

Oceaneering International Services Limited

Report and Financial Statements

For year ended 31 December 2022

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Oceaneering International Services Limited

Company Information

Registered number: 01023217

Directors

P Buchanan
M McDonald
N Purcell

Secretary

S Hill

Registered Office

280 Bishopsgate
London
United Kingdom
EC2M 4RB

Auditors

Ernst & Young LLP
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Aberdeen
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Oceaneering International Services Limited

Contents

Registered number: 01023217

Strategic Report	3
Directors' Report	9
Directors' Responsibilities Statement	11
Independent Auditor's Report to the members of Oceaneering International Services Limited	12
Income Statement for the year ended 31 December 2022	15
Statement of Comprehensive Income for the year ended 31 December 2022	16
Statement of Financial Position as at 31 December 2022	17
Statement of Changes in Equity for the year ended 31 December 2022	18
Notes to the financial statements	19

Oceaneering International Services Limited

Strategic Report

Registered number: 01023217

The directors of Oceaneering International Services Limited, a private company limited by shares, present their strategic report for the year ended 31 December 2022.

Results and dividends

Company results and accumulated profit and loss account are as follows:

	£000
Accumulated losses at 31 December 2021	(124,210)
Profit for the financial year	5,500
Other adjustments to accumulated losses	(187)
Accumulated losses at 31 December 2022	<u>(118,897)</u>

Principal activities and business review

The company engages in the supply of ROV, Tooling, Engineering and Integrity Management and Digital Solutions services primarily to the Oil and Gas industry. The Company also manufactures oil and gas industry umbilical products.

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

	2022	2021
	£000	£000
Turnover	226,658	190,498
Profit/Loss before tax	7,165	(12,563)
Shareholders' funds	<u>111,759</u>	<u>91,819</u>
Net Income %	3%	(7%)
Average number of employees	2,057	1,974

The company recorded an increase of 19% in turnover in the year to 31 December 2022 as compared with the year ended 31 December 2021. This increase is in part attributable to the formal implementation of a new intercompany billing and invoicing process in 2022 across the Oceaneering group. In 2022 all intercompany overhead and direct cost recharges to other intercompany partners are reflected in the turnover figure. In prior years when these recharges were identified there were recorded as a reduction to the applicable direct and overhead costs. This has resulted in additional turnover across all business segments but is particularly relevant to the Other Oilfield Services segment. This reflects the cost of support services recharged to other Oceaneering Inc entities from our support centres in India and to a lesser degree in the United Kingdom.

The increase in turnover of £11.5m within the Other Projects Group relates to a one-off project in the Caspian region. The Subsea Robotics Group recorded an increase of £10.7m year on year as a result of increased activity and demand for our services. The Manufacturing Products Group turnover of £58.6m shows a small reduction for the prior year figure of £61.3m. The Integrity Management and Digital Solutions segment suffered a reduction of £10.9m year on year resulting from the loss of a number of contracts.

On a geographical basis turnover in the United Kingdom region increased by £20.9m in part due to the change in intercompany overhead billing. Within the Caspian region turnover increased from £19.1m in the year ended 31 December 2021 to £27.0m largely attributable to a significant Other Projects Group contract in that region. Increased turnover in the Rest of the World segment of £5.9m is largely attributable to intercompany overhead billing by the India branch in 2022.

Integrity Management and Digital Solutions (IMDS)

Turnover for the IMDS segment decreased by 15% from £74.9m in 2021 to £63.9m in 2022. The decrease is due to the expiry of three major contracts. Revenue was also impacted by a shortage of offshore labour within the industry due to competitive pay rates, which prevented us from fulfilling both client core and ad hoc work scopes.

To alleviate the shortage and support staff retention in 2023, 'out of cycle' (exceptional circumstances) contract selling rates have been negotiated with our clients, which has allowed more favourable pay rates to be offered.

Inflationary pressures on personnel rates continue to challenge our margins. Labour market personnel availability seems to be improving for 2023 but remains a key focus. We continue to expand and develop our apprentice & trainee programmes to accommodate expected labour demands throughout the year.

There is continued emphasis on securing upcoming key contract renewals during 2023 to enhance sales backlog. We are also targeting key companies with potential upcoming projects and contracts in 2023 that are not currently part of our existing client portfolio. We are seeing a buoyant market within the UK onshore power generation sector. We are exploring further opportunities in European markets with existing clients, with the possible utilisation of our Adtech facility in the Netherlands and their support processes.

Internal process improvements continue to advance equipment and personnel.

Oceaneering Projects Group (OPG)

OPG maintained the stable trend of activity for the UK Sector in 2022, along with continued support for other regions including reallocation of resources to support a large decommissioning project in the Netherlands and other areas of the business such as Middle East and Africa, this support is continuing into 2023. The focus for 2023 has been to enhance the offering to the UK North Sea business by entering new markets such as renewables along with the introduction of new technology to the sector.

OPG saw an increase in activity within the Azerbaijan region. With continued stable operational activity from existing contracts, the increase of £11.0m is due to a one-off diving project within the Caspian Sea.

Manufactured Products

The Manufactured Products segment is comprised mainly of the activities of the Umbilical and Hardware Manufacturing facility in Rosyth, Scotland.

The year to 31 December 2022 saw a further improvement of order intake levels as compared with the year ended 31 December 2021 as larger subsea projects benefitted from positive investment decisions post the pandemic period. This improved our 2022 book to bill balance increase to £1.4m as compared with prior year balance of £0.9m and gave us a substantially improved closing backlog of £79.0m which is more in line more with pre pandemic periods.

In addition, 2022 orders were awarded at more profitable margins, particularly those received towards the end of 2022 which is encouraging for future financial periods given that that work should be executed, and revenue recognised by the business, in late 2023 / early 2024.

In 2022 our results were impacted by low margin jobs, bid, and awarded during the pandemic or projects that had seen suspension during that timeframe, but had been restarted against a backdrop of higher labour and commodity prices. Longer lead times and their impact on project schedules – particularly in key areas such as Super Duplex Steel Tube, Copper, and Manufactured hardware - together with some quality issues, have delayed some projects into 2023.

