UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2022

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file No.: 1-4601

SCHLUMBERGER N.V.
(SCHLUMBERGER LIMITED)
(Exact name of registrant as specified in its charter)

Curaçao (State or other jurisdiction of incorporation or organization)	**52-0684746** (IRS Employer Identification No.)
42 rue Saint-Dominique **Paris, France**	**75007**
5599 San Felipe **Houston, Texas, United States of America**	**77056**
62 Buckingham Gate **London, United Kingdom**	**SW1E 6AJ**
Parkstraat 83, The Hague, **The Netherlands** (Addresses of principal executive offices)	**2514 JG** (Zip Codes)

Registrant's telephone number in the United States, including area code, is: (713) 513-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
common stock, par value $0.01 per share	SLB	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 30, 2022
COMMON STOCK, $0.01 PAR VALUE PER SHARE	1,417,993,775

SCHLUMBERGER LIMITED
Third Quarter 2022 Form 10-Q
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME
(Unaudited)

(Stated in millions, except per share amounts)

	Third Quarter		Nine Months	
	2022	2021	**2022**	2021
Revenue				
Services	**$ 5,153**	$ 4,020	**$ 14,109**	$ 11,291
Product sales	**2,324**	1,827	**6,104**	5,413
Total Revenue	**7,477**	5,847	**20,213**	16,704
Interest & other income	**75**	56	**436**	91
Expenses				
Cost of services	**3,975**	3,334	**11,082**	9,588
Cost of sales	**2,067**	1,528	**5,541**	4,547
Research & engineering	**160**	140	**456**	409
General & administrative	**94**	80	**277**	231
Interest	**122**	130	**369**	402
Income before taxes	**1,134**	691	**2,924**	1,618
Tax expense	**215**	129	**514**	301
Net income	**919**	562	**2,410**	1,317
Net income attributable to noncontrolling interests	**12**	12	**33**	37
Net income attributable to Schlumberger	**$ 907**	$ 550	**$ 2,377**	$ 1,280
Basic income per share of Schlumberger	**$ 0.64**	$ 0.39	**$ 1.68**	$ 0.92
Diluted income per share of Schlumberger	**$ 0.63**	$ 0.39	**$ 1.65**	$ 0.90
Average shares outstanding:				
Basic	**1,418**	1,402	**1,414**	1,399
Assuming dilution	**1,439**	1,424	**1,436**	1,422

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Unaudited)

(Stated in millions)

	Third Quarter		Nine Months	
	2022	2021	**2022**	2021
Net income	**$ 919**	$ 562	**$ 2,410**	$ 1,317
Currency translation adjustments				
Unrealized net change arising during the period	**(18)**	30	**92**	6
Cash flow hedges				
Net gain (loss) on cash flow hedges	**45**	(9)	**(53)**	13
Reclassification to net income of net realized (gain) loss	**30**	(2)	**103**	(7)
Pension and other postretirement benefit plans				
Amortization to net income of net actuarial loss	**16**	69	**46**	202
Amortization to net income of net prior service credit	**(6)**	(6)	**(17)**	(17)
Income taxes on pension and other postretirement benefit plans	**1**	(3)	**3**	(6)
Other	**-**	-	**-**	(4)
Comprehensive income	**987**	641	**2,584**	1,504
Comprehensive income attributable to noncontrolling interests	**12**	12	**33**	37
Comprehensive income attributable to Schlumberger	**$ 975**	$ 629	**$ 2,551**	$ 1,467

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(Stated in millions)

	Sept. 30, 2022 (Unaudited)	Dec. 31, 2021
ASSETS		
Current Assets		
Cash	**$ 2,180**	$ 1,757
Short-term investments	**1,429**	1,382
Receivables less allowance for doubtful accounts (2022 - $335; 2021 - $320)	**6,650**	5,315
Inventories	**4,143**	3,272
Other current assets	**1,209**	928
	15,611	12,654
Investments in Affiliated Companies	**1,762**	2,044
Fixed Assets less accumulated depreciation	**6,407**	6,429
Goodwill	**12,990**	12,990
Intangible Assets	**3,043**	3,211
Other Assets	**4,280**	4,183
	$ 44,093	$ 41,511
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 9,034**	$ 8,382
Estimated liability for taxes on income	**938**	879
Short-term borrowings and current portion of long-term debt	**899**	909
Dividends payable	**263**	189
	11,134	10,359
Long-term Debt	**12,452**	13,286
Postretirement Benefits	**233**	231
Deferred Taxes	**86**	94
Other Liabilities	**2,677**	2,255
	26,582	26,225
Equity		
Common stock	**11,867**	12,608
Treasury stock	**(1,176)**	(2,233)
Retained earnings	**9,904**	8,199
Accumulated other comprehensive loss	**(3,396)**	(3,570)
Schlumberger stockholders' equity	**17,199**	15,004
Noncontrolling interests	**312**	282
	17,511	15,286
	$ 44,093	$ 41,511

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Stated in millions)

	Nine Months Ended September 30,	
	2022	2021
Cash flows from operating activities:		
Net income	**$ 2,410**	$ 1,317
Adjustments to reconcile net income to cash provided by operating activities:		
Gain on sale of Liberty shares	**(242)**	-
Gain on sale of real estate	**(43)**	-
Gain on marketable securities	**-**	(47)
Depreciation and amortization (1)	**1,598**	1,588
Deferred taxes	**3**	(33)
Stock-based compensation expense	**236**	229
Earnings of equity method investments, less dividends received	**(52)**	6
Change in assets and liabilities: (2)		
Increase in receivables	**(1,302)**	(97)
(Increase) decrease in inventories	**(849)**	54
(Increase) decrease in other current assets	**(144)**	506
Increase in other assets	**(40)**	(9)
Increase (decrease) in accounts payable and accrued liabilities	**475**	(660)
Increase (decrease) in estimated liability for taxes on income	**6**	(124)
Other	**50**	(11)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**2,106**	2,719
Cash flows from investing activities:		
Capital expenditures	**(1,046)**	(694)
APS investments	**(420)**	(305)
Exploration data costs capitalized	**(77)**	(21)
Business acquisitions and investments, net of cash acquired	**(45)**	(134)
Proceeds from sale of Liberty shares	**513**	-
Proceeds from sale of real estate	**120**	-
(Purchase) sale of short-term investments, net	**(55)**	790
Other	**(106)**	(29)
NET CASH USED IN INVESTING ACTIVITIES	**(1,116)**	(393)
Cash flows from financing activities:		
Dividends paid	**(600)**	(524)
Proceeds from employee stock purchase plan	**142**	137
Proceeds from exercise of stock options	**29**	-
Proceeds from issuance of long-term debt	**-**	34
Repayment of long-term debt	**-**	(1,076)
Net decrease in short-term borrowings	**(13)**	(94)
Taxes paid on net settled stock-based compensation awards	**(92)**	(21)
Other	**(4)**	(60)
NET CASH USED IN FINANCING ACTIVITIES	**(538)**	(1,604)
Net increase in cash before translation effect	**452**	722
Translation effect on cash	**(29)**	3
Cash, beginning of period	**1,757**	844
Cash, end of period	**$ 2,180**	$ 1,569

(1) Includes depreciation of property, plant and equipment and amortization of intangible assets, exploration data costs, and APS investments.

(2) Net of the effect of business acquisitions and divestitures.

