ANNUAL REPORT 2022

GENERAL OCEANS

WWW.GENERALOCEANS.COM

OUR VISION

We have set our sights on becoming a global player in the underwater technology market for sensors, intelligent tools, and vehicles, by bringing autonomous intelligence to ocean operations. We will achieve this through an effective and cohesive business model; with a focus on best-practice that improves operations, drives competitive advantage and stimulates growth.

INSIDE THIS REPORT

WHERE WE OPERATE

AT A GLANCE

General Oceans is the parent of the Group and works collaboratively with operating companies to accelerate performance. Its independence from the operating companies allows for an approach that is nimble and decisive, with the ability to set long-term objectives from its head office in London.

The operating companies are able to focus all efforts on creating sustainable long-term solutions for their customers, with the ultimate goal of driving growth. The Group's common integrated platform is a simple and efficient model, that enables each of the portfolio companies to set their own KPI and performance targets, building on the value of their industry knowledge and unique brand identity.

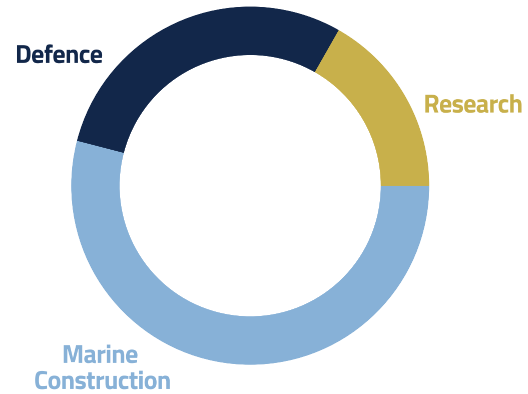
INDUSTRIES WE SERVE

DEFENCE

Our industry is heavily involved with global defence forces, and we pride ourselves on the role we play in making the allied nations' frontlines safer. We have contracts with the US, Norwegian, and Royal Navies, and have been awarded contracts, accolades and investments worldwide in technology development as the global landscape for defence continues to evolve.

The rise of AUVs is a result of this funding from the defence sector, along with updated infrastructure in acoustic propagation and communication.

SALES BY MARKET AREA



MARINE CONSTRUCTION

Our products and innovations offer complex inspection and intervention in maritime construction operations. Long-term forecasts predict an increase in demand for solutions which serve offshore markets such as defence, wind, ports and harbours, and oil and gas.

Our ROVs, manipulators, and sensors help make offshore operations safer and more efficient by providing domain awareness, early hazard warnings, and diverless repairs and inspections. We prioritise efficiency, safety, and dexterity across all operations and missions. We respect the blue economy, and the conservation of marine and coastal ecosystems.

RESEARCH

Academic and research institutions globally have long been key customers and collaborators of ours. As the market leader in acoustic sensor technology for ocean research applications, leading scientists around the world have long approached us to develop systems which provide entirely new capabilities to drive their research forward. This relationship is mutually beneficial as it allows us to stay ahead of the industry in the blue ocean of offshore technology, and easily transition solutions seeded in the foremost research institutions to industry customers.

WHAT WE DO

TECHNOLOGY SOLUTIONS

SYSTEMS
- Remotely Operated Vehicles (ROVs)
- Autonomous Surface & Subsea Vehicles (USVs, UUVs, AUVs)
- Data Buoys
- Moored Systems

SYSTEM COMPONENTS
- Vehicle Navigation & Control Components
- Acoustics for Seabed Mapping, Imaging, Subsea Communication, & Listening
- Manipulators
- Sensors for Collecting Environmental Parameters
- Deployment Structures & Mechanical Components
- Signal Processing Analysis Techniques

OUR CUSTOMERS

- Defence
- Offshore Operators
- Engineering Companies
- National Institutions
- Engineering Service Companies
- Autonomous Vehicle Manufacturers
- Researchers & Scientists

WHAT WE OFFER

- Greater understanding of customers & market
- Amplified expertise in underwater technology (from components to systems)
- A global distribution network & customer base
- Balanced growth, profitability, & cashflow

ATLE LOHRMANN

"The very nature of our business involves serving those at the forefront of climate research, clean energy development, and ocean conservation challenges us to do more."

PRESIDENT'S LETTER

2022 saw the General Oceans companies properly organising into a group and enjoying a more than 50 per cent increase in EBITDA and EBIT compared to 2021. We put the key elements of professional governance in place and the headquarters in London was properly staffed to serve the greater organisation. In addition, we purchased Tritech International outright in October so that there are now four companies in the Group and over 250 employees in nine countries.

Financially, 2022 was a great year. Nortek, Strategic Robotic Systems (SRS), and Reach Robotics (Reach) accounts were all included for the full year. Nortek ended the year with a 35% increase in revenues from already very good levels and the total sales numbers, including Tritech for the last three months, ended at NOK 640 million.

As we move into 2023, we face a situation where the IPO market remains quiet. As a result, we have focused on honing and articulating our business strategy at the same time as we have looked at our financing needs in detail without giving up our ambition of listing General Oceans when market conditions are favorable.

Growning organically through solid progress
We continue to focus on amplifying synergies in sales and marketing across the Group, maintaining a solid programme of product developments and ensuring that every operating company stays focused on its core business. Operationally, we bring people together to identify best practices and implement them in parallel business units. The global sales network built by Nortek is proving advantageous to all our companies and cross-brand sales representatives are being hired and placed in Nortek sales offices to take advantage of sales management and training excellence in place.

Invest in areas we believe are poised for growth
The buzzword is 'Intelligent autonomy,' which is a high-level form of autonomy that involves decision making. Often referred to as 'Level 4 autonomy,' this requires good sensor systems, AI/ML processing modules, and advanced control algorithms. These investments may be internal, as in our ongoing funding of Reach to work on optical perception + ML/AI hardware & software development. They may also be external, such as the acquisition of small companies that are developing core functionality in the technical areas into which we want to expand.

Purchase or merge with target established companies
These are companies that have technically advanced products, an organisational structure that fits with the 'General Oceans Way,' and a history or a promise of profitable growth. This activity, which requires both funding and organisational focus, will be the largest contributor to the growth of General Oceans over the next couple of years.

Innovate for sustainability
All companies in the General Oceans group have been charged with leading on sustainability and ESG in our industry. While some operating companies are ahead of others, work is being done to align business practices with UN Sustainable Development Goals. The very nature of our business serving those at the forefront of climate research, clean energy development, and ocean conservation challenges us to do more. This can be seen in technological developments such as Nortek's upgrade of the Aquadopp current meter, an integral sensor in the 70 moorings of the TAO/TRITON tropical array used internationally for weather prediction and climate modeling. The development is the latest in a decades-long relationship we have with national organisations (NOAA, JAMSTEC, IFREMER) and it illustrates our role in understanding the state of our oceans.

We look forward to the continued evolution of the General Oceans story as every day brings new opportunities.

Atle Lohrmann

GENERAL OCEANS ANNUAL REPORT 2022

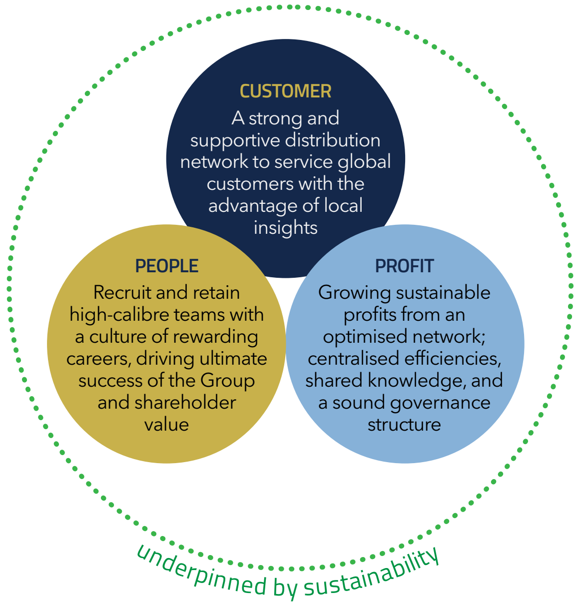
OUR STRATEGY

In 2022 we made progress on our dedicated growth strategy, taking steps to scale up our ambitions as a global player in the underwater technology sector. We continue to combine our resources, seize opportunities, and expand our footprint under the General Oceans umbrella.

In 2021 we pinpointed three main strategic pillars:

- Drive solutions for our customers
- Source and retain excellent talent
- Grow sustainable profits through value creation

While economic and supply-chain headwinds continue to exist globally, we are confident that our unique business model will allow us to deliver on our growth plan. We offer dedicated support out of the General Oceans head office which frees up time for the experts within operating companies to innovate and deliver more complicated projects.



2022 HIGHLIGHTS

- We completed the acquisition of Tritech. A good strategic fit, and the second acoustic sensor company to join the Group. Tritech has served the offshore energy and Defence industry for more than 30 years, and has excellent brand recognition and a reputation for quality and service. We look forward to exploring new opportunities to create and deliver outstanding customer experiences – alongside Nortek, Reach Robotics (Reach), and Strategic Robotic Systems (SRS).

- We appointed Omer Poroy as CEO of SRS as part of a pre-determined succession plan. The business had reached optimal success for its structure and size, and a new strategic framework is now being developed to support long-term growth from a new location in San Diego. The move will bring SRS physically closer to some of its primary customers, and serve as a base from which General Oceans can expand its US footprint.

- We appointed Pete Smith as Chief People Officer (CPO) of the Group. Pete will lead and develop our people initiatives, creating a pipeline of opportunities with a focus on culture, and talent management programmes.

- We set out on our journey to develop an ESG framework for the Group, setting up an ESG working group which comprises representatives from each operating company. Responsible and sustainable business is embedded in our purpose, and we are working together to formalise and integrate a common set of goals for the future.

OUR BUSINESS MODEL

General Oceans has a unique and innovative business model in the ocean technology sector which is based on a simple structure at the centre, with empowered operating companies that benefit from the Group's strategic focus and scale. Each operating subsidiary is accountable for its own financials and growth, but also to a set of standards and KPI metrics as set out by the Group. The centralised functions of the Group include: Financial Reporting, Human Resources and Talent Strategy, Investor Relations, and the M&A Deals Team.

HOW WE ARE ORGANISED

General Oceans is the parent company of the Group – working actively with a portfolio of operating companies to drive synergies and maximise performance, innovation, and customer experience in local markets. Its independence from the operating companies allows for objective decision making that is nimble by nature, and enables General Oceans to implement the strategy to deliver the long-term vision for the Group. The operating companies are in turn able to focus their efforts on their target customers in a competitive and supported environment which allows for complete focus on core business activities, with the ability to undertake projects that are more complex, while benefiting from the longevity of local and long-standing relationships built from their own brand identity.

The operating companies avail of the Group's full support structure, which drives efficiency while allowing each operating company to achieve individual performance targets and maintain its unique identity.

CORPORATE PARENT

RESOURCES
Distribution Network | Financials | Corporate Identity

CENTRALISED FUNCTION
Financial Reporting | Recruitment & Talent Strategy | Investor Relations | Sales & Distribution Organisation

LEADERSHIP
A Strategic Focus with KPIs | Business Model | Market Insights & Customer Analysis

SUPPORT FROM GENERAL OCEANS HEAD OFFICE
Optimise Processes across Companies | Collaborative Research & Development | Project Financing

OPERATING COMPANIES

NORTEK | REACH ROBOTICS | SRS | TRITECH
Operational Focus Only
Local Identity and Project Ownership Retained
Improved Capability to Deliver Complex Projects

OUR RESOURCES

- General Oceans combines leading companies in strategic locations, which enables them to enhance their presence in local and/or global markets while retaining trusted brand identities.
- The operating companies each target specific customer markets and geographies, providing information, choice, and innovation across the full spectrum of ocean technology.
- The operating companies' customers benefit from a larger combined network and economies arising from alliance partnerships as well as the utility of successful joint businesses that help them to expand their customer offer and global reach.

OUR APPROACH TO ESG

General Oceans has a vision to lead on sustainability and ESG. This means using its scale and holding company status to help transform the ocean technology sector and drive change across the Group. We will put plans in place that will enable the delivery of best practices across all Environment, Social, and Governance (ESG) programmes and processes.

We are committed to executing the Group's strategy with an ESG focus that is integrated with our core strategic priorities of serving global customers, recruiting, and retaining the best talent in the industry, as we grow sustainable profits through an increasingly optimised network of suppliers and partners.

General Oceans is alert to its responsibility to the blue economy and will use its integrated platform and business model to support all subsidiary operations, who retain the independence to align their business strategies and operational duties to the SDGs – and this work is getting under way across the Group.

In 2022, Nortek moved forward considerably with its sustainability and ESG agenda, following the launch of its first materiality assessment in 2021. Employees, management, customers, suppliers, and other stakeholders from across the Nortek Group were listened to, and given the opportunity to provide input. Feedback was used to assess the impacts and identify those ESG-related issues that are material to them.

Nortek has committed to refreshing its materiality approach biennially and other operating companies in the Group will be briefed on these events and avail of some of the advanced learnings at Nortek. They will look to develop their ESG approach under a more streamlined framework when it is appropriate to do so, and we will continue to report on progress each year.

The materiality exercise together with the UN Sustainable Development Goals (SDGs) are the foundation for Nortek's sustainability goal setting and activities moving forward.

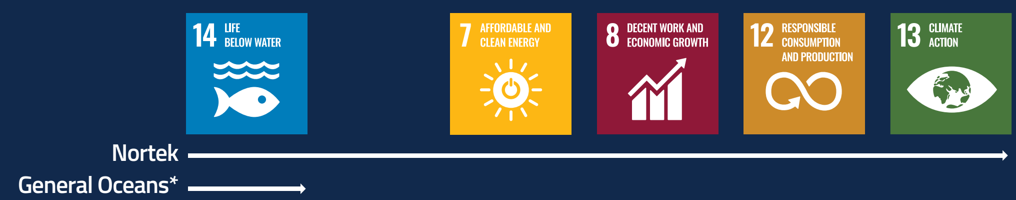
Nortek has led the way in the Group, with a clearly defined goal to embed sustainability into all business areas and functions. The materiality assessment ensures optimal prioritisation of the issues that are likely to have the most impact on the business and its stakeholders, and have been identified as follows:

- Ethics
- Anti-corruption
- Human rights
- Diversity and equal opportunity
- Support healthier oceans
- Responsible supply chain
- Emissions and climate change
- Renewable energy
- Digitalisation
- Circular economy
- Health and safety

The General Oceans Group will adopt an approach that is similar. For now, this list applies to Nortek.

SUSTAINABLE DEVELOPMENT GOALS

In 2015, the United Nations adopted a plan to "end poverty, fight inequality and injustice, and tackle climate change by 2030." At the heart of this agenda are 17 Sustainable Development Goals (SDGs). Fulfilling these goals will take significant effort by all sectors in society and it is widely recognised that business has an important role to play.