We have now completed all 'low' margin legacy work by the middle of 2023 and look forward to achieving higher margins in the segment. Successful management of our manufacturing plan and schedule during 2022 meant that in spite of the above challenges no projects were delivered late in the period nor envisaged to be delivered late in 2023. During 2022 Oceaneering board approval was received to extend the Rosyth facilities lease with its landlord for a further 5 years. This renewal was legally signed and submitted with all appropriate parties in February 2023.

Subsea Robotics (SSR)

This business segment comprises Remote Operated Vehicles (ROV), Tooling and Survey & Positioning.

In respect of ROV and Tooling turnover for the UK and Europe sectors in year ended 31 December 2022 increased by 21% from £20.7m in the year ended 31 December 2021 to £25.0m. This reflects the increase in Work Class and Observation Class days by 472 and 127 respectively since 2021. The main increase was due to the increase in crewing, with the ratio going from 4.8 in 2021 to 5.2 in 2022, leading to an additional 3,674 crew days. 2022 has shown signs of recovery after the height of the COVID pandemic, which severely cut crewing, and shortened projects. Although crewing has increased, post pandemic we have seen issues with crew availability and thus increases in personnel costs and recruitment which is reflected in increased overhead costs.

The SSR Group has seen continuing focus on technical advances within the fleet, and there are now three of the new Isurus systems based within the region. These advanced systems attract a premium rate in comparison to the other Work Class vehicles. Further technical advancements have been achieved with remote piloting becoming an option for more clients, and the setup of the Offshore Remotely Operated Centre suites within Norway and the UK, for use within the North Sea, and beyond.

Whilst technical advances are being made, the average age of the fleet is increasing, and this is reflected in the repair and maintenance costs, which have increased by £1.1m in 2022. Conversely the depreciation charge can be seen to reduce by a similar amount in the same period, as some of the fleet become fully depreciated.

The Survey and Positioning (part of SSR) experienced a positive year seeing strong revenues in the period. As the industry recovered from the downturn and COVID-19, the volume of projects and opportunities increased, however on some projects, the scopes increased but we tied into pre-existing rates. Increased costs were seen for personnel travel and freight leading to a slight drop in job profit. Focus on recruitment to increase the number of offshore personnel continued throughout 2022 to reduce the reliance on 3rd party contractors. As a result of the increase in equipment rental costs we recognised the requirement to purchase subsea equipment. Willingness by clients to accept new technology contributed to increasing our project track record in the offshore renewable energy sector. Continuing strong operational excellence in project delivery, a continued pro-active attitude towards safety and strict adherence to increased Quality Initiatives resulted in an above forecast financial delivery.

Operating Expenses

The increase in administration expenses from £14.7m in 2021 to £24.1 is largely attributable to the change in the process for accounting for intercompany billing of support charges. As mentioned earlier these charges were previously offset against the overhead or direct charge. Net increases in administration cost year on year relate to headcount increases in support functions.

The increase in other operating expenses from £4.5m in 2021 to £20.4m in 2022 relate primarily to foreign exchange losses which have increased from £2.4m in 2021 to £17.9m in 2022. The Company invested £12.7m in tangible fixed assets during the year, investing in plant and equipment, new buildings and right of use assets.

Directors' statement in performance of their duties under section 172(1)

It is the Directors' considered opinion that they have carried out their duties, in such a way as to secure the ongoing success of the company for the benefit of its members. They have taken into consideration the matters set out in section 172 1 (a) – (f) of the Companies Act 2006, when carrying out their roles.

The overriding purpose of the Board is to ensure responsible behaviour towards all stakeholders and to safeguard their treatment in a fair and equitable manner so that they will also ultimately benefit from the company's successful strategic delivery. The Board have made every effort to ensure that management conduct all business aspects in a manner that will always be considered as responsible. Accordingly, both high standards of business conduct and good governance are required at all times.

Directors' statement in performance of their duties under section 172(1) (continued)

The Board's engagement can be demonstrated in the following ways:

- The Board ensures that our employees work in a safe and healthy environment and that they receive appropriate training commensurate with the duties expected of them. The Board also ensures that they are sufficiently rewarded for their efforts. The company takes care to ensure meaningful two-way involvement between management and its employees (for more information on company commitment to staff involvement and staff training see page 10).
- As we operate in the oil and gas sector, we regularly monitor the impact of our activities on the environment and on the wider communities in which we operate and, particularly, where we maintain active manufacturing facilities.
- As a Board, we aim to operate responsibly and to make carefully considered decisions. We encourage high standards of business behaviour from our employees and try to lead by example. Our commitment to responsible conduct is enshrined in our company values, and these can be viewed on our Group's website: <https://www.oceaneering.com>. It's through the application of these values that we have built our reputation as a high-performing organisation which requires ethical business practices and a high level of integrity in all of our business transactions. The Oceaneering core values are embodied in the Oceaneering Code of Business Conduct and Ethics, which guides us on a daily basis. These are promoted in day to day operational and performance meetings. The company has put in place programmes which focus on mentoring, role modelling and employee recognition.
- As a long-established company, we have continually focussed our efforts on ensuring that we have fostered long-term working relationships with our clients, external advisers and suppliers, to ensure the long-term sustainability of Oceaneering's business model. Our philosophy is based upon our core values and ensuring that they are shared within our key relationships with our supply chain. We maintain regular contact with our key stakeholders through regular engagement meetings with key suppliers and perform periodic audits. There is a specific supplier relationship manager in place for the UK business, whose core role is to work with vendors, and which ensures strong working relationships and high-quality standards.
- As a healthy corporate culture is an essential part of both business conduct and governance, it is our objective to operate the business in a way that will always be regarded as both ethical and responsible. All new employees are required to undergo ethics training including anti-corruption compliance and compliance with our code of business conduct & ethics. Rod Larson, President and CEO of Oceaneering International Inc, the ultimate parent company, is also the Chairman of the Ethics and Compliance Committee for the group undertaking and he has outlined the organisation's expectations of the commitment to integrity and ethical behaviour via video broadcasts that are distributed to all Oceaneering employees. These recordings are also made available on the company's intranet platform entitled "The Helm".

Streamlined Energy and Carbon Reporting (SECR)

Introduced in April 2019 and replacing the Carbon Reduction Commitment Energy Efficiency Scheme and Mandatory Greenhouse Gas Reporting for UK quoted companies, Streamlined Energy and Carbon Reporting (SECR) extends reporting requirements to UK companies defined as large under the 2006 Companies Act. As such the company falls into scope.

