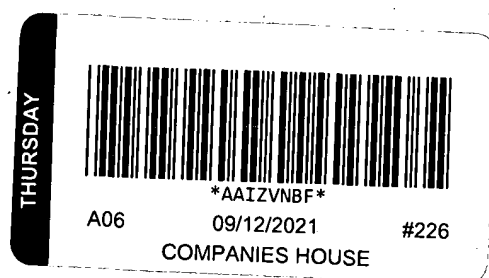


Registered No: 400176

OneSubsea UK Limited

Annual report and Financial Statements

Year ended 31 December 2020



OneSubsea UK Limited

Registered No: 400176

Company Information

Directors

S W McCloud
M A Boulby
G E Varn (appointed 20 January 2021)

Secretary

Abogado Nominees Limited

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT
United Kingdom

Principal Banker

Royal Bank of Scotland PLC
250 Bishopsgate
London
EC2M 4AA

Solicitors

Baker & McKenzie
100 New Bridge Street
London
EC4V 6JA

Registered Office

100 New Bridge Street
London, United Kingdom
EC4V 6JA

OneSubsea UK Limited

Registered No: 400176

Strategic report

The directors present their Strategic report for the year ended 31 December 2020. The previous financial statements reported the company's results for the year ended 31 December 2019.

Review of the business

The company's principal activity during the year was the design, manufacture, and sale of a wide range of engineering products for the oil, gas transmission, electrical and other engineering industries.

The company holds an overseas Italian branch with minimal activity remaining.

The company's key financial and other performance indicators during the year were as follows:

| | <i>Year ended 31 December 2020 \$000</i> | <i>Year ended 31 December 2019 \$000</i> | <i>Comparable Change %</i> |
|-------------------------------|--|--|------------------------------------|
| Turnover | 274,714 | 386,997 | -29% |
| Gross (loss)/profit | (9,459) | 42,502 | -122% |
| Operating loss | (129,037) | (59,560) | 117% |
| Loss after tax | (131,375) | (103,635) | 27% |
| Shareholders' (deficit)/funds | (3,364) | 137,541 | -102% |

Turnover

Turnover for the year ended 31 December 2020 was at \$274,714,000 and represents a 29% decrease from comparable turnover for the year ended 31 December 2019 of \$386,997,000. The decrease is primarily due to economic contraction as a result of declining oil prices and the Covid-19 pandemic, which pushed the completion phase of the projects into 2021 and beyond.

The effects of Covid-19 have continued into 2021. However, from a macro perspective, the rise in oil prices, the ongoing Covid-19 vaccine rollout, and multinational economic stimulus actions drive optimism for a meaningful oil demand recovery throughout 2021 and beyond.

Gross (loss)/profit

Besides the activity decline as a result of the economic conditions explained above, one major project that the company had become loss making, thus significantly deteriorating the margin. As a result, the Company made a gross loss for the year ended 31 December 2020 of \$9,459,000 compared to the prior year 2019 when the Company obtained a gross profit of \$42,502,000.

Operating loss

The results of the Company show an operating loss for year ended 31 December 2020 of \$129,037,000 (year ended 31 December 2019: \$59,560,000).

In addition to the overall drop in turnover due to Covid-19 outbreak and declining oil prices (explained above) which impacted on the overall profitability, in 2020 the Company incurred increased administrative expenses which significantly impacted on the operating result.

The most important factors that influenced this year's loss are mainly attributable to the provision recognised during the year for rental agreements following a facility rationalization exercise, in amount of \$12,417,000

OneSubsea UK Limited

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Strategic report (continued)

and an increase in the provision for bad debt with Angola in amount of \$5,923,000 (2019: \$399,000), both of which are recognised in administrative expenses.

In addition to this, the Company is the principal entrepreneur of the One Subsea business taking on in this role, the main commercial risk and being the customer facing entity. It performs the key entrepreneurial functions and bears the risk of the global business whilst the local OneSubsea entities perform a range of contract manufacturing, limited risk distribution and in-country service activities. The Covid-19 outbreak and the decline in oil price had also a negative impact on the entire OneSubsea business performance and as a result, the revenue share of the Company received from the OneSubsea group decreased in 2020.

Loss after tax

The Company made loss after tax of \$131,375,000 for the year (year ended 31 December 2019: loss after tax \$103,635,000).

Although the Company incurred a 117% increase in Operating loss during the year, the gap between the loss after tax in 2020 versus 2019 was significant lower (only 27%). This is because in 2019 the Company recognised an impairment for its investments in total amount of \$32,265,000. Also, in 2020 the tax charge in 2020 is lower than in 2019 due to a deferred tax not recognised.

Shareholders' (deficit)/funds

Total Shareholders' deficit for the year ended 31 December 2020 was \$ 3,364,000 (year ended 31 December 2019 total Shareholders' funds: 137,541,000), representing a decrease of 102% compared to the equivalent comparative period. The variation is represented by the current year result decrease which was explained above and by the share-based payment reserve slight increase.

The Company continues to be primarily focused on the supply of offshore subsea project systems segmented into the provision of new product and aftermarket supplies and services. Whilst activity levels declined in Africa, Asia, mainland Europe and the United Kingdom, in North and South America the activity has slightly increased.

The Company is appointed and continues to act as a Centre of Excellence for the manufacture and supply of subsea equipment within the Schlumberger group, and this continues to strengthen our position with our key customers.

The Company is well funded and well placed to continue to operate and serve its customer base and support business growth. The Company is supported by its immediate parent OneSubsea Holding Limited, which in turn is supported by the main financing entity within the Schlumberger Group.

There are no immediate funding restraints in delivering its current projects or servicing its creditors.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Schlumberger Limited group and are not managed separately. For an analysis of the principal risk factors affecting the Schlumberger Limited group, see item 1A, Risk Factors, in the 2020 Annual Report of Schlumberger Limited, copies of which can be obtained from www.slb.com.

OneSubsea UK Limited

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Strategic report (continued)

Section 172 of the Companies Act 2006

Directors' Statement on performance of their statutory duties

The Directors are required to act in a manner which complies with their duties as set out in the UK Companies Act 2006.

The Directors have a duty to promote the success of the Company for the benefit of the stakeholders as a whole and have regard to the interests of stakeholders in their decision making. The Directors, acting responsibly and in good faith, consider what is most likely to promote the success of the Company for its stakeholders in the long term.

The Directors are briefed on these duties when appointed and provided with training and professional advice from the Company Secretary and Corporate Entity Management team, or from external independent advisors if necessary.

