

Company registration number 07586453 (England and Wales)

CORE LABORATORIES INTERESTS TWO LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

CORE LABORATORIES INTERESTS TWO LIMITED

COMPANY INFORMATION

Directors	J Watson A Crombie (Appointed 31 May 2024)
Secretary	TMF Corporate Administration Services Limited
Company number	07586453
Business address	Core Laboratories Interests Two Limited Howe Moss Drive Kirkhill Industrial Estate Dyce Aberdeen AB21 0GL
Registered office	c/o TMF Group 13th Floor One Angel Court London United Kingdom EC2R 7HJ
Auditor	Azets Audit Services 37 Albyn Place Aberdeen United Kingdom AB10 1JB
Bankers	Bank of Scotland Plc 9 Victoria Street Dyce Aberdeen AB21 7DX

CORE LABORATORIES INTERESTS TWO LIMITED

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CORE LABORATORIES INTERESTS TWO LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and financial statements for the year ended 31 December 2023.

At 31 December 2023, Core Laboratories Interests Two Limited (also referred to as the "company") is one of the entities within the "Core Laboratories Group". In this context the term "Core Laboratories Group" and "Companies of the Core Laboratories Group" or "Group companies" means companies in which Core Laboratories Inc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. There was a change in ultimate parent undertaking and controlling party during the year (see note 14 of the financial statements for details).

Principal activities

Core Laboratories Interests Two Limited is an intermediate holding company and holds an investment in Quantoil Limited, a fellow group company.

Future developments

The development and position of the company, is discussed in the Group's annual report and Form 10-K of its ultimate parent, Core Laboratories Inc.

Results and dividends

The loss for the financial year amounted to \$17,911,787 (2022: \$16,209,922) and was transferred to profit and loss account. The financial position of the company is set out on page 8.

The directors do not propose payment of a dividend (2022: \$Nil).

Directors

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

J Watson

E Thomson

A Crombie

(Resigned 31 May 2024)

(Appointed 31 May 2024)

Going Concern

Notwithstanding net current liabilities of \$279,959,439 (2022: \$262,063,652) as at 31 December 2023 and a loss for the year then ended of \$17,911,787 (2022: \$16,209,922), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have considered the position of the company for a period not less than twelve months from the date of approval of these financial statements, and they intend a course of action to maintain the company's strategic importance to the wider group through a restructuring where the company will obtain ownership of trading subsidiaries. In this plan the company's intercompany balances will be settled through additional capital contributions.

In the event this plan is not carried out, Core Laboratories Inc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a minimum of the next 12 months from the date of approval of these financial statements. The directors have considered the financial position of the ultimate parent company and they have considered that the ultimate parent company has the ability to continue with this support.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

CORE LABORATORIES INTERESTS TWO LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Financial risk management

The company's operations are primarily in the UK which exposes the company to financial risks that include foreign exchange risk, credit risk and interest rate risk.

(a) Foreign exchange risk

Management believe that the company's exposure to foreign exchange risk is minimal. During the financial year, the company has not entered into forward exchange contracts.

(b) Credit risk

Credit risk is the risk of financial loss to the company if another party to a financial instrument or transaction fails to discharge its contractual obligation when it falls due. The company limits its exposure to credit risk by actively monitoring the performance of its assets.

(c) Interest rate risk

The company has interest bearing assets and liabilities. Interest rate risk arises from the fluctuations in market rates, which may have a negative effect on current and future developments of the company. Management note that the company's exposure to interest rate risk is restricted to intercompany activity and therefore it does not enter into hedging arrangements.

Qualifying third party indemnity provisions

All directors of the company are covered under our directors and officers insurance policy which is a qualifying third party indemnity provision. This provision was in force during the financial year and also at the date of approval of the financial statements.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Azets Audit Services will therefore continue in office.

On behalf of the board

J Watson
Director

18 December 2024

CORE LABORATORIES INTERESTS TWO LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare 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 of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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 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. 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.

CORE LABORATORIES INTERESTS TWO LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CORE LABORATORIES INTERESTS TWO LIMITED

Opinion

We have audited the financial statements of Core Laboratories Interests Two Limited (the 'company') for the year ended 31 December 2023 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2023 and of its loss 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 at least twelve months from when the financial statements are authorised for issue.

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

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. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our 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 this 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 our audit:

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

CORE LABORATORIES INTERESTS TWO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CORE LABORATORIES INTERESTS TWO LIMITED

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 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (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.

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

CORE LABORATORIES INTERESTS TWO LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF CORE LABORATORIES INTERESTS TWO LIMITED

Extent to which 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 and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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.