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)

(Stated in millions, except per share amounts)

January 1, 2022 – September 30, 2022	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2022	$ 12,608	$ (2,233)	$ 8,199	$ (3,570)	$ 282	$ 15,286
Net income			2,377		33	2,410
Currency translation adjustments				92		92
Changes in fair value of cash flow hedges				50		50
Pension and other postretirement benefit plans				32		32
Shares sold to optionees, less shares exchanged	(24)	53				29
Vesting of restricted stock, net of taxes withheld	(730)	638				(92)
Employee stock purchase plan	(222)	364				142
Stock-based compensation expense	236					236
Dividends declared ($0.475 per share)			(672)			(672)
Dividends paid to noncontrolling interests					(4)	(4)
Other	(1)	2			1	2
Balance, September 30, 2022	$ 11,867	$ (1,176)	$ 9,904	$ (3,396)	$ 312	$ 17,511

January 1, 2021 – September 30, 2021	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, January 1, 2021	$ 12,970	$ (3,033)	$ 7,018	$ (4,884)	$ 418	$ 12,489
Net income			1,280		37	1,317
Currency translation adjustments				6	(2)	4
Changes in fair value of cash flow hedges				6		6
Pension and other postretirement benefit plans				179		179
Vesting of restricted stock, net of taxes withheld	(248)	227				(21)
Employee stock purchase plan	(377)	514				137
Stock-based compensation expense	229					229
Dividends declared ($0.375 per share)			(523)			(523)
Deconsolidation of subsidiary					(123)	(123)
Other	(3)	5		(4)	(27)	(29)
Balance, September 30, 2021	$ 12,571	$ (2,287)	$ 7,775	$ (4,697)	$ 303	$ 13,665

July 1, 2022 – September 30, 2022	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, July 1, 2022	$ 11,981	$ (1,436)	$ 9,244	$ (3,464)	$ 300	$ 16,625
Net income			907		12	919
Currency translation adjustments				(18)		(18)
Changes in fair value of cash flow hedges				75		75
Pension and other postretirement benefit plans				11		11
Vesting of restricted stock, net of taxes withheld	(72)	65				(7)
Employee stock purchase plan	(118)	196				78
Stock-based compensation expense	76					76
Dividends declared ($0.175 per share)			(248)			(248)
Other		(1)	1			-
Balance, September 30, 2022	$ 11,867	$ (1,176)	$ 9,904	$ (3,396)	$ 312	$ 17,511

(Stated in millions, except per share amounts)

July 1, 2021 – September 30, 2021	Common Stock Issued	Common Stock In Treasury	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total
Balance, July 1, 2021	$ 12,730	$ (2,591)	$ 7,399	$ (4,776)	$ 297	$ 13,059
Net income			550		12	562
Currency translation adjustments				30		30
Changes in fair value of cash flow hedges				(11)		(11)
Pension and other postretirement benefit plans				60		60
Vesting of restricted stock, net of taxes withheld	(56)	53				(3)
Employee stock purchase plan	(175)	250				75
Stock-based compensation expense	73					73
Dividends declared ($0.125 per share)			(174)			(174)
Other	(1)	1			(6)	(6)
Balance, September 30, 2021	$ 12,571	$ (2,287)	$ 7,775	$ (4,697)	$ 303	$ 13,665

SHARES OF COMMON STOCK
(Unaudited)

(Stated in millions)

	Issued	In Treasury	Shares Outstanding
Balance, January 1, 2022	1,434	(31)	1,403
Shares sold to optionees, less shares exchanged	-	1	1
Vesting of restricted stock	-	9	9
Shares issued under employee stock purchase plan	-	5	5
Balance, September 30, 2022	1,434	(16)	1,418

See Notes to Consolidated Financial Statements

SCHLUMBERGER LIMITED AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements of Schlumberger Limited and its subsidiaries ("Schlumberger") have been prepared in accordance with generally accepted accounting principles in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of Schlumberger management, all adjustments considered necessary for a fair statement have been included in the accompanying unaudited financial statements. All intercompany transactions and balances have been eliminated in consolidation. Operating results for the nine-month period ended September 30, 2022 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2022. The December 31, 2021 balance sheet information has been derived from the Schlumberger 2021 audited financial statements. For further information, refer to the *Consolidated Financial Statements* and notes thereto included in the Schlumberger Annual Report on Form 10-K for the year ended December 31, 2021, filed with the Securities and Exchange Commission on January 26, 2022.

2. Charges and Credits

2022

Schlumberger recorded the following credits during the first nine months of 2022, all of which are classified in *Interest & other income* in the *Consolidated Statement of Income*:

(Stated in millions)

	Pretax Credit	Tax Expense	Net
First quarter:			
Gain on sale of Liberty shares	$ 26	$ 4	$ 22
Second quarter:			
Gain on sale of Liberty shares	216	13	203
Gain on sale of real estate	43	2	41
	$ 285	$ 19	$ 266

On December 31, 2020, Schlumberger contributed its onshore hydraulic fracturing business in the United States and Canada, including its pressure pumping, pumpdown perforating and Permian frac sand business to Liberty Energy Inc. ("Liberty") in exchange for an equity interest in Liberty. During the first quarter of 2022, Schlumberger sold 7.2 million of its shares of Liberty and received proceeds of $84 million. During the second quarter of 2022, Schlumberger sold an additional 26.5 million of its shares in Liberty and received proceeds of $429 million. As a result of these transactions Schlumberger recognized a gain of $26 million during the first quarter of 2022 and a gain of $216 million during the second quarter of 2022. As of September 30, 2022, Schlumberger had a 12% equity interest in Liberty.

During the second quarter of 2022, Schlumberger sold certain real estate and received proceeds of $120 million. As a result of this transaction, Schlumberger recognized a gain of $43 million.

2021

During the third quarter of 2021, a start-up company that Schlumberger previously invested in was acquired. As a result of this transaction, Schlumberger's ownership interest was converted into shares of a publicly traded company. Schlumberger recognized an unrealized pretax gain of $47 million ($36 million after-tax) to increase the carrying value of this investment to its estimated fair value of approximately $55 million. This unrealized gain is reflected in *Interest & other income* in the *Consolidated Statement of Income*.

3. Earnings per Share

The following is a reconciliation from basic income per share of Schlumberger to diluted income per share of Schlumberger:

(Stated in millions, except per share amounts)

	2022			2021		
	Net Income Attributable to Schlumberger	**Average Shares Outstanding**	**Earnings per Share**	Net Income Attributable to Schlumberger	Average Shares Outstanding	Earnings per Share
Third Quarter						
Basic	**$ 907**	**1,418**	**$ 0.64**	$ 550	1,402	$ 0.39
Unvested restricted stock	**-**	**21**		-	22	
Diluted	**$ 907**	**1,439**	**$ 0.63**	$ 550	1,424	$ 0.39

	2022			2021		
	Net Income Attributable to Schlumberger	**Average Shares Outstanding**	**Earnings per Share**	Net Income Attributable to Schlumberger	Average Shares Outstanding	Earnings per Share
Nine Months						
Basic	**$ 2,377**	**1,414**	**$ 1.68**	$ 1,280	$ 1,399	$ 0.92
Unvested restricted stock	**-**	**22**		-	23	
Diluted	**$ 2,377**	**1,436**	**$ 1.65**	$ 1,280	$ 1,422	$ 0.90

The number of outstanding options to purchase shares of Schlumberger common stock that were not included in the computation of diluted income per share, because to do so would have had an antidilutive effect, was as follows:

(Stated in millions)

	Third Quarter		Nine Months	
	2022	2021	**2022**	2021
Employee stock options	**37**	43	**31**	43

4. Inventories

A summary of inventories, which are stated at the lower of average cost or net realizable value, is as follows:

