

Baker Hughes Denmark ApS
Central Business Registration No 18064898

ANNUAL REPORT

December 31, 2023

The Annual General Meeting adopted the annual report on 8 July 2024

Chairman of the General Meeting

DocuSigned by:

Jeroen Lakerveld

Name:

Jeroen Lakerveld

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Entity details

Entity

Baker Hughes Denmark ApS
c/o TMF Denmark A/S
H.C. Andersens Boulevard 38, 3. th
DK-1553 København V

Central Business Registration No: 18064898
Registered in: København
Financial year: 01.01.2023 - 31.12.2023

Phone: 70153866

Fax: 70153860

Internet: www.bakerhughes.com

Board of Directors

Jeroen Lakerveld (Chairman)
Valentina Baldini
Ole Juul Nielsen

Executive Board

Valentina Baldini

Auditors

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no 25 57 81 98

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today considered and approved the annual report of Baker Hughes Denmark ApS for the financial year 01.01.2023 - 31.12.2023.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position as of 31.12.2023 and of the results of its operations and cash flows for the financial year 01.01.2023 -31.12.2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 8 July 2024

Executive Board

Valentina Baldini
CEO

Board of Directors

DocuSigned by:

Jeroen Lakerveld
Chairman

DocuSigned by:

Valentina Baldini

DocuSigned by:

Ole Juul Nielsen

Independent auditor's report

To the shareholders of Baker Hughes Denmark ApS

Opinion

We have audited the financial statements of Baker Hughes Denmark ApS for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 8 July 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Mikkel Trabjerg Knudsen

MNE34459

State Authorised

Public Accountant

Management commentary

Primary activities

The Company's activity comprises sales, rental of drilling equipment and services to the offshore industry.

Development in activities and finances

Profit for the year amounts to DKK 44.833 thousand compared to a loss in 2022 of DKK 3.660 thousand. Equity 31.12.2023 amounts to plus DKK 45.508 thousand compared to 2022 with minus DKK 34.325 thousand.

At 24 June 2024, the Company's owners contributed new capital to Baker Hughes Denmark ApS for an amount of DKK 35 million by debt conversion.

We are also referring to the section "The past year and follow-up on development expectations from last year" in regards to the explanation of the development of the activities in 2023.

Baker Hughes Denmark ApS has got access to the cash pool mechanism so in terms of liquidity the funds are available to the Company when required.

Description of material changes in activities and finances

The primary business of the Company comprise sales, rental of drilling equipment and primary services to the offshore industry. In 2023, the business segments of Baker Hughes Denmark ApS comprised the product lines Completion systems and Upstream chemicals. The primary business segments carried more than 66% of the Company's revenue for the current year.

The past year and follow-up on development expectations from last year

In 2023, the overall revenue in Denmark related to the primary activities were higher compared to previous years. As a result of decision to cease operations relating to the Well Stimulation Vessel as well as an increase coming from Drilling Services (DKK 77 millions), profitability for this entity has improved significantly.

Income Statement 31.12.2023

	Notes	2023 DKK	2022 DKK
Revenue		129,113,593	52,649,371
Cost of sales		(65,232,474)	(11,092,580)
Other external expenses		(6,887,546)	(15,539,114)
Gross profit		56,993,573	26,017,677
Staff costs	1	(6,324,808)	(9,213,094)
Depreciations		(141,064)	(226,392)
Operating profit / (loss)		50,527,701	16,578,191
Other financial income	2	2,360,234	2,470,494
Other financial expenses	3	(2,245,657)	(16,435,768)
Profit before tax		50,642,278	2,612,917
Tax on loss	4	(5,809,390)	(6,273,091)
Profit / (Loss) for the year	5	44,832,888	(3,660,174)

Balance sheet at 31.12.2023

	Notes	2023 DKK	2022 DKK
Plant and machinery		<u>1,464,269</u>	<u>562,293</u>
Property, plant and equipment		<u>1,464,269</u>	<u>562,293</u>
Other investments	6	<u>0</u>	<u>0</u>
Fixed assets investments		<u>0</u>	<u>0</u>
Fixed assets		<u>1,464,269</u>	<u>562,293</u>
Raw materials and consumables		839,083	756,313
Manufactured goods and goods for resale		<u>1,789,763</u>	<u>0</u>
Inventories		<u>2,628,846</u>	<u>756,313</u>
Trade receivables		43,467,842	2,951,730
Contract work in progress		13,733,630	0
Receivables from group enterprises		92,701,775	49,118,848
Other short-term receivables		23,550	1,552
Income tax receivables		<u>0</u>	<u>524,851</u>
Receivables		<u>149,926,797</u>	<u>52,596,981</u>
Cash at bank		<u>0</u>	<u>414,511</u>
Current assets		<u>152,555,643</u>	<u>53,767,805</u>
Assets		<u>154,019,912</u>	<u>54,330,098</u>

Balance sheet at 31.12.2023

	Notes	2023 DKK	2022 DKK
Contributed capital		588,540	588,540
Retained earnings		9,919,596	(34,913,292)
Equity		10,508,136	(34,324,752)
Trade payables		1,763,052	16,273,434
Debt to group enterprises		119,206,522	70,348,007
Income tax payables		3,127,789	0
Other payables		19,414,413	2,033,409
Current liabilities other than provisions		143,511,776	88,654,850
Liabilities other than provisions		143,511,776	88,654,850
Equity and liabilities		154,019,912	54,330,098
Contingent assets and liabilities	7		
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Statement of changes in equity for 2023