David Booth
Senior Statutory Auditor
For and on behalf of Azets Audit Services

18 December 2024

Chartered Accountants
Statutory Auditor

37 Albyn Place
Aberdeen
United Kingdom
AB10 1JB

CORE LABORATORIES INTERESTS TWO LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Notes	\$	£
Administrative expenses		(67,375)	(29,773)
Operating loss		(67,375)	(29,773)
Interest payable and similar expenses	5	(17,844,412)	(15,430,232)
Loss before taxation		(17,911,787)	(15,460,005)
Tax on loss	6	-	(749,917)
Loss for the financial year		(17,911,787)	(16,209,922)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

CORE LABORATORIES INTERESTS TWO LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023 \$	\$	2022 £	£
Fixed assets					
Investments	7	329,169,956		329,169,956	
Current assets					
Debtors	9	1,897,438		1,897,438	
Cash at bank and in hand		2,275		8,095	
		<u>1,899,713</u>		<u>1,905,533</u>	
Creditors: amounts falling due within one year	10	(281,859,152)		(263,969,185)	
Net current liabilities		<u>(279,959,439)</u>		<u>(262,063,652)</u>	
Net assets		<u>49,210,517</u>		<u>67,106,304</u>	
Capital and reserves					
Called up share capital	12	3,342		3,342	
Capital contribution reserve		652,791,894		652,775,894	
Profit and loss account		(603,584,719)		(585,672,932)	
Total shareholder funds		<u>49,210,517</u>		<u>67,106,304</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 18 December 2024 and are signed on its behalf by:

J Watson
Director

Company Registration No. 07586453

CORE LABORATORIES INTERESTS TWO LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Share capital	Capital contribution	Profit and loss account reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2022	3,342	652,760,894	(569,463,010)	83,301,226
Year ended 31 December 2022:				
Loss and total comprehensive income for the year	-	-	(16,209,922)	(16,209,922)
Capital contribution	-	15,000	-	15,000
Balance at 31 December 2022	3,342	652,775,894	(585,672,932)	67,106,304
Year ended 31 December 2023:				
Loss and total comprehensive income for the year	-	-	(17,911,787)	(17,911,787)
Capital contribution	-	16,000	-	16,000
Balance at 31 December 2023	3,342	652,791,894	(603,584,719)	49,210,517

The capital contribution received in the year represents additional funding that was received from the company's immediate parent. This contribution carries no contractual obligation to repay the funding and, in accordance with FRS 102, has been recorded as an increase in equity.

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

Company information

Core Laboratories Interests Two Limited ("the company") is an intermediate holding company and holds an investment in Quantoil Limited, a fellow group company. The company is a private company limited by shares and is incorporated and domiciled in England. The registered number is 07586453 and the registered address is 13th Floor, One Angel Court, London, EC2R 7HJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest \$.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Core Laboratories Inc. These consolidated financial statements are available from its registered office, 6316 Windfern Road, Houston, TX 77040, United States.

1.2 Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 401 of the Companies Act 2006 because it is a wholly owned subsidiary of Core Laboratories Inc. which prepares consolidated financial statements which are publicly available. These financial statements present information about the company as an individual undertaking and not about its group.

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.3 Going concern

The company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors Report. Notwithstanding net current liabilities of \$279,959,439 (2022: \$262,063,652) as at 31 December 2023 and a loss for the year then ended of \$17,911,787 (2022: \$16,209,922), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have considered the position of the company for a period not less than twelve months from the date of approval of these financial statements, and they intend a course of action to maintain the company's strategic importance to the wider group through a restructuring where the company will obtain ownership of trading subsidiaries. In this plan the company's intercompany balances will be settled through additional capital contributions.

In the event this plan is not carried out, Core Laboratories Inc has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a minimum of the next 12 months from the date of approval of these financial statements. The directors have considered the financial position of the ultimate parent company and they have considered that the ultimate parent company has the ability to continue with this support.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least twelve months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.4 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.9 Foreign exchange

Transactions in currencies other than US dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies

(Continued)

1.10 Interest payable

Interest payable and similar expenses include interest payable on intercompany loans.

Interest payable is recognised in profit or loss as they accrue, using the effective interest method.

1.11 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2 Judgements and key sources of estimation uncertainty

Estimates are continually evaluated and are based on historical experience, forecast information and other external information, such as commodity prices. The most significant estimates relate to those made by management in assessing whether there is an impairment of investments in subsidiaries, or any impairment of amounts owed by group undertakings. These estimates require the analysis of net asset position of the subsidiary and the use of forecast results for future years, which are highly dependent on the assessment of annual revenue growth rate, discount rate and achievable margins. The actual net assets and results achieved may differ from the forecasts and carrying value of the investment which may result in changes in the assessment of the valuation of investment balances.

In relation to the impairment of amounts due by group undertakings, management have demonstrated a clear plan to recover these balances as part of a reorganisation which is intended to take place within the next twelve months from the date of approval of these financial statements.

