–
4 March 2022 – options	363,760	458,869	4 March 2025	4 March 2032
4 March 2022 – awards	1,961,409	2,163,214	4 March 2025	–
6 March 2023 – options	356,321	–	6 March 2026	6 March 2033
6 March 2023 – awards	1,702,307	–	6 March 2026	–
Outstanding at the end of the year	5,698,418	5,382,246		
Exercisable at the end of the year	89,323	148,496		
Weighted average remaining contractual life of options outstanding at the end of the year	8.14 years	7.98 years		

(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:

	2023	2022
Date of grant/valuation date	6 March 2023	4 March 2022
Weighted average share price at grant	277.0p	226.0p
Exercise price	nil	nil
Expected dividend yield	nil	nil
Expected volatility	54.8%	55.2%
Risk-free rate	3.84%	1.04%
Expected life	3 years	3 years
Weighted average fair value at grant	156.6p	167.1p

(2) The fair value of performance-based awards not subject to a market-related performance condition include the EPS, ROCE, FCF and balanced strategic scorecard 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:

	2023	2022
Date of grant/valuation date	6 March 2023	4 March 2022
Weighted average share price at grant	277.0p	226.0p
Exercise price	nil	nil
Expected dividend yield	nil	nil
Expected volatility	54.8%	55.2%
Risk-free rate	3.84%	1.04%
Expected life	3 years	3 years
Weighted average fair value at grant	277.0p	226.0p

Notes to the Consolidated Financial Statements continued
37. Share-based Payments continued

(b) 2014 Hunting Performance Share Plan ("HPSP") continued

(iii) Fair Value of HPSP Awards continued

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 $6.3m (2022 – $3.6m) and the charge to the consolidated income statement in respect of time-based HPSP awards is $6.0m (2022 – $5.8m). These charges are recognised in administrative expenses.

(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 2023 awards is 1 January 2023 to 31 December 2025.

The award weightings for the years 2021, 2022 and 2023 are in the table below.

Performance measure	**Award weighting 2023 %**	Award weighting 2022 %	Award weighting 2021 %
TSR of a bespoke comparator group	**20**	25	35
Adjusted diluted earnings per share ("EPS")	**20**	20	25
Return on average capital employed ("ROCE")	**25**	20	25
Free cash flow ("FCF")	**20**	20	–
Balanced 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:

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**546,402**	342,140
Granted during the year	**158,991**	204,262
Vested and exercise during the year	**(12,392)**	–
Lapsed during the year	**(152,851)**	–
Outstanding at the end of the year	**540,150**	546,402

Notes to the Consolidated Financial Statements continued
37. Share-based Payments continued

(c) Cash Conditional Share Awards continued
(i) Performance-based Awards continued
Details of the cash conditional performance-based awards outstanding at 31 December 2023 are as follows:

	2023 Number of shares	2022 Number of shares	Normal vesting date
Date of grant:			
3 March 2020	**–**	165,243	3 March 2023
4 March 2021	**176,897**	176,897	4 March 2024
4 March 2022	**204,262**	204,262	4 March 2025
6 March 2023	**158,991**	–	6 March 2026
Outstanding at the end of the year	**540,150**	546,402	

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 2023 was 295.5 pence (2022 – 333.0 pence).

(ii) Time-based Awards
The Company also grants time-based cash conditional awards annually, which are subject to a three-year vesting period. Annual cash awards 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:

	2023 Number of shares	2022 Number of shares
Outstanding at the beginning of the year	**532,437**	247,106
Granted during the year	**265,816**	325,564
Vested and exercised during the year	**(89,036)**	(40,233)
Lapsed during the year	**(2,395)**	–
Outstanding at the end of the year	**706,822**	532,437

The weighted average share price at the date of exercise during 2023 was 282.0 pence (2022 – 328.0 pence).

Details of the cash conditional time-based awards outstanding at 31 December 2023 are as follows:

	2023 Number of shares	2022 Number of shares	Normal vesting date
Date of grant:			
3 March 2020	**–**	89,036	3 March 2023
4 March 2021	**117,837**	117,837	4 March 2024
4 March 2022	**325,564**	325,564	4 March 2025
6 March 2023	**263,421**	–	6 March 2026
Outstanding at the end of the year	**706,822**	532,437	

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)(iii) above). The weighted average fair value of the award at 31 December 2023 was 295.5 pence (2022 – 333.0 pence).

(d) Amounts Included in the Accounts
The charge to the consolidated income statement attributable to the cash conditional share awards is $1.2m (2022 – $0.5m) and the total charge attributable to the equity-settled awards is $12.3m (2022 – $9.4m). The total charge to the consolidated income statement for the year for share-based payments is $13.5m (2022 – $9.9m), see note 7. The total liability in relation to the cash-settled awards included in accruals at the year-end is $1.8m (2022 – $0.9m), of which $nil (2022 – $nil) related to awards that had vested.

Notes to the Consolidated Financial Statements continued

38. Related-party Transactions

The following related-party transactions took place between wholly-owned subsidiaries of the Group and associates and joint ventures during the year:

	2023 $m	2022 $m
Additional investment in Cumberland (note 16)	**(1.6)**	(1.6)
Investment in Indian joint venture arrangement with Jindal SAW (note 16)	**–**	(1.9)
Revenue from sales to joint ventures	**0.6**	0.3
Dividends received from Tianjin Huaxin (note 16)	**0.6**	–
Year-end balances:		
Shareholder loan from non-controlling interest (note 25)	**(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 $9.2m (2022 – $12.3m) was generated from sales to BestLink Tube Pte. Ltd., the minority interest holder in Hunting Energy Services (China) Pte. Ltd. Additionally, revenue of $3.0m (2022 – $4.6m) was recognised from sales to Jindal SAW, the Indian joint venture partner.

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 162). Accordingly, the Directors do not consider there to be an ultimate controlling party.

39. Events After the Balance Sheet Date

There are no events after the balance sheet date to disclose.

40. 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 as performance obligations are satisfied when control of promised goods or services is transferred to the customer 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.
- For each performance obligation within a contract, the Group determines whether it recognises revenue:
  1. Wholly at a single point in time when the Group 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. The supply of goods that are specifically designed for, and restricted to, the use of a particular customer, and for which Hunting has an enforceable right to payment for the work completed to date, for example, the design and manufacture of bespoke products such as titanium stress joints;
  2. The provision of services in which Hunting creates or enhances an asset that the customer controls as the asset is created or enhanced, such as the lathing of a thread onto the ends of customer-owned plain-end pipe and assembling or welding components that are owned by the customer; and
  3. The provision of services in which the customer obtains the benefit while the service is being performed, such as the storage and management services of customer-owned products.