The activity levels have been calculated in accordance with the Greenhouse Gas Protocol and Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance. The data has been converted into carbon emissions using the Department for Environment, Food and Rural Affairs (DEFRA) published emission factors and the data provided by the company. The following data is presented in tonnes of carbon dioxide equivalent (tCO₂e).

Streamlined Energy and Carbon Reporting (SECR) (continued)

	2022	2021
Total gross emissions:	tCO ₂ e	tCO ₂ e
Combustion of fuel or the operations of facilities	312	510
Purchase of electricity	834	1,096
Vehicles utilised by the company	209	182
	<u>1,355</u>	<u>1,788</u>

Emission intensity (all scopes) is 5.98 tCO₂e per £1m of revenue (2021 9.39 tCO₂e)

Consumption rates:	Measurement	2022	2021
		000	000
Natural gas	kWh	1,711	2,786
Electricity	kWh	4,313	5,161
Mileage and transport	Miles	915	773

The company recognises the importance of a sustainable future for all of society and supports good management of energy usage as a part of its commitment to working towards energy efficiency.

In 2022 there has been a significant decrease in Gas and Electricity consumption, notably a 68% reduction in Gas consumption at our Rosyth facility. This can be attributed to lower levels of termination work (attaching hardware to manufactured umbilicals) resulting in a reduction in compressor usage and specifically a switch from the high power using, external compressors and generators. In addition, there was a 15% reduction in ground space at the Rosyth site and the company ceased 24/7 shift patterns at the plant in 2022 giving rise to additional energy consumption savings.

Mileage has increased in 2022, due to more activity post COVID. The number of vehicles used by the company has not changed significantly however the average mileage from our leased vehicles increased by 6,000 miles per year.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are broadly grouped as currency, legislative, financial and liquidity risk.

• **Currency Risks**

We are currently exposed to certain market risks arising from transactions we have entered into in the normal course of business. These risks predominantly relate to fluctuations in foreign exchange rates. We have not entered any market risk sensitive instruments for speculative or trading purposes.

• **Legislative Risks**

All activities are constantly monitored by the company's QHSE department to ensure that the highest standards are maintained at every stage of project execution.

The Continuous Quality Improvement and Health, Safety & Environmental Departments manage and control the Company Management systems required to achieve Third Party

- **Legislative Risks (continued)**

Accreditation/Approvals. These departments are responsible for monitoring the control and execution of the services offered by the company's regional and branch offices.

The company holds Third Party Accreditation/ Approval, with regards to its Management System and / or its control and execution of the services offered at a number of regional and branch offices in the UK.

- **Global Political Risks**

The Company operates across several jurisdictions and as such is exposed to political risk. The imposition of sanctions may impact the business although we do not have significant exposure to this risk.

- **Financial Risks**

The company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with accounting principles generally accepted in the United Kingdom. Due to the inherent limitations, internal control over financial reporting may not prevent or detect misstatements.

- **Liquidity and Capital Resources**

The company considers its liquidity and capital resources adequate to support our operations and internally generated growth initiatives. We expect our operating cash flow to continue to meet our ongoing annual cash requirements for the foreseeable future.

- **Long Term Fixed Price Contracts**

The Manufacturing Plant in Rosyth enters into long term fixed price contracts. The contract pricing builds in expected inflationary increases and raw materials are purchased on award to both maintain production schedules and give costing certainty.

On behalf of the board



N Purcell

Director

20 December 2023

The Directors' present their report for the year ended 31 December 2022.

Directors and their interests

The directors who held office during the year and up to the date of signing the financial statements were as follows:

P Buchanan
M McDonald
N Purcell (Appointed 18 May 2022)
A Onley (Appointed 1 July 2022, Resigned 16 February 2023)
C Tennant (Resigned 19 August 2022)
D Smithwhite (Resigned 18 May 2022)

The directors have no direct shareholdings in the Company or other Group companies above 1% of the issued share capital during the current or prior financial year.

Dividends

The directors recommend that no dividend be paid (2021 - £nil).

Future developments

The company will continue to seek opportunities to strengthen its pre-eminent position in the marketplace through organic growth, the introduction of new technologies and, where appropriate, further acquisitions.

Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to competitive, legislative, financial, liquidity and capital resources are described in the business review on pages 3-8. The company has considerable financial resources together with long-term contracts with customers and suppliers across different service lines.

We anticipate increased revenue and operating results in most of our segments based on continuing high levels of offshore activity. Future quotation activity is robust within our energy businesses and interest is increasing in our mobility solutions businesses.

At 31 December 2022, the Company had net assets of £111,759,000. The company has no external loan obligations but owes £292,636,000 to group companies and has receivables of £314,585,000 from fellow group companies. In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments the Company is party to group funding arrangements.

In the event that the Company requires assistance to meet its financial obligations, Oceaneering International Inc. will provide support to the Company. The directors have received a letter of support from Oceaneering International Inc., confirming it will provide financial support to the Company if needed until 31 December 2024, in order to allow the Company to continue to operate as a going concern.

The directors have assessed the ability of Oceaneering International Inc. to provide support until 31 December 2024, should it be required, and have reviewed the financial position and made suitable enquiries, are satisfied that these financial statements should be prepared on a going concern basis.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues, and that appropriate training is arranged. It is the policy of the company that the training, career

development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee involvement

The company places considerable value on the involvement of its employees and has continued the previous practice of keeping them informed on matters affecting them individually as employees and on the various factors affecting the performance of the company. This is achieved through regular management consultation with personnel, integrated with training programmes and frequent internal information releases. Also, employees are involved with all levels of management via the regular use of Town Halls, Question and Answer sessions and feedback sessions.

The business also utilises company-wide employee surveys and with the results being communicated to all leaders who have then cascaded to their relevant teams to ensure that the results were conveyed to all participants. Accordingly, action planning teams were launched to track and report progress, focus groups were gathered to establish root causes and offer viable solutions.

In relation to staff training, the company has a commitment to maintaining a training programme for all employees, which covers areas such as Health and Safety and Professional Development. Furthermore, there is also commitment to training for all role specific requirements, such as the handling of Dangerous Goods and Forklift refresher courses.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the Directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information that is needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditor are aware of that information.

Re-appointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.