* *All companies in the Group are working towards SDG Goal 14 as standard. Nortek has identified four additional goals to which they have aligned their ESG strategy. The other companies may well align to these goals in the future, with Nortek's approach serving as a proxy framework for the Group. This work is still ongoing, and will be duly reported on in next year's report.*

OUR PROGRESS IN THE YEAR

ESG and sustainability is weaved into everything we do. As a Group we are making more progress in this important area. In 2022, Nortek has published the findings of its materiality exercise, and Tritech, SRS, and Reach Robotics have moved further towards sustainable sourcing and removal of plastics and waste.

General Oceans has recruited a new Chief People Officer (CPO) to support and drive change across the Group. The CPO will work closely with the Group of companies, and will work closely with operating companies to develop Groupwide learning and talent initiatives.

In 2022 we set up an ESG working group, with nominees from each company all working together. We are working collaboratively on our ESG and sustainability agenda and we recognise there is much to do.

NORTEK

- Materiality assessment and ESG topics to inform its ESG strategy
- Climate accounting system established, tracking emissions from 2019 to 2022
- Working toward Norwegian Transparency Act and Global Reporting Initiative (GRI) standards

REACH ROBOTICS

- Collaborated with University of Sydney's School of Aerospace, Mechanical and Mechatronic Engineering (AMME) on exciting projects to develop solutions to complex space control challenges
- Sourcing and retaining the best industry talent in a young and growing team, with sabbaticals and secondments, training and mentorship in an attractive location

STRATEGIC ROBOTIC SYSTEMS

- Relocating from Redmond to San Diego (known tech hub) in May 2023 – a move that will bring us physically closer to US Navy and Marine Corps customers
- Fostering talent of the future with grass-root internships in 2022, with active plans to expand to universities
- Now selecting suppliers on basis of sound sustainability credentials, e.g. – all steel furniture at our new San Diego site

TRITECH

- Breakthrough in search and recovery with Diver Mounted Display
- Sold multiple DMD systems to public safety dive teams
- Working towards becoming a Living Wage employer
- Introducing a solar panel project to reduce energy usage
- Sourcing greener exhibition materials and smaller sonars for sustainable practice

HIGHLIGHTS

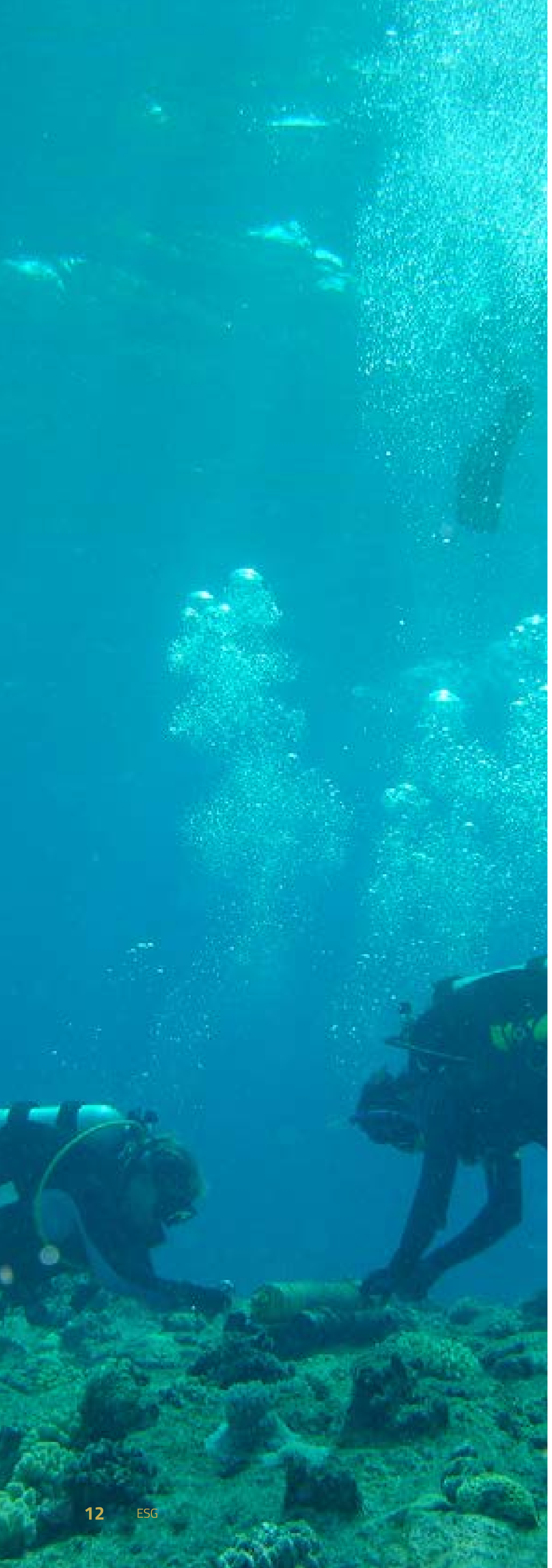
ISO
STANDARDS ACHIEVED
ISO 14001 & ISO 9001

1,180 KILOS
MARINE WASTE COLLECTED
from our waterways

74:26
GENDER SPLIT
across the Group

17.5%
CARBON FOOTPRINT REDUCTION
at Nortek between 2019 & 2022

	2021	PROGRESS IN 2022	TARGETS
ENVIROMENTAL	• Sustainability projects • Net zero objectives • Carbon footprint reduction • Marine waste collections • Climate accounting at Nortek	• Sustainability in supply chain across operating companies • SRS move to San Diego reduces air miles • Marine waste removal - Oslofjord cleanup • Battery recycling effort in Brazil case study • Nortek working to best-practice model	• Agree on a Group framework • Set Group metrics • Product recycling schemes • Implement sustainable materials policy for trade shows
SOCIAL	• Investing in people • Customer training days taking place across operating companies • Expanded internships programs • Training budgets allocated • Wellbeing initiatives across Group • Gender and diversity targets	• Established ESG Working Group • Appointed a Chief People Officer • University of Sydney future talent development outreach project at Reach Robotics • Bees for biodiversity at Tritech • Pay, bonus, and benefit reviews	• Agree on a Group framework • Set Group metrics • SRS appoint ESG QHSE lead • Identify Group-wide charitable cause (ocean related) • Appoint Group Foundation lead • Target biodiversity projects • Fair pay and living wage
GOVERNANCE	• Responsibility rests with the Board • Formalise Committee structure and Board agenda item	• Tritech policies published including sustainability policy • Nortek policies published • ISO standards met across group • Tritech measure waste from warehouse	• Agree on a Group framework • Set Group metrics • SRS to publish policies externally • Reach to publish policies externally • Compliance with Norwegian Transparency Act • Set Groupwide ethics policy



ESG POLICY IN ACTION

As the parent of the Group, we recognise our role in bringing our operating companies together under the General Oceans umbrella. Our goal is to develop an ESG framework to assist and bring value – with engagement and support that is both qualitative and quantitative. We want the future to be sustainable, fair and accessible to all, and we aim to use our global platform to encourage and promote ESG considerations, developing best-in-class companies with strong returns for our investors and stakeholders.

We are committed to building a responsible and sustainable business with an ESG focus, whether that be through voluntary behaviours or external standards and frameworks. Much has been achieved since General Oceans was established in 2021, but we are still in our formative years. Our internal focus has been on establishing and embedding the procedures and systems that will help us to drive stakeholder value in the future, not forgetting that the ocean is our biggest stakeholder in all of this.

Our pledge is to work together as a group to conserve and protect the ocean, and all related marine-resources. We have put steps in place and set up a non-profit foundation entity with the purpose of fulfilling ocean action. This foundation will fund projects, employee involvement and outreach, conservation efforts, in-field activities, educational projects, and more.

In 2022, we set up an ESG working group, comprised of members from Nortek, Reach Robotics, SRS and Tritech. The working group has a best-practice mindset and is fast gathering pace, with ideas and initiatives that will be addressed at Board meetings as we further formalise our efforts. We are beginning to gather more data, and plan to establish a baseline from where we can compare and track our improvements in the future.

We have selected three short case studies in the pages that follow, which bring some of the ESG stories to life, as ESG is baked in our way of life across the Group.

ENVIRONMENTAL
SPOTLIGHT ON NORTEK
Oslofjord clean-up initiative

Nortek's employees are passionate about the ocean and have access to the necessary resources to support its environment, and the clean-up of the Oslofjord was identified as a worthy sustainability project, due to waste being one of the main causes of the decline in its marine life.

It is vital that we prevent or reduce it by being more responsible for our local environment.

Nortek teamed up with RyddMarka, a local not-for-profit environmental organisation in Oslo which brings communities together each month for different clean-up projects. They were joined on the Nortek clean-up day by divers from Vollen Diving Club, a local diver training club that also worked on litter-removal initiatives in the Oslo area. By joining forces, the groups were able to make a bigger impact by bringing together more people and resources to work together on the fjord clean-up.

There were two teams involved, an onshore beach team and a team working from the Nortek boat, which consisted of nine scuba divers and two free divers. In just three hours, the team of 44 people gathered over 1,180 kilos of marine waste. They pulled a variety of objects from the water near the diving tower, ranging from plastic bottles and containers, to larger sharp objects that could have potentially posed a danger to swimmers and divers.

Nortek plans to hold these fjord clean-ups each year, targeting different areas around the Oslofjord.

Cleanup volunteers on a boat in the fjord.

Some of the marine waste the team pulled out of the fjord.

Part of the fjord cleanup team.

SOCIAL

SPOTLIGHT ON REACH ROBOTICS

Developing a pipeline of talent for Australia's growing space sector

Reach Robotics joined forces with the University of Sydney's School of Aerospace, Mechanical and Mechatronic Engineering (AMME), on a mutual project to develop solutions for complex space control challenges in the field of on-orbit servicing, assembly, and manufacturing (OSAM).

Working with Dr Xiaofeng Wu, who leads a team of researchers at the school's Space Systems Engineering Lab; the project focused on space-related robotic technology as a way to solve complex space challenges with manipulators. Dr Wu's work at the University of Sydney specialises in small satellites and in-orbit autonomous vision-based navigation and control and the team were highly engaged with the prospect of working with Reach Robotics, bringing its niche, world-leading robotic capabilities to this emerging industry.

Reach provided the robotic technology for integration, collaborative bench-level demonstrations, and the strategic opportunities to launch satellite missions, with the potential to develop novel CubeSat (miniaturised satellite) missions to demonstrate intervention capabilities.

- The collaboration has allowed the University of Sydney to build its credentials as top research institute in the on-orbit servicing, assembly and manufacturing sector.
- Reach supported the university with advanced technology to examine and address interactions between spacecraft and manipulator motion.
- Reach has helped the next generation of professionals in-training to work in Australia's growing space sector, from which technologies developed are often adapted for use in challenging ocean environments.

Reach Robotics creates advanced robotic arm solutions for harsh environments which enable complex inspection and intervention in maritime infrastructure management, military/police operations, marine science, autonomous robotics research applications, and more.

Dr Xiaofeng Wu and his team from the University of Sydney with Anders Ridley-Smith of Reach Robotics.

GOVERNANCE

SPOTLIGHT ON TRITECH

Driving safety and quality

For more than 30 years, Tritech has provided the subsea industry with robust, reliable solutions for the harshest environments and most difficult applications. The product portfolio consists of a suite of Mechanically Scanning and Multibeam Imaging sonar, profiling solutions and oceanographic bathymetric and depth sensing products. All products are designed to the highest standards and go through rigorous testing at our sites, and out in the open water. Our governance procedures are as robust as our products, which are used in the most challenging environments on the planet, often remaining in use for decades.

Tritech's commitment to quality is underpinned by a fundamental belief in the need for effective and consistent operational systems which stand the test of time. The company holds the BS EN ISO 9001:2015 certification, which is a respected international standard for Quality Management Systems. This certification applies to the company's Westhill, Edinburgh, and Ulverston sites in the UK, and exemplifies the industry's exacting standards for good governance around both safety and quality procedures. Our Health & Safety and Environmental Policies are regularly managed and updated, as you would expect from a business of our size.

Our Sustainability Policy was published on our website for the first time in 2022. We will look to develop our reporting regimen over time, as we work in sync with the General Oceans Group on a future ESG framework. In 2020, Tritech launched its Diver Mounted Display (DMD) product to great acclaim, as it is used by police safety teams in Delaware in the US. It has been described a real breakthrough for their teams' missions, as it can be tethered or untethered, and we look forward to applying safety guardrails to the subsea products of the future, with the ultimate goal of protecting life under water, in line with the United Nations SDG Goal number 14.

Pressure testing our products at our manufacturing site in Ulverston

Tritech has invested in a state-of-the-art pressure test facility at its main manufacturing site in Ulverston in the United Kingdom – a purpose built site that was completed in 2014. It has one main building of $2964m^2$ which is spread over three floors, and two external buildings that have been built for storage.

This state-of-the-art facility allows the company to test all of its subsea products to their full pressure depth-rating before they are dispatched. The system is designed to allow production technicians to safely set up for each test, and successfully allows Tritech's design engineers to programme individual test cycles for each product range, as they are put through a simulated set of tests that are unique to them. This allows us to mirror real-world activities and scenarios, such as the slow ramping-up of pressure, as would be seen if the equipment was attached to real-life ROV in a mission.

This investment in a semi-automated facility has been very successful, and has assisted our new product development programme. More importantly, it has improved safety performance and efficiency, while allowing more realistic testing to be conducted.

Tritech engineer carries out product pressure testing at the Ulverston site.

Dr Marion Tissier, Assistant Professor of Ocean Waves at TU Delft in the Netherlands, is one of several researchers that has used ADCPs from Nortek to study infragravity waves and coastal erosion. Photo: TU Delft

NORTEK GROUP

Nortek was founded in 1996 with a purpose to enable better understanding and resource management of our oceans through the innovative applications of acoustic technologies. Fast forward more than 25 years, and the relevance of our original purpose is more important than ever, as we navigate the challenges and opportunities presented by several global trends in a changing world.

Our strong technological foundations and first-rate production systems have powered us to grow into the successful company we are today. Our instruments are central to weather forecasting systems, offshore operations, scientific research, defence, and energy industries – and are used in more than 90 countries worldwide. Our distribution network comprises eight subsidiaries, located in: China, The Netherlands, France, Australia, Japan, Brazil, the US, and the UK.

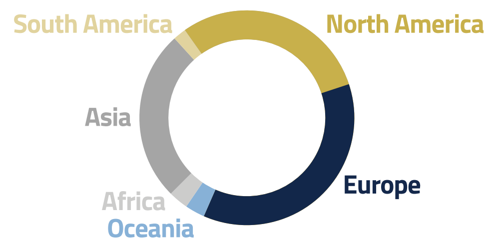
Nortek produces acoustic sensors that measure water movement, such as ocean currents and waves, and provide fundamental input into subsea navigation systems. We are making subsea vehicle and robotic development possible by developing unparalleled navigation sensor packages, right-sized for smaller, more economical, and scalable new vehicles. Nortek maintains its leading market position in ocean current and wave measurement by continuing to introduce novel capabilities to scientists and engineers, most recently expanding into fisheries by adding biomass measurements.