Notes to the Consolidated Financial Statements continued
40. Principal Accounting Policies continued

(b) Revenue continued
(i) Revenue from Contracts with Customers continued

- 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 obligation. 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 they have accepted the product following a period of inspection. Hunting utilises the customer acceptance approach when the contract with the customer contains a requirement for formal acceptance to be provided, that typically is required to be received before the customer is obliged to pay for the products.
- When revenue from a customer is recognised, the amount is reported on the balance sheet 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 on the balance sheet as accrued income if the performance obligation has been completed but a sales invoice has not yet been issued. The revenue is recognised on the balance sheet 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 recognises a contract liability on the balance sheet 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.

(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 exchange rates 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.

Notes to the Consolidated Financial Statements continued
40. Principal Accounting Policies continued

(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 and at the time of transaction dos not give rise to equal amounts of taxable and deductible temporary differences. 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.
- 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 losses. 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 development, 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%
Rental tools	– 3% to 25%

- The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

(g) Leases

- Lessees:
  With regard to lessee contracts, the Group 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 Group takes account of all fixed payments and the known amount of variable payments. Management also assesses the likelihood of the Group 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 Group 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; (ii) the risk-free rate of the currency of the lease, adjusted for country-specific government bond yields for contracts denominated in the Euro; (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; (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.

Notes to the Consolidated Financial Statements continued
40. Principal Accounting Policies continued

(g) Leases continued

- Lessees: continued
  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 remeasured and the right-of-use asset is correspondingly amended. Remeasurement of the lease obligation is typically 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 Group 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 cash generating units ("CGUs") for the purpose of impairment testing. The allocation is made to the CGUs or groups of CGUs 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 any impairment losses.
- 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
Unpatented technology	– eight to ten years
Patents	– eight to ten years
Trademarks and domain names	– one to five years
Software	– three to eight years

(j) Investments in Associates and Joint Ventures

- An associate is an entity over which the Group has significant influence but not control or joint control. A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement.
- 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 acquiree's results.
- Subsequently, the carrying amount of the investment is adjusted to include the Group's share of the net assets after the date of acquisition and is assessed for impairment as a single asset at each balance sheet date. The Group recognises its share of the acquiree's net profit or loss after taxation as a separate line in the consolidated income statement. The Group's share of the acquiree's net assets plus direct acquisition expenses, goodwill and other acquisition-related intangible assets is presented in the consolidated balance sheet as investments in associates and joint ventures.

Notes to the Consolidated Financial Statements continued
40. Principal Accounting Policies continued

(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 CGU level and, if impairment is identified, the carrying amount of the CGU is reduced to its recoverable amount. For assets that generate independent cash flows, the specific asset is impaired to its recoverable amount if an impairment is identified.
- Where an impairment exists, an asset or CGU is written down to its recoverable amount being the higher of: (a) its fair value less 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 of 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 and short-term deposits with a maturity of less than three months from the date of deposit.
- Short-term deposits 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 FVTPL.
- 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, which are subsequently not measured at amortised cost have been measured at FVTPL.
- The Group's financial assets that are equity instruments, or debt instruments that are convertible into equity, are subsequently measured at FVTPL. 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.
- The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(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 FVTPL, 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.

Notes to the Consolidated Financial Statements continued
40. Principal Accounting Policies continued

(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:
  i. hedges of the fair value of recognised assets and liabilities; or
  ii. hedges of a particular risk associated with the cash flows of highly probable forecast transactions; or
  iii. a hedge of the net investment in a foreign operation.
- The Group has not disclosed the accounting polices relating to fair value hedges and cash flow hedges as the amounts are immaterial to the financial statements.

(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.

(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 non-distributable and is 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 40(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 2023

	Notes	2023 $m	2022 $m
ASSETS			
Non-current assets			
Investments in subsidiaries	C4	**205.3**	205.3
Other receivables	C5	**599.7**	582.3
		805.0	787.6
Current assets			
Other receivables	C5	**1.4**	2.4
Current tax asset		**0.5**	–
		1.9	2.4
LIABILITIES			
Current liabilities			
Other payables	C6	**2.7**	1.5
Provisions		**0.2**	0.2
		2.9	1.7
Net current (liabilities)/assets		**(1.0)**	0.7
Non-current liabilities			
Provisions		**0.7**	0.7
Net assets		**803.3**	787.6
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	**1.5**	9.3
Retained earnings	C15	**582.3**	558.8
Total equity		**803.3**	787.6

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 $27.5m (2022 – $9.5m) has been accounted for in the financial statements of the Company.

The notes on pages 231 to 237 are an integral part of these financial statements. The financial statements on pages 228 to 237 were approved by the Board of Directors on 29 February 2024 and were signed on its behalf by:

Jim Johnson
Director

Bruce Ferguson
Director

Registered number: 00974568

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Notes	Share capital $m	Share premium $m	Other components of equity[i] $m	Retained earnings $m	Total equity $m
		Year ended 31 December 2023				
At 1 January 2023		**66.5**	**153.0**	**9.3**	**558.8**	**787.6**
Profit for the year and total comprehensive income		**–**	**–**	**–**	**27.5**	**27.5**
Dividends paid to Hunting PLC shareholders	C16	**–**	**–**	**–**	**(15.0)**	**(15.0)**
Treasury shares:						
– purchase of treasury shares	C15	**–**	**–**	**–**	**(9.0)**	**(9.0)**
– disposal of treasury shares	C15	**–**	**–**	**–**	**0.3**	**0.3**
Share options and awards:						
– value of employee services	C14	**–**	**–**	**12.3**	**–**	**12.3**
– discharge	C14, C15	**–**	**–**	**(8.3)**	**7.9**	**(0.4)**
Transfer between reserves		**–**	**–**	**(11.8)**	**11.8**	**–**
At 31 December 2023		**66.5**	**153.0**	**1.5**	**582.3**	**803.3**

	Notes	Share capital $m	Share premium $m	Other components of equity[i] $m	Retained earnings $m	Total equity $m
		Year ended 31 December 2022				
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 Hunting PLC 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

i. An analysis of other components of equity is provided in note C14.

