Chairman's Statement

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

John (Jay) F. Glick
Chairman

Introduction

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

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

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

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

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

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

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

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

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

Financial Performance

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

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

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

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

Dividends

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

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

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

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

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

Hunting 2030 Strategy

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

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

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

Governance

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

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

Hunting's well testing facility in the Netherlands.

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

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

Conclusion

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

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

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

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

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

John (Jay) F. Glick
Chairman

2 March 2023

$725.8m

Revenue

13%

Dividend increase year-on-year

Chief Executive's Report

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

Jim Johnson
Chief Executive

Introduction

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

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

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

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

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

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

Market Summary

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

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

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

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

Group Financial Summary

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

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

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

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

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

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

$725.8m

Revenue

24%

Gross margin

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

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

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

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

Strategic Initiatives

i. Expansion of Subsea Technologies Business Group

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

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

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

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

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

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

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

Our employees remain Hunting's most important asset.

ii. Non-Oil and Gas Diversification

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

iii. Formation of Global Energy Transition Sales Group

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

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

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

iv. Launch of New Technology

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

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

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

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

v. Operational Footprint

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

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

Launch of Hunting 2030

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

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

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

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

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

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

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

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

Outlook

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

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

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board

Jim Johnson
Chief Executive

2 March 2023

Market Summary

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

Introduction

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

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

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

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

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

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

Commodity Prices

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

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

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

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

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

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

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

Global Drilling Spend

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

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

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

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

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

Global Rig Counts

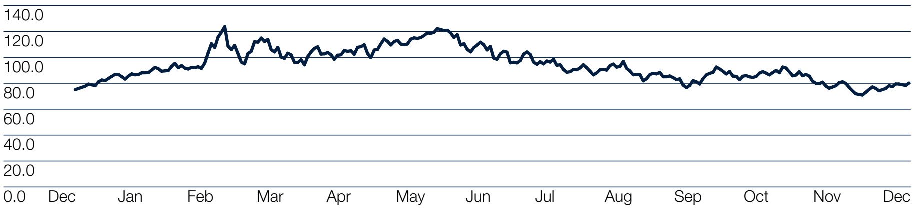
Global rig counts reported similar growth trends as exploration and production companies re-commenced activity.

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

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

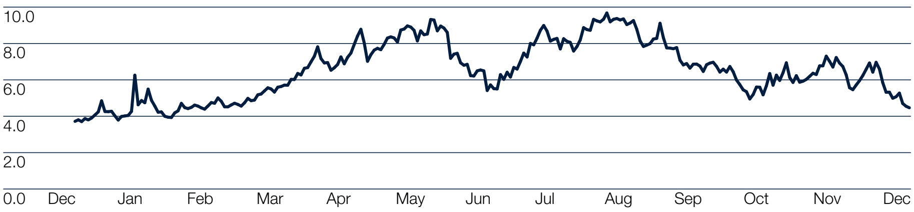
Going forward, 2023 is projected to see steady growth in the rig count, with a 14% increase anticipated, this being led by offshore activity, where a 18% increase in active units is forecast.

WTI Oil Price
$ per barrel



Source: FT.com.

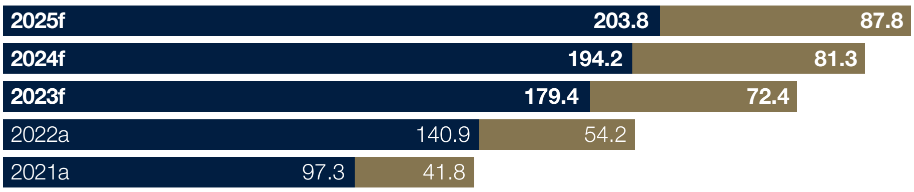
Henry Hub Gas Price
$ per mmBtu



Source: FT.com.

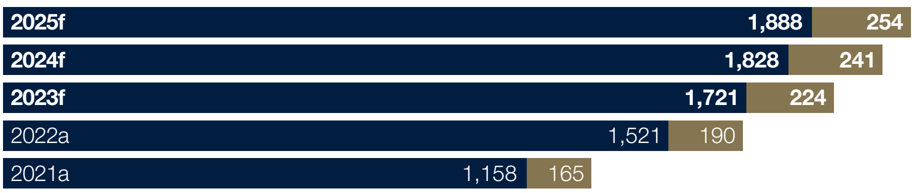
Global offshore drilling spend is poised to grow 34% in 2023.