2022 HIGHLIGHTS

90
COUNTRIES
where products delivered

35 %
INCREASE IN REVENUE
since 2021

SALES BY REGION



MORE ABOUT NORTEK

- Our objective is to excite users with useful, innovative technology underpinned by scientific evaluation. We work systematically with quality and are certified by leading quality assurance organisations.
- Most of Nortek's technology is based on a scientific physical principle called the Doppler effect. This relates to the change in frequency (or pitch) when a sound source moves with respect to an observer.
- Nortek's product portfolio ranges from wave measurement systems to single-point turbulence sensors, oceanic current profilers, and underwater navigation sensor packages.
- Our exploratory devices help cast light on the workings of the world's oceans, which are still little understood.
- Our Doppler Velocity Logs support more accurate underwater navigation which is key for both autonomous and remotely operated underwater vehicles.

FINN IVAR MARUM CEO
NORTEK GROUP

"I am grateful to the Nortek team who joined forces with the local environmental group Ryddmarka to pull rubbish from the Oslo Fjord and surrounding beaches in September 2022. Together, we removed 1,180kg of rubbish, including three bikes and six shopping carts."

I am pleased to report another excellent performance by Nortek in 2022, and a strong set of results that are consistent with a clear strategy to establish Nortek as a leading marine technology company. Our market share continues to increase, and we are now a global leader in oceans currents and waves. Competing on quality and price will allow us to retain this position.

At Nortek we innovate and are driven by the application of acoustic technologies that will bring positive benefits to our oceans in the long-term, as we look to find ways of managing this precious resource. Our methods are constantly improving, with the support of an exceptional team working tirelessly to capitalise on the opportunities in our reach and the challenges we face.

We started the year with real momentum, and it remained busy throughout. We welcomed Tritech to the General Oceans Group in September 2022, and look forward to working together to explore new ventures, synergies and technological solutions.

I am delighted that Nortek has continued its trajectory of profitable growth, reporting revenues of NOK 453 million in 2022 (up from NOK 335 million in 2021). Last year, I spoke of a doubling in growth revenues since 2016, and the opening of a new sales offices in Brazil, Australia and Japan, which extended our global network of sales' teams with local knowledge and expertise.

We are on track to double our turnover to NOK 600 million, through a range of robust strategic initiatives while maintaining c.20% in EBIT margins.

We are mindful of our position as an industry leader and the responsibility this brings. We must be especially prudent and pragmatic when these trends cause a favourable shift to our business (as they have done), and mitigate for the scenarios that will inevitably present themselves in the fragile geopolitical eco-system that we all inhabit.

A shortage of components persisted in 2022, on the back of well documented supply-chain issues that have been playing out globally for some time. Whilst challenging, we were able to allay these challenges through built-up inventory and proactive relationship management by our excellent sales teams. We took a strategic approach and were proactive in buying ahead of time, redesigning to component availability where we could and balancing the requirements of engineering and development teams.

Our people and customers continue to respond well, and our strong financial position has allowed us to continuously invest in new product development and enhancements to our existing range. In 2022 we released several new products: the Nucleus 1000, DVL Compact series, Technip-Schilling DVL, River Insight and VM Operations – bringing advanced navigational capabilities to all vehicle platforms. We launched a series of navigation training videos and we developed a Doppler Guide to educate new and existing users on getting the most out of our technology and products. Feedback suggests that customers find these additional resources useful, and they can be sourced easily through the search tool on our website.

RESPONSIBLE AND SUSTAINABLE BUSINESS

Last year I reported a commitment to making a positive impact on society, and the role we must play as industry leaders in an environment where stakeholders are increasingly interested in companies' ESG credentials. We made excellent progress in 2022 on the back of our first materiality assessment in 2021, using the responses to define topics that are material to Nortek and its stakeholders, which in turn has informed our ESG strategy and goal setting.

As the largest company in the General Oceans Group, we have led the way on ESG planning and development, and are already sharing this knowledge with our counterparts as they start out on their own journey to deliver an ESG framework and approach. It remains an exciting time in our industry, and our alliances with Reach Robotics, SRS

DRIVERS FOR GROWTH

In 2022, we continued on our strategic path to increase growth and volumes and reducing our cost base:

- Developing our people strategy and wellness proposition
- Embedded our sales and marketing team
- Continued our efforts to increase production and scale
- Ongoing digital transformation of our operations

and Tritech are set to create a force for good as we deliver sustainable value for all stakeholders. More information on these activities can be found in the ESG pages of this report.

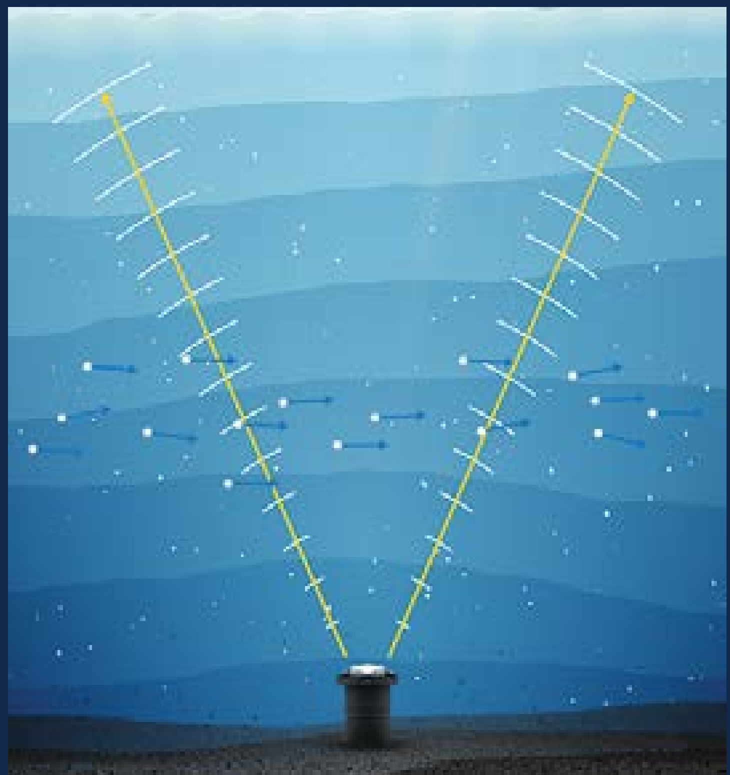
Recruitment and retention remains a top priority for us, and we continue to foster a culture where our people have access to career-changing opportunities and project exposure that keeps them engaged. Nortek is a vibrant and exciting place to work, where teams collaborate to evolve procurement systems and operational efficiencies. They are responsible for driving an accelerated programme of research and development, aligning manufacturing processes, and maximising cross-selling opportunities across the common integrated platform of the General Oceans Group.

We are actively promoting diversity and inclusion in our teams, with a focus on a healthy life balance, as well as excellent training and career development initiatives. Training continues to prioritise areas such as cyber security and systems, with processes and dialogue that makes the company run more smoothly and with less risk.

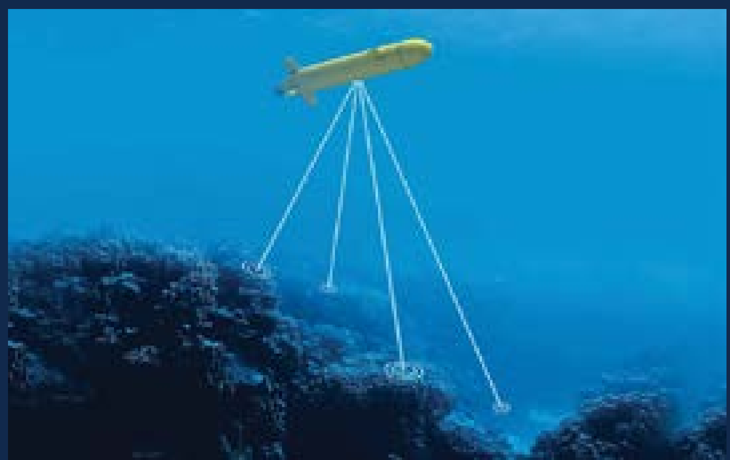
Nortek stands ready to drive new opportunities and take the Group forward – not just with profit in mind – but as drivers of a wider purpose that is deeply embedded in all of Nortek's business activities quite naturally already. We continue to strengthen our strategic and corporate alliances and will utilise our growing footprint to explore new opportunities. As always, I express my gratitude to the people of Nortek, who bring our purpose to life on a daily basis. Our success is down to the hard work and commitment you demonstrate every day. Thank you.

DOPPLER TECHNOLOGY & ADCPS

Acoustic Doppler Current Profilers (ADCPs) measure water velocity indirectly by measuring the velocity of particles that are moving with the water. These particles may be zooplankton, suspended sediment, or other particles. ADCPs assume that the particles are moving at the same velocity as the water. This is nearly always a safe assumption, which is why ADCPs have successfully replaced other current meter technologies. These particles are called scatterers because they scatter (or deflect) the sound waves.



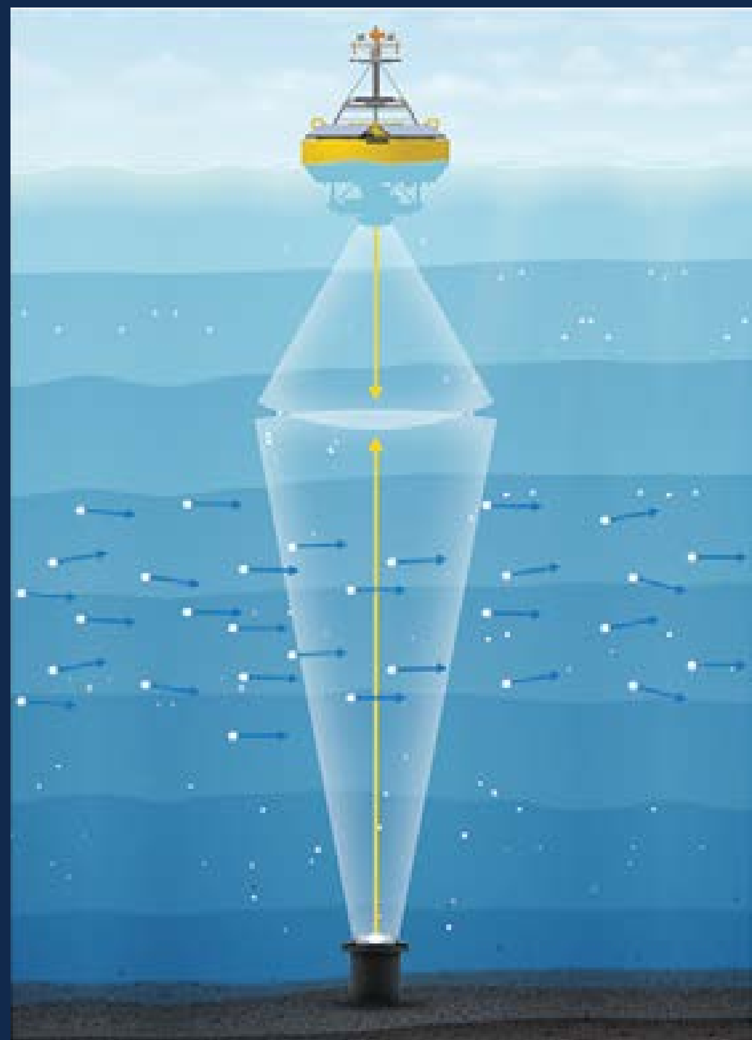
Conceptual illustration of what an ADCP does. Acoustic signals (shown here as cones coming out of the ADCP) propagate through the water column. The ADCP then measures the velocity inside each of the layers shown.



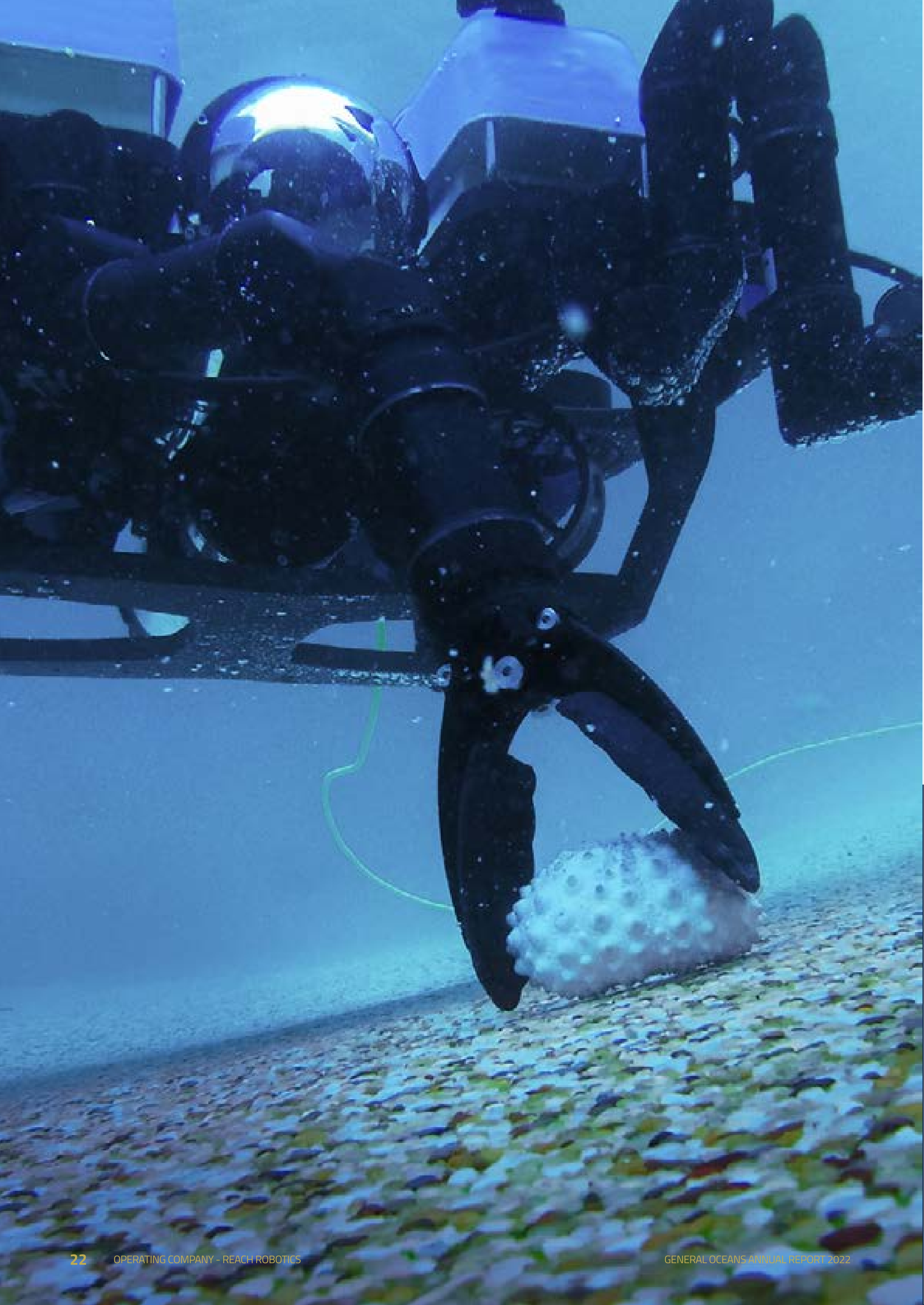
A DVL is an essential navigation tool for AUVs designed for long missions, or missions with high accuracy requirements.