On behalf of the board

N Purcell

Director

20 December 2023

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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

In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent.
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 101 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent Auditor's Report

To the members of Oceaneering International Services Limited

Opinion

We have audited the financial statements of Oceaneering International Services Limited for the year ended 31 December 2022 which comprises of the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position and the related notes 1 to 28 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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 12 months from when the financial statements are authorised for issue, up to 31 December 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Independent Auditor's Report

To the members of Oceaneering International Services Limited

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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.

Independent Auditor's Report

To the members of Oceaneering International Services Limited

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

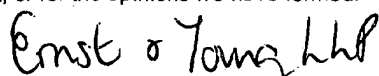
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006).
- We understood how Oceaneering International Services Limited is complying with those frameworks by making and corroborating enquiries of management and those charged with governance to understand how the company maintains and communicates its policies and procedures in these areas.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by performing procedures on management override and determining the revenue recognition may present a fraud risk.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved of review of board minutes to identify any non-compliance with such laws and regulations, enquires of the general counsel and management as well as journal entry testing designed to identify unusual activity and lower testing thresholds applied to financial statement accounts with deemed higher risk of fraud. Transactions sampled were agreed to source documentation or independent confirmation, ensuring appropriate authorisation of the transactions.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Gordon Edwards (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
21 December 2023

Oceaneering International Services Limited

Income Statement

For the year ended 31 December 2022

Registered number: 01023217

	Notes	2022 £000	2021 £000
Turnover	3	226,658	190,498
Cost of sales		(195,826)	(171,989)
Gross profit		30,832	18,509
Administration expenses		(24,141)	(14,680)
Selling costs		181	(1,282)
Other operating expenses	4	(20,419)	(4,546)
Operating loss	5	(13,547)	(1,999)
Gain on transfer of tangible fixed assets		847	2,968
Income from shares in group undertakings		143	1,300
Investment income		90	-
Reversal of impairment / (impairment) of fixed asset investments	13	27,791	(6,457)
Impairment of other fixed assets		-	(457)
Interest expense	6	(8,159)	(7,918)
Profit (loss) before taxation		7,165	(12,563)
Tax on profit / loss	10	(1,665)	(684)
Profit (loss) for the financial year		5,500	(13,247)

The notes on pages 19 to 37 form part of these financial statements.

Oceaneering International Services Limited
Statement of Comprehensive Income
For the year ended 31 December 2022

Registered number: 01023217

	2022	2021
	£000	£000
<i>Profit (loss) for the financial year</i>	5,500	(13,247)
Movement in accumulated currency reserve during the year	14,626	1,237
<i>Total comprehensive profit (loss) for the year</i>	20,126	(12,010)

Oceaneering International Services Limited

Statement of Financial Position

As at 31 December 2022

Registered number: 01023217

		2022	2021 Restated
	Notes	£000	£000
Non-current assets			
Intangible assets	11	96	39
Tangible assets	12	48,164	51,595
Investments	13	106,283	78,492
Investment in sublease	14	1,279	-
Amounts due from group undertakings	16	295,756	-
Deferred tax assets	10	6,335	4,107
		<u>457,913</u>	<u>130,126</u>
Current assets			
Stocks	15	12,670	13,088
Trade and other receivables	16	73,574	357,081
Cash		21,401	13,060
		<u>107,645</u>	<u>387,336</u>
Creditors: amounts falling due within one year			
Trade and other payables	17	(348,879)	(334,504)
Corporation tax liability		(5,043)	(4,006)
		<u>(353,922)</u>	<u>(338,510)</u>
Net current assets		<u>(246,277)</u>	<u>48,826</u>
Total assets less current liabilities		<u>211,636</u>	<u>178,952</u>
Creditors: amounts falling due after more than one year	18	(95,719)	(83,239)
Provisions for liabilities	20	(4,158)	(3,894)
Net assets		<u>111,759</u>	<u>91,819</u>
Capital and reserves			
Share capital	21	3,071	3,071
Share Premium	22	207,934	207,934
Capital contribution reserve	22	1,086	1,086
Foreign currency translation reserve	22	18,564	3,938
Profit and loss account		(118,897)	(124,210)
Total equity		<u>111,759</u>	<u>91,819</u>

The notes on pages 19 to 37 form part of these financial statements.

The financial statements of were approved by the Board of Directors on 20 December 2023 and signed on their behalf by

N Purcell

Director

N Purcell

Oceaneering International Services Limited

Statement of Changes in Equity

For the year ended 31 December 2022

Registered number: 01023217

	Share capital	Share premium account	Capital contribution reserve	Foreign currency translation reserve	Profit & loss account	Total equity
	£000	£000	£000	£000	£000	£000
At 1 January 2021	3,071	207,934	1,086	2,701	(110,963)	103,829
Loss for the year	-	-	-	-	(13,247)	(13,247)
Other comprehensive income for the year:						
Net foreign currency translation	-	-	-	1,237	-	1,237
Total comprehensive income for the year				1,237		1,237
At 31 December 2021	3,071	207,934	1,086	3,938	(124,210)	91,819
Profit for the year	-	-	-	-	5,500	5,500
Other adjustments					(187)	(187)
Other comprehensive income for the year:						
Net foreign currency translation	-	-	-	14,627	-	14,626
Total comprehensive income for the year				14,627	-	14,626
At 31 December 2022	3,071	207,934	1,086	18,565	(118,897)	111,759

Oceaneering International Services Limited

Notes to the financial statements

For the year ended 31 December 2022

Registered number: 01023217

1. General Information

Oceaneering International Services Limited is a private company, limited by shares, and incorporated in England and Wales.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS101) and the provisions of the Companies Act 2006.

These financial statements are presented in pounds sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise noted.

The company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of Oceaneering International, Inc. The results of Oceaneering International Services Limited are included in the consolidated financial statements of Oceaneering International, Inc. which are available from 11911 FM529, Houston, Texas 77041-3011.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The company has taken advantage of the following disclosure exemptions under FRS 101;

- a) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of;
 - (i) paragraph 79 (a)(iv) of IAS 1;
 - (ii) paragraph 73 (e) of IAS 16 Property, Plant and Equipment;
 - (iii) paragraph 118 (e) of IAS 38 Intangible Assets;
- b) the requirements of paragraphs 10(d), 10(f), 38A, 38B, 38C, 38D, and 134-136 of IAS 1 Presentation of Financial Statements;
- c) the requirements of IAS 7 Statement of Cash Flows;
- d) the requirements of paragraphs 7, 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- e) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- f) the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- g) the requirements of paragraph 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets;
- h) the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a)-119(c), 120-127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
- i) the requirement of paragraphs 52, 58, the second sentence of paragraph of 89, and paragraphs 90 and 91 of IFRS 16 Leases.