(Stated in millions)

	Sept. 30, 2022	Dec. 31, 2021
Raw materials & field materials	**$ 2,123**	$ 1,594
Work in progress	**604**	425
Finished goods	**1,416**	1,253
	$ 4,143	$ 3,272

5. Fixed Assets

A summary of fixed assets follows:

(Stated in millions)

	Sept. 30, 2022	Dec. 31, 2021
Property, plant & equipment	**$ 28,260**	$ 29,077
Less: Accumulated depreciation	**21,853**	22,648
	$ 6,407	$ 6,429

Depreciation expense relating to fixed assets was as follows:

(Stated in millions)

	2022	2021
Third Quarter	**$ 343**	$ 350
Nine Months	**$ 1,021**	$ 1,057

6. Intangible Assets

The gross book value, accumulated amortization and net book value of intangible assets were as follows:

(Stated in millions)

	Sept. 30, 2022			Dec. 31, 2021		
	Gross Book Value	**Accumulated Amortization**	**Net Book Value**	Gross Book Value	Accumulated Amortization	Net Book Value
Customer relationships	**$ 1,694**	**$ 617**	**$ 1,077**	$ 1,681	$ 551	$ 1,130
Technology/technical know-how	**1,285**	**658**	**627**	1,264	562	702
Tradenames	**759**	**215**	**544**	766	191	575
Other	**1,635**	**840**	**795**	1,578	774	804
	$ 5,373	**$ 2,330**	**$ 3,043**	$ 5,289	$ 2,078	$ 3,211

Amortization expense charged to income was as follows:

(Stated in millions)

	2022	2021
Third Quarter	**$ 76**	$ 75
Nine Months	**$ 226**	$ 226

Based on the net book value of intangible assets at September 30, 2022, amortization expense for the subsequent five years is estimated to be: fourth quarter of 2022—$72 million; 2023—$288 million; 2024—$278 million; 2025—$263 million; 2026—$254 million; and 2027—$252 million.

7. Long-term Debt

A summary of *Long-term Debt* follows:

(Stated in millions)

	Sept. 30, 2022	Dec. 31, 2021
3.65% Senior Notes due 2023	**$ 1,498**	$ 1,497
3.90% Senior Notes due 2028	**1,462**	1,457
2.65% Senior Notes due 2030	**1,250**	1,250
1.375% Guaranteed Notes due 2026	**955**	1,125
2.00% Guaranteed Notes due 2032	**948**	1,118
4.00% Senior Notes due 2025	**931**	930
0.25% Notes due 2027	**860**	1,013
0.50% Notes due 2031	**858**	1,012
4.30% Senior Notes due 2029	**846**	846
3.75% Senior Notes due 2024	**749**	748
1.00% Guaranteed Notes due 2026	**572**	679
1.40% Senior Notes due 2025	**499**	498
0.00% Notes due 2024	**478**	563
7.00% Notes due 2038	**202**	204
5.95% Notes due 2041	**113**	113
5.13% Notes due 2043	**98**	98
4.00% Notes due 2023	**79**	80
3.70% Notes due 2024	**54**	55
	$ 12,452	$ 13,286

The estimated fair value of Schlumberger's *Long-term Debt,* based on quoted market prices at September 30, 2022 and December 31, 2021, was $11.2 billion and $13.9 billion, respectively.

Schlumberger has a €750 million three-year committed revolving credit facility maturing in June 2024. At September 30, 2022 no amounts had been drawn under this facility.

In addition to the revolving credit facility described above, at September 30, 2022, Schlumberger had committed credit facility agreements aggregating $5.75 billion with commercial banks, all of which was available and unused. These committed facilities support commercial paper programs in the United States and Europe, of which $0.75 billion matures in February 2024, $2.0 billion matures in February 2025, $1.0 billion matures in July 2026 and $2.0 billion matures in February 2027. Interest rates and other terms of borrowing under these lines of credit vary by facility.

There were no borrowings under the commercial paper programs at September 30, 2022 and December 31, 2021.

Schlumberger Limited fully and unconditionally guarantees the securities issued by certain of its subsidiaries, including securities issued by Schlumberger Investment SA and Schlumberger Finance Canada Ltd., both wholly-owned subsidiaries of Schlumberger.

8. Derivative Instruments and Hedging Activities

As a multinational company, Schlumberger conducts its business in over 120 countries. Schlumberger's functional currency is primarily the US dollar.

Schlumberger is exposed to risks on future cash flows to the extent that the local currency is not the functional currency and expenses denominated in local currency are not equal to revenues denominated in local currency. Schlumberger uses foreign currency forward contracts to provide a hedge against a portion of these cash flow risks. These contracts are accounted for as cash flow hedges, with the changes in the fair value of the hedge recorded on the *Consolidated Balance Sheet* and in *Accumulated other comprehensive loss.* Amounts recorded in *Accumulated other comprehensive loss* are reclassified into earnings in the same period or periods that the hedged item is recognized in earnings.

Schlumberger is exposed to risks on future cash flows relating to certain of its fixed rate debt denominated in currencies other than the functional currency. Schlumberger uses cross-currency swaps to provide a hedge against these cash flow risks. A summary of the fair value of the outstanding cross-currency swap derivatives, which was determined using a model with inputs that are observable in the market or can be derived or corroborated by observable data, included in the *Consolidated Balance Sheet* follows:

(Stated in millions)

	Sept. 30, 2022	Dec. 31, 2021
Other current assets	$ 45	$ -
Other assets	$ 10	$ 66
Other Liabilities	$ 666	$ 78

During 2019, a US-dollar functional currency subsidiary of Schlumberger issued €1.5 billion of Euro-denominated debt. Schlumberger entered into cross-currency swaps for an aggregate notional amount of €1.5 billion in order to hedge changes in the fair value of its €0.5 billion 0.00% Notes due 2024, €0.5 billion 0.25% Notes due 2027 and €0.5 billion 0.50% Notes due 2031. These cross-currency swaps effectively convert the Euro-denominated notes to US-dollar denominated debt with fixed annual interest rates of 2.29%, 2.51% and 2.76%, respectively.

During 2020, a US-dollar functional currency subsidiary of Schlumberger issued €0.8 billion of Euro-denominated debt. Schlumberger entered into cross-currency swaps for an aggregate notional amount of €0.8 billion in order to hedge changes in the fair value of its €0.4 billion of 0.25% Notes due 2027 and €0.4 billion of 0.50% Notes due 2031. These cross-currency swaps effectively convert the Euro-denominated notes to US-dollar denominated debt with fixed annual interest rates of 1.87% and 2.20%, respectively.

During 2020, a US-dollar functional currency subsidiary of Schlumberger issued €2.0 billion of Euro-denominated debt. Schlumberger entered into cross-currency swaps for an aggregate notional amount of €2.0 billion in order to hedge changes in the fair value of its €1.0 billion of 1.375% Guaranteed Notes due 2026 and €1.0 billion of 2.00% Guaranteed Notes due 2032. These cross-currency swaps effectively convert the Euro-denominated notes to US-dollar denominated debt with fixed annual interest rates of 2.77% and 3.49%, respectively.

During 2020, a Canadian dollar functional currency subsidiary of Schlumberger issued $0.5 billion of US dollar denominated debt. Schlumberger entered into cross-currency swaps for an aggregate notional amount of $0.5 billion in order to hedge changes in the fair value of its $0.5 billion 1.40% Senior Notes due 2025. These cross-currency swaps effectively convert the US dollar notes to Canadian dollar denominated debt with a fixed annual interest rate of 1.73%.