ADCPs measure the particles' velocity using narrow beams of sound. They transmit the sound, wait a short time, then listen for echoes from the particles. Doppler processing tells ADCPs how fast the particles are moving, and therefore, the velocity of the water, by using the change in frequency of the echo and the speed of sound in water to calculate the speed of the moving particles. ADCPs do this using acoustic frequencies that are too high for us to hear.

A Doppler Velocity Log (DVL) is a type of ADCP that estimates the velocity of a moving vehicle relative to the stationary sea bottom. This velocity is an important component in a vehicle's navigation system. Inertial Navigation Systems (INS) use motion sensors and algorithms to estimate a moving vehicle's position. Over time, the processing used exposes the position estimate to a growing error. A displacement estimate that does not drift excessively is needed to correct this error. Underwater, in the absence of GPS, DVLs are used to provide this displacement estimate.



Example of a high-frequency ADCP (buoy-mounted) used in conjunction with a low-frequency ADCP (bottom-mounted) to cover the full water column.



REACH ROBOTICS

REACH ROBOTICS

Reach Robotics is a specialist company with expertise in developing the most reliable, tough, and advanced underwater ROV grippers, actuators, and manipulator arms. Our products offer complex inspection and intervention for a wide range of clients; including maritime infrastructure management, military and police operations, marine science, autonomous robotic research applications, and more.

Designed to enable and facilitate remote and autonomous operations in harsh environments, Reach Robotics focuses on user-experience and feedback to create high-performance solutions to difficult problems. As the market trend of accepting artificial intelligence (AI) and robotic solutions continues to develop, we will expand into other markets; such as nuclear power, land-based robotics, and space-ready systems – while retaining our niche position as a subsea robotics company.

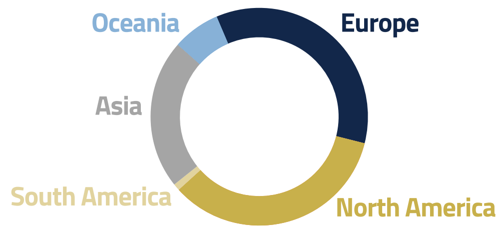
Our difference is the quality of our robotic solutions and the relationships we build. We collaborate as integrated members of our customers' teams, working towards the common goal of successful robotic intervention and inspection across a range of mission-critical industries.

2022 HIGHLIGHTS

700+ UNITS
SOLD TO DATE
in 25 countries

50+
EMPLOYEES
doubled our headcount

BY REGION



OBJECTIVES

- Provide manipulators that enable efficient remote intervention in subsea environments
- Adapt our technology to overcome similar challenges in land and space
- Utilise AI and other emerging technologies to perform complex tasks
- Build on our Defence partnerships to secure long-term contracts
- Reach the full potential of manipulators by investing in new ideas
- Extend our global reach with sales and support offices

PAUL PHILLIPS CEO

REACH ROBOTICS

"We work hard every day to provide an exciting work culture and excellent career progression for our talented team, and we always strive to delight our customers with an innovative, practical and helpful approach."

I am pleased to report that 2022 has been another busy and memorable year for Reach Robotics. We successfully rebranded our business, almost doubled our team, and took steps to expand our strategy. We were awarded a grant to investigate the suitability of our products in the space domain; and we also conducted trials with NSW police for land applications. We rebranded as Reach Robotics having recognised the need to position ourselves (and the core technologies we offer) more clearly to the market. Our vision of extending human reach into harsh environments remains the same, and our extended proposition as a global player has been brought to life through our new logo, website and media outreach throughout the year.

One year on from the merger and we have settled in to some excellent working relationships with Nortek and SRS, as we join forces to navigate global trends and opportunities as one global team. In 2022 we welcomed Tritech as the second acoustic company to the General Oceans Group, further strengthening our position and networks in the subsea industry. I look forward to working with colleagues old and new as we create new products, services and markets for our customers. As a Group, we are primed for cost-base reduction and an extended business footprint; and have extended our business reach into new markets and networks abroad as a direct result of these strong relationships.

We have set up a working group where we share our knowledge and expertise in the area of artificial intelligence (AI) and Machine Vision. We are excited for a future where we can integrate these game-changing technologies into both Reach Robotics and General Oceans' product lines as we look to complement our existing capabilities, work smarter and improve performance. Enhancing our product lines with these features will make our devices smarter, and require less cognitive load from some of our machine operators for specific processes. In 2022 Reach Robotics was awarded AUD $1.04 million as part of the Australian government's Defence Innovation Hub grant scheme. This exciting award supported developments in machine vision and AI, as well as our next generation of compact, multi-function manipulators which will address current and future navy requirements.

We are contributing to a Groupwide ESG framework, and look forward to reporting further on this very important area in the future. While the formal aspects of our ESG strategy and data gathering are still in the early stages of development, it is worth mentioning that ESG is something that we live and breathe on a daily basis by the very nature of our work, and a Group-aligned Sustainable Development Goal (SDG) of protecting life under water.

Understanding user experiences (UX) remains a key priority for the Reach Robotics team as we continue to drive technological improvements that adapt to customers' requirements in a dynamic landscape. Last year we focused our efforts on the Non Destructive Testing (NDT) market, and the role our manipulators play in driving operational safety and efficiency, as we modify the supporting technology to make the tool even more effective in the long-term.

OUR PEOPLE

Our people continue to drive our success, which we attribute to our organisational culture. We place a lot of emphasis on continuous learning, listening to each other and always being open to new ideas as we solve problems. While we work in a sector that develops and commercialises robots, we are really proud that we place human creativity and team engagement at the heart of our recruitment strategy. We have mitigated the talent shortages in our sector by marketing Reach Robotics as a business that people are excited to join.

We have grown our pipeline of talent and have enticed some of the best graduates to join us. Our engagement with universities has included hackathons, seminars and presentations, and of course the field testing and R&D projects that we are known for. In 2022 we grew our team to more than 50 employees for the first time. We onboarded three new interns in the Sydney office during the summer period, and one UK intern (in a newly-created role) as support lead. In the US, we were excited to announce the onboarding of Curtis Opsahl to support our growing customer base in the region. Curtis is based in Washington and brings a strong technical background to our sales and support team. In the UK. We promoted Ellie Best to the position of Support Lead at our UK office in Southampton, having joined us as Sales and Support Engineer from Nortek in September 2022.

We acknowledge the value of specialist human expertise, and the exceptional relationship-building skills that allow us to optimise and evolve, and will balance the need for specialist and operator skills through a carefully planned recruitment and retention programme.

2022 HIGHLIGHTS

- Successfully adopted a new corporate name, rebranding from Blueprint Lab to Reach Robotics, and extended our global reach with sales and support offices in US and UK
- Kicked off our Defence Innovation Hub contract, making good progress on our next generation system
- Doubled our production capacity to support the sales of our Alpha and Bravo product lines as well as increase our overall floor space by 50%
- Introduced our new Master Pilot Controllers at Land Forces, an international industry event which showcases equipment, technology and services for Australian and Indo-Pacific region armies
- Signed a Memorandum of Understanding (MoU) with the University of Sydney's school of Aerospace, Mechanical and Mechatronic Engineering to develop solutions to complex space control challenges in the field of on-orbit servicing, assembly and manufacturing
- Caught up with The Interactive and Robotics Systems Lab (IRS Lab) in Spain, to learn how they're using our Reach Bravo manipulator to test remote robotic nuclear servicing
- Announced a partnership with Australian Robotic Inspection and Asset Management Hub (ARIAM)

NEW PARTNERSHIPS AND OPPORTUNITIES

We have continued to work closely with our global customers to deliver advance robotic intervention systems, and announced a partnership with Australian Robotic Inspection and Asset Management Hub (ARIAM), which supports the growth of robotic and autonomous technology in Australia. The Hub is a collaborative initiative hosted by the University of Sydney, in partnership with Queensland University of Technology and The Australian National University. Primarily funded by the Australian Research Council (ARC), the ARIAM Hub aims to develop advanced robotic systems for asset and infrastructure management, while expanding existing capabilities for inspection, maintenance, and monitoring.

We also caught up with the Interactive and Robotics Systems Lab (IRS Lab) in Spain, a Spanish Ministry and EU-funded research team that primarily focuses on applied robotics in real-world scenarios where underwater manipulation is required. They looked at the progress of our Bravo manipulator and remarked on its versatility and robustness as a robotic arm, and that its firmware makes it easy to program and work with.

COMMUNICATING WITH CUSTOMERS

I am looking forward to developing future opportunities with the team here in Sydney, alongside our growing locations abroad. Reach Robotics has reshaped for the future, and is already enjoying the synergies of being part of a larger group, while retaining the lean and entrepreneurial structure that has driven our success thus far. We will continue to innovate as a force for good, as we deliver stakeholder value through our next-generation tech solutions.

The last word as always, must go to the phenomenally gifted engineers whose innovations continue to disrupt markets and create new ones. The next year will be an interesting one as we continue to grow our application areas and extend our product offerings.

GENERAL OCEANS ANNUAL REPORT 2022

STRATEGIC ROBOTIC SYSTEMS

SRS was founded in 2015 with a vision to apply alternative technologies to the field of robotics. Functionality, capability, and underwater testing remain integral to our design process. We developed and manufactured the FUSION™ vehicle incorporating a suite of high-end sensors so operators in the global defence community could succeed on complex missions. From imaging sensors to navigational aids, the FUSION™ is a tightly integrated system that improves vehicle dynamics – eliminating the need for problematic cables and connectors. SRS also offers optional instruments to augment performance and the user experience on a mission-specific basis.

Today, we operate primarily in the defence sector, however we've initiated an in-depth analysis to help identify market adjacencies we can expand into, as well as identify additional unique features we can invest in to further differentiate our product offerings. These investments will not be limited to hardware; we are committed to increasing our systems' mission utility through advanced software applications as well as enhancing the autonomy of our systems. We will leverage the ever-evolving state of the art in machine learning and artificial intelligence to constantly evolve the capabilities of our robots.

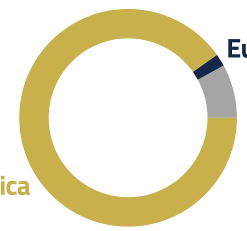
Our FUSION™ platform is employed globally with a broad range of defence forces including the US Department of Defense, US Homeland Security, and numerous allied nations such as the United Kingdom and Norway, and the team at Strategic Robotic Systems continues to push the art of the possible in expeditionary undersea robotics.

2022 HIGHLIGHTS

USCG
EXPANDS FUSION USE
to protect public health

+5
NEW COUNTRIES
in foreign military sales

SALES BY REGION



OUR STRATEGIC OBJECTIVES

- Build a world-class maritime robotics business by innovating and collaborating across the General Oceans Group along with industry partners to exceed customer expectations with disruptive technology
- Create a scalable operations model that enables sustainable growth, profitability, and operational excellence, while broadening our reach across the defence ecosystem and exploring adjacent growth markets
- Develop a comprehensive recruitment, training, and retention programme that helps us attract and retain top talent, while committing to robust governance processes, accountability, and a long-term ESG framework and sustainability plan

OMER POROY CEO
STRATEGIC ROBOTIC SYSTEMS

"My intention is to remain true to our founder's vision for developing highly integrated, elegant, maritime robots that boast novel approaches to delivering mission capabilities to our users."

SRS was founded by Jesse Rodocker in 2015 to develop and manufacture its FUSION™ vehicle to meet the needs of the global defence community. It started out as a small company with a team of four and has grown exponentially over the past two years with significant contract awards by US Government clients.

We collaborate with the best minds in our industry to create exceptional technology solutions for our customers. Our relationships are built on mutual trust and our contracts are long-standing, allowing us to build customer intimacy and collaboration.

We merged with General Oceans in 2021 to take advantage of network effects, increase our global reach, and continue our unique and privileged journey to develop highly differentiated unmanned maritime systems optimised to address the most pressing mission challenges faced by our customers.

I joined SRS early in 2023 to enable a pre-determined succession plan that would allow the founders an exit at the mid-year mark. The business had reached optimal success for its structure and size in 2022 and the executive team recognised the business would benefit from a new strategic framework to support its continued growth. I am excited to take on this challenge and have been very pleased with the welcome I've received across the whole General Oceans ecosystem; a seamless handover continues to unfold at SRS as part of our six-month transition plan and I cannot thank the team at SRS, led by Jesse and Tracey Rodocker, enough for their insights and support as I've stepped up my involvement in the company's operations.

Our business reached an inflection point in 2022; having delivered most of the systems that were previously placed on order by the US Government, we missed the mark on securing a critical follow-on contract with the US Navy which put our 2023 projections in jeopardy. Although we remain well positioned with the US Marine Corps, US Coast Guard, and other international customers opting for our systems via both US Foreign Military Sales (FMS) and Direct Commercial Sales (DCS), securing similar volumes through these channels will take some time. My primary goal this year is to make the necessary adjustments in our business to ensure we can retain our government programmes and develop other major acquisition opportunities across the globe.