2.2 Going concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives and its exposure to competitive, legislative, financial, liquidity and capital resources are described in the business review on pages 3-8. The company has considerable financial resources together with long-term contracts with customers and suppliers across different service lines.

We anticipate increased revenue and operating results in most of our segments based on continuing high levels of offshore activity. Future quotation activity is robust within our energy businesses and interest is increasing in our mobility solutions businesses.

At 31 December 2022, the Company had net assets of £111,759,000. The company has no external loan obligations but owes £292,636,000 to group companies and has receivables of £314,585,000 from fellow group companies. In order to maintain liquidity to ensure sufficient funds are available for ongoing operations and future developments the Company is party to group funding arrangements.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

2.2 Going concern (continued)

In the event that the Company requires assistance to meet its financial obligations, Oceaneering International Inc. will provide support to the Company. The directors have received a letter of support from Oceaneering International Inc., confirming it will provide financial support to the Company if needed until 31 December 2024, in order to allow the Company to continue to operate as a going concern.

The directors have assessed the ability of Oceaneering International Inc. to provide support until 31 December 2024, should it be required, and have reviewed the financial position and made suitable enquiries, are satisfied that these financial statements should be prepared on a going concern basis.

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements:

Impairment

Impairment exists when the carrying value of an asset is lower than its recoverable amount. The company assesses at each reporting date whether there is an indication of impairment on non-financial assets. The recoverable amount relies on discounted cashflows which require the use of estimates and assumptions such as operating costs, future capital requirements and operating performance. Changes in these factors require judgement when working through the process of identifying indicators of impairment. Therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of an asset.

Costs to Completion on Long Term Fixed Price Contracts

The company performs regular assessments of the cost to complete long term projects in our manufacturing plant. This assessment requires management to determine the stage of completion by reference to the contract costs incurred for work performed to date in proportion to the estimated total contract costs. Based on this estimate stage of completion, a respective portion of the expected revenue is recognised. If circumstances arise that may change the original estimates of revenues, costs or extent of progress towards completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the Income Statement in the period in which the circumstances that give rise to the revision become known to the management. Monthly meetings are held in Rosyth to review any changes in circumstances. These monthly meetings reduce, but do not eliminate, the risk that estimates associated with Costs to Completion may change significantly.

2.4 Significant accounting policies

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised according to the contract type and largely over time in accordance with IFRS 15.

Service contracts to customers include personnel and equipment day rate charges which allow revenue to be recognised as the work is performed. Billing for these contracts is periodic, ranging from weekly to monthly.

Longer term contracts, predominantly within the manufacturing products segment, recognise revenue based on the percentage of completion method. Such methodology considers the overall progress of

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

Revenue Recognition (continued)

contracts, considering both revenue and costs, as a product flows through the manufacturing process. The final portion of revenue, calculated by considering contract value less revenue recognised to date, is recognised at a point in time when control transfers to the customer. Where the contract cost current estimate indicates an ultimate loss, the projected loss is recognised in full in the period it is determined. Billing for such contracts, under the manufacturing products segment, consists of milestone payments due at specified progress points. The timing of such milestone payments may differ from the timing of revenue recognition.

Intangible fixed assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses. Amortisation is calculated over a useful life of 3 years.

Tangible fixed assets

Tangible fixed assets are shown at original historic cost, net of depreciation and any provision for permanent impairments in value.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	15 – 25 years
Freehold buildings	25 years
Leasehold land and buildings	25 years
Plant and equipment	3 – 10 years
Right of use assets	shorter of estimated useful life and the term of the lease

Residual value is calculated on prices prevailing at each balance sheet date.

Freehold land is not depreciated.

Investments

Fixed asset investments are held at historical cost less provision for impairment.

Lessor arrangements

A lease asset is calculated at the present value of lease income. Where the lease asset relates to a sublease arrangement it is recognised after reducing the related right-of-use asset within tangible fixed assets.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving, or defective items where appropriate.

Trade and other receivables

Trade receivables, which generally have 30-90 days terms, are recognised, and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost. Trade and other receivables are recorded considering provisions for expected credit losses (ECLs). The company has in place a provision matrix for trade and other receivables that is based on historical credit losses and is adjusted for specific forward-looking factors. The carrying amount of the receivables are reduced using a provision account and movements in the provision are recognised in the income statement within cost of sales and net operating expenses.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

Cash at bank and in hand

Cash and short-term deposits in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

Trade and other payables

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Income Taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Lessee arrangements

When a lease arrangement is identified, a liability is recognised in the balance sheet as a lease obligation calculated at the present value of lease payments. Also, a related right-of-use asset will be recorded within tangible fixed assets. Lease payments are subsequently apportioned between interest payments and a reduction in the lease liability to reflect the remaining balance of the liability held. The finance cost and depreciation of the right-of-use asset are charged to the income statement. Leases with a term life of 12 months or less and leases with a low value are not recorded on the balance sheet and their payments are charged on a straight-line basis to the income statement over the term of the contract.

Foreign currency translation

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas branches are translated at the average rate of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves. All other exchange differences are included in the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Provisions

A provision is recognised in the balance sheet when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

3. Turnover and segmental information

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

Turnover by geographic location comprises:

	2022	2021
	£000	£000
Africa	10,006	7,179
Caspian	26,972	19,124
Europe (excluding UK)	7,280	8,603
Rest of the world	25,878	19,960
United Kingdom	156,522	135,632
	226,658	190,498

Turnover by business segment comprises:

	2022	2021
	£000	£000
Integrity Management & Data Solutions	63,939	74,882
Manufactured Products	58,573	61,271
Oceaneering Projects Group	23,424	11,943
Subsea Robotics	39,341	28,665
Other Oilfield Services	41,381	13,737
	226,658	190,498

4. Other operating expenses

Other operating expenses comprise:

	2022	2021
	£000	£000
Foreign currency exchange loss	17,912	2,432
Royalty charges	2,507	2,114
Other operating expenses	20,419	4,546

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

5. Operating loss

This is stated after charging:

		2022	2021
	Notes	£000	£000
Depreciation of tangible fixed assets – owned	12	7,557	8,118
Depreciation of right-of-use assets	12	3,174	4,473
Lease rentals relating to short term or low-value leases		1,710	3,039
Cost of inventories recognised as an expense		34,174	42,791

6. Interest payable

	2022	2021
	£000	£000
To group undertakings on intercompany loans and balances	6,685	4,593
Interest expense on lease liability	1,474	3,325
	<u>8,159</u>	<u>7,918</u>

7. Auditor remuneration

In the current year and the preceding year, the auditors' remuneration was borne by the ultimate holding company, Oceaneering International, Inc. This amounted to £137,000 for 2022 (2021 - £137,000).