The values of the Directors and the stewardship of the Company are aligned with those of the Schlumberger Group, details of which can be viewed at www.slb.com/globalstewardship

The following table summarises examples of the stakeholder groups and actions management has taken to develop engagement:

| Stakeholder | Engagement | Engagement actions |
|-------------|--|--|
| Employees | Diversity | Reflect the gender, cultural, and geographical diversity of the Company when considering employees' assignment allocation. The Company's Diversity & Inclusion policy is that of the Schlumberger Group, details of which can be viewed at: www.slb.com/who-we-are/guiding-principles/diversity-and-inclusion . |
| Employees | Global surveys on employee well being | Acting on results and implementing positive change. |
| Employees | In-house training and development | Provision of training opportunities through online academies and classroom programs. |
| Customers | Remain customer centric | Constantly align with our customers' ensuring their needs are our priority. |
| Community | Commitment to invest in local communities. | Continue to implement social risks management process. |

OneSubsea UK Limited

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Strategic report (continued)

Employee participation

Employees are regularly provided with information on matters of concern to them as employees of the OneSubsea UK Limited.

Consultations with employees or their representatives has continued at all levels to ensure that their views are taken into account when decisions are made that are likely to affect their interests. The Company endeavours to achieve a common awareness of all employees in relation to the financial and economic factors that affect the performance of the Company.

The Directors consider that they have acted in accordance with their duties under Section 172 in the decisions taken during the year ended 31 December 2020.

On behalf of the board

DocuSigned by:

Simon McCloud

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S McCloud

Director

29 November 2021

OneSubsea UK Limited

Registered No: 400176

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2020. The previous financial statements reported the company's results for the year ended 31 December 2019.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements, unless otherwise stated, were:

S W McCloud
M A Boulby
S Smoker (resigned 29 May 2020)
G E Varn (appointed 20 January 2021)

Qualifying third-party indemnity provisions

The Company had a qualifying third-party indemnity in force during the financial year and up to the date of approval of the financial statements. The qualifying third-party indemnity is purchased by Schlumberger Limited.

Results

The loss for the year after taxation amounts to \$ 131,375,000 (year ended 31 December 2019: \$103,635,000 loss). The directors do not recommend the payment of a dividend (2019: no dividend).

Disabled employees

The company gives full and fair consideration to applications for employment made by disabled persons and, where appropriate, would arrange for the retraining of those who become disabled whilst in employment. The company also endeavours to give equal opportunities of training, career development and promotion to all employees.

Employee involvement

The company recognises its responsibility to provide its employees with information of concern to them and to encourage their participation in the company's development. This is achieved by various means, including:

- (a) works committees
- (b) employee suggestion schemes
- (c) local notices and bulletins

Going Concern

The directors note that the company made an operating loss of \$ 129,037,000 (year ended 31 December 2019: operating loss of \$59,560,000). The company had net liabilities at 31 December 2020 and net assets at 31 December 2019. At year ended 31 December 2020, the company had net current liabilities of \$113,212,000, in comparison with year ended 31 December 2019, when the net current liability position was of \$7,080,000.

Despite the results above, the Schlumberger group has strong financial resources and the company is continuing in its role within the wider Schlumberger group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

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Directors' report (continued)**Going Concern (continued)**

The Directors have made a full assessment of the potential financial effects on Group results of the external trading environment, including the anticipated impact of Covid-19, and based on the overall impact of the situation on the Company's operations (including the recoverability of the carrying amount of assets, measurements of its assets and the net current liabilities of the Company as at 31 December 2020), the Directors of the Company consider it appropriate to prepare the financial statements on a going concern basis. In making this assessment, the directors have also taken into account a letter of support from the directors of its direct parent undertaking Onesubsea Holding Ltd, confirming that it would provide financial support to the company to enable it to meet its liabilities, should it be required, for a period of at least 12 months from the date of approval of these financial statements. Having received this letter, and having made the appropriate enquires of the directors of Onesubsea Holding Ltd, the directors of the Company are satisfied that Onesubsea Holding Ltd, would be able to provide support if necessary. Thus, the financial statements have been prepared using the going concern base of preparation. The Company will continue to monitor the Covid-19 situation, and to take appropriate and timely actions to minimise the impact where necessary.

Covid 19 Impact

The effects of the Covid-19 resulted in a significant and swift reduction in economic activity during 2020. These effects have adversely affected the demand for oil and natural gas, as well as for the Schlumberger Limited group's services and products.

These effects have included, and may continue to include, adverse revenue and net income effects; disruptions to Schlumberger Limited group's operations; customer shutdown of oil and gas exploration and production; employee impacts from illness, school closures and other community response measures; and temporary closure of the Schlumberger Limited group's facilities or the facilities of the Schlumberger Limited group's customers and suppliers.

The extent to which the Schlumberger Limited group's operating and financial results are affected by Covid-19 will depend on various factors and consequences beyond the Schlumberger Limited group's control, such as the duration and scope of the pandemic; additional actions by businesses and governments in response to the pandemic; and the speed and effectiveness of responses to combat the virus. Covid-19, and the volatile economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identify in the Directors' Report.

From a macro perspective, the rise in oil prices, the ongoing Covid-19 vaccine rollout, and multinational economic stimulus actions drive optimism for a meaningful oil demand recovery throughout 2021.

Future developments

Future developments are described within the Review of Business section of the Strategic Report. The directors do not anticipate any changes to the company's principal activities or ownership structure.

Financial risk management**Credit risk**

The key risk for the Company is related to the receivables from group undertakings. The Company could suffer from delayed loan repayments, as well as loss of principal and interest. In addition to this, the Company has a receivable balance with group undertakings in Angola, where the recoverability of such amounts is uncertain in light of restrictions on currency remittances.

In order to mitigate this risk, the Treasury function of the ultimate parent company Schlumberger Limited is managed centrally with regular reviews of financing and cash flow across the group.

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Directors' report (continued)

Capital risk

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Foreign exchange risk

The Company is exposed to foreign exchange risk, primarily with respect to cash pool balances in GBP. The Treasury function of the ultimate parent company Schlumberger Limited is managed centrally where foreign exchange risk is reviewed periodically and mitigated by using various financial instruments such as foreign currency hedging.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses an intercompany Cash pooling system. In addition, the Company has received financial support from Onesubsea Holding Ltd to help the Company to meet its obligations as they fall due if required.

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Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the reports and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

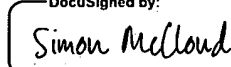
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP are deemed to be reappointed in accordance with an elective resolution made under section 386 of the Companies Act 1985 which continues in force under the Companies Act 2006.

On behalf of the board

DocuSigned by:

9CB9470FCA484FD...