Global Drilling Spend
($bn)
● Onshore ● Offshore



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

Global Rig Counts
(#)
● Onshore ● Offshore



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

North America Drilling Spend

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

North America Rig Counts

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

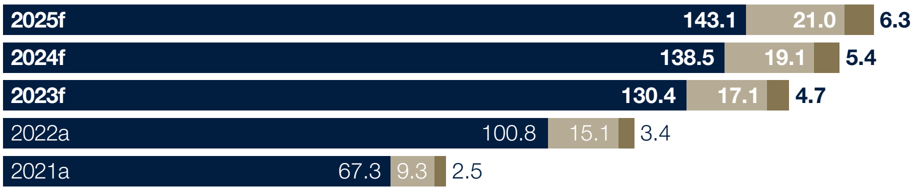
International Drilling Spend

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

International Rig Counts

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

North America Drilling Spend
($bn)
● US onshore ● Canada ● US offshore

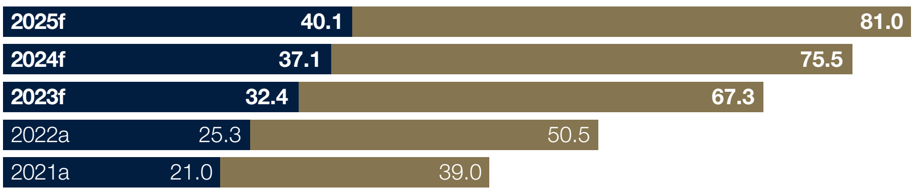


Source: Spears & Associates – December 2022 Drilling and Production Report.

North America Rig Counts
(#)
● US onshore ● Canada ● US offshore

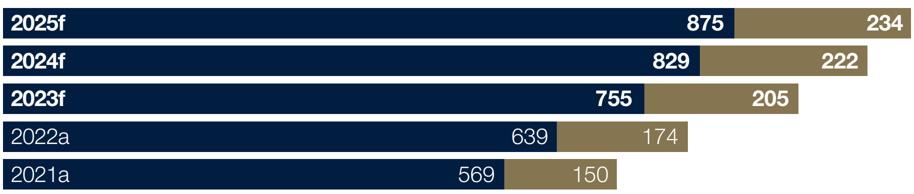
Source: Spears & Associates – December 2022 Drilling and Production Report.

International Drilling Spend
($bn)
● Onshore ● Offshore



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

International Rig Counts
(#)
● Onshore ● Offshore



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

Non-Oil and Gas Markets – Geothermal

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

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

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

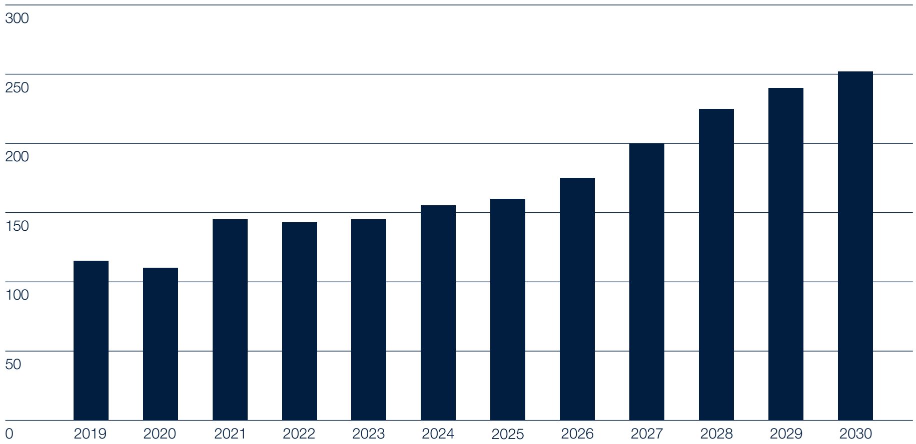
Non-Oil and Gas Markets – Carbon Capture