Schlumberger has entered into derivative contracts that hedge the price of oil related to approximately 75% of the projected oil production for all of 2022 and approximately 30% of the projected oil production for the first six months of 2023 for one of its Asset Performance Solutions ("APS") projects. These contracts are accounted for as cash flow hedges, with the changes in the fair value of the hedge recorded in *Accumulated other comprehensive loss*. Amounts recorded in *Accumulated other comprehensive loss* are reclassified to earnings in the same period or periods that the hedged item is recognized in earnings. At September 30, 2022, included in *Other current assets* was $8 million and included in *Accounts payable and accrued liabilities* was $6 million relating to the fair value of the outstanding commodity contracts.

Schlumberger is exposed to changes in the fair value of assets and liabilities denominated in currencies other than the functional currency. While Schlumberger uses foreign currency forward contracts to economically hedge this exposure as it relates to certain currencies, these contracts are not designated as hedges for accounting purposes. Instead, the fair value of the contracts is recorded on the *Consolidated Balance Sheet* and changes in the fair value are recognized in the *Consolidated Statement of Income,* as are changes in the fair value of the hedged item.

At September 30, 2022, contracts were outstanding for the US dollar equivalent of $7.2 billion in various foreign currencies, of which $5.2 billion relates to hedges of debt denominated in currencies other than the functional currency.

Other than the previously mentioned cross-currency swaps and commodity hedges, the fair value of the other outstanding derivatives was not material at September 30, 2022 and December 31, 2021.

The effect of derivative instruments designated as cash flow hedges, and those not designated as hedges, on the *Consolidated Statement of Income* was as follows:

(Stated in millions)

	Gain (Loss) Recognized in Income				
	Third Quarter		Nine Months		
	2022	2021	**2022**	2021	Consolidated Statement of Income Classification
Derivatives designated as cash flow hedges:					
Cross currency swaps	**$ (362)**	$ (89)	**$ (653)**	$ (267)	*Cost of services/sales*
Commodity contracts	**(20)**	-	**(85)**	-	*Revenue*
Foreign exchange contracts	**(10)**	2	**(17)**	7	*Cost of services/sales*
	$ (392)	$ (87)	**$ (755)**	$ (260)	
Derivatives not designated as hedges:					
Foreign exchange contracts	**$ 8**	$ (45)	**$ (30)**	$ (19)	*Cost of services/sales*

9. Contingencies

Schlumberger is party to various legal proceedings from time to time. A liability is accrued when a loss is both probable and can be reasonably estimated. Management believes that the probability of a material loss with respect to any currently pending legal proceeding is remote. However, litigation is inherently uncertain and it is not possible to predict the ultimate disposition of any of these proceedings.

10. Segment Information

(Stated in millions)

	Third Quarter 2022		Third Quarter 2021	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Digital & Integration	**$ 900**	**$ 305**	$ 812	$ 284
Reservoir Performance	**1,456**	**244**	1,192	190
Well Construction	**3,084**	**664**	2,273	345
Production Systems	**2,150**	**224**	1,674	166
Eliminations & other	**(113)**	**(37)**	(104)	(77)
Pretax segment operating income		**1,400**		908
Corporate & other (1)		**(155)**		(145)
Interest income (2)		**8**		8
Interest expense (3)		**(119)**		(127)
Charges and credits (4)		**-**		47
	$ 7,477	**$ 1,134**	$ 5,847	$ 691

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($25 million in 2022; $- million in 2021).

(3) Interest expense excludes amounts which are included in the segments' income ($3 million in 2022; $3 million in 2021).

(4) See Note 2 – *Charges and Credits*.

(Stated in millions)

	Nine Months 2022		Nine Months 2021	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Digital & Integration	**$ 2,713**	**$ 976**	$ 2,401	$ 805
Reservoir Performance	**3,999**	**598**	3,312	448
Well Construction	**8,168**	**1,522**	6,319	827
Production Systems	**5,647**	**509**	4,946	475
Eliminations & other	**(314)**	**(151)**	(274)	(176)
Pretax segment operating income		**3,454**		2,379
Corporate & other (1)		**(468)**		(434)
Interest income (2)		**13**		17
Interest expense (3)		**(360)**		(391)
Charges and credits (4)		**285**		47
	$ 20,213	**$ 2,924**	$ 16,704	$ 1,618

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($53 million in 2022; $1 million in 2021).

(3) Interest expense excludes amounts which are included in the segments' income ($9 million in 2022; $11 million in 2021).

(4) See Note 2 – *Charges and Credits*.

Revenue by geographic area was as follows:

(Stated in millions)

	Third Quarter		Nine Months	
	2022	2021	**2022**	2021
North America	**$ 1,543**	$ 1,129	**$ 4,362**	$ 3,185
Latin America	**1,508**	1,160	**4,042**	3,255
Europe/CIS/Africa	**2,039**	1,481	**5,134**	4,190
Middle East & Asia	**2,334**	2,034	**6,525**	5,952
Other	**53**	43	**150**	122
	$ 7,477	$ 5,847	**$ 20,213**	$ 16,704

North America and International revenue disaggregated by segment was as follows:

(Stated in millions)

	Third Quarter 2022			
	North America	**International**	**Other**	**Total**
Digital & Integration	**$ 229**	**$ 671**	**$ -**	**$ 900**
Reservoir Performance	**119**	**1,335**	**2**	**1,456**
Well Construction	**621**	**2,406**	**57**	**3,084**
Production Systems	**578**	**1,569**	**3**	**2,150**
Eliminations & other	**(4)**	**(100)**	**(9)**	**(113)**
	$ 1,543	**$ 5,881**	**$ 53**	**$ 7,477**

	Third Quarter 2021			
	North America	International	Other	Total
Digital & Integration	$ 196	$ 615	$ 1	$ 812
Reservoir Performance	79	1,112	1	1,192
Well Construction	382	1,839	52	2,273
Production Systems	469	1,205	-	1,674
Eliminations & other	3	(96)	(11)	(104)
	$ 1,129	$ 4,675	$ 43	$ 5,847

	Nine Months 2022			
	North America	**International**	**Other**	**Total**
Digital & Integration	**$ 781**	**$ 1,928**	**$ 4**	**$ 2,713**
Reservoir Performance	**333**	**3,661**	**5**	**3,999**
Well Construction	**1,659**	**6,354**	**155**	**8,168**
Production Systems	**1,601**	**4,037**	**9**	**5,647**
Eliminations & other	**(12)**	**(279)**	**(23)**	**(314)**
	$ 4,362	**$ 15,701**	**$ 150**	**$ 20,213**

	Nine Months 2021			
	North America	International	Other	Total
Digital & Integration	$ 549	$ 1,850	$ 2	$ 2,401
Reservoir Performance	237	3,072	3	3,312
Well Construction	1,045	5,124	150	6,319
Production Systems	1,347	3,587	12	4,946
Eliminations & other	7	(236)	(45)	(274)
	$ 3,185	$ 13,397	$ 122	$ 16,704

Revenue in excess of billings related to contracts where revenue is recognized over time was $0.2 billion at both September 30, 2022 and December 31, 2021. Such amounts are included within *Receivables less allowance for doubtful accounts* in the *Consolidated Balance Sheet*.

Due to the nature of its business, Schlumberger does not have significant backlog. Total backlog was $2.9 billion at September 30, 2022, of which approximately 60% is expected to be recognized as revenue over the next 12 months.