S McCloud

Director

29 November 2021

OneSubsea UK Limited

Registered No: 400176

Independent auditors' report to the members of OneSubsea UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, OneSubsea UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; the Income statement, the Statement of comprehensive income, the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

OneSubsea UK Limited

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and the Director's report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and the Director's report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and the Director's report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and the Director's report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to The Health and Safety Act 1974, data protection requirements in the jurisdictions in which the Company operates and holds data (including The General Data Protection Regulation (GDPR)), The Companies (Miscellaneous Reporting) Regulations 2018, the Petroleum Act 1998, tax legislation, employment laws and failure to comply with environmental regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and

OneSubsea UK Limited

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opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates and judgements. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Performing audit procedures to address the risk of management override of controls, including testing journal entries and other adjustments for appropriateness and evaluating the business rationale of significant transactions outside the normal course of business;
- Challenging assumptions made by management in their significant accounting estimates and judgements,
- Incorporating elements of unpredictability into the audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Simon Bailey (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

2 December 2021

OneSubsea UK Limited

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Income statement

for the year ended 31 December 2020

| | | Year ended 31 December 2020 | Year ended 31 December 2019 |
|--|------|--------------------------------|--------------------------------|
| | Note | \$'000 | \$'000 |
| Turnover | 2 | 274,714 | 386,997 |
| Cost of sales | | (284,173) | (344,495) |
| Gross (loss)/profit | | (9,459) | 42,502 |
| Administrative expenses | | (119,578) | (102,062) |
| Operating loss | 3 | (129,037) | (59,560) |
| Interest receivable and similar income | 6 | 1,638 | 2,182 |
| Interest payable and similar expenses | 7 | (475) | (1,948) |
| Impairment of investments | 11 | - | (32,265) |
| Loss before taxation | | (127,874) | (91,591) |
| Tax on loss | 8 | (3,501) | (12,044) |
| Loss for the financial year | | (131,375) | (103,635) |

Statement of comprehensive income

for the year ended 31 December 2020

| | | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|------|--------------------------------|--------------------------------|
| | Note | \$'000 | \$'000 |
| Loss for the financial year | | (131,375) | (103,635) |
| Remeasurement loss recognised on pension scheme | 16 | (11,845) | (3,975) |
| Foreign exchange (loss)/gain on pension scheme assets and liabilities | 16 | (724) | 1,748 |
| Movement on deferred tax relating to pension liability | 8 | 2,232 | 379 |
| Total other comprehensive expense | | (10,337) | (1,848) |
| Total comprehensive expense for the financial year | | (141,712) | (105,483) |

All activities relate to continuing operations (year ended 31 December 2019: same).

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Statement of changes in equity

for the year ended 31 December 2020

| | <i>Called up share capital \$000</i> | <i>Share premium account \$000</i> | <i>Share based payment reserve \$000</i> | <i>Capital contribution reserve \$000</i> | <i>Profit and loss account \$000</i> | <i>Total Equity \$000</i> |
|--|--|--|--|---|--|-----------------------------------|
| At 1 January 2019 | 253 | 85,982 | 14,701 | 95,109 | 45,936 | 241,981 |
| Loss for the year | - | - | - | - | (103,635) | (103,635) |
| Other comprehensive expense | - | - | - | - | (1,848) | (1,848) |
| Total comprehensive expense for the year | - | - | - | - | (105,483) | (105,483) |
| Share based payments (note 19) | - | - | 1,043 | - | - | 1,043 |
| At 31 December 2019 | 253 | 85,982 | 15,744 | 95,109 | (59,547) | 137,541 |
| Loss for the year | - | - | - | - | (131,375) | (131,375) |
| Other comprehensive expense | - | - | - | - | (10,337) | (10,337) |
| Total comprehensive expense for the year | - | - | - | - | (141,712) | (141,712) |
| Share based payments (note 19) | - | - | 807 | - | - | 807 |
| At 31 December 2020 | 253 | 85,982 | 16,551 | 95,109 | (201,259) | (3,364) |

OneSubsea UK Limited

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Statement of financial position

as at 31 December 2020

| | | 31 December 2020 | 31 December 2019 |
|---|------|------------------|------------------|
| | Note | \$'000 | \$'000 |
| Fixed assets | | | |
| Intangible assets | 9 | 12,287 | 13,516 |
| Tangible assets | 10 | 44,074 | 59,180 |
| Investments | 11 | 16,108 | 16,108 |
| | | <u>72,469</u> | <u>88,804</u> |
| Current assets | | | |
| Stocks | 12 | 41,541 | 37,138 |
| Debtors | 13 | 220,746 | 247,086 |
| Cash at bank and in hand | | 1,399 | 236 |
| | | <u>263,686</u> | <u>284,460</u> |
| Creditors - amounts falling due within one year | 14 | (376,898) | (291,540) |
| Net current liabilities | | <u>(113,212)</u> | <u>(7,080)</u> |
| Total assets less current liabilities | | <u>(40,743)</u> | <u>81,724</u> |
| Provisions for Liabilities | 15 | (12,107) | - |
| Retirement benefit surplus | 17 | 49,486 | 55,817 |
| Net (liabilities) / assets | | <u>(3,364)</u> | <u>137,541</u> |
| Capital and reserves | | | |
| Called up share capital | 18 | 253 | 253 |
| Share premium account | 19 | 85,982 | 85,982 |
| Capital contribution reserve | 19 | 95,109 | 95,109 |
| Share based payment reserve | 19 | 16,551 | 15,744 |
| Profit and loss account | 19 | (201,259) | (59,547) |
| Total Shareholders' (deficit)/funds | | <u>(3,364)</u> | <u>137,541</u> |

The financial statements on pages 13 to 36 were approved for issue by the board of directors and signed on its behalf by:

DocuSigned by:

Simon McCloud

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S McCloud

Director

29 November 2021

OneSubsea UK Limited

Registered No: 400176

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies

Authorisation of financial statements and statement of compliance with FRS 102

General information

OneSubsea UK Limited is a privately owned company limited by shares. The Company is incorporated in the United Kingdom and the address of its registered office is 100 New Bridge Street, London, EC4V 6JA.

Statement of compliance

The Company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006 as it applies to the financial statements of the Company for the year ended 31 December 2020.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The principal accounting policies are set out below and have been applied consistently in the current and preceding period.

The financial statements are prepared in US Dollars which is the functional currency of the Company and is rounded to the nearest \$'000.

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Schlumberger Limited and is included in the group financial statements of that company.

