

Registered No: 8432197

OneSubsea IP UK Limited

Annual Report and Financial Statements

31 December 2021

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OneSubsea IP UK Limited

Registered No: 8432197

Company information

Directors

M A Boulby
S W McCloud
C A Walker

Independent Auditors

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

Registered Office

62 Buckingham Gate, London, SW1E 6AJ

OneSubsea IP UK Limited

Registered No: 8432197

Strategic report

The directors present their strategic report for the year ended 31 December 2021.

Review of the business

The Company's principal activity is the ownership, management and funding of research and development activities for the OneSubsea group of companies. The Company charges royalties to group member companies for use of the patents and intellectual property deriving from the research and development activities which the Company funds.

Turnover from operations for the year at \$53,293,000 represents a 10% increase compared to turnover for year ended 31 December 2020 of \$48,454,000. This increase is related to overall OneSubsea Group sales increase of patents and intellectual property deriving from the research and development activities which the Company funds.

The Company made a net profit after tax of \$28,993,000 for the year 2021 (year ended 31 December 2020: net profit after tax of \$28,082,000).

The Company profitability increased with 3% compared with the previous period, profitability mainly driven by revenue increase obtained from license fees.

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

	2021 \$000	2020 \$000	Change
Turnover	53,293	48,454	10%
Profit after tax	28,993	28,082	3%
Shareholders' funds	161,364	136,829	18%

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.

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 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.

OneSubsea IP UK Limited

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Strategic 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 also exposed to the risk of foreign currency gains and losses, primary with respect to turnover and expenses in other currencies than USD. 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.

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
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.

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Strategic report (continued)

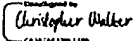
The Directors consider that they have acted in accordance with their duties under Section 172 in the decisions taken during the year ended 31 December 2021.

On behalf of the board

C A Walker

Director

23 June 2023


Christopher Walker

OneSubsea IP UK Limited

Registered No: 8432197

Directors' report

The directors present their report and the audited financial statements for the year ended 31 December 2021. 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.

Directors

The directors of the Company who were in office during the year ended 31 December 2021 and up to the date of signing the financial statements, unless otherwise stated, were:

M A Boulby (Appointed 5 January 2021)
S W McCloud
G E Varn (Appointed 20 January 2021 and resigned 4 August 2022)
C A Walker (Appointed 18 August 2022)

Results and Dividends

Turnover for the year was \$53,293,000 (year ended 31 December 2020: \$48,454,000).

The Company made a profit before tax of \$33,659,000 in the year (year ended 31 December 2020: \$28,454,000) and a profit after tax in the year of \$28,993,000 (year ended 31 December 2020: \$28,082,000). The Company declared no dividends during the year (2020: nil). No final dividend is recommended for the year.

Future developments

The directors intend to continue the Company's activity of research and development for other group companies into the future.

Financial Risk Management

The Company's principal financial risks are set out in the Strategic Report on page 2 and 3.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and above paragraphs.

The OneSubsea Group has strong financial resources which it is using to develop new technologies. As such, the Company has the full support of the Group to continue to invest in Subsea technology as this is key to generating a competitive advantage for both the OneSubsea Segment and the wider Schlumberger Group. In developing such a technological position of comparative advantage, the Company is expected to contribute significantly to the Group in the long term. As a consequence, the directors believe that the Company is well placed to continue to invest, develop new technologies and to manage its business risks successfully.

The Company made a profit after tax in the year of \$28,993,000 and has net current assets of \$146,422,000 therefore the directors have a reasonable expectation, along with taking into account the forecasts for the following periods, that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

OneSubsea IP UK Limited

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Directors' report (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report 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

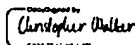
In the case of each director in office at the date the directors' report is approved:

- 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.

On behalf of the board

C A Walker
Director

23 June 2023

Christopher Walker
C.A.W. 2023.06.23

Independent auditors' report to the members of OneSubsea IP UK Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 2021; the Income Statement and 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.

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 Directors' 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 Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 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 Directors' 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 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. 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 and judgements made by management in their significant accounting estimates such as trade debtors' impairment, impairment of intangibles and the recoverability of deferred tax assets;
- Incorporating elements of unpredictability into the audit procedures performed;
- Reviewing income tax and VAT calculations performed by and submissions made by management to ensure they are in compliance with filing requirements.