Billings and cash collections in excess of revenue was $1.2 billion at September 30, 2022 and $1.1 billion at December 31, 2021. Such amounts are included within *Accounts payable and accrued liabilities* in the *Consolidated Balance Sheet*.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This section of the Form 10-Q discusses third-quarter 2022 results of operations and comparisons to second-quarter 2022, as well as the first nine months of 2022 results of operations and comparisons to the first nine months of 2021. Detailed financial information with respect to second-quarter 2022 can be found in Part I, Item 1, "Financial Statements" of Schlumberger's Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2022.

Third Quarter 2022 Compared to Second Quarter 2022

(Stated in millions)

	Third Quarter 2022		Second Quarter 2022	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Digital & Integration	**$ 900**	**$ 305**	$ 955	$ 379
Reservoir Performance	**1,456**	**244**	1,333	195
Well Construction	**3,084**	**664**	2,686	470
Production Systems	**2,150**	**224**	1,893	171
Eliminations & other	**(113)**	**(37)**	(94)	(56)
Pretax segment operating income		**1,400**		1,159
Corporate & other (1)		**(155)**		(148)
Interest income (2)		**8**		3
Interest expense (3)		**(119)**		(121)
Charges and credits (4)		**-**		259
	$ 7,477	**$ 1,134**	$ 6,773	$ 1,152

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($25 million in Q3 2022; $16 million in Q2 2022).

(3) Interest expense excludes amounts which are included in the segments' income ($3 million in Q3 2022; $3 million in Q2 2022).

(4) Charges and credits are described in detail in Note 2 to the *Consolidated Financial Statements*.

The strong third-quarter 2022 results reflected the acceleration of international momentum and solid execution across the Divisions and geographic areas. Sequentially, Schlumberger delivered another quarter of double-digit revenue growth and margin expansion, as the pace of growth in the international business stepped up significantly, complementing already robust levels of activity in North America.

Third-quarter revenue grew 10% sequentially as global activity strengthened—particularly in the offshore and international markets. International revenue increased 13% sequentially, exceeding third-quarter 2019 levels, on a rig count that is still approximately 25% lower than in 2019. Sequentially, revenue growth was prevalent across all international areas led by Europe/CIS/Africa and Latin America, which increased 21% and 14%, respectively.

While concerns remain over the broader economic climate, Schlumberger believes the energy industry fundamentals continue to be very constructive. Against the backdrop of the energy crisis and limited spare global capacity, the world faces an urgent need for increased investment to rebalance markets, create supply redundancies, and rebuild spare capacity. All of these are exacerbated by geopolitics and increasing instances of supply disruptions.

These dynamics and the urgency to restore balance are resulting in a supply-led upcycle, characterized by the decoupling of upstream investment from near-term demand volatility. Furthermore, the need for sustained investments is reinforced by the long-term demand trajectory through the end of the decade and by OPEC+ decisions that are keeping commodity prices at supportive levels.

Digital & Integration

Digital & Integration revenue of $900 million declined 6% sequentially as growth in digital solutions was more than offset by the non-repeat of $95 million of exploration data transfer fees recorded last quarter.

Digital & Integration pretax operating margin of 34% contracted 586 bps sequentially due to the less favorable revenue mix.

Reservoir Performance

Reservoir Performance revenue of $1.5 billion increased 9% sequentially primarily due to higher intervention and stimulation activity, both on land and offshore, particularly in the Middle East & Asia and Europe/CIS/Africa areas. North America grew 7% due to higher intervention activity in the US Gulf of Mexico.

Reservoir Performance pretax operating margin of 17% expanded 209 bps sequentially. Profitability was boosted by higher offshore and development activity.

Well Construction

Well Construction revenue of $3.1 billion increased 15% sequentially, outperforming global rig count growth primarily due to strong activity from new projects and solid pricing improvements internationally, particularly in the Europe/CIS/Africa and Latin America areas.

Well Construction pretax operating margin of 22% expanded 403 bps sequentially, due to improved profitability across all areas, most prominently in Latin America. Margin expansion was driven by higher offshore and exploration activity, favorable technology mix, and solid pricing improvements.

Production Systems

Production Systems revenue of $2.2 billion increased 14% sequentially on higher product deliveries and backlog conversion—mostly offshore internationally as supply chain and logistics constraints continue to ease.

Production Systems pretax operating margin of 10% expanded 142 bps sequentially due to improved operating leverage from higher volume of sales.

Nine Months 2022 Compared to Nine Months 2021

(Stated in millions)

	Nine Months 2022		Nine Months 2021	
	Revenue	**Income Before Taxes**	Revenue	Income Before Taxes
Digital & Integration	**$ 2,713**	**$ 976**	$ 2,401	$ 805
Reservoir Performance	**3,999**	**598**	3,312	448
Well Construction	**8,168**	**1,522**	6,319	827
Production Systems	**5,647**	**509**	4,946	475
Eliminations & other	**(314)**	**(151)**	(274)	(176)
Pretax segment operating income		**3,454**		2,379
Corporate & other (1)		**(468)**		(434)
Interest income (2)		**13**		17
Interest expense (3)		**(360)**		(391)
Charges and credits (4)		**285**		47
	$ 20,213	**$ 2,924**	$ 16,704	$ 1,618

(1) Comprised principally of certain corporate expenses not allocated to the segments, stock-based compensation costs, amortization expense associated with certain intangible assets, certain centrally managed initiatives and other nonoperating items.

(2) Interest income excludes amounts which are included in the segments' income ($53 million in 2022; $1 million in 2021).

(3) Interest expense excludes amounts which are included in the segments' income ($9 million in 2022; $11 million in 2021).

(4) Charges and credits are described in detail in Note 2 to the *Consolidated Financial Statements.*

Nine-month 2022 revenue of $20.2 billion increased 21% year on year, driven by an increase in activity internationally, in North America, and across all Divisions. International revenue increased 17% while North America revenue grew 37%. International growth was widespread, led by Latin America and Europe/CIS/Africa with revenue growth of 24% and 23%, respectively, while revenue in the Middle East & Asia increased 10%. In North America, the revenue growth was driven by robust onshore drilling activity and higher sales of production systems, coupled with a strong contribution from the Asset Performance Solutions ("APS") project in Canada and increased exploration data licensing in the US Gulf of Mexico.

Nine-month 2022 pretax operating margin of 17% was 285 bps higher compared to the same period last year due to improved operating leverage from higher activity, a favorable activity mix, and an improving pricing environment.

Digital & Integration

Nine-month 2022 revenue of $2.7 billion increased 13% year on year, primarily in North America, driven by higher exploration data license sales and increased revenue from APS projects due to higher production and improved oil prices, particularly in Canada.

Year on year, pretax operating margin expanded 243 bps to 36% primarily due to higher revenue from exploration data licenses and improved profitability from APS projects.

Reservoir Performance

Nine-month 2022 revenue of $4.0 billion increased 21% year on year driven by strong international activity led by Latin America and Middle East & Asia. Double-digit growth was posted in intervention, stimulation, and evaluation services both on land and offshore, with higher exploration-related activity and with improved pricing.

Year on year, pretax operating margin increased by 142 bps to 15% due to improved profitability in intervention activity.

Well Construction

Nine-month 2022 revenue of $8.2 billion grew 29% year on year with growth across all areas led by North America and Latin America which grew 59% and 53%, respectively. Double-digit growth was recorded in drilling fluids, measurements, and integrated drilling—both on higher land and offshore activity—along with improved pricing.

Year on year, pretax operating margin increased 555 bps to 19%, driven by higher activity and improved pricing.