Exemption for qualified entities under FRS 102

In its adoption of FRS 102, the Company as a qualifying entity has taken advantage of certain disclosure exemptions permitted, subject to certain conditions, which have been complied with, being the notification of, and no objection to the use of these exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows of Schlumberger Limited, includes the Company's cash flow. (FRS 102 paragraph 1.12(b));
- ii) from the financial instrument disclosures, required under FRS 102 as the information is provided in the consolidated financial statements of Schlumberger Limited (paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29);
- iii) from the related party transactions disclosures, required under FRS 102 as the information is provided in the consolidated financial statements of Schlumberger Limited (paragraph 33.1A);
- iv) from the key management personnel disclosures required under FRS 102 as the information is provided in the consolidated financial statements of Schlumberger Limited (paragraph 33.7A);
- v) from the share-based payment disclosure, required under FRS 102. The disclosure exemptions are available under 1.12(e) FRS102 due to the equivalent disclosures having been given in the Schlumberger Limited financial statements as the share-based payment is being settled in the equity instruments of another group entity. The disclosure exemption applied to the following section 26 disclosures are:

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Notes to the financial statements (continued)

For the year ended 31 December 2020

Exemption for qualified entities under FRS 102 (continued)

- Paragraph 26.18(b) of FRS 102 (the number and weighted average exercise prices of share options) for each of the following groups of options:
 - a) Outstanding at the beginning of the period.
 - b) Granted during the period.
 - c) Forfeited during the period.
 - d) Exercised during the period.
 - e) Expired during the period.
 - f) Outstanding at the end of the period.
 - g) Exercisable at the end of the period.
 - Paragraphs 26.19-26.21 (determination of fair values and information about modifications; and
 - Paragraph 26.23 (impact on profit or loss).
- vi) from preparation and delivering of group financial statements as the Company is a wholly owned subsidiary of Schlumberger Limited, a company incorporated in Curacao (a country within the Kingdom of the Netherlands), and its results are included in the publicly available consolidated financial statements of Schlumberger Limited (paragraph 9.3(c)).

The financial statements of Schlumberger Limited are available to the public from the address shown in note 20.

Going Concern

The directors note that the company made an operating loss of \$ 129,037,000 (year ended 31 December 2019: operating loss of \$59,560,000). The company had net liabilities at 31 December 2020 and net assets at 31 December 2019. At year ended 31 December 2020, the company had net current liabilities of \$113,212,000, in comparison with year ended 31 December 2019, when the net current liability position was of \$7,080,000.

Despite the results above, the Schlumberger group has strong financial resources and the company is continuing in its role within the wider Schlumberger group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully.

The Directors have made a full assessment of the potential financial effects on Group results of the external trading environment, including the anticipated impact of Covid-19, and based on the overall impact of the situation on the Company's operations (including the recoverability of the carrying amount of assets, measurements of its assets and the net current liabilities of the Company as at 31 December 2020), the Directors of the Company consider it appropriate to prepare the financial statements on a going concern basis. In making this assessment, the directors have also taken into account a letter of support from the directors of its direct parent undertaking Onesubsea Holding Ltd, confirming that it would provide financial support to the company to enable it to meet its liabilities, should it be required, for a period of at least 12 months from the date of approval of these financial statements. Having received this letter and having made the appropriate enquires of the directors of Onesubsea Holding Ltd, the directors of the Company are satisfied that Onesubsea Holding Ltd, would be able to provide support if necessary. Thus, the financial statements have been prepared using the going concern base of preparation. The Company will continue to monitor the Covid-19 situation, and to take appropriate and timely actions to minimise the impact where necessary.

Goodwill

Goodwill arising on the acquisition of subsidiaries and businesses, representing the excess of the fair value of the consideration over that of the separable net assets acquired is capitalised and written off over its expected useful economic life of 20 years. Goodwill is reviewed for impairment on annual basis. Refer to details of the relevant estimates on the critical accounting estimates section.

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Notes to the financial statements (continued)**For the year ended 31 December 2020*****Investments***

The Company holds investments in subsidiary undertakings at historic cost less impairment. The Company reviews the carrying value of investments against the subsidiary's net assets and impairs where the investment carrying value exceeds the value of the recoverable amount. Refer to details of the relevant estimates on the critical accounting estimates section.

Turnover

Turnover, excluding value added tax, derives from the provision of goods and services to customers including amounts attributable to long term contracts. Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date.

Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Contracts which meet the criteria for long term contracts are included within turnover using percentage completion accounting. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable. Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable, they will be recoverable. Contract costs are recognised as expenses in the year in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract work in progress is stated at cost incurred after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Payments received in excess of recorded turnover are recorded in creditors as payments received on account.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than freehold land and buildings, at rates calculated to write off the cost, less estimated residual value, based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, as follows:

| | |
|-----------------------------|---------------|
| Freehold land and buildings | 20 – 50 years |
| Plant and machinery | 4 – 12 years |
| Fixtures and fittings | 3 – 10 years |

The carrying values of fixed assets are reviewed for impairment in years where events or changes in circumstances indicate that the carrying value may not be recoverable.

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

| | |
|------------------|--|
| Raw materials | - purchase cost on a first-in, first-out basis |
| Work-in-progress | - cost of direct materials and labour plus attributable overheads based on a and finished goods normal level of activity |

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Temporary differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the temporary difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the way the Company expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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Notes to the financial statements (continued)**For the year ended 31 December 2020*****Foreign currencies***

The company's functional and presentation currency is the US dollar.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Leasing commitments

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

Pensions

The Company operates a defined benefit pension scheme which requires contributions to be made to separately administered funds. The service costs are recognised in the accounting years in which the benefits are earned by employees, and the related finance costs and other changes in the value of assets and liabilities are recognised in the accounting years in which they arise.

The Company also operates a defined contribution pension scheme, the costs of which are recognised in the profit and loss account in the year in which they become payable.

The Company holds its surplus in the pension scheme as an asset on the balance sheet, given such surplus could be recovered through a reduction of future employer contributions.

Financial instruments

The company is applying section 11 and 12 of FRS 102, in respect of recognition and measurement of financial instruments.

i. Financial assets

Basic financial assets, including trade and other receivables, cash, and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting year financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii. Financial liabilities

Basic financial liabilities, including trade and other payables, loans from fellow group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

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Notes to the financial statements (continued)**For the year ended 31 December 2020***ii. Financial liabilities (continued)*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, or expires.

iii. Offsetting

Financial assets and liabilities are offset, and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Critical accounting judgements and estimates

The company makes estimates concerning the future. The resulting estimates will, by definition, seldom equal the related actual results. The estimates that have a significant risk of causing a material adjustment to the financial statements within the next financial year are described below.

Revenue Recognition

The Company generates revenue through long contracts. Some degree of estimation is required when assessing the revenue and profit to be recognised on these contracts in any particular year. Where a reliable estimate can be made, the estimates are kept accurate through regular (at least quarterly) reviews. More details are included in the turnover policy.