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

26 June 2023

OneSubsea IP UK Limited

Registered No: 8432197

Income Statement

for the year ended 31 December 2021

	<i>Note</i>	<i>2021</i> <i>\$000</i>	<i>2020</i> <i>\$000</i>
Turnover	3	53,293	48,454
Cost of sales		<u>(15,688)</u>	<u>(14,028)</u>
Gross profit		37,605	34,426
Administrative expenses		<u>(4,348)</u>	<u>(6,611)</u>
Operating profit	4	33,257	27,815
Interest receivable and similar income	5	403	642
Interest payable and similar expenses	6	<u>(1)</u>	<u>(3)</u>
Profit before taxation		33,659	28,454
Tax on profit	7	<u>(4,666)</u>	<u>(372)</u>
Profit for the financial year		<u>28,993</u>	<u>28,082</u>

All results were derived from continuing operations. The Company did not have any other comprehensive income during the current year or the preceding year and consequently has not presented a statement of comprehensive income.

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Statement of financial position

As at 31 December 2021

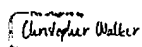
	Note	2021 \$000	2020 \$000
Fixed assets			
Intangible assets	8	7,708	12,063
		<u>7,708</u>	<u>12,063</u>
Current assets			
Debtors: amounts falling due within one year	9	161,739	127,973
Debtors: amounts falling due after more than 1 year		7,234	-
		<u>168,973</u>	<u>127,973</u>
Creditors: amounts falling due within one year	10	<u>(15,317)</u>	<u>(3,207)</u>
Net current assets		<u>146,422</u>	<u>124,766</u>
Total assets less current liabilities		<u>161,364</u>	<u>136,829</u>
Net assets		<u>161,364</u>	<u>136,829</u>
Capital and reserves			
Called up share capital	11	6,113	6,113
Profit and loss account		<u>155,251</u>	<u>130,716</u>
Total shareholders' funds		<u>161,364</u>	<u>136,829</u>

The financial statements on pages 10 to 21 were approved by the Board of Directors on 23 June 2023 and signed on its behalf by:

C A Walker

Director

23 June 2023


 Christopher Walker

OneSubsea IP UK Limited

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Statement of changes in equity
 for the year ended 31 December 2021

	<i>Called up share capital \$000</i>	<i>Profit and loss account \$000</i>	<i>Total equity \$000</i>
At 1 January 2020	6,113	102,123	108,236
Profit for the year	-	28,082	28,082
Research and development expenditure credit group benefit	-	511	511
At 31 December 2020	6,113	130,716	136,829
Profit for the year	-	28,993	28,993
Group relief in respect of prior year (note 7(b))	-	(4,458)	(4,458)
At 31 December 2021	6,113	155,251	161,364

OneSubsea IP UK Limited

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Notes to the financial statements

for the year ended 31 December 2021

1. Accounting policies

Authorisation of financial statements and statements of compliance with FRS 102

General information

OneSubsea IP UK Limited is a private company limited by shares and is incorporated in United Kingdom. The Registered Office is 62 Buckingham Gate, London, SW1E 6AJ.

Statement of compliance

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 31 December 2021. FRS 102 has been consistently applied across the current and prior accounting periods.

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 United States Dollars which is the functional currency of the Company and are presented to the nearest \$'000.

The Company is exempt from preparing and delivering group financial statements under section 402 of the Companies Act 2006, 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.

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).

The financial statements of Schlumberger Limited are available to the public and are available from the web site address shown in note 12.

OneSubsea IP UK Limited

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Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Accounting policies (continued)

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report and above paragraphs.

The OneSubsea Group has strong financial resources which it is using to develop new technologies. As such, the Company has the full support of the Group to continue to invest in Subsea technology as this is key to generating a competitive advantage for both the OneSubsea Segment and the wider Schlumberger Group. In developing such a technological position of comparative advantage, the Company is expected to contribute significantly to the Group in the long term. As a consequence, the directors believe that the Company is well placed to continue to invest, develop new technologies and to manage its business risks successfully.

The Company made a profit after tax in the year of 28,993,000 and has net current assets of \$146,422,000 (2020: profit after tax in the year of \$28,082,000 and net current assets of \$124,766,000) therefore the directors have a reasonable expectation, along with taking into account the forecasts for the following periods, that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Revenue recognition

Royalty and license fee income

Turnover comprises royalty and licence fees charged to OneSubsea group companies. The revenue is recognised on an accrual basis, and it represents 5% of the overall OneSubsea Group sales generated by the use of the patents and intellectual property deriving from the research and development activities which the Company funds.

Taxation

Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in shareholders' equity. In this case, the tax is also recognised in other comprehensive income or directly in shareholders' equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Provisions are made on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither.

Foreign currencies

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

Transactions denominated 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.

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Notes to the financial statements (continued)

for the year ended 31 December 2021

1. Accounting policies (continued)

Intangible fixed assets

Intangible assets are represented by patents at cost.