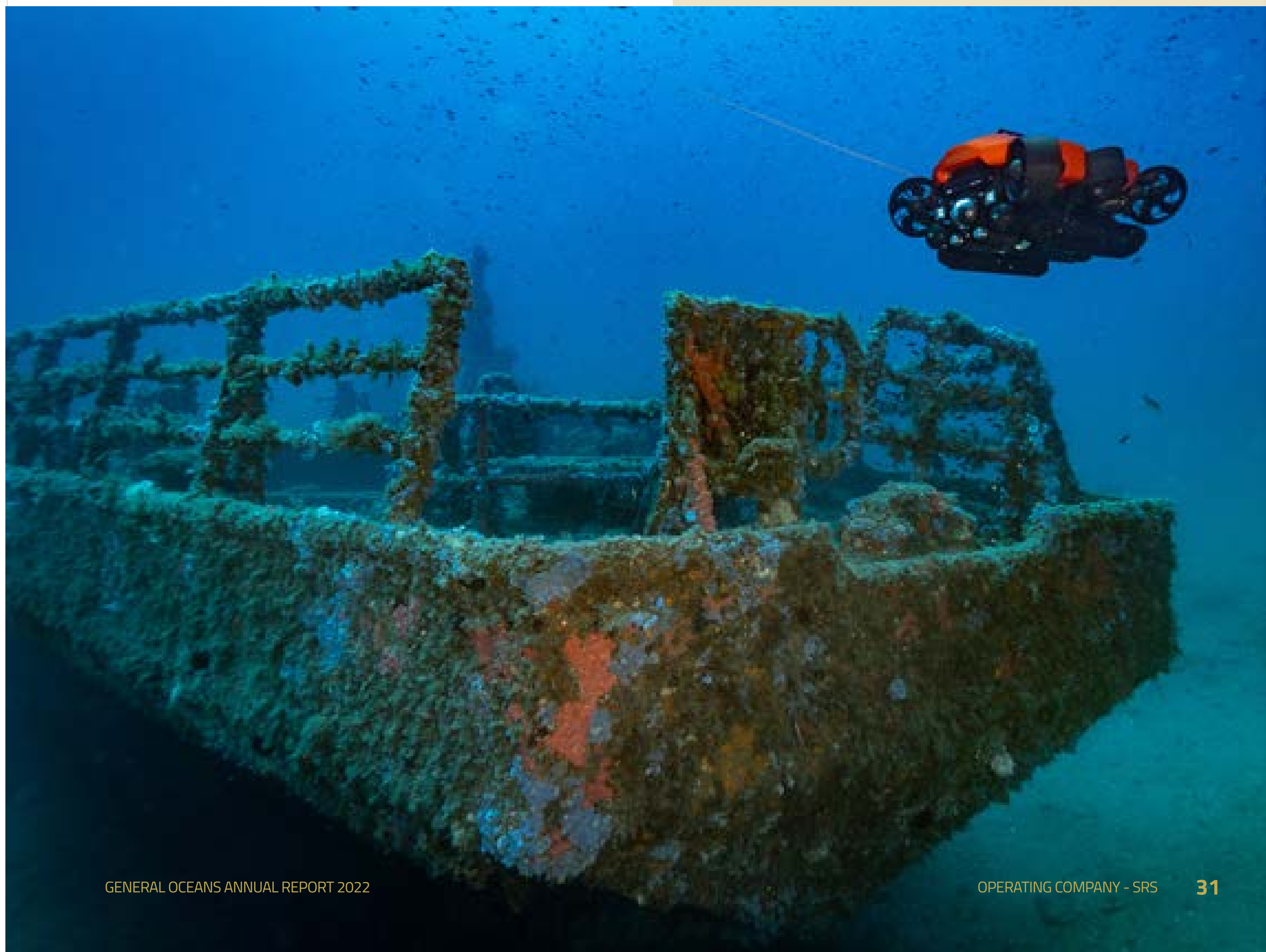
SRS is therefore undergoing a period of significant transition, redefining our strategic goals to align with stakeholder expectations and market dynamics. Efforts in the first quarter 2023 were largely focused on making the necessary preparations, with the second quarter geared more toward our relocation to San Diego, CA – establishing a significant presence in Southern California and serving as another base from which General Oceans can expand its US footprint. This exciting new departure brings us physically closer to our core DoD customers and will help drive our ability to provide exceptional customer service while developing true customer intimacy. The San Diego location also opens access to a greater talent pool of oceanographic and undersea robotics expertise – great news, as hiring and retaining the right talent is critical to our future.

- We have a strong base in our FUSION™ Hybrid Underwater Vehicle product line which we will continue to invest in and use as our foundation for developing unique capabilities in pursuit of further market differentiation.
- We will build strong industry partnerships to extend our reach and fill certain capability gaps we may opt to secure externally, yet also develop our own Intellectual Property portfolio to strengthen our moats and carve out our very own lonely place in the competitive landscape.

We are a small and nimble organisation that provides lots of learning exposure, and the talent we hire will have access to industry-leading training and development opportunities. We are in the middle of an exciting recruitment push for the San Diego site, as well as relocating employees who have chosen to take this journey with us. On the back of this, we have seen a rise in attrition rates that does not reflect a typical year, and we expect this to adjust and settle in time.

OUR FOCUS IN 2022

- On-time delivery of customer orders; namely US Navy, Marine Corps, and Coast Guard
- Preparations for leadership transition and relocation to San Diego, CA
- Developing a forensic understanding of user concerns and product improvement opportunities
- Strategic opportunity development and increased market penetration
- Developing our partnership with General Oceans and strategic technology partners



2022 HIGHLIGHTS

- Delivered a total of 34 systems, meeting our annual operating targets despite significant supply chain challenges and a staffing shortfall which we opted to work through vice directly mitigate due to our impending move to San Diego, CA
- Increased our average contract values through options, services, and upgrades allowing us to deliver sales figures commensurate with 2021 despite delivering less systems
- Introduced an industry-first capability in the world of ROV's with the addition of a Diver Interface Module, allowing a diver to launch and operate our systems while submerged
- Increased our Foreign Military Sales (FMS) throughout the Baltic and Eastern European Regions in support of Allied Forces
- Verbally recognised by the US Navy for exceptional Service Support for delivering cost-effective solutions, expedient communications, and rapid turnaround times

Our new colleagues can expect to be mentored in an open and inclusive culture as we strive to achieve diversity and inclusion in our workforce, with women and minority groups actively encouraged to bring their talents and insights to SRS. Anyone who joins this small team can expect active participation in numerous exciting projects, especially as part of our partnership with General Oceans – alongside Nortek, Reach Robotics and Tritech, the most recent acquisition made by the Group. Our competitive advantage is our people, collectively striving to improve every aspect of our business and delight our customers through reliable products and exceptional service.

The future is bright for SRS, and I look forward to driving this business forward within the General Oceans Group. As we chart the path forward, we will build on any relationships that have previously been cultivated and add new partnerships to strengthen our market presence. We will sufficiently develop all the necessary functions within our business to be responsive to our customers' needs, and continuously improve the reliability, quality, and utility of our products.

We operate in a highly competitive market, with both entrenched players and newcomers, so delivering steady, sustained growth will take some patience, but I am confident we can navigate this transitional year with care and work to mitigate any economic, supply-chain, and geopolitical headwinds to ensure the company is positioned for continued success.

I am truly excited to be leading the team at Strategic Robotic Systems. Together, we will tackle any challenges that emerge, grow our order book, improve our key metrics, and work tirelessly to build a world class maritime robotics company within the General Oceans ecosystem; faithfully serving all our stakeholders as we contribute to the safety and security of the global ocean economy.

TRITECH

Tritech is a high-technology business that is dedicated to providing the most reliable imaging and ancillary equipment for use in underwater applications.

For over 30 years, Tritech has provided the subsea industry with reliable solutions for the harshest environments and most difficult applications. Our product portfolio consists of a suite of scanning and multibeam imaging sonar, profiling solutions and oceanographic bathymetric and depth sensing products. Tritech also sells navigation and tracking solutions for small subsea vehicles. Our products go through rigorous production testing, both in-house and on open water, and can remain in use for decades, surviving in the most challenging environments. We offer customer support 24 hours a day, 365 days a year.

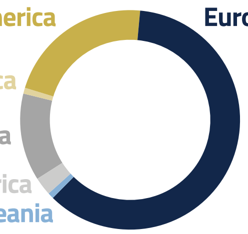
We have three UK locations and a sales office in the US, as well as a global network of resellers who regularly support and work with customers in their local area.

2022 HIGHLIGHTS

MICRON GEMINI
DEBUTS AS SMALLEST
multibeam sonar in the world

45 %
WASTE RECYCLED
delivered year-on-year

SALES BY REGION



OUR STRATEGIC OBJECTIVES

- Build a worldwide sales, distribution, and support organization
- Establish Tritech as the preferred brand in all categories of imaging sonars

DAVID BRADLEY MANAGING DIRECTOR
TRITECH

"Tritech has gained an excellent reputation in the industry and is an established market leader with more than 30 years' experience as a trusted customer partner."

I am delighted for the company to be moving into this new phase, as we join Nortek, SRS, and Reach Robotics under the umbrella of the General Oceans Group following a successful deal completion in September 2022. These companies each have stellar reputations and customer propositions in their own right, and there is much alignment of our values and strategic ambitions, paving the way for some exciting developments and Group success in the future. Already we are off to a great start by working collaboratively on projects with the other businesses in the group.

MORE ABOUT TRITECH

We are a team of industry specialists that provide sonars and other subsea sensors for the global subsea market; employing more than 60 people at our three main sites in Ulverston, Aberdeen and Edinburgh (in the UK), and with an additional sales office in Katy (Houston, Texas) in the US. In 2022, we welcomed several new employees across the engineering, stores, procurement, business development and sales teams, and I'm sure they will prosper in their careers with our ongoing support. We have set ourselves the goal of recruiting key positions in the next months that will support the growth of the business within the GO umbrella.

Over the past 30 years, we have built up our brand and reputation as an established market leader, on a mission to provide outstanding performance in underwater technology solutions. The proof lies in customer feedback however, and I am proud that over the years we have frequently received feedback that reflects positively on Tritech from a customer support and product perspective. This is only possible with a loyal and dedicated team which is the lifeblood of our business.

We look forward to working together as part of the General Oceans Group to combine resources and share best practices which in turn will open up opportunities for new innovations and long-term growth.

NEW PRODUCT LAUNCH: THE MICRON GEMINI

In 2022 we launched our new product, the Micron Gemini, which has an improved image quality, pressure and depth sensors, and an optional AHRS. It is recognised as the smallest multibeam imaging sonar globally. Its popularity is proven, with significant numbers sold and more on order for 2023. The compact nature of the Micron Gemini as well as its real-time image have been praised by many users of small and micro ROVs, making it ideal for obstacle avoidance and object recognition in the harshest of environments.

INTEGRATING THE MICRON GEMINI INTO THE DMD

We have had several requests from Public Safety Divers to integrate the Micron Gemini into our game-changing Diver Mounted Display system due to its compact size. We were pleased to accommodate these requests and have successfully integrated the sonar into the system, which has been a huge success. It is proven to reduce diver time in the water, minimising hazards, and it simplifies target identification.

The Tritech brand is synonymous with product and service excellence, and we are committed to the design and manufacture of products that pose minimal environmental impact. We are compliant with all of the relevant environmental legislative directives, and strive to reduce our carbon footprint by whatever means available to us. We do this through the active implementation of our Sustainability Policy, which can be found on our website.

We do recognise however, that there is more to do in this area in line with the evolving expectations of both investors and customers; and of course, our own desire to mitigate any impacts from our business operations. We will continue to develop an ongoing ESG and wider sustainability agenda that aligns with the General Oceans framework, as and when it is rolled out across the Group, and at a time that is operationally appropriate.

I look forward to the exciting journey ahead, as we grow our international profile and adapt technologies to meet and exceed our customers' expectations. As a business we remain true to the Tritech mission, as we continue to develop and expand into new industries, applications, and regions as a trusted and reliable partner of the General Oceans Group.

OUR GROWTH DRIVERS

- Establish world-leading competency in all required technical categories
- Build off a motivated and energized organization
- Leverage the existing customer network to inspire the developments of tomorrow
- Fully utilize our state-of-the art production facility in Ulverston

CORPORATE GOVERNANCE REPORT

General Oceans AS (the "Company, the Group or General Oceans") seeks to comply with the principles of corporate governance as set out in the Norwegian Code of Practice for Corporate Governance (the "Code" or the "Code of Practice"). This report sets out General Oceans' main corporate governance policies and practices. The application of the Code is based on the "comply or explain" principle.

Good corporate governance is important for General Oceans, and the Company continuously works on its corporate governance principles, documents, and the procedures of its governing bodies (Board of Directors, Leadership Team, Executive Management Team) to ensure alignment of its practices with the Code. Like most companies, General Oceans is dependent upon good relations with its stakeholders to succeed, and this is a priority for the Group. A good reputation and solid financial development over time is important so we can build and maintain stakeholder trust and confidence. This includes customers, investors, suppliers, employees, advisors, partners, and public authorities. This requires good control and oversight of the business, as well as transparent reporting of financial results and material events. Equal treatment of shareholders is also important to increase share value and maintain investors' confidence.

General Oceans is aware of its responsibility in society; comprising anti-corruption, working environment, discrimination, environment, employees, and human rights.

BUSINESS

General Oceans AS is a holding and management company, and its business is connected to the ownership in its subsidiaries, each of which is engaged in the ocean technology business.

The Board of Directors sets the direction of the Group by determining the objectives, strategy and risk profile of the Group, so it creates and sustains value for shareholders, while taking financial, social, and environmental considerations into account. These objectives, strategies and risk profiles are evaluated on an annual basis by the Board of Directors through a strategic review process. Information concerning the objectives and principal strategies of the Group and changes thereto, as well as business risks aspects, will be disclosed to the market in the context of the Group's annual report, marketing presentations and on the Group's website.

NEUTRALITY AND ARM'S LENGTH PRINCIPLE

The principle of independence, neutrality and arm's length principle applies to all contacts and business associates i.e. customers, suppliers, banks, and other stakeholders.

The Group will establish related-party transaction procedures to ensure that all transactions with related parties are premised on commercial terms and structured in line with arm's length principles, and further detail how the Board and executive management should handle agreements with related parties. Such procedures will supplement the procedures set out by applicable law and may amongst other things, lead to an arrangement of independent assessment of the related party transactions. It is the Board members and key employees' responsibility to give notice to the Board of Directors, if they directly or indirectly have interests in any agreements the Company is about to enter. Information on relevant related-parties' transactions is included in the notes to the financial statements.

EQUAL TREATMENT OF SHAREHOLDERS AND FREE TRADE OF SHARES

General Oceans strives to ensure that all shareholders are treated equally. The Shareholders Agreement (updated 12th April 2022) makes a distinction between active shareholders ("A shares") and passive shareholders ("B shares"), and for voting purposes, only the "A shares" can cast a vote. Shareholders are treated equally in regards to dividend distributions.

The Shareholder Agreement also regulates the behaviour of all large shareholders. This agreement terminates when the shares are listed on a stock exchange or a Multilateral Trading Facility (MTF). All shares will then be freely negotiable with no form of restrictions. There will then be no restriction related to the ownership of shares and no other shareholder agreements that the Company is aware of. All existing shareholders have pre-emptive rights to subscribe to shares in the event of share capital increases. The General Assembly may (by a qualified majority) set aside the pre-emptive rights of existing shareholders. Any deviations from such rights must be justified by the common interest of the Company and the shareholders. Explanation of any such justification by the Board of Directors will be included in the agenda for the General Assembly.

GENERAL ASSEMBLY

The General Assembly is open to all shareholders and the Board of Directors strives to ensure that as many as possible of the Company's shareholders participate in the General Assembly. The company will send out a notice of the General Assembly within the time limits set by applicable law. An agenda, documents and information about the matters to be resolved will be included in the notice, so shareholders can be prepared and informed on the issues to be decided upon at the General Assembly. Shareholders are able to vote on each individual matter, and those unable to attend the meeting in person or electronically may vote by proxy. A proxy form is included in the notice convening the General Assembly. Any deadline for shareholders to give notice of their intention to attend the meeting, will be set as close to the date of the General Assembly as possible. The General Assembly can elect an independent chairperson for the General Assembly and a shareholder may be represented through power of attorney.