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

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

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

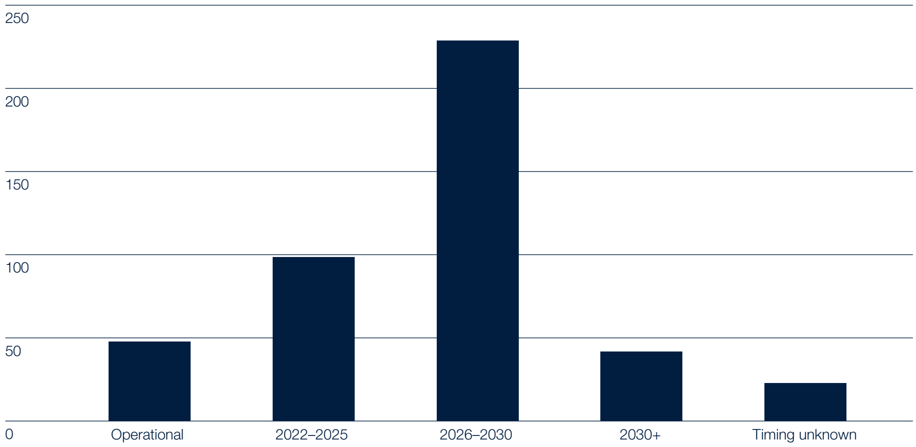
Geothermal Market Projections
('000s tonnage of OCTG)



Source: Rystad Energy OCTG dashboard.

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

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



Source: Wood MacKenzie.

Group Review

Bruce Ferguson
Finance Director

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

Introduction

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

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

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

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

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

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

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

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

Basis of Preparation

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

Market Summary

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

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

Results from Operations

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

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

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

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

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

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

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

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

Group Segment Summary

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

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

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

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

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

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

Adjusting Items

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

Non-GAAP Profit Measures

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

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

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

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

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

Cash Flow

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

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

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

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

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

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

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

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

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

Adjusting Items

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Balance Sheet

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

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

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

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

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

Balance Sheet

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

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

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

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

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

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

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

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

Financial Capital Management

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

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

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

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

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

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

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

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

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

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

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

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

$150.0m Asset Based Lending Facility
On 7 February 2022, the Company concluded a refinancing of its core borrowing facilities by entering into a $150m Asset Based Lending ("ABL") facility. The ABL facility has a four-year term maturing on 7 February 2026 and replaces the $160.0m Revolving Credit Facility. An accordion feature of up to $50.0m has also been agreed. Assuming there is lender support to do so at the appropriate time, this feature allows the Company to increase the total facility quantum to $200.0m.

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

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

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

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

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

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

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

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

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

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

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

On behalf of the Board

Jim Johnson
Chief Executive

Bruce Ferguson
Finance Director

2 March 2023

Hunting Titan

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

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

Introduction

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

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

Market Overview

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

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

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

Segment Performance

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

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

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

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

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

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

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

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

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

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

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

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

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


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

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

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

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

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

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

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

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

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

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


Hunting Titan has invested in additional detonating cord capacity.

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

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

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

North America

		2022	2021
Market Indicators*			
US land – average rig count	#	**705**	460
US offshore – average rig count	#	**15**	14
US – total drilling spend	$bn	**104.2**	69.8
Canada – average rig count	#	**178**	130
Canada – total drilling spend	$bn	**15.1**	9.3
Revenue			
OCTG and Premium Connections	$m	**154.3**	97.1
Advanced Manufacturing	$m	**67.3**	55.4
Subsea Technologies	$m	**69.0**	58.8
Intervention Tools	$m	**10.5**	5.8
Other product lines	$m	**24.0**	15.8
External revenue	$m	**325.1**	232.9
Inter-segment revenue	$m	**24.6**	21.7
Segment revenue	$m	**349.7**	254.6
Profitability			
EBITDA	$m	**30.1**	6.0
EBITDA margin	%	**9**	2
Operating profit (loss)	$m	**1.1**	(38.7)
Adjusting items	$m	**7.0**	22.6
Adjusted operating profit (loss)	$m	**8.1**	(16.1)
Adjusted operating margin	%	**2**	-6
Other Financial Measures			
Capital investment	$m	**7.2**	4.1
Property, plant and equipment	$m	**180.0**	195.1
Inventory	$m	**108.7**	78.1
Operational			
Headcount (year-end)	#	**973**	836
Headcount (average)	#	**909**	837
Sales order book – external	$m	**312.5**	156.4
Operating sites	#	**13**	14
Service and distribution centres	#	**2**	2
Operational footage	Kft²	**1,324**	1,380