Amortisation is provided on all intangible assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Patents - 5 or 10 years

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation costs are presented with administrative expenses within the income statement.

Research and development

Expenditure on research and development is written off in the year in which it is incurred and included in cost of sales.

Financial instruments

The entity is applying section 11 and 12 of FRS 102 in respect of recognition and measurement of financial instruments. These are initially accounted for at their transaction price except for financing transactions

which are measured at the present value of the future payments discounted using a market rate of interest. Subsequently, basic financial instruments are measured as follows:

- i. Debt instruments (receivables and payables) are measured using the effective interest method. For debt instruments expected to be settled within one year, they are measured at the undiscounted amount of cash expected to be received or paid.
- ii. Commitments to make or receive a loan shall are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents include current bank account balances, cash held on overnight deposit or cash in hand and other short-term investments in market with maturities within 12 months.

2. Critical accounting judgements, estimates and assumptions

The Company makes judgements and estimates concerning the future. The resulting judgements and estimates will, by definition, seldom equal the related actual results. The judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below:

Impairment of debtors

The Company has cash balances advanced to other group companies; therefore, the key risk to the Company is the risk of these amounts not being recoverable. 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 requirements across the group. In addition, when assessing recoverability and potential impairment, management considers factors including the financial results and balance sheet position of the group undertakings.

OneSubsea IP UK Limited

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Notes to the financial statements (continued)

for the year ended 31 December 2021

2. Critical accounting judgements, estimates and assumptions (continued)*Impairment of intangibles*

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred tax assets

The Company assesses the recoverability of its deferred tax assets as at period end based on probability of future taxable profits.

3. Turnover

During 2021 and 2020 the turnover represents the amounts derived from royalty and licence fees.

An analysis of turnover by geographical market is given below:

	2021	2020
	\$000	\$000
United Kingdom	53,293	48,454
	<u>53,293</u>	<u>48,454</u>

An analysis of turnover by sales type is given below:

	2021	2020
	\$000	\$000
Royalty and licence fees	53,293	48,454
	<u>53,293</u>	<u>48,454</u>

4. Operating profit

This is stated after charging/(crediting):

	2021	2020
	\$000	\$000
Research and development costs	15,688	14,028
Amortisation of intangible fixed assets	4,355	4,356
Audit fees payable to the Company's auditors	30	28
Foreign exchange differences	(8)	61
	<u></u>	<u></u>

OneSubsea IP UK Limited

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Notes to the financial statements (continued)

for the year ended 31 December 2021

4. Operating profit (continued)

The directors of the Company were also directors of various fellow group companies during the year ended 31 December 2021 and year ended 31 December 2020. Their remuneration is paid by those fellow group companies. The directors do not believe that it is practicable to apportion this amount between their services as directors of the Company and their services as directors of the fellow group undertakings. There are no employees (2020: nil) in the Company; costs in relation to services are recharged from other areas of the group.

5. Interest receivable and similar income

	2021	2020
	\$000	\$000
Interest receivable and similar income	403	642
	<u>403</u>	<u>642</u>

6. Interest payable and similar expenses

	2021	2020
	\$000	\$000
Interest payable and similar expenses	1	3
	<u>1</u>	<u>3</u>

7. Tax charge**(a) Tax charge**

	2021	2020
	\$000	\$000
Current tax:		
UK corporation tax on profits for the year	6,425	511
Total current tax:	<u>6,425</u>	<u>511</u>
Deferred tax:		
Origination and reversal of timing differences	-	511
Group relief in respect of prior year	(23)	(20)
Effect on changes in tax rates	(1,736)	(630)
Total deferred tax	<u>(1,759)</u>	<u>(139)</u>
Total tax per income statement	<u>4,666</u>	<u>372</u>

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Notes to the financial statements (continued)

for the year ended 31 December 2021

7. Tax charge (continued)**(b) Factors affecting the tax charge**

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021	2020
	\$000	\$000
Profit before tax – continuing operations	33,659	28,454
Tax on profit at standard UK tax rate of 19% (2020: 19%)	6,395	5,406
Effects of:		
Expenses not deductible for tax purposes	30	29
Effects of group relief	-	(4,413)
Group relief in respect of prior year	(23)	(20)
Effect of changes in tax rate	(1,736)	(630)
Total tax charge for the year	4,666	372

The Directors took the decision to align the treatment of group relief in respect of the payment and compensation by and to the recipient and surrendering companies respectively, within the UK group. Previously only certain companies within the UK group made payments for group relief and this change has therefore been affected to ensure consistency across the UK group, as a whole. This decision is effective from 1 January 2020.