Company Statement of Cash Flows

For the year ended 31 December 2023

	Notes	2023 $m	2022 $m
Operating activities			
Operating loss[i]		**(2.7)**	(2.7)
Impairment of subsidiaries	C4	**–**	126.0
Share-based payment receivables		**12.3**	9.4
Decrease/(increase) in receivables		**1.0**	(0.3)
Increase/(decrease) in payables		**1.0**	(0.1)
Net exchange differences		**(0.2)**	(0.3)
Taxation paid		**(9.1)**	(1.8)
Net cash inflow from operating activities		**2.3**	130.2
Investing activities			
Interest received		**40.0**	15.9
Loan issued		**(18.2)**	(121.3)
Net cash inflow/(outflow) from investing activities		**21.8**	(105.4)
Financing activities			
Interest and bank fees paid		**(0.4)**	(3.5)
Dividends paid to Hunting PLC shareholders	C16	**(15.0)**	(13.6)
Purchase of treasury shares		**(9.0)**	(7.9)
Proceeds on disposal of treasury shares		**0.3**	0.2
Net cash outflow from financing activities		**(24.1)**	(24.8)
Net cash increase/(decrease) 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 operating loss line item is loss before finance income, finance expense and tax. Within operating loss is dividend income of $nil (2022 – $126.2m). Please refer to note C18 for further details.

Hunting Knightsbridge Holdings Limited, a wholly owned subsidiary of Hunting PLC, acting on behalf of Hunting PLC and other group companies was authorised to settle various liabilities against the relevant intercompany account. The Company has disclosed the underlying cash flows as operating, investing or financing according to their nature on the basis that, as the principal, Hunting PLC has the right to the cash inflows and/or the obligation to settle liabilities to ensure that the cash costs of the Company have been correctly disclosed.

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 30 Panton Street, London, SW1Y 4AJ. 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 United Kingdom adopted 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 107. The financial statements are presented in US Dollars, the currency of the primary economic environment in which the Company operates.

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 98 to 105 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 40 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.

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 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

	2023 $m	2022 $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

	2023 $m	2022 $m
Cost:		
At 1 January and 31 December	**436.8**	436.8
Impairment:		
At 1 January	**(231.5)**	(105.5)
Impairment charge for the year	**–**	(126.0)
At 31 December	**(231.5)**	(231.5)
Net book amount	**205.3**	205.3

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 investments 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 for the investments are determined using a value-in-use method which uses discounted cash flow projections.

For the investment in Hunting Energy Holdings Limited, the Company has utilised the recoverable amounts determined by the Group impairment review. The Group impairment testing process and the key assumptions are outlined on page 193. In the opinion of the Directors, following the impairment review, the recoverable amount of the investment held in Hunting Energy Holdings Limited is in excess of the carry value and, as a result, no impairment charge has been recognised in 2023. There was no impairment charge in 2022.

Notes to the Company Financial Statements continued
C4. Investments in Subsidiaries continued

(a) Impairment Tests continued
At 31 December 2023, the value of the investment held in Hunting Oil Holdings Limited was $nil. In 2022, following the 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 was recognised as an impairment charge in the income statement.

(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

	2023 $m	2022 $m
Non-current:		
Loans receivable from a subsidiary – interest-bearing	**599.6**	581.2
Prepayments	**0.1**	1.1
	599.7	582.3
Current:		
Receivables from subsidiaries	**0.1**	1.1
Prepayments	**1.2**	1.3
Other receivables	**0.1**	–
	1.4	2.4

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 to 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 2023 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 2023, 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 (2022 – 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

	2023 $m	2022 $m
Current:		
Payables to subsidiaries	**1.3**	0.2
Accruals	**1.1**	1.0
Other payables	**0.3**	0.3
	2.7	1.5

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 2023, the Company had no outstanding forward foreign exchange contracts (2022 – none). 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 loss (2022 – $0.1m gain) were recognised in the income statement during the year.

Notes to the Company Financial Statements continued

C8. Financial Instruments

(a) Financial Instruments at Amortised Cost

The loan receivable from a subsidiary and current receivables from subsidiaries of $599.7m (2022 – $582.3m) 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 $40.2m (2022 – $16.0m) on the interest-bearing loan.

Payables to subsidiaries, accruals and other payables of $2.7m (2022 – $1.5m) are financial liabilities carried at amortised cost.

Net foreign exchange gains of $nil (2022 – $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 foreign exchange risk and interest rate risk), 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 (2022 – $0.2m) 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 2023, on which exchange differences would be recognised in the income statement in the following year, was $2.3m (2022 – $2.1m) 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.

(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, there was no cash at bank held at 31 December 2023 or 31 December 2022.

Notes to the Company Financial Statements continued
C9. Financial Risk Management continued

(d) Liquidity Risk continued
(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.

	2023		2022	
	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	**1.3**	**1.3**	0.2	0.2
Accruals	**1.1**	**1.1**	1.0	1.0
Other payables	**0.3**	**0.3**	0.3	0.3
	2.7	**2.7**	1.5	1.5

The Company did not have any derivative financial liabilities at the end of 2023 or 2022.

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:

	2023 $m	2022 $m
Total equity	**803.3**	787.6
Net cash: Loans receivable from subsidiary (note C5)	**(599.6)**	(581.2)
Capital employed	**203.7**	206.4

The increase in total equity during the year is mainly attributable to the total comprehensive income for the year of $27.5m and the increase of $11.9m for the net share-based payment charge being offset by the payment of dividends of $15.0m and the net increase in treasury shares of $8.7m.

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 2023.

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, meaning 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 2.0% (2022 – 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 $9.2m (2022 – $4.7m) increase or decrease in post-tax profits for 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% (2022 – 5.0%) 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 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.

Notes to the Company Financial Statements continued

C14. Other Components of Equity

	2023				
	Merger reserve $m	Share-based payments reserve $m	Currency translation reserve $m	Capital redemption reserve $m	Total $m
At 1 January 2023	11.8	15.9	(19.2)	0.8	9.3
Share options and awards:					
– value of employee services	–	12.3	–	–	12.3
– discharge	–	(8.3)	–	–	(8.3)
Transfer between reserves	(11.8)	–	–	–	(11.8)
At 31 December 2023	–	19.9	(19.2)	0.8	1.5

	2022				
	Merger reserve $m	Share-based payments reserve $m	Currency translation reserve $m	Capital redemption reserve $m	Total $m
At 1 January 2022	25.4	15.6	(19.2)	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	11.8	15.9	(19.2)	0.8	9.3

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 a qualifying consideration. During the year, the remaining balance of $11.8m (2022 – $13.6m) 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 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 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 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.