Minutes of the General Meeting of Shareholders are taken, and the Board of Directors keeps records of all resolutions in writing. The records shall be deposited at the Company's office for inspection by the Shareholders and persons with Meeting Rights. On application, each will be provided with a copy/extract from the records as required.

EQUITY AND DIVIDENDS

General Oceans strives for a strong balance sheet. The Board of Directors and the executive management team meet regularly to monitor the Group's capital structure including equity structure/levels, so they remain appropriate for the Group's objectives, strategy, and risk profile. Authorisations to the Board of Directors to increase the Company's share capital are granted with a defined purpose, and limited to no later than 24 months from the date of granting. General Oceans has ambitious goals for future growth and the overall objective is to create long-term value for its owners. To reach these goals the Group will endeavour to have an optimal capital structure.

Excess capital will be evaluated on a continuous basis, taking into consideration, among other market conditions – regulatory requirements, counterparty and market perceptions, as well as the Group risk profile. The Board of Directors endeavour to periodically return excess capital to shareholders through dividends. This will require authorisation from the General Assembly.

BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The Norwegian Companies Act (Aksjeloven) stipulates that the Board of Directors shall be elected by the General Assembly, normally for a period of one year. The composition of the Board of Directors aims to ensure that the interests of all shareholders are attended to, that the roles and responsibilities of management are clearly defined, that corporate governance requirements are met, and to meet the Company's need for expertise, capacity, and diversity, while at the same time functioning effectively as a collegiate body. A majority of the shareholder-elected Board members are independent of executive personnel, material business contacts, or major shareholders. Members of the Board of Directors are encouraged to own shares in the Company. The Board of Directors has a fixed yearly compensation which is decided by

the General Assembly and reflective of the Board's responsibilities, competencies, use of time, and complexity of the company. The remuneration of the Board of Directors is not dependent on results, but Board members might be granted options for shares in the Company as part of their remuneration.

Non-Executive Board members or companies they are affiliated with do not normally assume tasks for the company in addition to the Board position. If such a commitment were to be established, the entire Board would be informed and the fee for any engagement would be subject to Board approval. If renumeration is given to the members of the Board beyond the Board fee, this will be stated in the annual report. The renumeration of the Board of Directors and key management personnel are set out in the notes to the consolidated financial statements.

The President is responsible for the daily management and the operations of General Oceans, and is supported in his tasks by other members of the executive management team. His responsibilities include setting and achieving the Group's strategic risks, legal compliance and social responsibility matters that are relevant to General Oceans' business. The President is accountable in these areas to the Board of Directors. In performing his duties, the President is guided by the interests of the Group, taking into consideration the interests of General Oceans' stakeholders. The President provides the Board of Directors with all information necessary so as to help exercise the duties of the Board of Directors in a timely manner. Furthermore, the President consults with the Board of Directors on important matters, and submits important decisions to the Board of Directors for its approval in advance.

The Executive Management Team is task-specific and comprises a combination of senior management personnel across significant companies in the Group. Further details on General Oceans' E/M/T and their biographies can be found in the annual report and on the Group website.

The Leadership Team has a clear mission to support and maintain a lean group of experts in their

respective fields; they support operating companies in scaling faster, developing the best talent, funding and organisation of collaborative projects. This is done by successfully combining the knowledge and business acumen which exists across the Group. The Leadership Team is made up of the President, CFO, Director of People and Talent and the Vice President of Marketing.

BOARD COMMITTEES

The Board does not have any other sub-committees, but will evaluate the need on an ongoing basis

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors has a yearly meeting to set the strategy for the Group and identify important risk factors. The Board of Directors receives updated financial information at every Board meeting. The financial position is analysed and compared against budgets, strategic plans and last year's performance. The Board of Directors reviews the quarterly reports, and risk factors for the Group are discussed and evaluated. The Board of Directors has an annual review, together with the auditor, before approving the annual report. Risk factors are also reviewed.

COMPENSATION TO MANAGEMENT

It is important for General Oceans to be an attractive employer. The Group strives to attract competent employees with relevant experience and give them opportunity for further development. Compensation is always determined at the market rate and is reviewed at appropriate intervals.

The Company will establish and implement guidelines for the remuneration of the executive management, which will be presented to the General Assembly. The principles presented in such guidelines provide a framework for the remuneration of key personnel within General Oceans, and aim to support the Group's business strategy and long-term interests.

The Company has established financial incentives for employees which include a bonus arrangement, and in some instances, this may include shares. Some employees are also shareholders. Key personnel are included in the same pension and insurance plan as other employees, as determined in their respective domestic jurisdictions. An option scheme may be established for key personnel as a part of a future listing of the Company.

The Board of Directors set terms and conditions for the President. The President determines the remuneration of executive personnel on the basis of the guidelines established by the Board of Directors, reflecting the overall guidelines to be adopted by the General Assembly. Terms and conditions are set at market terms and evaluated on a yearly basis.

INFORMATION AND COMMUNICATION

The Company wishes to maintain an open dialogue with shareholders, potential investors and other stakeholders in the securities market. The Company will, before a listing, establish principles for investor relations which include guidelines for the Company's contact with shareholders as well as the financial community.

General Oceans intends to seek a listing on the Euronext Growth Market in Oslo, and so will be obliged to follow applicable rules for the handling of information. All relevant information will (after the listing) be published through the publishing system of Euronext in Oslo and on the Group website – www.generaloceans.com.

AUDITOR

In addition to serving as the Company's auditor, the auditor firm is also used as an external consultant in respect of accounting issues, tax calculations and issues. The Auditor is not used when establishing the company strategy or in other operational matters. Only the President or the Chief Financial Officer can procure non-audit services of the Auditor.

The auditor participates in the Board meeting where approval of the annual report takes place. In this meeting, the auditor reports to the Board its views on accounting matters and principles, risk areas and internal control matters. The Auditor participates in other meetings at the Board's request when the auditor's view on a specific matter may be required.

Compensation to the auditor for both audit and non-audit related services, is set by the General Assembly and is described in the Notes to the Consolidated Financial Statements.

SUSTAINABLE BUSINESS

General Oceans provides a positive contribution to society through their collective activities. General Oceans develops, manufactures, and sells technology for underwater measurements and tasks' handling, which increases knowledge and protection of life under water, while performing remotely-led operations in subsea environments. This incremental knowledge provides wider opportunities to improve resource utilisation and remote handling of underwater tasks, which reduces risks to humans.

General Oceans performs research and development (R&D), production, marketing and distribution from its subsidiaries' headquarters in Norway, the UK, the US, and Australia, and via its global salesforce, along with key distributors in specific geographical markets. General Oceans' approach is to serve all customers in a collaborative and adaptable way that provides excellent quality and value.

ETHICAL AND PROFESSIONAL GUIDANCE

The operating companies of General Oceans each have their own ethical and professional guidelines as described in their "code of conduct" or employee instruction guides.

These guidelines set out the expected approaches for doing business with our customers, and what is expected when they act on behalf of a General Oceans' company. All employees are introduced to this framework as a part of their initial training.

General Oceans expects that each employee:

- is familiar with the Group's values and uses them as the basis for their work.
- acts professionally and with care, integrity, and objectivity.
- abstains from any actions that could undermine confidence in General Oceans.
- treats others with courtesy and respect.
- is aware of ethical issues including human rights, anti-discrimination, labour rights, environmental protection, and anti-corruption matters.

ANTI-CORRUPTION POLICY

Corruption stands in the way of economic development, is anti-competitive and undermines both the rule of law and the democratic process. General Oceans' worldwide operations are subject to national and international law, prohibiting General Oceans and its employees from taking part in corruption, such as bribery of public officials or employees in the private sector. The fact that many corruption rules also apply outside the territory of each country, indicates that it is not sufficient to follow the local national law when operating abroad.

General Oceans has a strong commitment to operate according to ethical and sound business principles and complies with all laws and regulations. General Oceans will not allow or tolerate involvement in any form of corruption.

There is a requirement for all General Oceans' employees to fully comply with General Oceans' anti-corruption policy, and no General Oceans' employee can give any other employee authorisation to deviate from this. Any violation of applicable anti-corruption legislation will be considered a serious violation of the employee's duty to their employer, and will most likely result in termination of employment or other appropriate sanctions.

General Oceans will take any necessary steps to ensure that General Oceans' independent business partners, suppliers, customers, and joint ventures partners, do not take part in corruption or other illegal or unethical activities in connection with its business with General Oceans.

LEADERSHIP TEAM

GENERAL OCEANS CENTRAL LEADERSHIP TEAM'S MISSION IS CLEAR. MAINTAIN A LEAN GROUP OF EXPERTS IN THEIR FIELDS WHO SUPPORT OPERATING COMPANIES IN SCALING FASTER, DEVELOPING THE BEST TALENT, FUNDING AND ORGANISING COLLABORATIVE PROJECTS, AND INTEGRATING THE KNOWLEDGE AND BUSINESS ACUMEN CONTAINED ACROSS THE GROUP.

ATLE LOHRMANN

PRESIDENT

Atle founded multiple companies in the oceanographic sensor space and from 1999 onward, focused on growing the last one, Nortek, into a global technology leader.

Under his leadership, Nortek opened subsidiary offices in eight countries, launched technical expertise centres in Europe and the United States, and established a global network of representatives. Most recently, Atle founded Hefring Engineering, a subsea vehicle company, in the United States.

Atle received a Master of Science in Physical Oceanography and Applied Mathematics from the University of Oslo and holds several pivotal patents in the industry.

ANTON VAN HEERDEN

CHIEF FINANCIAL OFFICER

Anton joined General Oceans as CFO in June 2022 and brings over 20 years of international financial experience. Immediately prior to joining, Anton was the CFO at Tquila Group, a privately held investment group investing in property and disruptive technologies. In the past he was Finance Director of the European Division of the K2 Group, a large technology and talent placement agency. Anton also worked as Group Controller for Deep Ocean Group, a subsea services provider, where he gained experience preparing the group for listing.

Anton brings a wealth of experience successfully managing finance teams from incubation to maturity. His sector experience includes subsea services, staffing, consulting services, property, renewables, and telecommunications. Anton holds an MBA from the University of Liverpool, degrees in accountancy, and is a registered Chartered Accountant with SAICA.

PETER SMITH

CHIEF PEOPLE OFFICER

Pete is a recent appointment to a newly created CPO role on the Leadership Team, with responsibility for developing cross-platform training and organisational development for the Group. With over 20 years' HR experience in the public and private sector, he has worked for high-profile brands such as Suzuki, Sony and the Ministry of Defence. He joins us from the Transport Exchange Group, where he delivered a cultural transformation programme and doubled headcount across a global workforce.

His expertise that spans commercial and tactical elements of the CPO role; employment law, recruitment, benefits and reward, systems' delivery, D&I and employee wellbeing – he will guide us through this pivotal stage of our journey, as we strive to develop the 'People' pillar of strategy, with a Group framework that bolsters General Oceans as a destination employer for talented professionals.

FREDA ZIFTEH

VICE PRESIDENT OF MARKETING (INTERIM)

Freda began her career with the United States Army Corps of Engineers as a coastal design engineer.

In 2008 she joined The Nortek Group to grow business and customer connections in the Southern United States. She went on to lead Nortek's North American business, based in Boston, Massachusetts. There she expanded the talent base, revenue, technical offerings, markets served, and office locations before moving on to lead Nortek's global marketing programme. Freda co-founded Hefring Engineering in the United States, and has most recently taken responsibility for Business Development of the subsea vehicle start-up.

Freda holds a Master of Engineering in Coastal and Oceanographic Engineering from the University of Florida and a MBA from Boston University.

EXECUTIVE MANAGEMENT

GENERAL OCEANS IS SET UP AS A PARTNERSHIP STRUCTURE. PARTNERS ARE APPOINTED BASED ON LEADERSHIP IN THEIR RESPECTIVE OPERATING COMPANY. THEY ROUTINELY ENGAGE IN MEETINGS OF THE MINDS TO SET THE COURSE FOR THE GROUP, ALLOCATE RESOURCES, AND CONCEIVE COLLABORATIONS.

FINN IVAR MARUM

CEO, NORTEK GROUP

Finn was appointed CEO of Nortek in 2019 following over six years of service as the Chairman of the Board. He brought over 25 years' experience in corporate leadership and finance, including senior global positions in offshore energy, M&A and social impact investment.

Immediately prior to joining Nortek, Finn Ivar was EVP at Norfund, where he oversaw investments in developing nations to drive sustainability and improve quality of life. His successful track record of scaling global businesses is vital to Nortek's current strategic growth initiatives.

Finn Ivar holds a Bachelor of Business Administration and International Relations from Concordia College and a Master of International Affairs from Columbia University.

PAUL PHILLIPS

CEO, REACH ROBOTICS

Paul has had a passion for engineering from a young age. After studying mechatronics, he began his career in Aerospace designing camera systems for UAVs. Co-founding Reach Robotics (formerly Blueprint Lab) in 2016, the company rebranded in 2022 with a new logo and website.

Paul has led the R&D team to develop a series of innovative products, and built up a successful and thriving company to create the next generation of electric manipulators, with a vision to extend human reach into harsh environments. The company has grown from strength to strength under his leadership and boasts more than 120 clients' worldwide, with three patents' pending, and more than 700 units out in the field.

Paul holds a Bachelor of Engineering in mechatronics from the University of Sydney, Australia.

OMER POROY

CEO, STRATEGIC ROBOTIC SYSTEMS

Omer brings over 25 years of ocean technology experience to the group, spanning the Oceanographic, Offshore Energy and Naval Defense industries with extensive background in maritime autonomy, undersea robotics, integrated ocean sensors, and naval systems engineering. He has led enterprise-level strategy and business development initiatives encompassing Undersea Warfare, Maritime Autonomy and Distributed Maritime Operations at General Dynamics Mission Systems.

Just prior, Omer held various leadership positions at Bluefin Robotics, producer of unmanned undersea vehicles, and Teledyne Technologies.

Omer received his MBA from Massachusetts Institute of Technology, Sloan School of Management, and holds a BSc. and a MSc. degree in Ocean Engineering from Florida Institute of Technology.

BOARD OF DIRECTORS

THE BOARD WAS ELECTED IN 2022 AND PROVIDES EFFECTIVE AND ENTREPRENEURIAL LEADERSHIP OF GENERAL OCEANS. IT IS COLLECTIVELY RESPONSIBLE FOR PROMOTING THE LONG-TERM SUCCESS OF THE GROUP, BY ENSURING THE CREATION AND DELIVERY OF SUSTAINABLE STAKEHOLDER VALUE UNDER ITS GUIDANCE.

BEATRIZ MALO DE MOLINA

CHAIR

Beatriz Malo de Molina was appointed Chair of the Board of General Oceans in April 2022 and worked for both publicly listed and privately held companies. Beatriz served as Senior VP and Head of M&A at Orkla ASA, and held positions at Kistefos Private Equity and McKinsey in Oslo – following a ten-year career in Investment Banking at Goldman Sachs in various global positions. Beatriz began her career in 1994 at Ernst & Young in the financial advisory department in New York City.