Goodwill and Investment Impairment reviews

The Company holds investments in subsidiary undertakings and Goodwill arising on historic acquisitions. The carrying values of fixed assets, goodwill and investments are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. The company makes judgments about whether an investment should be subjected to an impairment review and uses estimates and assumptions in performing the impairment review concerning the recoverable value of investments. The estimates will, by definition, seldom equal the related actual results. When assessing the recoverable amount of investments management considers factors including the projected cash flows from trading forecasts over four years and into perpetuity using appropriate long and short term growth rates. The EBITDA obtained as a result of the forecast, after being adjusted to reflect capital expenditure estimates and taxation, is brought to present value by using an appropriate discount rate. The net assets of investees are also taken into account. Any impairment in the value of assets below their carrying value is charged to the profit and loss account.

Recoverability of intercompany debtors

The Company has outstanding loan receivables from other group companies. When assessing recoverability and potential impairment, management considers factors including the financial results and balance sheet position of the group undertakings. In addition, the Treasury function of the ultimate parent company Schlumberger Limited is managed centrally with regular reviews of financing and cash flow requirements across the group.

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Notes to the financial statements (continued)**For the year ended 31 December 2020***Deferred tax asset*

A deferred tax asset is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in the right to pay less tax in the future have occurred at the balance sheet date. When assessing the year end position of the deferred tax asset, management uses their judgement in estimating whether there will be sufficient taxable profits in the future to recognise a deferred tax asset. Management also makes estimates about the expected timing of reversal of the deductible and taxable temporary differences when considering whether a deferred tax asset can be recognised. They do this by reviewing the future prospects of the company together with a 4 year forecast of cash flows and consider the appropriateness of tax rates used.

Inventory provisioning

The company designs, manufactures and sells a wide range of engineering products for the oil, gas transmission, electrical and other engineering industries. As a result, it is necessary to consider the recoverability of the cost of inventory and the associated provisioning required. When calculating the inventory provision, management considers the nature and condition of the inventory, as well as applying assumption around anticipated saleability of finished goods and future usage of raw materials.

Impairment of debtors

The company makes an estimate of recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the credit rating of the debtors, the ageing profile of debtors and historical experience.

Pensions

Determining the present value of future obligations of pensions requires an estimation of future mortality rates, future salary increases, future pension increases, future inflation increases and discount rates. These assumptions are determined in association with qualified actuaries. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. Note 16 provides details on the assumptions used.

The Company holds the pension surplus on the balance sheet as an asset, given the surplus could be recovered through a reduction of future employer contributions.

Share-based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of Cameron International Corporation (market conditions).

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Notes to the financial statements (continued)

For the year ended 31 December 2020

2. Turnover

An analysis of turnover by geographical market is given below:

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|--------------------------|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| United Kingdom | 63,459 | 99,664 |
| Other European countries | 8,768 | 41,764 |
| North and South America | 26,284 | 8,303 |
| Africa | 43,835 | 85,517 |
| Australia | 5,896 | 4,542 |
| Asia | 126,472 | 147,207 |
| | <u>274,714</u> | <u>386,997</u> |

An analysis of turnover by activity is given below:

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|-----------------------|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| Sales of goods | 235,147 | 321,087 |
| Rendering of services | 39,567 | 65,910 |
| | <u>274,714</u> | <u>386,997</u> |

3. Operating loss

This is stated after charging/(crediting):

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|--|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| Auditors' remuneration - audit services | 212 | 179 |
| Auditors' remuneration - non-audit services | - | 3 |
| Depreciation of tangible fixed assets | 13,335 | 14,453 |
| Loss on disposal of fixed assets | 181 | 535 |
| Amortisation of goodwill | 1,229 | 1,229 |
| Foreign exchange gains | (9,224) | (5,130) |
| Operating lease rentals - land and buildings | 1,745 | 1,452 |
| Bad debt provision | 5,923 | 399 |

A debtor provision related to Angola is held against the net amounts due from overseas markets where the recoverability of such amounts is uncertain in light of restrictions on currency remittances. This was prompted by the Angolan government tightening its exchange controls with respect to its on-going oil related currency crisis. In the year ended 31 December 2020, a provision expense of \$ 5,923,000 (year ended 31 December 2019: \$399,000 expense) was recognised due to an increase in the net receivable balance due from the customer.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

3. Operating loss (continued)

Administrative expenses for the year ended 31 December 2020 amounted to \$ 113,707,000 (2019: \$93,275,000) after cost recharges to other OneSubsea entities amounting \$9,428,000 (2019: \$28,525,000) relating to the execution of the Company's business model with the Company bearing substantially all of the trading risks. Refer to the strategic report for the discussion of the Company's business model.

4. Directors' remuneration

Of the three (2019: four) directors in office during the year, two were remunerated by the Company, the remaining one being remunerated by an indirect parent company.

The emoluments of the directors amounted to \$570,084 (aggregate emoluments for 2019: \$369,142). This included pension contributions of \$54,928 (aggregate pension contributions for 2019: \$22,123). The emoluments of the highest paid director amounted to \$ 357,291 (2019: \$345,479). The pension contribution for the highest paid director to the defined contribution scheme amounted to \$ 30,218 (2019: \$19,997). None of the directors exercised options for year ended 31 December 2020 (2019: same). During the year there was no compensation paid to directors for loss of office.

5. Staff costs

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|------------------------------------|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| Wages and salaries | 48,542 | 55,911 |
| Social security costs | 6,706 | 7,072 |
| Defined benefit pension cost | 1,247 | 1,005 |
| Defined contribution pension costs | 4,530 | 4,548 |
| Share-based payment charge | 807 | 1,043 |
| | <u>61,832</u> | <u>69,579</u> |

The average monthly number of employees during the year was made up as follows:

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|-----------------------|--|--|
| | <i>Number</i> | <i>Number</i> |
| Office and management | 666 | 694 |
| Manufacturing | 67 | 123 |
| | <u>733</u> | <u>817</u> |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

6. Interest receivable and similar income

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|---|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| Interest receivable from group undertakings | 256 | 490 |
| Net finance income on pension scheme | 1,382 | 1,692 |
| | <u>1,638</u> | <u>2,182</u> |
| Net finance income on pension scheme: | | |
| Interest on pension scheme assets | 8,055 | 9,814 |
| Interest on pension scheme liabilities | (6,673) | (8,122) |
| | <u>1,382</u> | <u>1,692</u> |

7. Interest payable and similar expenses

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|--|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| Interest payable to group undertakings | 475 | 1,948 |
| | <u>475</u> | <u>1,948</u> |