C15. Retained Earnings

	2023 $m	2022 $m
At 1 January	558.8	548.1
Profit for the year	27.5	9.5
Dividends paid to Hunting PLC shareholders (note C16)	(15.0)	(13.6)
Treasury shares:		
– purchase of treasury shares	(9.0)	(7.9)
– proceeds on disposal of treasury shares	0.3	0.2
Share options and awards:		
– discharge	7.9	8.9
Transfer between reserves	11.8	13.6
At 31 December	582.3	558.8

Retained earnings include the following amounts in respect of the carrying amount of treasury shares:

	2023 $m	2022 $m
Cost:		
At 1 January	(19.2)	(15.0)
Purchase of treasury shares	(9.0)	(7.9)
Cost of treasury shares disposed	6.0	3.7
At 31 December	(22.2)	(19.2)

At 31 December 2023, 6,591,918 Ordinary shares were held by the Employee Benefit Trust (2022 – 5,370,963). The Company purchased 2,935,096 (2022 – 2,130,142) additional treasury shares during the year for $9.0m (2022 – $7.9m). The loss on disposal of treasury shares during the year, which is recognised in retained earnings, was $5.7m (2022 – $3.5m).

C16. Dividends Paid to Hunting PLC 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.

Notes to the Company Financial Statements continued

C18. Related-party Transactions

The following related-party transactions took place between the Company and subsidiaries of the Group during the year:

	2023 $m	2022 $m
Transactions:		
Royalties receivable	**12.6**	10.0
Management fees payable	**(11.0)**	(9.7)
Recharges of share options and awards and administrative expenses	**15.8**	10.0
Loans to subsidiary	**(18.2)**	(121.3)
Interest receivable on intercompany loans	**40.2**	16.0
Dividends received from subsidiaries	**–**	126.2
Year-end balances:		
Payables to subsidiaries	**(1.3)**	(0.2)
Receivables from subsidiaries	**0.1**	1.1
Loans owed by subsidiaries	**599.6**	581.2

All balances between the Company and its subsidiaries are unsecured.

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 162). 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.

Changes During the Year

(a) Rival Downhole Tools

The Group's effective shareholding in Rival Downhole Tools LC decreased during the year to 23.0%, from 23.5% in 2022, as there was a change in the agreement.

(b) Cumberland Additive

The Group increased its investment in Cumberland Additive Holdings LLC during the year by $1.6m. The Group's effective shareholding has increased to 30.4% as a result of the additional investment.

(c) Tianjin Huaxin Premium Connection Pipe Co., Ltd.

Tianjin Huaxin Premium Connection Pipe Co., Ltd., in which the Company held a 25.5% interest, was dissolved in April 2023.

Associates and joint ventures[i/ii]	Registered address[iii]
Rival Downhole Tools LC (23.0%)	5535 Brystone Drive, Houston, Texas, 77041-7013, USA
Cumberland Additive Holdings LLC (30.4%)	3813 Helios Way, Suite B200, Pflugerville, Texas, 78660, USA
Hunting Airtrust Tubulars Pte. Ltd (50%)[iv]	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.
iv. Hunting Airtrust Tubulars Pte. Ltd is in liquidation.

C20. Subsidiaries

Changes to the Group

(a) Hunting Aviation Limited

Hunting Aviation Limited was dissolved in August 2023. The company was previously liquidated in 2015; however, it was restored to the Register of Companies by court order in 2018.

(b) Hunting Energy Services South Africa (Pty) Ltd

Hunting Energy Services South Africa (Pty) Ltd was deregistered in February 2023.

(c) Incorporation of JAFZA Company

Hunting Energy Services FZE was incorporated in July 2023.

Notes to the Company Financial Statements continued
C20. Subsidiaries continued

All companies listed below are wholly owned by the Group, except where otherwise indicated.

Subsidiaries[i/ii]	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%)	Plot 48, Phase 5, Shuofang Industrial Park, Wuxi New District, Jiangsu Province, China 214142
Hunting Energy Completion Equipment (Wuxi) Co., Ltd.	Plot 48, Phase 5, Shuofang Industrial Park, Wuxi New District, Jiangsu Province, China 214142
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%)[v]	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.	Olieweg 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
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 (Thailand) Limited (49%)[v]	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
Hunting Energy Services FZE	S40432, Jebel Ali Freezone, Dubai, UAE

Subsidiaries[i/ii]	Registered address
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, 04037, 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.	100 E. Wally Wilkerson Parkway, Conroe, Texas, 77303, 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[iii]	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[iii/iv]	30 Panton Street, London SW1Y 4AJ, England
Hunting Knightsbridge Holdings Limited	30 Panton Street, London SW1Y 4AJ, England
Huntaven Properties Limited[iv]	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 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. 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.
iii. Interest in company is held directly by Hunting PLC.
iv. Hunting Oil Holdings Limited (registered number 01103530), Huntaven Properties Limited (registered number 00841865), Huntfield Trust Limited (registered number 00372215) and Stag Line Limited (registered number 00151320) 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. Hunting Alpha (EPZ) Limited and Hunting Energy Services (Thailand) Limited are in liquidation.

OTHER INFORMATION

Non-GAAP Measures

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 complementary information which aids 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 presented on the face of the income statement, with details of the adjusting items provided in NGM A. Adjusted results can be higher or lower than the IFRS results as they often exclude significant items 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.

	2023 $m	2022 $m
Impairment of goodwill (note 5)	–	(7.0)
Legal fees (note 5)	–	(5.6)
Total adjustments to operating profit	–	(12.6)
Tax impact of adjusting items (note 5)	83.1	–
Adjusting items after tax	83.1	(12.6)
Adjusting items after tax attributable to owners of the parent	83.1	(12.6)
Adjusting items after tax attributable to non-controlling interests	–	–
	83.1	(12.6)

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.

	2023 $m	2022 $m
Operating profit – consolidated income statement	61.0	2.0
Add back adjusting items (NGM A)	–	12.6
Adjusted operating profit	61.0	14.6
Profit/(loss) before tax – consolidated income statement	50.0	(2.4)
Add back adjusting items (NGM A)	–	12.6
Adjusted profit before tax	50.0	10.2
Profit/(loss) for the year attributable to owners of the parent – consolidated income statement	117.1	(4.6)
(Deduct)/add back adjusting items after tax attributable to owners of the parent (NGM A)	(83.1)	12.6
Adjusted profit for the year attributable to owners of the parent	34.0	8.0

	cents	cents
Adjusted earnings per share:		
Adjusted basic EPS	21.4	5.0
Adjusted diluted EPS	20.3	4.7

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 of non-current assets and amortisation.