Beatriz is a Spanish citizen and has been a resident of Norway since 2006. Having graduated summa cum laude from Georgetown University in Washington D.C., she attended the Haupt-und Wirtschaftsuniversität in Vienna and holds a Master's degree in Philosophy from the Law Faculty at the University of Oslo.

HANNE BLUME

BOARD MEMBER

Hanne Blume is the Chief HR and Sustainability Officer at DOVISTA.

She has more than 20 years of global management and leadership positions across the energy, renewables and telecom industries, and was the CHRO of the global green energy leader Orsted for more than 10 years.

Hanne has significant experience in business and people transformation and development, organisational capability building and global expansion. She currently chairs the Board of Insero and is a member of the Board of Directors and chair of the Remuneration Committee in Nel ASA. She has management and board experience from listed and private companies and as well many years in the Danish Cycling Federation.

Hanne holds a Master of Business Administration and Commercial Law from Aarhus School of Business and Oregon State University, and Executive education from IMD and INSEAD.

STEIN DALE

BOARD MEMBER

Stein Dale is an independent board member and executive advisor.

Stein has more than 20 years of leadership experience from Norwegian and International energy companies as former CEO of E.ON International Markets, SVP of Corporate Strategy in E.ON SE, CEO of Multiconsult and CFO in Statkraft. He is currently the Chair of Oslofjord Varme AS and Vice Chair at Gasum OY, board member of Nettpartner AS and Wattif EV AS.

Stein has worked extensively with leadership, strategy and M&A issues, and has been a central figure in leading large-scale transformational projects.

Prior to entering the energy industry, he worked for more than ten years within telecom.

Stein holds a Master of Science in Business from the Norwegian School of Management, Executive Education from IMD, and completed the Advanced Management Programme at Harvard Business School.

ATLE LOHRMANN

BOARD MEMBER

Atle Lohrmann is a majority owner and president of General Oceans. He has served as Chair of the Board of Nortek AS since 2019 and serves on the boards of many of its international subsidiaries.

Atle is an associate for the Creative Destruction Lab (CDL), a non-profit organisation for scalable, seed-stage, science- and technology-based companies. In the past, he served on the board of Metas AS and, also, has wide experience as a board member for sports clubs and sailing associations.

In addition to his work at General Oceans, Atle is the CTO of Hefring Inc., a US company working to develop and manufacture underwater autonomous gliders.

Atle received a Master of Science in Physical Oceanography and Applied Mathematics from the University of Oslo and completed oceanographic graduate work at the Sorbonne in Paris.

BOARD OF DIRECTORS' REPORT

OVERVIEW

ABOUT US

General Oceans AS ("General Oceans", the "Company") and its subsidiaries (together referred to as the "Group") is a developer and manufacturer of oceanographic sensors and underwater robotic vehicles and manipulators. Our companies all have a successful and profitable track record that enables a strong focus on continuous technology development and independent operation.

Our goal is to provide the ocean community with safe and sustainable ways to meet the operational, scientific, and defence challenges that comes with increased activity in the world's ocean. We will meet our goal by leveraging the combined business acumen of the Group and our joint understanding of sensing technologies, robotics, and AI to bring pioneering solutions to market. The Group actively seeks collaboration with existing institutions and companies but is also structured to enable rapid funding and execution of greenfield projects as required to quickly respond to new challenges.

HISTORY

Nortek AS was founded in 1996, adding several subsidiary companies over the years in becoming a global technology leader in the oceanographic sensor space.

General Oceans AS was incorporated in April 2021 as a subsidiary of Nortek AS and then went through a demerger and merger transaction to form a new group under General Oceans AS.

Strategic Robotic Systems Inc (SRS) was acquired in October 2021. SRS specialises in the development of underwater vehicle systems.

Blueprint Lab Pty Ltd was acquired in January 2022 and rebranded in 2022 to Reach Robotics (RR). RR develops products that enable complex inspection and intervention in maritime infrastructure management, military and police operations, marine science, autonomous robotic research applications, and more.

Tritech International Ltd was acquired in October 2022. Tritech specialises in the design and production of high-performance acoustic sensors and sonars.

ACTIVITIES AND SERVICE LINES

The holding company General Oceans AS is incorporated in Norway and operates out of both Norway and London through its management arm, General Oceans Ltd. The operating companies are headquartered in Norway, UK, Australia, and the US, serving an international customer base through a global sales network.

General Oceans' operating company founders have one thing in common. They each found a way to turn excitement into a career and recognised this at an early stage of their professional journey. As ‘enthusiasts turned technology users' they had a deeper understanding of customers' needs and saw opportunities to do things differently with better outcomes. As product developers they then went on to build companies and inspire brilliance in their teams and in their products.

'Forward movement' is a fundamental aspect of General Oceans' corporate culture; and scientific integrity and sustainable business practices have been embedded in each of our operating companies from the outset. We understand that the ocean is more than just a resource that needs saving. Rather, we look to explore and grow our understanding of it, and the rich possibilities it can provide for generations to come.

GLOBAL PRESENCE

General Oceans has offices globally.[LOCATION MAP]

BUSINESS REVIEW

General Oceans is the parent of the Group and works collaboratively with operating companies to accelerate growth and performance. Its independence from the operating companies allows for an approach that is nimble and decisive, with the ability to set long-term strategic objectives from its head office in London.

The operating companies focus all efforts on creating sustainable long-term solutions to customer requirements, with the ultimate goal of driving growth. The Group's common integrated platform is a simple and efficient model, that enables each of the portfolio companies to set their own KPI and performance targets, building on the value of their industry knowledge and unique brand identity.

As a group operating globally, we are exposed to the general status of the world economy and the speed and reliability of international trade.

The renewed outbreak of COVID-19 in China in the beginning of the year significantly impacted our operation in China. After the re-opening of China over the latter part of the year, COVID-19 no longer has a significant effect on the business climate. Worries about China's ability to remain an important market proved to be unfounded as orders from the region bounced back in the fourth quarter. The world energy, defence, and science market is still strong despite the general concern about future of B2C segments. As such, most ocean technology companies reported strong demand and positive growth in 2022.

General transport and logistics are also no longer a major concern and freight prices have come down to a normal level. However, access to critical electronic components is still a significant challenge. Delivery times for these are, if anything, increasing as demand in the ocean technology sector is surging rather than abating. Component prices have not come down, but the group companies have been able to pass most of the added cost on to customers. We continue to work actively at all levels to strengthen our supply and delivery chains.

Russia's war in Ukraine has led to significant sanctions being imposed on trade with Russia. Russia never was a large market for the Group and the sanctions only have a negligible effect on existing sales and overall sales may increase due to increased naval defence spending. The conflict may, however, have general effects on the market situation that we cannot currently foresee. Energy is not a direct element in our production processes and our exposure to gas and electricity prices is limited to heating.

The strong USD generally has a positive effect on the Group since most of the operating companies have income in USD and costs in local currency. We have not seen any signs that the FX situation is about the change, and we are planning for the relative value of the four currencies we operate in (NOK, USD, GBP, AUD) to remain stable for at least the near future.

In 2022 we achieved a solid financial performance with a year-on-year increase of 76.1% in revenue. A short summary of the main events of 2022 is as follows:

MARKET DEVELOPMENT

Autonomous Underwater Vehicles (AUVs) in its many varieties offer real solutions in the area of marine technology, and industry focus has revolved around their advancement for some years now. While not on the same scale as solutions available on land, demand for these products has been steadily growing.

Several countries have established testing zones for uncrewed surface vessels (USV) and we anticipate that the first autonomously-operating surface vessels will be common practice in the near future, as small-scale autonomous data collectors and on a larger scale for the transportation of goods.

The Defence industry has been investing heavily in research and development (R&D) and deployment of autonomous vehicles, from small scale mapping systems to small autonomous submarines.

The US Navy's focus on Explosive Ordnance Disposal (EOD) has been a significant driver for the development of new technologies for AUVs and remotely operated vehicles (ROVs) and their associated sensors and tools. We see significant opportunities in the coastal oceans market, including, but not limited to:

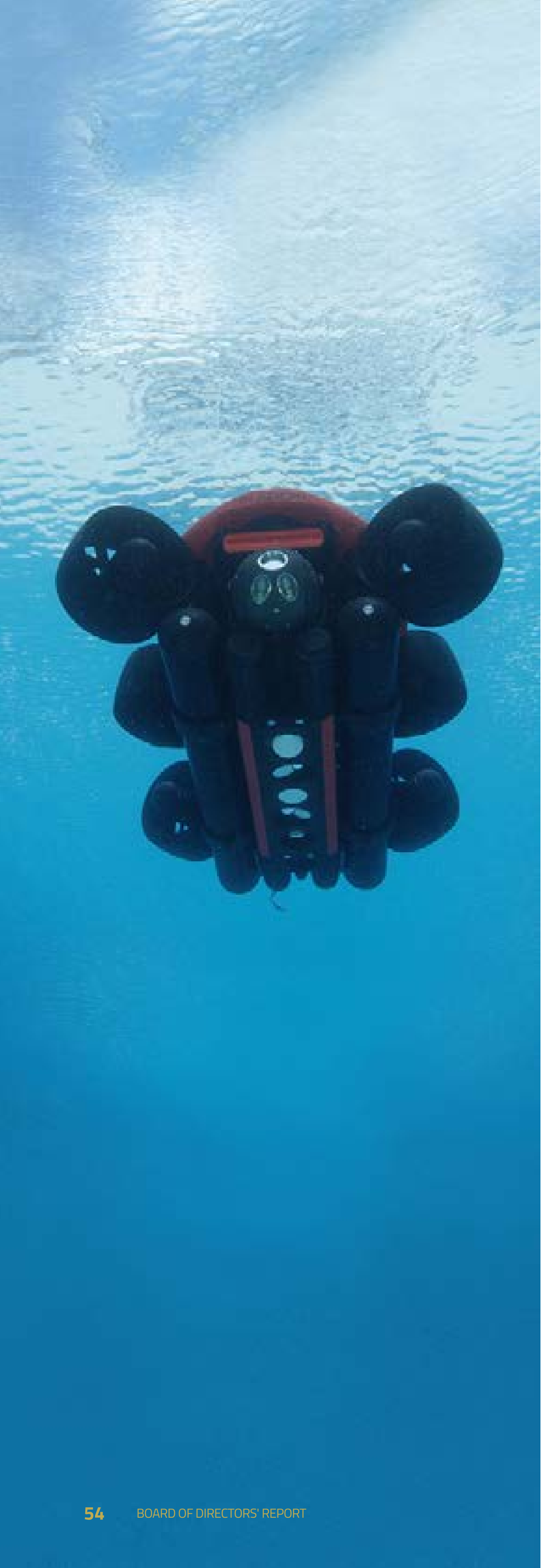
- Offshore wind farms
- Offshore infrastructure
- Oil and Gas
- Coastal pollution control
- Wild and farmed fishing
- Ports
- Beach preservation

In addition to full autonomy, we expect to see a rise in AI-aided control as a key area of development – where technology will enable remote-vehicle operators to optimise operational efficiencies and perform tasks that would have been impossible to complete in the past. Underwater mapping and survey inspection and positioning have been important drivers for the development of Remotely Operated Vehicles (ROVs).

As a place of work the ocean can be a hostile environment, and communication is notoriously difficult under water. Light, in optical systems, will travel fewer than 100 metres under water, restricting data transmission to a limited range. Acoustic systems can travel over longer distances but typically carry a small amount of information. Adding to the challenge, normal radio waves, such as those found in cell phones do not work under water, and neither does a GPS signal – so it can be difficult to pinpoint exact locations when under water.

The ocean is a corrosive environment, which means that most metals and plastic materials have a limited life span and require routine inspection and maintenance. Growth of barnacles and seaweed (naming just two) can limit the lifespan of any installed sensors, and it can be difficult to develop sensors that are able to be deployed for more than a year.

There are many opportunities emerging for ongoing technology developments that will improve life on land and sea on an ongoing basis, and we areare always excited to explore these for viability as they arise.



DEFENCE

Our industry is heavily involved with global defence forces, and we pride ourselves on the role we play in making the allied nations' frontlines safer. We have contracts with the US, Norwegian, and Royal Navies, and have been awarded contracts, accolades and investments worldwide in technology development as the global landscape for defence continues to evolve.

The rise of the global AUV market is a result of this funding from the defence sector, along with updated infrastructure in acoustic propagation and communication.

MARINE CONSTRUCTION

Our products and innovations offer complex inspection and intervention in maritime construction operations. Long-term forecasts predict an increase in demand for solutions which serve offshore markets such as defence, wind, ports and harbours, and oil and gas.

Our ROVs, manipulators, and sensors help make offshore operations safer and more efficient by providing domain awareness, early hazard warnings, and diverless repairs and inspections. We prioritise efficiency, safety, and dexterity across all operations and missions. We respect the blue economy, and the conservation of marine and coastal ecosystems.

RESEARCH

Academic and research institutions globally have been key customers and collaborators over the past many years. As the market leader in acoustic sensor technology for ocean research applications, leading scientists around the world have long approached us to develop systems which provide entirely new capabilities and which can help drive their research forward. This relationship is mutually beneficial as it allows us to stay at the leading edge of industry developments in offshore technology and then transition solutions seeded in the foremost research institutions to industrial customers globally.

FINANCIAL REVIEW

FINANCIAL HIGHLIGHTS

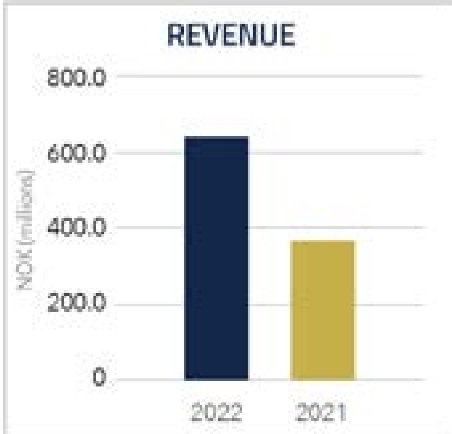
NOK (thousands)	2022	% OF REVENUE	2021	% OF REVENUE
Revenue	640,449		363,727	
Gross profit	445,277	69.5%	262,500	72.2%
EBITDA	145,650	22.7%	87,391	24.0%
EBIT	114,943	17.9%	74,656	20.5%
Net profit	78,731	12.3%	51,065	14.0%

REVENUE

Revenue increased by NOK 276.7 million, or 76.1%, to NOK 640.4 million in 2022 from NOK 363.7 million in 2021.

This 76.1% increase in revenue resulted from organic growth in existing markets and 12-month contribution from acquisitions Strategic Robotic Systems Inc ("SRS") and Reach Robotics Pty Ltd ("Reach") and a 3-month contribution from Tritech International Ltd ("Tritech").

SRS was acquired in October 2021, Reach in January 2022 and Tritech in September 2022.