8. Staff costs

Particulars of employees (including executive directors) are shown below:

		2022	2021
	Notes	£000	£000
Wages and salaries		78,159	77,794
Social security costs		6,683	6,502
Other pension costs	25	<u>2,977</u>	<u>2,868</u>
		<u>87,819</u>	<u>87,164</u>

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

	2022	2021
	Number	Number
Direct labour	986	961
Indirect staff	595	599
Management and administration	<u>476</u>	<u>414</u>
	<u>2,057</u>	<u>1,974</u>

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

9. Directors' remuneration

	2022	2021
	£000	£000
Directors' remuneration	659	545
Company contributions paid to money purchase pension scheme	27	22

Directors' remuneration for 2022 included £170,000 in relation to compensation for loss of office.

The directors have no direct shareholdings in the Company or other Group companies above 1% of the issued share capital during the current or prior financial year.

Pensions

The number of directors who were members of pension schemes was as follows:

	2022	2021
	No.	No.
Money purchase schemes	5	3

Long term incentive schemes

The number of directors who benefitted from long term incentive schemes during the year:

	2022	2021
	No.	No.
Received shares	-	-
Other	-	1

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	2022	2021
	£000	£000
Emoluments	271	242
Company contributions paid to money purchase schemes	10	9

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

10. Taxation

(a) Tax charge in the income statement

	2022	2021
	£000	£000
<i>Current tax:</i>		
Current tax on loss for the year	(225)	(998)
Adjustment in respect of prior years	(408)	16
Foreign tax suffered	4,526	2,918
Total current income tax	3,893	1,936
<i>Deferred tax:</i>		
Current year	(1,609)	(9)
Adjustment in respect of previous periods	(111)	(266)
Effect of changes in tax rates	(508)	(977)
Total deferred tax	(2,228)	(1,252)
 Tax charge in the income statement	 <u>1,665</u>	 <u>684</u>

(b) Factors affecting total tax charge for the year

The expense for the year can be reconciled to the loss per the income statement as follows:

	2022	2021
	£000	£000
Profit/(Loss) for the year	7,165	(12,563)
Tax calculated at UK corporation tax in the UK 19% (2021 – 19%)	1,361	(2,387)
Effects of:		
Adjustments in respect of prior years	(518)	(249)
Expenses not deductible	946	1,628
Income not taxable	(12)	(310)
Transfer pricing adjustments	2,372	1,187
Tax rate changes	(508)	(978)
Effects of overseas tax rates	3,309	1,880
Reversal of impairments – non deductible	(5,285)	(87)
Total tax (note 10(a))	<u>1,665</u>	<u>684</u>

The UK corporation tax rate in the year was 19%.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

10. Taxation (continued)

(c) Deferred tax:

The deferred tax asset included in the balance sheet is as follows:

	2022	2021
	£000	£000
Decelerated capital allowances	1,585	2,059
Temporary differences	140	145
Losses	4,577	1,870
R&D expenditure credit	33	33
	<u>6,335</u>	<u>4,107</u>

Deferred tax assets have been recognised following review and consideration of the forecasted profitability of each business segment within the company as well as the forecasted profitability of other fellow group undertakings. It was considered that the deferred tax assets will continue to be utilised by either the company or fellow group undertakings and therefore recognition was deemed appropriate.

11. Intangible assets

	Patents	Other Intangibles	Total
	£000	£000	£000
Cost:			
At 1 January 2022	11	39	50
Additions	-	73	73
At 31 December 2022	<u>11</u>	<u>112</u>	<u>123</u>
Depreciation:			
At 1 January 2022	(11)	-	(11)
Charge for year	-	(16)	(16)
At 31 December 2022	<u>(11)</u>	<u>(16)</u>	<u>(27)</u>
Net book value:			
At 31 December 2022	<u>-</u>	<u>96</u>	<u>96</u>
At 1 January 2022	<u>-</u>	<u>39</u>	<u>39</u>

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

12. Tangible fixed assets

	Land and Buildings	Plant and Equipment	Right of Use Assets	Construction in Progress	Total
	£000	£000	£000	£000	£000
Cost:					
At 1 January 2022	20,506	110,953	31,584	-	163,043
Additions	95	1,561	2,505	8,582	12,743
Transfer in from other affiliate undertakings	-	3,034	-	-	3,034
Transfer out to other affiliate undertakings	-	(6,056)	-	-	(6,056)
Disposals	(4,625)	(1,554)	(1,243)	-	(7,422)
Exchange adjustment	11	99	-	-	110
31 December 2022	15,987	108,037	32,846	8,582	165,452
Depreciation and impairment:					
At 1 January 2022	10,597	89,803	11,048	-	111,448
Charge for the year	788	6,769	3,174	-	10,731
Transfer out to other affiliate undertakings	-	(2,855)	-	-	(2,855)
Disposals	(1,790)	(356)	-	-	(2,146)
Exchange adjustment	(3)	94	19	-	110
At 31 December 2022	9,592	93,455	14,241	-	117,288
Net book value:					
At 31 December 2022	6,395	14,582	18,605	8,582	48,164
At 1 January 2022	9,909	21,150	20,536	-	51,595

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

13. Fixed asset investments

The following are included in the net book value of fixed asset investments:

	Associates	Subsidiaries	Total
	£000	£000	£000
Cost:			
At 1 January 2022	9,591	248,004	257,595
Additions	-	-	-
At 31 December 2022	9,591	248,004	257,595
Provisions for impairment:			
At 1 January 2022	3,271	175,832	179,103
Reversal of impairment	-	(27,791)	(27,791)
At 31 December 2022	3,271	148,041	151,312
Net book value:			
At 31 December 2022	6,320	99,963	106,283
At 1 January 2022	6,320	72,172	78,492