	2023 $m	2022 $m
Operating profit – consolidated income statement	61.0	2.0
Add back adjusting items (NGM A)	–	12.6
Adjusted operating profit (NGM B)	61.0	14.6
Add back:		
Depreciation of property, plant and equipment (note 11)	27.2	26.6
Depreciation of right-of-use assets (note 12)	6.6	6.4
Amortisation of other intangible assets (note 14)	6.6	4.4
Impairment of right-of-use assets (note 12)	0.2	–
Impairment of goodwill (note 13)	1.4	–
	42.0	37.4
EBITDA	103.0	52.0

Non-GAAP Measures continued
Income Statement Non-GAAP Measures continued

C. EBITDA continued
EBITDA by Operating Segment

	2023					
	Hunting Titan $m	**North America $m**	**Subsea Technologies $m**	**EMEA $m**	**Asia Pacific $m**	**Total $m**
Operating profit – condensed consolidated income statement	**12.7**	**34.1**	**8.0**	**(2.3)**	**8.5**	**61.0**
Add back adjusting items (NGM A)	**–**	**–**	**–**	**–**	**–**	**–**
Adjusted operating profit (NGM B)	**12.7**	**34.1**	**8.0**	**(2.3)**	**8.5**	**61.0**
Add back:						
Depreciation of property, plant and equipment and right-of-use assets (note 2)	**7.5**	**17.9**	**2.4**	**3.4**	**2.6**	**33.8**
Amortisation of other intangible assets (note 2)	**1.7**	**2.0**	**1.9**	**0.6**	**0.4**	**6.6**
Impairment of non-current assets (note 2)	**–**	**0.2**	**1.4**	**–**	**–**	**1.6**
	9.2	**20.1**	**5.7**	**4.0**	**3.0**	**42.0**
EBITDA	**21.9**	**54.2**	**13.7**	**1.7**	**11.5**	**103.0**

	2022					
	Hunting Titan $m	North America $m	Subsea Technologies $m	EMEA $m	Asia Pacific $m	Total $m
Operating profit – condensed consolidated income statement	10.3	9.2	(8.1)	(6.0)	(3.4)	2.0
Add back adjusting items (NGM A)	5.6	–	7.0	–	–	12.6
Adjusted operating profit (NGM B)	15.9	9.2	(1.1)	(6.0)	(3.4)	14.6
Add back:						
Depreciation of property, plant and equipment and right-of-use assets (note 2)	7.5	16.5	2.7	3.6	2.7	33.0
Amortisation of other intangible assets (note 2)	1.3	1.0	1.8	0.3	–	4.4
	8.8	17.5	4.5	3.9	2.7	37.4
EBITDA	24.7	26.7	3.4	(2.1)	(0.7)	52.0

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 divided by adjusted profit before tax, expressed as a percentage.

	2023 $m	2022 $m
Taxation credit/(charge) – consolidated income statement	**69.0**	(1.3)
Deduct tax impact of adjusting items (NGM A)	**(83.1)**	–
Adjusted taxation charge	**(14.1)**	(1.3)
Adjusted profit before tax for the year (NGM B)	**50.0**	10.2
Adjusted effective tax rate	**28%**	13%

Adjusting items are taxed on an item-by-item basis as shown in NGM A.

Non-GAAP Measures continued

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 not in a hedge and deferred bank fees, plus inventories less trade and other payables excluding payables due to associates, derivative financial liabilities not in a hedge and retirement plan obligations.

	2023 $m	2022 $m
Trade and other receivables – non-current (note 18)	1.8	2.8
Trade and other receivables – current (note 18)	251.4	232.4
Inventories (note 20)	328.4	272.1
Trade and other payables – current (note 22)	(163.4)	(141.8)
Trade and other payables – non-current (note 22)	(3.7)	(3.2)
Add: non-working capital US deferred compensation plan obligation (note 22)	2.2	1.9
Less: non-working capital current other receivables and other payables	(0.8)	(1.4)
Working capital	**415.9**	362.8
Revenue for the last three months of the year	228.2	207.1
Working capital as a percentage of annualised revenue	**46%**	44%

For the purposes of the above calculation, annualised revenue is calculated as revenue for the last three months of the year multiplied by four.

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 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.

	2023 $m	2022 $m
Inventories (note 20)	328.4	272.1
Cost of sales for the last three months of the year	172.7	157.1
Inventory days	**175 days**	159 days

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, accrued revenue and contract assets at the year-end divided by revenue for the last three months of the year multiplied by the number of days in the last quarter, adjusted for the impact of acquisitions and disposals when applicable.

	2023 $m	2022 $m
Trade receivables	204.7	183.1
Accrued revenue	2.5	2.2
Contract assets	17.5	8.6
Less: provisions for impairment	(3.5)	(3.7)
Net receivables (note 18)	221.2	190.2
Revenue for the last three months of the year	228.2	207.1
Trade receivables days	**89 days**	84 days

H. Trade Payables Days

Purpose: This is a working capital efficiency ratio that measures payables balances relative to business activity levels.

Calculation definition: Trade payables and accrued goods received not invoiced ("accrued GRN") at the year-end divided by purchased materials and cash costs for the last three months of the year multiplied by the number of days in the last quarter, adjusted for the impact of acquisitions and disposals when applicable.

	2023 $m	2022 $m
Trade payables (note 22)	62.5	66.8
Accrued GRN	6.3	8.4
Total payables	68.8	75.2
Purchased materials and cash costs for the last three months of the year	128.5	137.5
Trade payables days	**49 days**	50 days

Non-GAAP Measures continued
Balance Sheet Non-GAAP Measures continued

I. Other Net Assets

Purpose: Provides an analysis of other net assets in the Summary Group Balance Sheet in the Strategic Report.

	2023 $m	2022 $m
Non-current investments (note 17)	**4.4**	4.8
Non-working capital US deferred compensation plan obligation (NGM E)	**(2.2)**	(1.9)
Non-working capital current other receivables and other payables (NGM E)	**0.8**	1.4
	3.0	4.3

J. Capital Employed

Purpose: Used in the calculation of the return on average capital employed (see NGM S).

Calculation definition: Capital employed is total equity excluding net (cash)/debt as applicable.