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

Introduction

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

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

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

Market Overview

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

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

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

Segment Performance

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

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

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

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

OCTG and Premium Connections

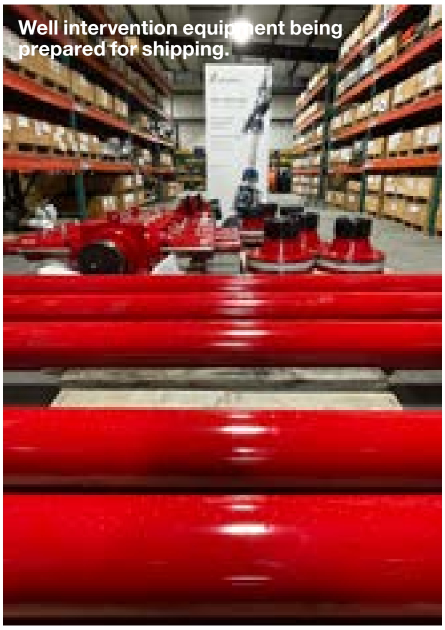
The Group's North America OCTG, Premium Connections and Accessories manufacturing businesses saw strong growth during 2022 as activity levels within Hunting's core trading markets accelerated.

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

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

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

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


Well intervention equipment being prepared for shipping.

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

Advanced Manufacturing

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

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

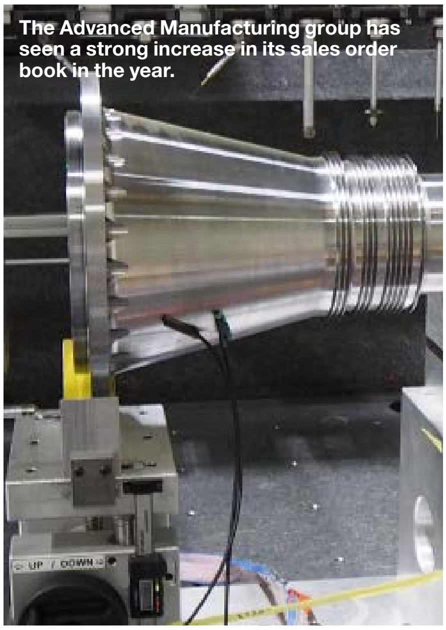
Within the Hunting Electronics business unit, the sales order book has also increased steadily in the year and reached $49.8m at the year-end. The business was impacted by supply constraints for microchips during the year, which affected all industries, and led to performance below management's expectations.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

Subsea Technologies

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

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

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


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

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

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

Well Intervention

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

Other Product Lines

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

Other Financial Information

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

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

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

EMEA
(Europe, Middle East and Africa)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Asia Pacific

		2022	2021
Market Indicators*			
Far East – average rig count	#	**171**	160
Far East – spend	$bn	**17.9**	12.6
Middle East – spend	$bn	**19.0**	16.5
Revenue			
OCTG and Premium Connections	$m	**68.6**	42.0
Other product lines	$m	**5.0**	4.6
External revenue	$m	**73.6**	46.6
Inter-segment revenue	$m	**6.8**	1.5
Segment revenue	$m	**80.4**	48.1
Profitability			
EBITDA	$m	**(0.7)**	(3.6)
EBITDA margin	%	**-1**	-7
Operating loss	$m	**(3.4)**	(6.8)
Adjusting items	$m	**–**	(0.1)
Adjusted operating loss	$m	**(3.4)**	(6.9)
Adjusted operating margin	%	**-4**	-14
Other financial measures			
Capital investment	$m	**2.6**	0.4
Property, plant and equipment	$m	**7.7**	6.5
Inventory	$m	**19.3**	18.8
Operational			
Headcount (year-end)	#	**309**	302
Headcount (average)	#	**301**	341
Sales order book – external	$m	**102.4**	19.7
Operating sites	#	**3**	4
Operational footage	Kft²	**531**	545

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

Introduction

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

Market Overview

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

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

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

Segment Performance

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

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

OCTG and Premium Connections

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

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

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

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

India Joint Venture

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

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

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

New Technology

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

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

Other Financial Information

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

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

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