The reversal of impairment of £27,791,000 is recorded in respect of Grayloc Products Limited. In previous years this subsidiary has seen large impairment losses which are considered partially reversed from 2022.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

13. Fixed asset investments (continued)

The company has investments in the following subsidiary and associated undertakings:

Principal country of operation	Country of registration & incorporation	Equity interest	Nature of business
United Kingdom			
Oceaneering Services Overseas Limited (1 ordinary shares of \$1 each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	England	100%	Subsea Services
Grayloc Products Limited # (1,000 ordinary shares of £1 each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	England	100%	Subsea Products
Viper Innovations Limited (186,750 ordinary shares of £0.001 each) Registered office address: Unit 3a Marine View Office Park, 45 Martingale Way, Portishead, Bristol, UK, BS20 7AW	England	25%	Subsea Products
Ecosse IP Limited (in liquidation) # (19,411,476 ordinary shares of 1p each) Registered office address: 12 Carden Place, Aberdeen, Scotland, AB10 1UR	Scotland	19%	Subsea Products
Overseas			
Oilfield Inspection Services (International) Limited (6,933 ordinary shares of £1 each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	Jersey	100%	Holding company
Oilfield Inspection Services (M) SdnBhd* (10,000 'B' ordinary shares of Mal 1 Ringgit each and 6,400,000 redeemable preference shares of Mal 1 Ringgit each) Registered office address: Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Malaysia	10%	Inspection services
Atkins Inspection Services (M) SdnBhd* (10,000 'B' ordinary shares of Mal 1 Ringgit each) Registered office address: Level 21, Suite 21.01, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur	Malaysia	10%	Inspection services

Oceaneering International Services Limited**Notes to the financial statements (continued)****For the year ended 31 December 2022**

Registered number: 01023217

13. Fixed asset investments (continued)

Principal country of operation	Country of registration & incorporation	Equity interest	Nature of business
Overseas continued			
Oceaneering OIS Company WLL* (249 shares of Dirham 1,000 each) Registered office address: Al Masaood Tower, Hamdan Street, Abu Dhabi, United Arab Emirates	Abu Dhabi	49%	Inspection services
Oceaneering Services PNG Ltd Level 5, Bsp Haus, Harbour City, Konedobu, Port Moresby, National Capital District 121, Papua New Guinea	Papua New Guinea	100%	Inspection services
Oceaneering Energy Services (Namibia) (Proprietary) Limited Registered office address: Unit 3, 2nd Floor, Ausspahn Plaza, Ausspahn Platz, Windhoek, Namibia	Namibia	100%	Subsea Services
Dormant and non trading companies			
OIS International Inspection plc # (30,350,000 ordinary shares of 10p each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	England	100%	Dormant
Brompton Holdings plc (17,976,364 ordinary shares of 20p each) Registered office address: 2, Marischal Square, Broad Street, Aberdeen, AB10 1DQ, United Kingdom	Scotland	100%	Dormant
OIS plc (14,322,000 ordinary shares of 10p each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	England	100%	Dormant
Metacor Holdings Limited # (240,000 preference shares of £1 each, 1,370,500 ordinary shares of £1 each and 612 deferred shares of £1 each) Registered office address: 2, Marischal Square, Broad Street, Aberdeen, AB10 1DQ, United Kingdom	Scotland	100%	Dormant
External Corrosion Management Limited (1,000 ordinary shares of £1 each, 100 deferred A shares of £1 each and 100 deferred B shares of £1 each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	England	100%	Dormant

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

13. Fixed asset investments (continued)

Principal country of operation	Country of registration & incorporation	Equity interest	Nature of business
Dormant and non trading companies continued			
Ecosse Subsea Systems Limited # (2 ordinary shares of 1p each) Registered office address: Building 3, Aberdeen International Business Park, Dyce Drive, Dyce, Aberdeen, Scotland, AB21 0BR	Scotland	100%	Non Trading
Oilfield Inspection Services Overseas Limited (2 ordinary shares of £1 each) Registered office address: 208 Bishopsgate, London, EC2M 4RB	England	100%	Dormant
OIS International Limited (100,000 ordinary shares of £1 each) Registered office address: 4 Finch Road, Douglas, Isle of Man, IM1 2PT	Isle of Man	100%	Dormant
OIS International Limited – Qeshm (100 ordinary shares US\$1 each) No registered addressed. Contact OIS Plc: 208 Bishopsgate, London, EC2M 4RB	Iran	100%	Dormant
OIS (Thailand) Company Limited Registered office address: 19 Soi Suan Son 8, Ramkhamhaeng Road, Huamark Subdistrict, Bang Kapi District, Bangkok	Thailand	49%	Non Trading
Metacor Limited (100 ordinary shares of \$1 each) Registered office address: 245 Belmont Circular Road, Belmont, Trinidad	Trinidad & Tobago	100%	Non Trading

The group exercises dominant influence over these companies by virtue of shareholder agreements. Investment is held directly by the company.
Ecosse Subsea Systems Limited was dissolved on 8 March 2022.

14. Investment in sublease

	2022	2021
	£000	£000
Sublease arrangements	1,279	-

During 2022, a sublet agreement was entered into, subletting part of the Aberdeen office building.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

15. Stocks

	2022	2021
	£000	£000
Raw materials and consumables	2,448	8,283
Work in progress	10,222	4,805
	<u>12,670</u>	<u>13,088</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

16. Trade and other receivables

	2022	2021
	£000	Restated £000
Trade receivables	18,862	22,611
Provision for expected credit losses	(445)	(498)
Amounts due from group undertakings	314,585	301,213
Accrued income	21,440	16,616
Other debtors	2,382	785
Prepayments	4,214	6,144
Group tax relief debtor	8,292	8,147
Other tax receivables	-	2,063
	<u>369,330</u>	<u>357,081</u>

The amounts due from group undertakings are unsecured, interest free and repayable on demand. The fair value of debtors is approximate to carrying amounts given that they are short term in nature. Of the amounts due from group undertakings, £18,829,000 has been classified as current, this amount was repaid during 2023. The remaining £295,756,000 has been classified as non-current.