The Group's capital comprised:

	2023 $m	2022 $m
Total equity – consolidated balance sheet	**957.1**	846.2
Net debt (note 26)	**33.4**	10.0
	990.5	856.2

K. 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 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:

	2023 $m	2022 $m
Cash and cash equivalents (note 21)	**45.5**	29.4
Bank overdrafts secured – current borrowings (note 25)	**(1.4)**	(2.1)
Cash and cash equivalents – consolidated statement of cash flows	**44.1**	27.3
Bank borrowings – current borrowings (note 25)	**(44.9)**	(2.8)
	(0.8)	24.5

L. 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 debts were to be immediately paid off.

Calculation definition: Net cash/(debt) comprises total cash and bank (NGM K) less total lease liabilities and the shareholder loan from a non-controlling interest.

The Group's net cash/(debt) comprised:

	2023 $m	2022 $m
Total cash and bank (NGM K)	**(0.8)**	24.5
Total lease liabilities (note 24)	**(28.7)**	(30.6)
Shareholder loan from non-controlling interests – non-current borrowings (note 25)	**(3.9)**	(3.9)
	(33.4)	(10.0)

Cash Flow Non-GAAP Measures

M. Cash Flow Working Capital Movements

Purpose: Reconciles the working capital movements in the Summary Group Cash Flow in the Strategic Report.

	2023 $m	2022 $m
Working capital – opening balance	**362.8**	278.0
Foreign exchange	**1.7**	0.5
Adjustments:		
Transfer to property, plant and equipment (note 11)	**(1.5)**	(1.6)
Capital investment receivables/payables cash flows	**0.6**	(0.6)
Asset disposals receivables/payables cash flows	**(1.5)**	–
Other non-cash flow movements	**(1.5)**	0.1
Other cash flow movement	**0.3**	(0.2)
Working capital – closing balance (NGM E)	**(415.9)**	(362.8)
Cash flow	**(55.0)**	(86.6)

Non-GAAP Measures continued
Cash Flow Non-GAAP Measures continued

N. 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.

	2023 $m	2022 $m
Property, plant and equipment additions (note 11)	**23.1**	17.0
Capital investment receivables/payables cash flows (NGM M)	**0.6**	(0.6)
Cash flow	**23.7**	16.4
Per the consolidated statement of cash flows:		
Purchase of property, plant and equipment held for rental – operating activities	**0.6**	0.5
Purchase of property, plant and equipment – investing activities	**23.1**	15.9
Cash flow	**23.7**	16.4
Capital investment by operating segment:		
Hunting Titan	**3.1**	3.9
North America	**14.5**	6.3
Subsea Technologies	**1.2**	0.9
EMEA	**2.4**	0.7
Asia Pacific	**2.2**	2.6
Central	**0.3**	2.0
Cash flow	**23.7**	16.4

O. 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.

	2023 $m	2022 $m
Increase in provisions – consolidated statement of cash flows	**0.5**	0.2
Other non-cash flow items	**(1.3)**	0.3
	(0.8)	0.5

P. 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, or to return to shareholders and is a KPI used by management.

Calculation definition: All cash flows before transactions with shareholders and investments by way of acquisition.

	2023 $m	Restated[ii] 2022 $m
EBITDA (NGM C)	**103.0**	52.0
Add: share-based payment charge (note 37)	**13.5**	9.9
	116.5	61.9
Working capital movements (NGM M)	**(55.0)**	(86.6)
Payment of lease liabilities, principal and interest	**(10.4)**	(8.0)
Net interest and bank fees paid	**(7.3)**	(2.9)
Net taxation paid	**(9.1)**	(3.9)
Proceeds from asset disposals	**1.9**	9.0
Net gains on asset disposals	**(1.7)**	(2.8)
Legal fees to defend patent infringement claim	**–**	(5.6)
Other operating cash and non-cash movements (NGM O)	**(0.8)**	0.5
Purchase of property, plant and equipment	**(23.1)**	(15.9)
Purchase of property, plant and equipment held for rental	**(0.6)**	(0.5)
Purchase of intangible assets	**(10.9)**	(5.6)
Free cash flow	**(0.5)**	(60.4)
Reconciliation to the consolidated statement of cash flows:		
Net cash inflow/(outflow) from operating activities	**49.3**	(36.8)
Net interest and bank fees paid	**(7.3)**	(2.9)
Proceeds from disposal of property, plant and equipment	**1.9**	6.6
Purchase of property, plant and equipment	**(23.1)**	(15.9)
Purchase of intangible assets	**(10.9)**	(5.6)
Payment of lease liabilities, principal and interest	**(10.4)**	(8.0)
Net proceeds on disposal of lease liabilities	**–**	2.2
Free cash flow	**(0.5)**	(60.4)

i. All above items appear in the consolidated statement of cash flows, unless stated.
ii. 2022 has been restated to include purchases of property, plant and equipment and purchases of intangible assets. Additionally, the reconciliation to the consolidated statement of cash flows has been restated to start from 'Net cash inflow/(outflow) from operating activities' which is the closest comparable IFRS measure to free cash flow.

Non-GAAP Measures continued

Other Non-GAAP Measures

Q. 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 R).

Calculation definition: The amount in cents returned to Ordinary shareholders.

	2023 cents	2022 cents
Interim dividend	**5.0**	4.5
Final dividend	**5.0**	4.5
	10.0	9.0

R. 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.

	2023		2022	
	Adjusted cents	**Reported cents**	Adjusted cents	Reported cents
Earnings/(loss) per share				
Basic (NGM B/note 10)	**21.4**	**73.8**	5.0	(2.8)
Diluted (NGM B/note 10)	**20.3**	**70.0**	4.7	(2.8)
Dividend (NGM Q)	**10.0**	**10.0**	9.0	9.0
Dividend cover				
Basic	**2.1x**	**7.4x**	0.6x	n/a
Diluted	**2.0x**	**7.0x**	0.5x	n/a

S. 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.

	2023 $m	2022 $m
Average monthly gross capital employed (13-point average)	**936.1**	821.3
Adjusted operating profit (NGM B)	**61.0**	14.6
Adjusted share of associates' and joint ventures' results (NGM B)	**(0.6)**	(2.7)
	60.4	11.9
Return on average capital employed	**6%**	1%