	<u>Contributed capital DKK</u>	<u>Retained earnings DKK</u>	<u>Total DKK</u>
Equity beginning of year	588,540	(34,913,292)	(34,324,752)
Profit for year	0	44,832,888	44,832,888
Equity end of year	<u>588,540</u>	<u>9,919,596</u>	<u>10,508,136</u>

Notes

	2023	2022
	DKK	DKK
1. Staff costs		
Wages and salaries	5,639,375	7,155,423
Pension costs	204,537	1,548,140
Other social security costs	480,896	509,531
	<u>6,324,808</u>	<u>9,213,094</u>
 Average number of employees	 5	 6
	2023	2022
	DKK	DKK
2. Other financial income		
Exchange rate adjustments	1,006,141	1,728,543
Interest received from group enterprises	1,354,093	741,951
	<u>2,360,234</u>	<u>2,470,494</u>
	2023	2022
	DKK	DKK
3. Other financial expenses		
Interest paid to 3rd party	0	1,457,008
Interest paid to group enterprises	2,143,482	1
Exchange rate adjustments	0	14,952,144
Other financial expenses	102,175	26,615
	<u>2,245,657</u>	<u>16,435,768</u>
	2023	2022
	DKK	DKK
4. Tax on loss for the year		
Current other withholding tax	178,162	27,881
Current tax	3,652,640	0
Current tax adjustment related to prior years	1,978,588	6,245,210
	<u>5,809,390</u>	<u>6,273,091</u>

Notes

	2023 DKK	2022 DKK'000
5. Proposed distribution of profit / (loss)		
Retained earnings	44,832,888	(3,660,174)
	44,832,888	(3,660,174)

	Other investments DKK
6. Fixed assets investments	
Cost at 1 January 2023	79,133,838
Cost at 31 December 2023	<u>79,133,838</u>
Impairment losses at 1 January 2023	(79,133,838)
Impairment losses at 31 December 2023	<u>(79,133,838)</u>
Carrying amount at 31 December 2023	<u>0</u>

Investments in associates comprise:	Registered in	Corporate form	Equity interest (%)	2023 Equity DKK	2023 Profit/(loss) DKK
Baker Hughes Argentina SRL	Argentina	SRL	5.0	483,092,917	201,606,335

Management continue to monitor the entity's performance. The outlook is more positive but due to the economic uncertainty management have decided to retain the impairment with a view to revisiting the valuation in 2024.

Notes

7. Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Between July 2017 and September 2019 the Management Company of the Danish joint taxation group was AcceptFinans ApS/GE Global Holding Denmark ApS.

From September 2019, Baker Hughes Denmark ApS became the head of the joint taxation group.

Baker Hughes Denmark ApS is party to minor pending lawsuits. In management's opinion, the outcome of the lawsuits will not affect the Company's financial position.

8. Related parties with controlling interest

The following related parties have a controlling interest in Baker Hughes Denmark ApS:

<u>Name</u>	<u>Registered office</u>	<u>Basis of influence</u>
Baker Hughes Nederland Holdings B.V.	The Netherlands	Holds more than 50% of the voting share capital or of the nominal value of the share capital.

9. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Baker Hughes Company, 1209 Orange Street, Wilmington, Delaware, United States of America.

The consolidated annual report on Form 10-K can be obtained at www.bakerhughes.com.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with opt-in form higher reporting class.

The accounting policies applied for these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Revenue

Revenue is recognised as earned. Revenue is earned when the product is delivered and title passes, the service has been rendered or, in the case of rentals, passage of time or other contractual obligations have been met. Revenue is recognised net of VAT, duties and sales discounts.

Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

Other external expenses

Other external expenses comprise expenses for distribution, sale, marketing, administration, premises, bad debts, etc.

Accounting policies (continued)

Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciations

Depreciations relating to property, plant and equipment comprise depreciations for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprise interest income, realised and unrealised capital gains on transactions in foreign currencies and forward contracts as well as tax surcharge and relief under the Danish Tax Prepayment Scheme.

Other financial expenses

Other financial expenses comprise interest expenses, realised and unrealised capital losses on transactions in foreign currencies and forward contracts as well as tax surcharge relief repayment under the Danish Tax Prepayment Scheme.

Income taxes

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Balance sheet

Property, plant and equipment

Plant and machinery are measured at cost less accumulated depreciation and impairment losses.

Fixed assets acquired from affiliated companies are accounted for at initial cost and depreciation for the year is based on historical cost. Fixed assets are, however, adjusted for depreciation at the beginning of the year. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-4 years
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Property, plant and equipment are written down to the lower of recoverable amount and carrying amount. Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale.

Accounting policies (continued)

Other investments

Other investments are measured at cost. Where cost exceeds the net realisable value, the investments are impaired to this lower value.

Inventories

Inventories are measured at the lower of cost using the net realisable value. Cost of goods for resale, raw materials and consumables consists of purchase price plus delivery costs. Cost of manufactured goods consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equaling nominal value less write-downs for bad and doubtful debts.

Income tax receivable or payable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset. Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accounting policies (continued)

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value. Contract work in progress is recognised in the balance sheet as receivables or payables, respectively.

Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of contract work in progress where progress billings exceed the selling price.