The Company has not paid or received payments for group relief before this decision was taken. The expense relating to 2020 of \$4,458,000 is recognised in the Profit and loss account in the Statement of Changes in Equity and the income relating to 2021 of \$4,666,000 is recognised as Tax on loss in the Income Statement. The balances were not settled before 31 December 2021 and are recognised as the Amounts owed by group undertakings.

Factors that will affect future tax charges

The 2021 UK Budget announcements on 3 March 2021 includes measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These includes an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. This increase in the UK's main corporation tax rate was substantively enacted on 24 May 2021, i.e. as at the balance sheet of 31 December 2021. Therefore, this increase has been reflected in the measurement of the closing deferred tax balances, which have been recognized at 25% (2020 – 19%). These changes resulted in a \$1,736,000 deferred tax credit in the period.

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Notes to the financial statements (continued)

for the year ended 31 December 2021

7. Tax charge (continued)*Deferred tax*

Carry forward tax losses at end of 2021 amounted to \$28,935,000 (2020: \$28,816,000).

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

	2021	2020
	\$000	\$000
Included in debtors (note 8)	(7,234)	(5,475)
Deferred tax asset	(7,234)	(5,475)
<i>Deferred tax</i>		\$000
At 1 January 2021		(5,475)
Adjustments in respect of prior years		(23)
Deferred tax charge to income statement for the year		(1,736)
At 31 December 2021		(7,234)

8. Intangible assets

	Patents
	\$000
Cost:	
As at 1 January 2021	39,630
Additions during the year	-
At 31 December 2021	39,630
Accumulated Amortisation:	
As at 1 January 2021	27,567
Amortisation for the year	4,355
At 31 December 2021	31,922
Net book amount:	
At 31 December 2020	12,063
At 31 December 2021	7,708

Patents are being amortised evenly over their useful lives of 5 or 10 years.

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Notes to the financial statements (continued)

for the year ended 31 December 2021

9. Debtors

	2021 \$000	2020 \$000
<i>Amounts falling due within one year</i>		
Amounts recoverable on long term contracts	905	2,207
Amounts owed by group undertakings	160,834	120,291
Deferred tax asset	-	5,475
	<u>161,739</u>	<u>127,973</u>
<i>Amounts falling due after more than one year</i>		
Deferred tax asset	7,234	-
	<u>7,234</u>	<u>-</u>
	<u>168,973</u>	<u>127,973</u>

As at 31 December 2021 the Company has receivable related to cash pool, repayable on demand to a group undertaking of \$146,817,000 (2020: \$106,315,000) with an interest rate of LIBOR plus 15 bps. From 1st of January 2022, the interest rate charged is the aggregate of the Sterling Overnight Index Average (SONIA), the Credit Adjustment Spread (11.93 basis points per annum) and the net interest margin (125 basis points per annum).

The other group undertaking balances are interest free, unsecured and due within one year.

10. Creditors: amounts falling due within one year

	2021 \$000	2020 \$000
Trade creditors	166	23
Amounts owed to group undertakings	15,109	3,154
Accruals and deferred income	42	30
	<u>15,317</u>	<u>3,207</u>

The amounts due to group undertakings are payable within one year, interest free and unsecured.

11. Called up share capital

	2021 Number	2020 Number
<i>Authorized</i>		
Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
	<u>\$000</u>	<u>\$000</u>
<i>Allotted, called up and paid at year end</i>		
5,000,000 (2020: 5,000,000) ordinary shares of £1 each	<u>6,113</u>	<u>6,113</u>

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Notes to the financial statements (continued)

for the year ended 31 December 2021

12. Parent undertaking and ultimate parent company

The immediate parent undertaking of the Company is OneSubsea Investments UK Limited, a company registered in the United Kingdom.

Schlumberger Limited, a company incorporated in Curacao, Johan Van Walbeeckplein 11, 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 the Group's website at <https://investorcenter.slb.com>.

13. Events after the end of reporting period

During December 2022, the Company declared the payment of a dividend to OneSubsea Investments UK Limited in an amount of USD 173,000,000 effective 15 December 2022. The payment of the dividends was satisfied in cash using the distributable profits of the Company.

The conflict in Ukraine that began in late February 2022 continues as of the date of this Annual report. The Company continues to actively monitor this dynamic situation and comply with applicable international laws and sanctions. The extent to which Company's operations and financial results may be affected by the ongoing conflict in Ukraine will depend on various factors, including the extent and duration of the conflict; the effects of the conflict on regional and global economic and geopolitical conditions; the effect of further international sanctions and trade control restrictions on Schlumberger's business, the global economy and global supply chains. Continuation or escalation of the conflict may also aggravate the risk factors that Schlumberger identified in its Annual Report on Form 10-K for the year ended December 31, 2022.