8. Tax on loss**(a) Tax on loss**

The tax charge is made up as follows:

| | <i>Year ended</i> <i>31 December 2020</i> | <i>Year ended</i> <i>31 December 2019</i> |
|---|--|--|
| | <i>\$000</i> | <i>\$000</i> |
| <i>Current tax</i> | | |
| UK Corporation tax on loss for the year | 49 | 325 |
| Adjustments in respect of prior years | (462) | 1,824 |
| Foreign tax suffered | 5,022 | 7,101 |
| Total current tax | <u>4,609</u> | <u>9,250</u> |
| <i>Deferred tax</i> | | |
| Origination and reversal of temporary differences | (750) | (322) |
| Adjustments in respect of prior years | (136) | 3,116 |
| Effect of changes in tax rates | (222) | - |
| Total deferred tax | <u>(1,108)</u> | <u>2,794</u> |
| Tax on loss | <u>3,501</u> | <u>12,044</u> |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

8. Tax on loss (continued)

| | <i>Year ended</i> 31 December 2020 | <i>Year ended</i> 31 December 2019 |
|---|---------------------------------------|---------------------------------------|
| | \$000 | \$000 |
| <i>Other comprehensive loss items</i> | | |
| Deferred tax credit relating to pension liability | (2,232) | (379) |
| | <u>(2,232)</u> | <u>(379)</u> |

(b) Factors affecting the tax charge

The tax assessed on the loss for the year is higher than (year ended 31 December 2019: higher than) the standard rate of corporation tax of 19% (year ended 31 December 2019: 19%). The differences are reconciled below:

| | <i>Year ended</i> 31 December 2020 | <i>Year ended</i> 31 December 2019 |
|--|---------------------------------------|---------------------------------------|
| | \$000 | \$000 |
| Loss before taxation | (127,874) | (91,591) |
| Loss before taxation multiplied by the standard rate of corporation tax of 19% (2019: 19%) | (24,296) | (17,402) |
| Expenses not deductible | 2,333 | 7,766 |
| Effects of group relief | 7,107 | 10,728 |
| Income not taxable | - | (124) |
| Effects of overseas tax | 4,068 | 6,136 |
| Adjustments in respect of prior years | (598) | 4,940 |
| Tax rate changes | (222) | - |
| Deferred tax not recognised | 15,109 | - |
| Total tax charge for the year | <u>3,501</u> | <u>12,044</u> |

c) Factors that will affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates.

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate will increase to 25%. This new law was substantively enacted on 24 May 2021. Since the proposal to increase the rate to 25% had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements. However, it is likely that the overall effect of the change, had it been substantively enacted by the balance sheet date, would be to increase the tax expense for the period by nil, and to increase the deferred tax asset by \$225,880.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

8. Tax on loss (continued)**d) Deferred tax**

A reconciliation of the deferred tax asset brought forward to the deferred tax asset carried forward is presented thus:

| | <i>\$000</i> |
|--|--------------|
| Deferred tax asset at 1 January 2020 | 424 |
| Adjustments in respect of prior years | 137 |
| Deferred tax credit in income statement for the year | 972 |
| Deferred tax credited in OCI for the year | 2,232 |
| | <hr/> |
| Deferred tax asset at 31 December 2020 | 3,765 |
| | <hr/> |

Deferred taxation is recognised at 17% (31 December 2019: 17%) in the financial statements as follows:

| | <i>31 December 2020</i> | <i>31 December 2019</i> |
|---|-------------------------|-------------------------|
| | <i>\$000</i> | <i>\$000</i> |
| Fixed asset timing differences | 12,993 | 9,085 |
| Short term timing differences – trading | (9,277) | (8,986) |
| R&D expenditure credit | 49 | 325 |
| | <hr/> | <hr/> |
| Deferred tax assets | 3,765 | 424 |
| | <hr/> | <hr/> |

9. Intangible assets

| | <i>Goodwill</i> |
|--|-----------------|
| | <i>\$000</i> |
| Cost | |
| At 1 January 2020 | 24,575 |
| | <hr/> |
| At 31 December 2020 | 24,575 |
| | <hr/> |
| Accumulated amortisation and impairment | |
| At 1 January 2020 | 11,059 |
| Charge for the year | 1,229 |
| | <hr/> |
| At 31 December 2020 | 12,288 |
| | <hr/> |
| Net book amount | |
| At 31 December 2020 | 12,287 |
| | <hr/> |
| | <hr/> |
| At 31 December 2019 | 13,516 |
| | <hr/> |
| | <hr/> |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

9. Intangible assets (continued)

Goodwill is on the acquisition of trade and assets of OneSubsea Operations Limited and is being amortised on a straight-line basis over a period of 20 years which is equal to the period over which the Company is expected to derive economic benefit.

The Company's goodwill has been reviewed for impairment due to the downturn in the oil and gas market. No impairment has been recognised in this year.

10. Tangible assets

| | <i>Freehold land & buildings</i> \$000 | <i>Plant & machinery</i> \$000 | <i>Fixtures & fittings</i> \$000 | <i>Assets under construction</i> \$000 | <i>Total</i> \$000 |
|--|---|---|---|---|-----------------------|
| Cost | | | | | |
| At 1 January 2020 | 27,241 | 85,571 | 1,037 | 10,585 | 124,434 |
| Additions | - | - | 511 | - | 511 |
| Transfers from assets under construction | 209 | 3,275 | 6 | (3,490) | - |
| Additions to assets under construction | - | - | - | 1,901 | 1,901 |
| Transfers to group entities | - | (5,091) | - | - | (5,091) |
| Disposals | (492) | (1,457) | (15) | - | (1,964) |
| At 31 December 2020 | 26,958 | 82,298 | 1,539 | 8,996 | 119,791 |
| Accumulated depreciation | | | | | |
| At 1 January 2020 | 6,209 | 59,015 | 30 | - | 65,254 |
| Provided during the year | 1,202 | 11,969 | 164 | - | 13,335 |
| Transfers to group entities | - | (1,571) | - | - | (1,571) |
| Disposals | (433) | (853) | (15) | - | (1,301) |
| At 31 December 2020 | 6,978 | 68,560 | 179 | - | 75,717 |
| Net book amount | | | | | |
| At 31 December 2020 | 19,980 | 13,738 | 1,360 | 8,996 | 44,074 |
| At 31 December 2019 | 21,032 | 26,556 | 1,007 | 10,585 | 59,180 |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

11. Investments

| | |
|---|--------------|
| <i>Shares in subsidiary undertakings</i> | <i>\$000</i> |
| Cost | |
| At 1 January 2020 | 16,108 |
| At 31 December 2020 | 16,108 |
| Provision for impairment | |
| At 1 January 2020 and at 31 December 2020 | - |
| Net Book Amount | |
| At 31 December 2019 | 16,108 |
| At 31 December 2020 | 16,108 |

The principal subsidiary undertakings at 31 December 2020 were:

| <i>Name of company</i> | <i>Nature of business</i> | <i>Registered address</i> |
|--|--|---|
| OneSubsea Operations Limited | Oil field equipment & system manufacture | Badentoy Avenue, Portlethen, Aberdeenshire, AB12 4YB. |
| OneSubsea Offshore Engineering Limited | Oil field service aftermarket support | 100 New Bridge Street, London, EC4V 6JA. |
| Prestacao de Servicos Limitada | Oil field equipment & system manufacture | Rua 6-I.L. Boavista, Sunils OSC Base, Luanda, Angola. |
| OneSubsea Offshore Systems Nigeria Limited | Oil field equipment & system manufacture | 4 th & 6 th floor, Africa-Re Building, Plot 1679, Karimu Kotun Street, Lagos. |

The Company owns all but 1 ordinary share of the total issued share capital of 300,000 ordinary shares of OneSubsea Offshore Systems Nigeria Limited.