Production Systems

Nine-month 2022 revenue of $5.6 billion increased 14% driven by new projects and increased sales activity mainly in Europe/CIS/Africa and North America. Double-digit growth was posted in midstream, well, and subsea production systems.

Year on year, pretax operating margin decreased 58 bps to 9% primarily as a result of higher logistics costs and a less favorable revenue mix.

Interest and Other Income

Interest & other income consisted of the following:

(Stated in millions)

	Third Quarter	Second Quarter	Nine Months	
	2022	2022	**2022**	2021
Gain on sale of Liberty shares	**$ -**	$ 216	**$ 242**	$ -
Gain on sale of real estate	**-**	43	**43**	-
Unrealized gain on marketable securities	**-**	-	**-**	47
Earnings of equity method investments	**42**	33	**85**	26
Interest income	**33**	19	**66**	18
	$ 75	$ 311	**$ 436**	$ 91

The increases in interest income were primarily driven by higher cash and short-term investment balances combined with higher interest rates in Argentina. These increases were more than offset by foreign exchange losses recorded on the remeasurement of Argentine peso-denominated net monetary assets as the official Argentine peso exchange rate continued to devalue compared to the US dollar. Schlumberger's functional currency in Argentina is the US dollar and it uses Argentina's official market exchange rate to remeasure its net Argentine peso-denominated assets into US dollars. Such net assets were approximately $270 million at September 30, 2022, primarily consisting of cash and short-term investments.

The Central Bank of Argentina maintains certain currency controls that limit Schlumberger's ability to access US dollars in Argentina and remit earnings from its Argentine operations. A legal indirect foreign exchange mechanism exists that effectively results in a parallel US dollar exchange rate. This parallel rate, which cannot be used as the basis to remeasure Schlumberger's net monetary assets into US dollars under US GAAP, was approximately 110% higher than Argentina's official exchange rate at September 30, 2022. If Argentina's official exchange rate converges with the parallel rate, Schlumberger would incur a loss on its net peso-denominated assets in Argentina. Argentina represented less than 5% of Schlumberger's consolidated revenue for the nine months ended September 30, 2022.

Earnings of equity method investments for the nine months ended September 30, 2022 increased $59 million as compared to the same period of 2021 primarily due to Schlumberger's share of net income associated with its investment in Liberty. Schlumberger records its share of Liberty's net income or loss on a one-quarter lag.

Other

Research & engineering and *General & administrative* expenses, as a percentage of *Revenue*, for the third quarter and second quarter of 2022 and nine months ended September 30, 2022 and 2021 were as follows:

	Third Quarter 2022	Second Quarter 2022	**Nine Months 2022**	Nine Months 2021
Research & engineering	**2.1%**	2.3%	**2.3%**	2.4%
General & administrative	**1.3%**	1.3%	**1.4%**	1.4%

The effective tax rate for the third quarter of 2022 was 18.9%, as compared to 15.8% for the second quarter of 2022. The increase in the effective tax rate was primarily due to the absence of the credits described in Note 2 to the *Consolidated Financial Statements*. These credits reduced the effective tax rate during the second quarter by three percentage points.

The effective tax rate for the nine months of 2022 was 17.6%, as compared to 18.6% for the same period of 2021. The decrease in the effective tax rate was primarily due to the absence of the credits described in Note 2 to the *Consolidated Financial Statements*. These credits reduced the effective tax rate during the first nine months of 2022 by one percentage point.

Charges and Credits

Schlumberger recorded the following credits during the first nine months of 2022, all of which are classified in *Interest & other income* in the *Consolidated Statement of Income*.

(Stated in millions)

	Pretax Credit	Tax Expense	Net
First quarter:			
Gain on sale of Liberty shares	$ 26	$ 4	$ 22
Second quarter:			
Gain on sale of Liberty shares	216	13	203
Gain on sale of real estate	43	2	41
	$ 285	$ 19	$ 266

During the third quarter of 2021, a start-up company that Schlumberger previously invested in was acquired. As a result of this transaction, Schlumberger's ownership interest was converted into shares of a publicly traded company. Schlumberger recognized an unrealized pretax gain of $47 million ($36 million after-tax) to increase the carrying value of this investment to its estimated fair value of approximately $55 million. This unrealized gain was reflected in *Interest & other income* in the *Consolidated Statement of Income*.

Liquidity and Capital Resources

Details of the components of liquidity as well as changes in liquidity follow:

(Stated in millions)

Components of Liquidity:	**Sept. 30, 2022**	Sept. 30, 2021	Dec. 31, 2021
Cash	$ 2,180	$ 1,569	$ 1,757
Short-term investments	1,429	1,373	1,382
Short-term borrowings and current portion of long-term debt	(899)	(1,025)	(909)
Long-term debt	(12,452)	(14,370)	(13,286)
Net debt (1)	**$ (9,742)**	$ (12,453)	$ (11,056)

Changes in Liquidity:	Nine Months Ended Sept. 30, 2022	2021
Net income	$ **2,410**	$ 1,317
Gain on sale of Liberty shares	**(242)**	-
Gain on sale of real estate	**(43)**	-
Gain on marketable securities	**-**	(47)
Depreciation and amortization (2)	**1,598**	1,588
Earnings of equity method investments, less dividends received	**(52)**	6
Deferred taxes	**3**	(33)
Stock-based compensation expense	**236**	229
Increase in working capital (3)	**(1,814)**	(798)
US Federal tax refund	**-**	477
Other	**10**	(20)
Cash flow from operations	**2,106**	2,719
Capital expenditures	**(1,046)**	(694)
APS investments	**(420)**	(305)
Exploration data costs capitalized	**(77)**	(21)
Free cash flow (4)	**563**	1,699
Dividends paid	**(600)**	(524)
Proceeds from employee stock plans	**142**	137
Proceeds from issuance of stock options	**29**	-
Taxes paid on net settled stock-based compensation awards	**(92)**	(21)
Business acquisitions and investments, net of cash acquired plus debt assumed	**(45)**	(98)
Proceeds from sale of Liberty shares	**513**	-
Proceeds from sale of real estate	**120**	-
Other	**(118)**	(58)
Change in net debt before impact of changes in foreign exchange rates on net debt	**512**	1,135
Impact of changes in foreign exchange rates on net debt	**802**	292
Decrease in net debt	**1,314**	1,427
Net debt, beginning of period (1)	**(11,056)**	(13,880)
Net debt, end of period (1)	$ **(9,742)**	$ (12,453)

(1) "Net debt" represents gross debt less cash and short-term investments. Management believes that Net debt provides useful information regarding the level of Schlumberger's indebtedness by reflecting cash and investments that could be used to repay debt. Net debt is a non-GAAP financial measure that should be considered in addition to, not as a substitute for or superior to, total debt.

(2) Includes depreciation of property, plant and equipment and amortization of intangible assets, exploration data costs, and APS investments.

(3) Includes severance payments of $60 million and $226 million during the nine months ended September 30, 2022 and 2021, respectively.

(4) "Free cash flow" represents cash flow from operations less capital expenditures, APS investments and exploration data costs capitalized. Management believes that free cash flow is an important liquidity measure for the company and that it is useful to investors and management as a measure of our ability to generate cash. Once business needs and obligations are met, this cash can be used to reinvest in the company for future growth or to return to shareholders through dividend payments or share repurchases. Free cash flow does not represent the residual cash flow available for discretionary expenditures. Free cash flow is a non-GAAP financial measure that should be considered in addition to, not as a substitute for or superior to, cash flow from operations.