Financial Record

	2023 $m	2022 $m	2021 $m	2020 $m	2019 $m
Revenue	**929.1**	725.8	521.6	626.0	960.0
EBITDA	**103.0**	52.0	3.1	26.1	139.7
Depreciation and non-adjusting amortisation and impairment	**(42.0)**	(37.4)	(38.2)	(42.5)	(45.4)
Operating profit/(loss)	**61.0**	14.6	(35.1)	(16.4)	94.3
Net finance expense	**(10.4)**	(1.7)	(2.0)	(3.0)	(1.2)
Share of associates' and joint ventures' results	**(0.6)**	(2.7)	(3.5)	–	–
Profit/(loss) before tax	**50.0**	10.2	(40.6)	(19.4)	93.1
Taxation	**(14.1)**	(1.3)	(4.9)	0.9	(17.0)
Profit/(loss) for the year	**35.9**	8.9	(45.5)	(18.5)	76.1
	cents	cents	cents	cents	cents
Basic earnings/(loss) per share	**21.4**	5.0	(27.1)	(10.0)	45.0
Diluted earnings/(loss) per share	**20.3**	4.7	(27.1)	(10.0)	43.9
Dividend per share[ii]	**10.0**	9.0	8.0	9.0	5.0
	$m	$m	$m	$m	$m
Balance sheet					
Property, plant and equipment	**254.5**	256.7	274.4	307.1	354.7
Right-of-use assets	**26.2**	26.0	24.7	29.8	36.7
Goodwill and other intangible assets	**195.2**	191.2	200.3	207.1	308.7
Working capital	**415.9**	362.8	278.0	358.3	433.3
Associates and joint ventures	**20.5**	20.1	19.4	18.1	0.7
Taxation (current and deferred)	**82.7**	4.0	1.4	6.0	19.8
Provisions	**(7.5)**	(8.9)	(8.1)	(8.9)	(8.4)
Other net assets	**3.0**	4.3	2.7	1.6	0.4
Capital employed	**990.5**	856.2	792.8	919.1	1,145.9
Total cash and bank	**(0.8)**	24.5	114.2	101.7	127.0
Lease liabilities	**(28.7)**	(30.6)	(31.8)	(40.3)	(45.2)
Other borrowings	**(3.9)**	(3.9)	(3.9)	(3.9)	(3.9)
Net (debt)/cash	**(33.4)**	(10.0)	78.5	57.5	77.9
Net assets	**957.1**	846.2	871.3	976.6	1,223.8
Non-controlling interests	**(3.3)**	(1.6)	(1.4)	(12.2)	(15.9)
Equity attributable to owners of the parent	**953.8**	844.6	869.9	964.4	1,207.9
	cents	cents	cents	cents	cents
Net assets per share	**580.4**	513.2	528.4	592.2	733.3

i. Income statement is presented after the impact of adjusting items.
ii. Dividend per share is stated on a declared basis.

Shareholder and Statutory Information

Registered office

30 Panton Street
London
SW1Y 4AJ

Company Number: 00974568 (Registered in England and Wales)

Telephone: +44 (0)20 7321 0123

Email: lon.ir@hunting-intl.com

LinkedIn: https://www.linkedin.com/company/hunting-energy-services/

Financial calendar

The Company's 2024 financial calendar is as follows:

Date	Event
29 February 2024	2023 Full Year Results Announcement
29 February 2024	2023 Final Dividend – Announcement date
14 March 2024	Publication of Annual Report and Notice of AGM
11 April 2024	Final Dividend – Ex-dividend date
12 April 2024	Final Dividend – Record date
17 April 2024	Trading Statement
17 April 2024	AGM and Proxy Voting Results of AGM
10 May 2024	Final Dividend – Payment date
8 July 2024	Trading Statement
29 August 2024	2024 Half Year Results Announcement
29 August 2024	2024 Interim Dividend – Announcement date
3 October 2024	Interim Dividend – Ex-dividend date
4 October 2024	Interim Dividend – Record date
24 October 2024	Trading Statement
25 October 2024	Interim Dividend – Payment date

Financial reports

The Company's 2023 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 2023, the Company had 1,263 Ordinary shareholders (2022 – 1,285) who held 164.9m (2022 – 164.9m) Ordinary shares analysed as follows:

	2023		2022	
	% of total shareholders	**% of total shares**	% of total shareholders	% of total shares
Size of holdings				
1 – 4,000	**71.3**	**0.5**	72.3	0.5
4,001 – 20,000	**10.0**	**0.7**	10.2	0.7
20,001 – 40,000	**4.2**	**0.9**	3.4	0.8
40,001 – 200,000	**7.4**	**5.4**	7.7	5.7
200,001 – 500,000	**2.3**	**5.4**	2.2	5.6
500,001 and over	**4.8**	**87.1**	4.2	86.7

Further information on share capital can be found in note 33.

Shareholder and Statutory Information continued

Annual General Meeting 2024

The AGM of the Company will take place on Wednesday 17 April 2024 at the Royal Automobile Club, 89 Pall Mall, London SW1Y 5HS, commencing at 10.30a.m.

Format and business of meeting
The 2024 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 15 April 2024, 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 15 April 2024.

A new Directors' Remuneration Policy (the "Policy") will be put to shareholders for approval. The Policy is binding which means that after it takes effect, all payments to Directors by way of remuneration or for loss of office after that date must be made in accordance with the Policy. If approved, the Policy will take effect from the end of the AGM and will replace the Remuneration Policy approved by shareholders in 2021. The Policy can be found on pages 137 to 145 of the Company's 2023 Annual Report and Accounts.

As part of the routine business to be considered at the AGM, all Directors' will submit themselves for reappointment.

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.

Non-financial information and sustainability 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 28 to 39);
- environmental matters, including impact of the Company's business on the environment (pages 38, 69 to 73, and 82 to 95);
- employees (pages 31, and 33 to 35);
- respect for human rights (pages 34 and 78); and
- anti-bribery and corruption matters (pages 33 to 37 and 78).

Included within these disclosures are details of policies, outcomes, risk factors and related key performance indicators.

In compliance with The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, the Company has disclosed information that covers the eight areas required under section 414 CB of the Companies Act 2006. These disclosures form part of the Company's TCFD disclosures for 2023, which can be found on pages 82 to 95 of this report. Hunting has reported against all four pillars and 11 reporting areas as required by TCFD.

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, is the basis used by the Directors in assessing performance and aids a more effective comparison of the Group's financial performance from one period to the next.

AGM
Annual General Meeting.

B

Basic EPS / (LPS)*
Basic earnings / (loss) per share – calculated by dividing the earnings / (loss) 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.