All remaining subsidiary undertakings are wholly owned, and all holdings are of ordinary shares.

OneSubsea Operations Limited and OneSubsea Offshore Engineering Limited are registered in England and Wales. Prestacao de Servicos Limitada is registered in Angola. OneSubsea Offshore Systems Nigeria Limited is registered in Nigeria.

The Company's investment portfolio has been reviewed for impairment due to the downturn in the oil and gas market.

In determining the impairment, management considers factors including the net assets of a subsidiary or projected cash flows over five years using an appropriate growth rate, a long-term growth rate and applied an appropriate discount rate to these cash flows.

During this exercise, impairment triggers were identified, such as historical performance decrease in revenue and EBITDA and also in trading performance by oil price decrease. However, the directors have performed a full assessment and do not deem any impairment necessary.

No impairment was charged by the Company during the financial year (2019: \$32,265,000) to reduce the carrying amount of subsidiary undertakings to their recoverable amount, as net assets of the subsidiary exceed the investment value held by the Company.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

12. Stocks

| | 31 December 2020 | 31 December 2019 |
|-------------------------------------|------------------|------------------|
| | \$000 | \$000 |
| Raw materials and consumables | 170 | 276 |
| Work in progress | 16,267 | 17,681 |
| Finished goods and goods for resale | 27,422 | 21,530 |
| Payments on account | (2,318) | (2,350) |
| | <u>41,541</u> | <u>37,138</u> |

Stocks recognised as an expense in the year were \$ 72,289,467 (year ended 31 December 2019: \$84,908,000).

A provision for inventory obsolescence was recognised at year end in amount of \$103,253 (year ended 31 December 2019: \$1,594,000).

13. Debtors

| | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| | \$000 | \$000 |
| <i>Amounts due within one year</i> | | |
| Trade debtors | 5,876 | 17,309 |
| Amounts recoverable on contracts | 33,535 | 77,619 |
| Amounts owed by subsidiary undertakings | 21,421 | 25,131 |
| Amounts owed by other fellow group companies | 92,671 | 74,671 |
| Corporation tax receivable | 3,444 | 3,456 |
| VAT recoverable | 2,438 | - |
| Deferred tax asset | 3,765 | - |
| Other debtors | 189 | 155 |
| Prepayments and accrued income | 57,407 | 48,745 |
| | <u>220,746</u> | <u>247,086</u> |

Trading transactions between all Schlumberger Limited companies are unsecured and interest free.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

14. Creditors: amounts falling due within one year

| | 31 December 2020 | 31 December 2019 |
|--|------------------|------------------|
| | \$000 | \$000 |
| <i>Amounts due within one year</i> | | |
| Trade creditors | 8,030 | 11,753 |
| Payments received on account | 37,927 | 34,203 |
| Amounts due to parent undertakings | 96,604 | 77,171 |
| Amounts owed to subsidiary undertakings | 29,655 | 16,242 |
| Amounts owed to other fellow group companies | 116,639 | 92,175 |
| Other taxation and social security | 642 | 255 |
| VAT payable | - | 60 |
| Other creditors | 10,620 | 4,439 |
| Deferred Tax | - | (424) |
| Accruals and deferred income | 76,781 | 55,666 |
| | <u>376,898</u> | <u>291,540</u> |

Cash pool balances with Schlumberger UK Limited group companies, are unsecured, repayable on demand and accrue interest at a rate of GBP Libor plus 15 basis points.

Trading transactions between all Schlumberger Limited companies are unsecured and interest free.

15. Provisions for liabilities

| | <i>Onerous lease provision</i> | <i>Total</i> |
|--|--------------------------------|---------------|
| | \$000 | \$000 |
| At 1 January 2020 | - | - |
| Amounts provided for in the year in the income statement | 12,417 | 12,417 |
| Released in the period | (310) | (310) |
| At 31 December 2020 | <u>12,107</u> | <u>12,107</u> |

Onerous lease provision

The onerous lease provision relates to a building which has been exited within the financial reporting period. It has been calculated based on the liabilities currently expected, less highly probable estimate of sublet income, discounted back to present value. The onerous lease provision is expected to be unwound over the next ten years.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

16. Other financial commitments

The company has future minimum rentals payable under non-cancellable operating leases as follows:

| | 31 December 2020 | 31 December 2019 |
|----------------------------|------------------|------------------|
| | \$000 | \$000 |
| Within one year | 1,443 | 1,690 |
| Between two and five years | 7,131 | 6,986 |
| After more than five years | 4,590 | 5,765 |
| | <u>13,164</u> | <u>14,441</u> |

17. Retirement benefit obligations

The company is a member of the Cameron Iron Works Retirement Benefits Plan (1974), a defined benefit pension scheme which is closed to new entrants. The scheme is funded by the payment of contributions to a separately administered fund, with the assets of the scheme held in this separately administered fund.

The full assets and liabilities relating to the pension scheme have been included in the Company's balance sheet. This is because it is not possible to allocate the assets and liabilities between the various participating companies. The Directors consider that it is appropriate to allocate these to OneSubsea UK Limited as it is the largest employer.

In addition, the company operated a defined contribution pension scheme for which the pension cost is equal to the employer contributions made. The pension charge for this scheme in the year ended 31 December 2020 was \$4,530,000 (year ended 31 December 2019: \$4,548,000).

Employer contributions to the Cameron Iron Works Retirement Benefits Plan (1974) in the year to December 2020 are estimated to be \$ 7,053,000 (2019: \$7,239,000). The FRS102 valuation has been based on a full assessment of the liabilities of the Plan as at 31 December 2018 and the next funding valuation is due no later than 31 December 2021.

The present value of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method. Actuarial gains and losses have been recognised in the year in which they occur, (but outside the income statement), through Other Comprehensive Income (OCI).