Key liquidity events during the first nine months of 2022 and 2021 included:

- Capital investments (consisting of capital expenditures, APS investments and exploration data capitalized) were $1.5 billion during the first nine months of 2022 compared to $1.0 billion during the first nine months of 2021. Capital investments for the full year 2022 are expected to be approximately $2.2 billion as compared to $1.7 billion for the full year 2021 as Schlumberger continues to support the strong revenue growth that is expected to continue in 2023.
- During the first nine months of 2022 working capital consumed $1.8 billion of liquidity as compared to $0.8 billion during the same period of 2021. The year-on-year increase in working capital consumption was primarily driven by an increase in receivables due to the significant revenue growth. Inventory also increased as lead times were managed in anticipation of continued growth.
- During the first nine months of 2022, Schlumberger sold 33.8 million of its shares in Liberty and received proceeds of $513 million.
- During the second quarter of 2022, Schlumberger sold certain real estate and received proceeds of $120 million.
- In April 2022, Schlumberger announced a 40% increase to its quarterly cash dividend from $0.125 per share of outstanding common stock to $0.175 per share.
- On January 21, 2016, the Board approved a $10 billion share repurchase program for Schlumberger common stock. Schlumberger had repurchased $1.0 billion of Schlumberger common stock under this program as of September 30, 2022. Schlumberger did not repurchase any of its common stock during the first nine months of 2022.

As of September 30, 2022, Schlumberger had $3.61 billion of cash and short-term investments on hand. Schlumberger had committed debt facility agreements aggregating $6.47 billion, all of which was available and unused. Schlumberger believes these amounts are sufficient to meet future business requirements for at least the next 12 months.

There were no borrowings under the commercial paper programs at September 30, 2022.

Schlumberger maintains an allowance for doubtful accounts in order to record accounts receivable at their net realizable value. Judgment is involved in recording and making adjustments to this reserve. Allowances have been recorded for receivables believed to be uncollectible, including amounts for the resolution of potential credit and other collection issues such as disputed invoices. Adjustments to the allowance may be required in future periods depending on how such potential issues are resolved, or if the financial condition of Schlumberger's customers were to deteriorate resulting in an impairment of their ability to make payments. As a large multinational company with a long history of operating in a cyclical industry, Schlumberger has extensive experience in working with its customers during difficult times to manage its accounts receivable.

Schlumberger generates revenue in more than 120 countries. As of September 30, 2022, only four of those countries individually accounted for greater than 5% of Schlumberger's net receivable balance, of which two (the United States and Mexico) accounted for greater than 10% of such receivables.

Included in *Receivables, less allowance for doubtful accounts* in the *Consolidated Balance Sheet* as of September 30, 2022 is approximately $0.9 billion of receivables relating to Mexico. Schlumberger's receivables from its primary customer in Mexico are not in dispute and Schlumberger has not historically had any material write-offs due to uncollectible accounts receivable relating to this customer.

During the third quarter of 2022, Schlumberger, Aker Solutions and Subsea 7 announced an agreement to form a joint venture to drive innovation and efficiency in subsea production by helping customers unlock reserves and reduce cycle time. The agreement will bring together a portfolio of innovative technologies such as subsea gas compression, all-electric subsea production systems and other electrification capabilities that help customers meet their decarbonization goals. The proposed joint venture will combine Schlumberger's and Aker Solutions' subsea businesses. Subsea 7 will be an equity partner in the new joint venture.

In addition to contributing its subsea business to the joint venture, at closing Schlumberger will issue to Aker Solutions shares of Schlumberger common stock valued at $306.5 million. Concurrently, Subsea 7 will purchase its 10% interest in exchange for $306.5 million in cash to Aker Solutions. The joint venture also will issue a promissory note to Aker Solutions for $87.5 million. At closing of the joint venture, Schlumberger will own 70%, with Aker Solutions owning 20% and Subsea 7 owning 10%. The transaction is subject to regulatory approvals and other customary closing conditions and is expected to close in the second half of 2023.

Additional Information

In March 2022, Schlumberger decided to immediately suspend new investment and technology deployment to its Russia operations. Russia represented approximately 6% of Schlumberger's worldwide revenue during the first nine months of 2022. The carrying value of Schlumberger's net assets in Russia was approximately $0.9 billion as of September 30, 2022. This consisted of $0.4 billion of receivables, $0.5 billion of other current assets, $0.4 billion of fixed assets and $0.4 billion of current liabilities.

Schlumberger continues to actively monitor the dynamic situation in Ukraine and comply with applicable international laws and sanctions. The extent to which Schlumberger'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; and the impact of fluctuations in the exchange rate of the ruble. 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, 2021, including cybersecurity risks.

FORWARD-LOOKING STATEMENTS

This third-quarter 2022 Form 10-Q, as well as other statements we make, contains "forward-looking statements" within the meaning of the federal securities laws, which include any statements that are not historical facts. Such statements often contain words such as "expect," "may," "can," "believe," "predict," "plan," "potential," "projected," "projections," "precursor," "forecast," "outlook," "expectations," "estimate," "intend," "anticipate," "ambition," "goal," "target," "scheduled," "think," "should," "could," "would," "will," "see," "likely," and other similar words. Forward-looking statements address matters that are, to varying degrees, uncertain, such as statements about Schlumberger's financial and performance targets and other forecasts or expectations regarding, or dependent on, its business outlook; growth for Schlumberger as a whole and for each of its Divisions (and for specified business lines, geographic areas or technologies within each Division); oil and natural gas demand and production growth; oil and natural gas prices; forecasts or expectations regarding energy transition and global climate change; improvements in operating procedures and technology; capital expenditures by Schlumberger and the oil and gas industry; the business strategies of Schlumberger, including digital and "fit for basin," as well as the strategies of Schlumberger's customers; Schlumberger's effective tax rate; Schlumberger's APS projects, joint ventures, and other alliances; Schlumberger's response to the COVID-19 pandemic and its preparedness for other widespread health emergencies; the impact of the ongoing conflict in Ukraine on global energy supply; access to raw materials; future global economic and geopolitical conditions; future liquidity; and future results of operations, such as margin levels. These statements are subject to risks and uncertainties, including, but not limited to, changing global economic and geopolitical conditions; changes in exploration and production spending by Schlumberger's customers and changes in the level of oil and natural gas exploration and development; the results of operations and financial condition of Schlumberger's customers and suppliers; Schlumberger's inability to achieve its financial and performance targets and other forecasts and expectations; Schlumberger's inability to achieve net-zero carbon emissions goals or interim emissions reduction goals; general economic, geopolitical and business conditions in key regions of the world; the ongoing conflict in Ukraine; foreign currency risk; inflation; changes in monetary policy by governments; pricing pressure; weather and seasonal factors; unfavorable effects of health pandemics; availability and cost of raw materials; operational modifications, delays or cancellations; challenges in Schlumberger's supply chain; production declines; the extent of future charges; Schlumberger's inability to recognize efficiencies and other intended benefits from its business strategies and initiatives, such as digital or Schlumberger New Energy, as well as its cost reduction strategies; changes in government regulations and regulatory requirements, including those related to offshore oil and gas exploration, radioactive sources, explosives, chemicals and climate-related initiatives; the inability of technology to meet new challenges in exploration; the competitiveness of alternative energy sources or product substitutes; and other risks and uncertainties detailed in this Form 10-Q and our most recent Form 10-K and Forms 8-K filed with or furnished to the SEC. If one or more of these or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, actual results or outcomes may vary materially from those reflected in our forward-looking statements. Forward-looking and other statements in this Form 10-Q regarding our environmental, social and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Statements in this third-quarter 2022 Form 10-Q are made as of October 26, 2022, and Schlumberger disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For quantitative and qualitative disclosures about market risk affecting Schlumberger, see Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," of the Schlumberger Annual Report on Form 10-K for the fiscal year ended December 31, 2021. Schlumberger's exposure to market risk has not changed materially since December 31, 2021.