17. Trade and other payables: amounts falling due within one year

		2022	2021
	Notes	£000	Restated £000
Trade payables		17,748	16,710
Amounts owed to group undertakings		292,636	267,525
Other creditors, taxation, and social security		13,458	13,048
Lease liabilities	19	2,267	3,554
Contract liabilities		15,909	27,164
Accruals		<u>6,861</u>	<u>6,503</u>
		<u>348,879</u>	<u>334,504</u>

Included within amounts owed to group undertakings is an amount due to fellow undertakings of £162,404,000 (2021 - £119,434,000) which bears interest at the affiliates' government authority rate.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

18. Creditors: amounts falling due after more than one year

		2022	2021
	Notes	£000	£000
Lease liabilities	19	18,124	17,285
Intercompany loans		<u>77,595</u>	<u>65,954</u>
		<u>95,719</u>	<u>83,239</u>

Intercompany loans comprise one loan payable to the ultimate parent undertaking which bears interest at 5% per annum. The loan is a revolving credit facility with a maturity date of July 2026.

19. Lease liabilities

	2022
	£000
At 1 January 2022	20,839
Additions	2,505
Adjustments	(86)
Finance costs	1,031
Lease payments	<u>(3,898)</u>
At 31 December 2022	<u>20,391</u>

Breakdown between current and non-current lease liabilities:

		2022	2021
	Notes	£000	£000
Current: less than 12 months	17	2,267	3,554
Non-current:			
1-5 years	18	7,578	7,260
Over 5 years	18	<u>10,546</u>	<u>10,025</u>
		<u>20,391</u>	<u>20,839</u>

For information on right-of-use assets see note 12.

The rents payable under these leases are subject to renegotiation at various intervals specified in the lease agreements. The company pays all insurance, maintenance, and repairs incurred throughout the lease period.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

20. Provisions for liabilities

	Gratuity provision £000	Dilapidations £000	Other £000	Total £000
At 1 January 2022	1,519	2,064	311	3,894
Additions	640	33	80	753
Unutilised - released	-	-	(206)	(206)
Utilised	(175)	(96)	-	(271)
Movement in Foreign Exchange	(12)	-	-	(12)
At 31 December 2022	<u>1,972</u>	<u>2,001</u>	<u>185</u>	<u>4,158</u>
				£000
Current				105
Non-Current				4,053
				<u>4,158</u>

The gratuity provision for employees relates to India-based staff on the termination of their contracts, provided they have completed a set length of continuous services before leaving the company.

Dilapidation provisions are recorded where property lease contracts require we reinstate the property to original condition at the end of the lease.

Other provisions largely relate to subcontractor-related tax liabilities in the carrying out of international work.

21. Called-up equity share capital

		Allotted, called-up and fully paid	
		2022	2021
	No.	£000	No.
			£000
Ordinary shares of £1 each	3,070,501	3,071	3,070,501
		<u>3,071</u>	<u>3,071</u>

Share capital consists entirely of equity shares.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

22. Reserves

Share premium:

The share premium account represents consideration received for shares issued above their nominal value, net of transaction costs.

Capital contribution reserve:

This reserve records capital contributions from the ultimate parent company Oceaneering International, Inc.

Foreign currency translation reserve:

The foreign currency translation reserve represents the accumulated foreign exchange gain or loss that arises when the overseas branch financial positions are combined into the company's statutory accounts and translated to GBP.

23. Capital commitments

At the end of the year, the company had the following capital commitments:

	2022	2021
	£000	£000
Contracted for but not provided for	7,610	4,319

24. Contingent liabilities

- i) In the ordinary course of business, the company has a number of bank guarantees issued in various contract currencies. Currently the likelihood of economic outflow for each guarantee is remote. If the likelihood of outflow were to change, the company, at such time, would consider the recognition, measurement, and disclosure criteria of IAS 37.
- ii) At the year end, several contracts, relating to one segment of the company, remained under warranty. Currently, the likelihood of economic outflow for each contract is remote. If the likelihood of outflow were to change, the company, at such time, would consider the recognition, measurement, and disclosure criteria of IAS 37.
- iii) At the year end, HM Revenue & Customs held a deferment guarantee of £200,000. The likelihood of economic outflow for this guarantee is remote.

25. Pension schemes

The company makes contributions to various stakeholder schemes, which are all defined contributions schemes. Contributions charged to the schemes during the year to 31 December 2022 were £2,971,000 (2021 - £2,868,000). Contributions totalling £466,000 (2021 - £459,000) were payable at the year end and included in creditors.

26. Subsequent events

After the year end, the company has entered various transactions with other affiliate companies as part of the group's strategic initiative. As a result of these transactions, the company has issued an additional share to the immediate parent and received funds of £18,000,000 from Oceaneering A/S. In addition to the share issued, we received a dividend from one of our subsidiaries and settlements from group companies which enabled us to pay down £73,000,000 of the intercompany loan payable.

Oceaneering International Services Limited
Notes to the financial statements (continued)
For the year ended 31 December 2022

Registered number: 01023217

26. Subsequent events (continued)

On 17 August 2023, a dividend was received from subsidiary Grayloc Products Limited. The dividend of £16,483,000 was received in August 2023.

27. Ultimate parent company

The immediate parent undertaking is Oceaneering AS, a company incorporated in Norway. The company is a subsidiary undertaking of Oceaneering International, Inc., incorporated in the State of Delaware, USA, which is also the largest and smallest group in which the results of Oceaneering International Services Limited and subsidiary undertakings are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from 5875 North Sam Houston Parkway West Suite 400, Houston, Texas 77086, United States of America.

28. Restatement to 2021 comparatives

In preparing the financial statements for the year ended 31 December 2022, management became aware of an error in relation to the accounting treatment in the prior year of intracompany transactions. Transactions that occurred within business units within the legal entity had not been appropriately eliminated, and as a result, were included in both amounts due by group undertakings and amounts owed to group undertakings. An amendment of £101.1m was made to both amounts, to eliminate these transactions and appropriately reflect the true intercompany position. There is no impact on the net asset position of the company for the comparative year.

The comparative disclosures in respect of the statement of financial position (page 17), debtors (note 16) and creditors: amounts falling due within one year (note 17) have been restated to reflect these adjustments. Please see below:

		As reported originally	Adjustment	Restated
	Notes	£000	£000	£000
Amounts owed by group undertakings	16	402,214	(101,001)	301,213
Amounts owed by group undertakings	17	(368,526)	101,001	(267,525)