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS102 are set out below:

| | % per annum | |
|---|------------------|------------------|
| | 31 December 2020 | 31 December 2019 |
| Inflation (RPI) | 2.90 | 3.00 |
| Inflation (CPI) | 2.00 | 1.90 |
| Rate of general long-term increase in salaries | 2.35 | 2.35 |
| Rate of increase of pensions in payment subject to RPI increases (cap 5.0%) | 2.80 | 2.90 |
| Rate of increase of pensions in payment subject to RPI increases (cap 2.5%) | 2.10 | 2.15 |
| Rate of increase of pensions in payment subject to CPI increases (cap 3.0%) | 1.80 | 1.75 |
| Discount rate for scheme liabilities | 1.35 | 2.30 |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

17. Retirement benefit obligations (continued)**Mortality assumption**

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a pensioner currently aged 65 will live on average for a further 21.2 years after retirement if they are male, and for a further 23.1 years after retirement if they are female.

For a member who retires in 2037 at age 65 the assumptions are that they will live on average for a further 22.8 years after retirement if they are male and a further 24.7 years after retirement if they are female.

Analysis of income statement charge

| | <i>Year ended</i> 31 December 2020 | <i>Year ended</i> 31 December 2019 |
|---|---------------------------------------|---------------------------------------|
| | \$000 | \$000 |
| <i>Operating cost:</i> | | |
| Current service cost | 1,247 | 1,005 |
| Administration expenses | 951 | 1,022 |
| <i>Financing cost:</i> | | |
| Interest on net defined benefit asset | (1,382) | (1,692) |
| Expense recognised in the profit and loss | <u>816</u> | <u>335</u> |

Scheme assets and expected rate of return

| | <i>31 December 2020</i> | <i>31 December 2019</i> |
|------------------|-------------------------|-------------------------|
| | \$000 | \$000 |
| Growth component | 373,137 | 331,242 |
| Cash/other | 2,057 | 16,732 |
| | <u>375,194</u> | <u>347,974</u> |

The company employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles.

Reconciliation of funded status to balance sheet

| | <i>31 December 2020</i> | <i>31 December 2019</i> |
|---------------------------------------|-------------------------|-------------------------|
| | \$000 | \$000 |
| Fair value of scheme assets | 375,194 | 347,974 |
| Actuarial value of scheme liabilities | (325,708) | (292,157) |
| Surplus in the scheme | <u>49,486</u> | <u>55,817</u> |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

17. Retirement benefit obligations (continued)**Actual return of plan assets**

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|-------------------------------|--------------------------------|--------------------------------|
| | \$000 | \$000 |
| Net interest on plan assets | 8,055 | 9,814 |
| Actuarial gain on plan assets | 36,617 | 19,176 |
| Actual return on plan assets | 44,672 | 28,990 |

Analysis of movements in scheme assets and liabilities in the year

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|--|--------------------------------|--------------------------------|
| <i>Scheme liabilities</i> | | |
| | \$000 | \$000 |
| At beginning of year | (292,157) | (269,873) |
| Foreign exchange movement on opening liabilities recorded in the statement of comprehensive income | 6,369 | (9,164) |
| Current service cost | (1,247) | (1,005) |
| Interest cost | (6,673) | (8,122) |
| Contributions by plan participants | (25) | (29) |
| Actuarial losses on plan liabilities | (48,462) | (23,150) |
| Net benefits paid out | 16,487 | 19,186 |
| At end of year | (325,708) | (292,157) |

Analysis of movements in scheme assets and liabilities in the year

| | Year ended 31 December 2020 | Year ended 31 December 2019 |
|---|--------------------------------|--------------------------------|
| <i>Scheme assets</i> | \$000 | \$000 |
| At beginning of year | 347,974 | 321,012 |
| Foreign exchange movement on opening assets recorded in the statement of comprehensive income | (7,092) | 10,911 |
| Net interest on plan assets | 8,055 | 9,814 |
| Actuarial gain on plan assets | 36,617 | 19,176 |
| Contributions by the employer | 7,053 | 7,239 |
| Contributions by plan participants | 25 | 30 |
| Net benefits paid out | (16,487) | (19,186) |
| Administration expenses | (951) | (1,022) |
| At end of year | 375,194 | 347,974 |

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Notes to the financial statements (continued)

For the year ended 31 December 2020

18. Called up share capital

| | <i>Authorised</i> | | <i>Allotted, called up and fully paid</i> | |
|----------------------------|--------------------|--------------------|---|--------------------|
| | <i>31 December</i> | <i>31 December</i> | <i>31 December</i> | <i>31 December</i> |
| | <i>2020</i> | <i>2019</i> | <i>2020</i> | <i>2019</i> |
| | <i>No.</i> | <i>No.</i> | <i>\$000</i> | <i>\$000</i> |
| Ordinary shares of £1 each | 100,000 | 100,000 | 253 | 253 |

19. Reserves*Share premium account*

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Profit and loss account

Cumulative profit and loss net of distributions to owners.

Share based payment reserve

The share-based payment reserve records the cost of equity-settled transactions with employees for share options which have vested.

Capital contribution reserve

The capital contribution reserve represents a capital contribution from the Company's immediate parent undertaking, OneSubsea Holding Limited.

20. Share based payments

During the years ended 31 December 2016 and 31 March 2016 and the year ended 31 December 2015, the previous ultimate parent company, Cameron International Corporation, issued stock options/awards for employees and directors of OneSubsea UK Limited. At 31 December 2020 and 31 December 2019 the company had awards outstanding under one equity compensation plan, being the 2005 Equity Incentive Plan (the "EQIP"). An adjustment to the number of awards as at 1 April 2016 was made to reflect the acquisition of Cameron International Corporation by Schlumberger Limited. The number of awards outstanding at the date of the merger and the fair value per options were adjusted to maintain the total fair value of the awards pre and post-merger.

RSUs vest immediately at the end of the vesting period and are not subject to payment of an exercise price. Options can be exercised following the end of the vesting period and are subject to payment of an exercise price.

During the year ended 31 December 2020, the ultimate parent company, Schlumberger Limited granted employees of OneSubsea UK Limited share options under the share option scheme, and the restricted share option scheme.

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Notes to the financial statements (continued)

For the year ended 31 December 2020

20. Share based payments (continued)

The expense relating to the payment of share-based compensation for the year ended 31 December 2020 is \$ 807,047 (year ended 31 December 2019: \$1,042,974). The liability relating to share based payment transactions at 31 December 2020 is nil (31 December 2019: nil).

21. Parent undertaking and ultimate parent company

The company's immediate parent undertaking is OneSubsea Holding Limited, a company registered in Cayman Islands.

Schlumberger Limited, a company incorporated in Curacao, a country within the Kingdom of the Netherlands, is the parent undertaking of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared. The directors consider Schlumberger Limited to be the ultimate parent company and controlling party.

Copies of the financial statements of Schlumberger Limited can be obtained from 17th Floor, 5599 San Felipe, Houston, Texas, 77056, USA or on the Group's website at www.slb.com.