Item 4. Controls and Procedures.

Schlumberger has carried out an evaluation under the supervision and with the participation of Schlumberger's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of Schlumberger's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this report. Based on this evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this report, Schlumberger's disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports that Schlumberger files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Schlumberger's disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is accumulated and communicated to its management, including the CEO and the CFO, as appropriate, to allow timely decisions regarding required disclosure. There was no change in Schlumberger's internal control over financial reporting during the quarter to which this report relates that has materially affected, or is reasonably likely to materially affect, Schlumberger's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The information with respect to this Item 1 is set forth under Note 9—Contingencies, in the accompanying Consolidated Financial Statements.

Item 1A. Risk Factors.

As of the date of this filing, there have been no material changes from the risk factors disclosed in Part 1, Item 1A, of Schlumberger's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

Unregistered Sales of Equity Securities

None.

Issuer Repurchases of Equity Securities

As of September 30, 2022, Schlumberger had repurchased $1.0 billion of Schlumberger common stock under its $10 billion share repurchase program. Schlumberger did not repurchase any of its common stock during the first nine months of 2022.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Our mining operations are subject to regulation by the federal Mine Safety and Health Administration under the Federal Mine Safety and Health Act of 1977. Information concerning mine safety violations or other regulatory matters required by section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this report.

Item 5. Other Information.

In 2013, Schlumberger completed the wind down of its service operations in Iran. Prior to this, certain non-US subsidiaries provided oilfield services to the National Iranian Oil Company and certain of its affiliates ("NIOC").

Schlumberger's residual transactions or dealings with the government of Iran during the third quarter of 2022 consisted of payments of taxes and other typical governmental charges. Certain non-US subsidiaries of Schlumberger maintain depository accounts at the Dubai branch of Bank Saderat Iran ("Saderat"), and at Bank Tejarat ("Tejarat") in Tehran and in Kish for the deposit by NIOC of amounts owed to non-US subsidiaries of Schlumberger for prior services rendered in Iran and for the maintenance of such amounts previously received. One non-US subsidiary also maintained an account at Tejarat for payment of local expenses such as taxes. Schlumberger anticipates that it will discontinue dealings with Saderat and Tejarat following the receipt of all amounts owed to Schlumberger for prior services rendered in Iran.

Item 6. Exhibits.

Exhibit 3.1—Articles of Incorporation of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3.1 to Schlumberger's Current Report on Form 8-K filed on April 6, 2016)

Exhibit 3.2—Amended and Restated By-laws of Schlumberger Limited (Schlumberger N.V.) (incorporated by reference to Exhibit 3 to Schlumberger's Current Report on Form 8-K filed on July 22, 2019)

* Exhibit 22—Issuers of Registered Guaranteed Debt Securities

* Exhibit 31.1—Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

* Exhibit 31.2—Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

** Exhibit 32.1—Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

** Exhibit 32.2—Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Exhibit 95—Mine Safety Disclosures

* Exhibit 101.INS—Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document

* Exhibit 101.SCH—Inline XBRL Taxonomy Extension Schema Document

* Exhibit 101.CAL—Inline XBRL Taxonomy Extension Calculation Linkbase Document

* Exhibit 101.DEF—Inline XBRL Taxonomy Extension Definition Linkbase Document

* Exhibit 101.LAB—Inline XBRL Taxonomy Extension Label Linkbase Document

* Exhibit 101.PRE—Inline XBRL Taxonomy Extension Presentation Linkbase Document

Exhibit 104—Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed with this Form 10-Q.

** Furnished with this Form 10-Q.

(+) Management contracts or compensatory plans or arrangements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized and in his capacity as Chief Accounting Officer.

Schlumberger Limited
(Registrant)

Date: October 26, 2022

/s/ Howard Guild

Howard Guild
Chief Accounting Officer and Duly Authorized Signatory

Exhibit 22

Issuers of Registered Guaranteed Debt Securities

Schlumberger Investment SA, a société anonyme incorporated under the laws of the Grand Duchy of Luxembourg (“SISA”), and Schlumberger Finance Canada Ltd., a corporation incorporated under the laws of the Province of Alberta, Canada (“SFCL”), are both indirect wholly-owned subsidiaries of Schlumberger Limited (the “Guarantor”).

As of September 30, 2022, (i) SISA was the issuer of its 3.650% Senior Notes due 2023 and 2.650% Senior Notes due 2030 (together, the “SISA Notes”), and (ii) SFCL was the issuer of its 1.400% Senior Notes due 2025 (the “SFCL Notes”). The Guarantor fully and unconditionally guarantees the SISA Notes and the SFCL Notes on a senior unsecured basis.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Olivier Le Peuch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2022

/s/ Olivier Le Peuch
Olivier Le Peuch
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Stephane Biguet, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 26, 2022

/s/ Stephane Biguet
Stephane Biguet
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the “Company”) for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Olivier Le Peuch, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 26, 2022

/s/ Olivier Le Peuch
Olivier Le Peuch
Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Schlumberger N.V. (Schlumberger Limited) (the “Company”) for the quarterly period ended September 30, 2022 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stephane Biguet, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 26, 2022

/s/ Stephane Biguet
Stephane Biguet
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Schlumberger Limited and will be retained by Schlumberger Limited and furnished to the Securities and Exchange Commission or its staff upon request.

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Exchange Act.

Exhibit 95

Mine Safety Disclosure

The following disclosure is provided pursuant to Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which requires certain disclosures by companies required to file periodic reports under the Securities Exchange Act of 1934, as amended, that operate mines regulated under the Federal Mine Safety and Health Act of 1977.

The table that follows reflects citations, orders, violations and proposed assessments issued by the Mine Safety and Health Administration (the "MSHA") to indirect subsidiaries of Schlumberger. The disclosure is with respect to the three months ended September 30, 2022. Due to timing and other factors, the data may not agree with the mine data retrieval system maintained by the MSHA at www.MSHA.gov.

Three Months Ended September 30, 2022
[unaudited]
(*whole dollars*)

Mine or Operating Name/ MSHA Identification Number	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Citations and Orders	Section 110(b)(2) Violations	Section 107(a) Orders	Total Dollar Value of MSHA Assessments Proposed (1)	Total Number of Mining Related Fatalities	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Amelia Barite Plant/1600825	1	—	—	—	—	$696	—	N	N	—	—	—
Battle Mountain Grinding Plant/2600828	—	—	—	—	—	—	—	N	N	—	—	—
Greybull Milling Operation/4800602	—	—	—	—	—	—	—	N	N	—	—	—
Greybull Mining Operation/4800603	—	—	—	—	—	—	—	N	N	—	—	—
Greystone Mine/2600411	—	—	—	—	—	—	—	N	N	—	—	—
Mountain Springs Beneficiation Plant/2601390	1	—	—	—	—	$1,737	—	N	N	—	—	—

(1) Amounts included are the total dollar value of proposed assessments received from MSHA on or before September 30, 2022, regardless of whether the assessment has been challenged or appealed, for citations and orders occurring during the quarter ended September 30, 2022. Citations and orders can be contested and appealed, and as part of that process, are sometimes reduced in severity and amount, and sometimes dismissed. The number of citations, orders, and proposed assessments vary by inspector and vary depending on the size and type of the operation.