In the current year, there have been no impairment charges against investments or amounts owed by group companies. There are no other areas of material judgement in these financial statements.

3 Employees

The company had no employees during the current or prior year.

4 Directors' remuneration

The directors did not provide any qualifying services to the company during the current or prior year.

5 Interest payable and similar expenses

	2023	2022
	\$	\$
Intercompany interest payable	17,844,412	15,430,232

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6 Taxation

	2023	2022
	\$	\$
Corporation tax		
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	-	1,024,659
Adjustment in respect of previous years	-	(274,742)
Total deferred tax	-	749,917
Total tax charge	-	749,917

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2023	2022
	\$	\$
Loss before taxation	(17,911,787)	(15,460,005)
Expected tax credit based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	(4,212,950)	(2,937,401)
Tax effect of expenses that are not deductible in determining taxable profit	8,919	(11,910)
Adjustments in respect of prior years	-	(274,742)
Effect of change in corporation tax rate	-	245,018
Group relief surrendered	4,166,189	3,708,598
Transfer pricing adjustments	37,842	16,604
Deferred tax not recognised	-	3,750
Taxation charge for the year	-	749,917

The main rate of corporation tax increased from 19% to 25% on 1 April 2023. This increase in rate will have an impact on the company's future tax charges. The company's deferred tax balances as at 31 December 2022 and 2023 have been calculated based on the rate of 25%, however there is no deferred tax balance recognised in 2023 or 2022 (see note 11). Unrecognised deferred tax balances have been calculated at these rates.

7 Fixed asset investments

	Notes	2023	2022
		\$	\$
Investments in subsidiaries	8	329,169,956	329,169,956

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

7 Fixed asset investments (Continued)

Movements in fixed asset investments

	Shares in subsidiaries \$
Cost or valuation	
At 1 January 2023 & 31 December 2023	833,288,184
Impairment	
At 1 January 2023 & 31 December 2023	504,118,228
Carrying amount	
At 31 December 2023	329,169,956
At 31 December 2022	329,169,956

8 Subsidiaries

Details of the company's subsidiaries at 31 December 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Quantoil Limited	13th Floor, One Angel Court, London, UK	Ordinary	100.00

9 Debtors

	2023 \$	2022 \$
Amounts falling due within one year:		
Amounts owed by group undertakings	1,897,438	1,897,438

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

10 Creditors: amounts falling due within one year

	2023 \$	2022 \$
Trade creditors	2,269	652
Amounts owed to group undertakings	281,807,118	263,940,012
Accruals and deferred income	49,765	28,521
	281,859,152	263,969,185

Amounts owed to group undertakings are unsecured and repayable on demand. The intercompany loans owed to Core Laboratories Interests One Limited and Quantoil Limited bear interest at the rate of 6.0% and 6.5% respectively per annum. In accordance with the intercompany loan agreement, an interest rate based on LIBOR plus a margin up to 25 July 2022, subsequent to this the interest rates based on SOFR plus a margin was charged on the balance of interest outstanding. The amount subject to interest was \$281,807,118 at 31 December 2023 (2022: \$263,940,012).

CORE LABORATORIES INTERESTS TWO LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

11 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	2023	2022
Balances:	\$	\$
Timing differences	-	-
	<u> </u>	<u> </u>

There were no deferred tax movements in the year.

Deferred tax is not recognised in respect of tax losses of \$396,815 (2022: \$396,815) as it is not probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.

12 Share capital

	2023	2022	2023	2022
Ordinary share capital Issued and fully paid	Number	Number	\$	\$
Ordinary Shares of £1 each	2,001	2,001	3,342	3,342
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

13 Related party transactions

The company has taken advantage of the exemption available under FRS 102 'Related party' disclosure not to disclose transactions with other group companies being a wholly owned subsidiary of Core Laboratories Inc. Related party disclosures are included in the financial statements for that group.

14 Ultimate controlling party

The immediate parent undertaking is Core Laboratories Interests One Limited. The registered address of Core Laboratories Interests One Limited is 13th Floor, One Angel Court, London, United Kingdom, EC3R 7HJ.

On 1 May 2023, the group underwent a redomestication process with the aim of simplifying the group structure. The former ultimate parent company, Core Laboratories N.V., merged with Core Laboratories Luxembourg S.A (another group company). Subsequently, Core Laboratories Luxembourg S.A was redomesticated into Delaware, USA. This company then changed name to become Core Laboratories Inc. and therefore the new ultimate parent undertaking and controlling party.

At 31 December 2023 the ultimate parent undertaking and controlling party is Core Laboratories Inc., a company incorporated in The United States of America.

Core Laboratories Inc. is the parent undertaking of the largest and smallest group in which the results of the company are consolidated. The consolidated financial statements of Core Laboratories Inc. are available from 6316 Windfern Road, Houston, TX 77040, United States.