BEIS
The UK Government's Department for Business, Energy & Industrial Strategy.

bn
Billion.

bopd
Barrels of Oil per Day.

C

c
Cents.

c.
Circa.

°C
The degree Celsius is a unit commonly used to measure temperature. The Celsius scale is created by defining 0°C as the freezing point of water and 100°C as the boiling point of water.

CAD
Canadian dollar.

CAGR
Compound Annual Growth Rate.

Capital employed*
See NGM J.

Capital investment – "Capex"*
See NGM N.

CCUS
Carbon Capture, Usage and Storage.

CDP
Carbon Disclosure Project.

CEO
Chief Executive Officer.

CFO
Chief Financial Officer.

CGU
Cash-generating unit.

CMD
Capital Markets Day.

CNOOC
Chinese National Offshore Oil Corporation.

CNY
Chinese Yuan Renminbi.

CO_2
Carbon dioxide.

CO_2e
Carbon dioxide equivalent.

CO_2 intensity factor
Scope 1 and 2 carbon dioxide equivalent metric, reported as kilogrammes per $'000 of revenue.

CRA
Corrosion Resistant Alloys.

CRFD
Climate-Related Financial Disclosures.

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) 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 potential 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 R.

DNS
Domain Name System security, this refers to the technique of defending DNS infrastructure from cyber attacks.

Downhole
Downhole refers to something that is located within the wellbore.

Dividend Per Share Declared*
See NGM Q.

DTA
Deferred Tax Assets.

Glossary continued

E

E&P
Exploration and Production.

EBITDA*
See NGM C.

EBT
Employee Benefit Trust.

ED
Executive Director.

EMEA
Europe, Middle East and Africa.

EPS
Earnings Per Share.

ERP
Enterprise Resource Planning.

ESEF
European Single Electronic Format.

ESG
Environmental, Social and Governance.

ETP
Effluent Treatment Plant.

ETR
Effective Tax Rate.

EUR
Euro.

Exajoules
A unit used to measure energy. 1 exajoule is equivalent to approximately 163.46 million barrels of oil equivalent.

ExCo
The Hunting Executive Committee.

F

FCA
Financial Conduct Authority.

FCCR
Fixed Charge Cover Ratio.

FCF
Free Cash Flow.

FPSO
Floating Production, Storage and Offloading.

FRC
Financial Reporting Council.

Free cash flow*
See NGM P.

FTSE 250
The Financial Times Stock Exchange 250 share index is a weighted index of the 250 largest companies by free float market capitalisation after the top 100.

G

GAAP
Generally Accepted Accounting Principles.

GBP
British pound sterling.

GHG
Greenhouse Gas.

GITC
General IT Controls.

GM
General Manager.

GRN
Goods Received Note.

GW
Gigawatts.

GWh
Gigawatt hour – 1 billion watt hours.

H

H1
The first half of the year, comprising the first and second quarter.

H2
The second half of the year, comprising the third and fourth quarter.

HPSP
Hunting Performance Share Plan.

HR
Human Resources.

HRSP
Hunting Restricted Share Plan.

HSE
Health, Safety and Environment.

I

IAS
International Accounting Standards.

ICBC
Industrial and Commercial Bank of China.

IEA
International Energy Agency.

IFRS
International Financial Reporting Standards as adopted by the United Kingdom.

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.

ISO
International Organization for Standardization.

IT
Information Technology.

Glossary continued

J

JV
Joint Venture.

K

k
Thousand.

kft²
Thousands of Square Feet.

KPI
Key Performance Indicator.

kl
Kilolitre.

km
Kilometre.

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.

LTIP
Long-Term Incentive Plan.

M

m
Million.

m²
Square Metre.

M&A
Mergers and Acquisitions.

mft
Millions of Feet.

mmBtu
1 million British Thermal Units.

mmtpa
1 million Tonnes per Annum.

MW
Megawatts.

MWD / LWD
Measurement-While-Drilling / Logging-While-Drilling.

N

NCI
Non-controlling Interest.

Net Cash/(Debt)*
See NGM L.

NGM
Non-GAAP Measure – see pages 239 to 244.

NMFR
Near-Miss Frequency Rate is calculated by multiplying the number of near-miss incidents by 200,000 and then dividing that number by the number of labour hours worked.

NOK
Norwegian Kroner.

Non-GAAP Measure
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 (see pages 239 to 244).

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.

p.a.
Per Annum.

PBT
Profit Before Tax.

PCB
Printed Circuit Board.

PPE
Property, Plant and Equipment.

PSP
Performance Share Plan.

PSU
Performance Stock Unit.

Q

Q1
The first quarter of the year, comprising January, February and March.

Q2
The second quarter of the year, comprising April, May and June.

Q3
The third quarter of the year, comprising July, August and September.

Q4
The fourth quarter of the year, comprising October, November and December.

QAHSE
Quality Assurance, Health, Safety and Environment.

QMS
Quality Management System.

Glossary continued

R

R&D
Research and Development.

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 S.

RSU
Restricted Stock Unit.

S

S&P
Standard & Poor's.

Sales order book
The value of all unsatisfied orders from customers and is expected to be recognised as revenue in future periods. The sales order book represents the aggregate amount of the transaction price allocated to partially or fully unsatisfied performance obligations as defined in IFRS 15.

SASB
Sustainability Accounting Standards Board.

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.

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.

Scope 3
Scope 3 emissions are all other indirect emissions that are not produced by the company itself and are not the result of activities from assets owned or controlled by them, but by those that it's indirectly responsible for up and down its value chain.

SDG
The United Nations Sustainable Development Goal.

SID
Senior Independent Director.

T

3D
Three-dimensional.

TCFD
Task Force on Climate-related Financial Disclosures.

TES
Total Energy Supply.

tn
Trillion.

Total cash and bank*
See NGM K.

Trade payables days*
See NGM H.

Trade receivables days*
See NGM G.

TSR*
Total Shareholder Return – the net share price change plus the dividends paid during that period.

U

UAE
United Arab Emirates.

UK
United Kingdom.

US
United States.

USD
US Dollar.

W

Wellbore
The wellbore refers to the drilled hole.

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.

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.

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.

Working capital*
See NGM E.

WTI
West Texas Intermediate – the price per barrel of Texas light sweet crude oil.

WTW
WillisTowersWatson.

X

XHTML
Extensible HyperText Markup Language.

Z

ZLD
Zero Liquid Discharge.

*Non-GAAP measure.

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