GROSS PROFIT

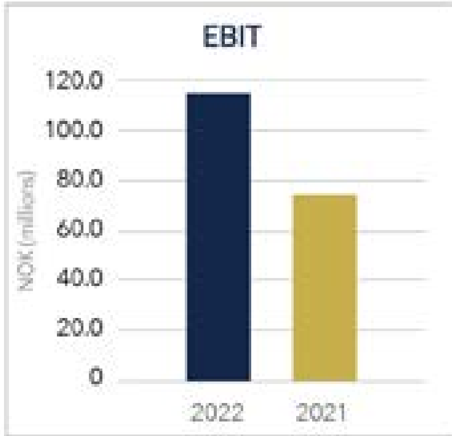
Gross profit increased by NOK 182.8 million, or 69.6%, to NOK 445.3 million in 2022 from NOK 262.5 million in 2021. Gross profit margin (gross profit as a percentage of revenue), decreased to 69.5% for 2022 from 72.2% in 2021, principally due to changes in our product mix from business combinations and increased cost of raw materials following COVID-19 related price increases.

EBITDA

EBITDA increased with NOK 58.3 million, or 66.7% to NOK 145.7 million in 2022 from NOK 87.4 million in 2021. The increase is principally from organic growth and the contributions from business combinations.

EBIT

EBIT increased with NOK 40.3 million, or 54.0% to NOK 114.9 million in 2022 from NOK 74.7 million in 2021. The increase is principally from organic growth and the contributions from business combinations. The increase in the depreciation and amortisation charge is predominantly from an increase in intangible assets from acquisitions.



TAXATION

Corporate income tax expense for 2022 was NOK 26.6 million compared with a NOK 15.7 million corporate income tax expense in 2021.

Our effective tax rate for 2022 was 25.3% compared to 23.5% for 2021. For additional information on the tax drivers refer to NOTE 10.

PROFIT FOR THE YEAR

Profit for the year increased by NOK 27.7 million, or 54.2%, to a profit of NOK 78.7 million in 2022 from a profit of NOK 51.1 million in 2021. The increase in profit for the year reflected the increase in results as discussed above.

DEBT FINANCING

The Group had a strong cash flow for the period funding working capital needs. A NOK 200 million revolving debt facility was secured in during the period to part fund the acquisition of Tritech and the repayment of NOK 40 million debt facility.

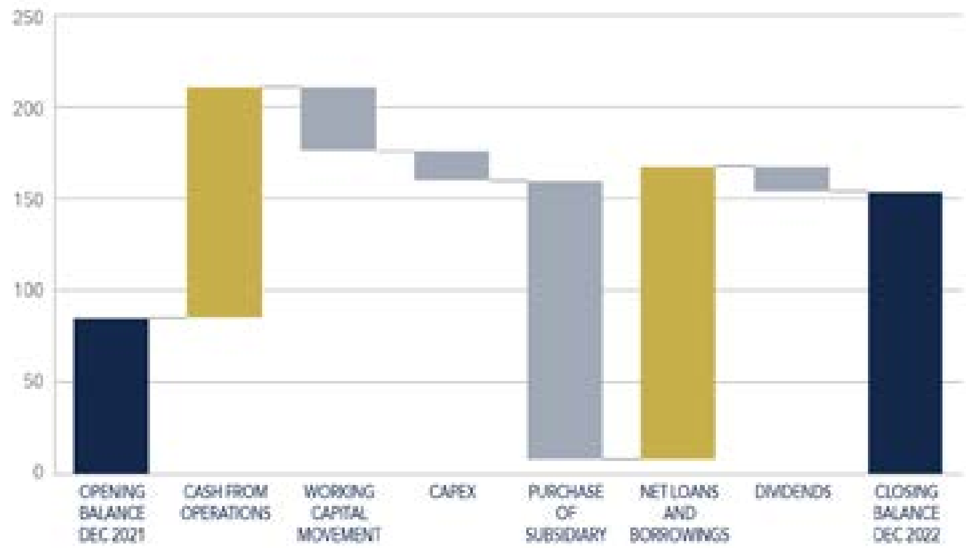
Other than for new acquisitions we currently do not expect to have to rely on financing from external sources for purposes of implementing our current business strategy in the near-term future.

LIQUIDITY

We rely primarily on cash flow from operating activities, available cash and cash equivalents and liquidity under our Credit Facility to finance our operations and expansions. Our liquidity requirements primarily relate to funding our working capital requirements, capital expenditures, debt repayments, salaries and related benefits, interest and taxes. Our working capital requirements increase when we experience strong incremental demand for our services and/or significant increases in crew costs, marine inspection costs, insurance, repairs and maintenance and consumable materials.

We manage our liquidity centrally at the corporate level, with the goal of ensuring sufficient liquidity to meet our financial obligations when they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation. Our main strategy for mitigating risk related to volatility in cash flow is to maintain a solid financial position. For that purpose, we have established and monitor an internal minimum floor for liquidity reserves and an internal maximum leverage ratio, which are both within the covenants our debt financing. To ensure we have sufficient cash to meet expected operational expenses, including the servicing of financial obligations, we regularly monitor our actual and future cash flow requirements taking into account the maturity profiles of financial assets and liabilities and the rolling forecast of our liquidity reserve, which comprises cash and cash equivalents and the undrawn portion of our debt facilities.

Our movement in cash in the period ended 31 December 2022 can be summarised as follows:



CONTINUED OPERATIONS

These statements have been prepared based on the assumption of continuity of operations. This assumption is derived from the financial solidity of the Group, the development so far in 2022 and the Group companies plans for rest of the year and the years to come.

SUBSEQUENT EVENTS

There are no material subsequent events.

OUTLOOK

The purpose of forming the General Oceans Group is to provide the owners of dynamic and profitable companies operating within the ocean technology segment an opportunity to join forces, by giving access to a broader technological base, a stronger customer base and the ability to draw on the knowledge of the other members of the Group. Most business decisions are still taken locally, and the identity of each firm and their entrepreneurial spirit is well preserved.

The markets served by the General Oceans Group of companies are growing, and the Group is well positioned in an environment with increased focus on scientific studies, renewable energy developments within wind, waves, and tides, as well as in increased focus on naval defense. The products and solutions delivered today can be further developed and marketed – both with the purpose of expanding within the current customer segments and the use of our products and solutions to new and untapped markets both geographically and to new customer groups.

We work to enhance the growth of our current businesses through intra-group cooperation to reach new markets and customers at a faster speed than each company would have managed as a stand-alone entity. At the same time, we will look for other interesting candidates to join our group of successful entrepreneurs.

The success of 2022 puts the Group in great shape as we move into 2023 and continue to look for interesting ways to expand. Our current focus is on three main areas:

- Continue the organic growth. This means playing off synergies in sales, making sure we continue a solid programme of product developments and ensuring that every operating company stays focused on its core business. Operationally, this means bringing people together to find best practices and utilising the sales network built by Nortek to the benefit of all four companies.
- Make investments in areas we believe are poised for growth. The buzzword is "Intelligent autonomy", which is a high-level form of autonomy that involves decision making. Often referred to as level 4 autonomy, this requires good sensor systems, AI/ML processing modules and advanced control algorithms. As a first step, the Group is funding Reach Robotics to work on optical perception & AI/ML hardware & software developments. At the same time, we are looking for partners who can contribute important elements in the value chain or have commercial applications that depend on a tightly integrated technology stack.
- We will continue to prepare the ground for a stock market listing in Oslo, Norway. This work is in process as we identify cornerstone investors who believe in our business concept and are interested in being part of our journey.

WORKING ENVIRONMENT AND SOCIAL RESPONSIBILITY

At the end of 2022, General Oceans AS had no employees. The management team of the General Oceans Group consist of four men. The Board of General Oceans AS consist of one internal and three external members (two female, two male).

General Oceans has a truly international operation, and we consider the international nature and diversity of our organisation as a competitive advantage. The Group therefore seeks to employ a diversified workforce of both sexes and different nationalities as a basis for positive development and sound decision making. General Oceans seeks to create an environment which attracts and retains highly qualified employees and in which employees feel valued for their own contribution to the Group's performance. The Group companies focus on providing a safe working environment for its employees, and to ensure that the employees fully understand their own responsibilities regarding environment and health and safety matters. The General Oceans Group is encouraging equal rights and opportunities amongst its employees and does not tolerate harassment or discrimination in any form.

The working arrangements of the Group follows the different jobs or positions and is independent of gender. All wage adjustments will be conducted based on annual evaluation of the individual's performance and contribution to the Group achieving its goals.

REPORTING ON GENDER EQUALITY AND ANTI-DISCRIMINATION

General Oceans AS Board of Directors consist of two male and two female board members. The gender demography in Group consists of 74% male and 26% female. The Group adheres to country laws relating to discrimination for all its territories and actively promotes anti-discrimination in all aspects of the business. The Group strives to ensure that work of equal value shall receive equal pay, regardless of social differences. Salaries are determined based on a variety of factors, including, but not limited to, seniority, performance, responsibility, and qualifications. Salary adjustments are carried out once a year. Salary levels vary across jurisdictions depending on competition for such resources and the general wage level of the countries the Group operates in.

WORKING ENVIRONMENT

The Board considers the working environment in General Oceans Group to be good. The impact of COVID-19 has affected our operations world-wide in different ways, but the Group has done its utmost to maintain a good working environment in situations that have required improvisation and flexibility from all involved.

No working accidents or injuries has occurred in 2022.

ENVIRONMENTAL IMPACT

General Oceans believes that the Group's operation has, by its nature, minimal impact on the environment outside what is normal from office and small-scale production and assembly activities. We generate no harmful emissions either to water or to air from our production activity. Waste from our production is not classified as harmful or requiring any special treatment and it is recycled or deposited in line with local regulations.

COVID-19

COVID-19 has impacted General Oceans in different ways, some of which are described below.

The Health and Safety of our employees, customers, and partners has and will remain our primary concern. This continues to be our focus as we manage the situation on an ongoing basis. The Group has implemented contingency plans so daily operations could continue without significant interruptions. We follow all local and national health policies as we go about servicing our customers in all regions where we operate, as mandated by the relevant authorities and laws in each territory.

Negative impact of COVID-19 has been experienced by the Group, as customers delayed purchase decisions based on delays to projects and/or temporary close-down of some operations. This has led to some, but not too significant a reduction of our planned growth. The global supply chain bottlenecks for raw materials and industrial components pose a potential negative effect on our production and delivery, but we have so far been able to handle this situation without significant delays to our customers.

BUSINESS RISKS

General Oceans can be adversely affected by a variety of business risks and economic developments. General Oceans reviews and re-evaluates its risk profile on a periodic basis in order to manage the most important risks. General Oceans does not quantify these risks or specify a list of the top five risks as it believes that the careful management of all these risks is important. Singling out particular risks could be misleading, as other risks might in the future have a material adverse effect on General Oceans' business, results of operations and financial condition.

APPROACH TO RISK MANAGEMENT

General Oceans' Board of Directors sets, and periodically reviews, the risk appetite for the Group. This is the level of risk that the Board is willing to take in pursuit of its objectives. The President together with Executive Management drives the risk management and facilitates the assessment of business risks. The business risk profile is taken into account when establishing annual business plans and budgets.

GROUP RISK PROFILE

Below is an overview of the business risks that are of most relevance to the achievement of General Oceans' long-term goals and strategy. This risk overview is not exhaustive. There may be risks, not yet known to General Oceans, which are currently not deemed material, but which could later turn out to have a material adverse effect on General Oceans' business, results of operations and financial condition.

STRATEGIC RISKS

The Group uses financial instruments (including futures) to hedge or partially hedge expected operational revenue streams. Procedures for risk management are adopted by the boards of the operational subsidiaries. The Group is exposed to a variety of financial risks, whereby the foreign exchange risk has the highest exposure, with liquidity, credit, and interest rate risks having less impact on the Group.

FUTURE ECONOMIC DOWNTURNS

The subsea industries are exposed to the general global economic activity. Future downturns in the global economy may decrease the demand for General Oceans' products and services and lead to an austerity approach from customers.

COMPETITIVE INDUSTRY

The subsea markets are highly competitive and competition might limit General Oceans' ability to maintain or increase its market share. General Oceans' current and future competitors may have greater financial and other resources and may be better positioned to withstand and adjust to changing market conditions and General Oceans may not be able to maintain its competitive position in the market.

INNOVATION

Technology plays a vital role in moving the subsea industry forward. The focus of companies, from a subsea perspective, will include enabling technologies to operate safely in high pressure, extreme temperature and ultra-deep-water environments. In order to accommodate these new challenges in a cost-effective way the competing subsea providers must innovate, both in terms of technology and product management. The long-term success for General Oceans will be dependent upon its capabilities in creating innovations.

BRAND

General Oceans uses several brands for all its services and products that are delivered to the market. This leads to brand a reduction of brand concentration risk. Factors that negatively affect General Oceans' reputation or brand image, such as adverse publicity or poor service could have a material adverse effect on General Oceans' business, results of operations or financial condition.

General Oceans is constantly striving to increase awareness of its brand and strengthen the reputation for providing high-quality, cost-efficient solutions.

POLITICAL AND REGULATORY RISK

Changes in the political, legislative, fiscal and/or regulatory framework governing the activities of General Oceans, subsea companies, defence and/or important suppliers or service providers on which General Oceans depend, could have material impact on General Oceans' business, the markets in which it operates, and the financial condition of General Oceans.

OPERATIONAL RISKS

HUMAN RESOURCES

General Oceans aims to be an industry leader in the quality of the services it provides. This means that General Oceans will have to create an environment in which the most talented people are working together effectively. The success of General Oceans' business depends not only on attracting and integrating but also on retaining highly skilled personnel in all business units and especially as regards to the qualified engineers.

General Oceans' focus is on the retention of the members of its senior management or other key personnel and to attract a sufficient number of qualified employees to strengthen General Oceans' position. Special attention goes to attracting highly qualified engineers, as the current market for attracting highly qualified engineers is challenging and the challenging market could affect General Oceans.

CUSTOMER CONCENTRATION

General Oceans is to some extent dependent upon a few large customers within the subsea industries. Even if these companies are large and financially solid, there is no guarantee that the financial solidity will continue in the future. If one or several of these companies should enter into financial difficulties it may be that they will not be able to fulfill their contract(s) with General Oceans. In addition, if one or more of these companies were to cease doing business with General Oceans, it could be adversely affected.

INSURANCE & LEGAL

General Oceans is insured against several risks. Risks related to professional indemnity and general liability are covered at Group level. Production equipment are insured locally, and local cover is arranged for risks associated with normal business operations, such as insurance for buildings and for employees.

General Oceans has a directors and officers liability insurance for the Group, including the parent company and its subsidiaries. The insurance covers the board members, CEO and members of the management team. The insurance comprises personal legal liabilities, including defence and legal costs.

FINANCIAL RISKS

CREDIT RISK

Credit risk arises primarily from cash and cash equivalents held at financial institutions, and to certain extent, from trade receivables.

General Oceans' exposure to trade receivables is managed through continuous credit risk assessments of each individual customer. General Oceans' customers are typically within the defence, public sector or public sector sponsored institutions, and are generally considered to have a good rating and ability to pay and are thereby considered low risk in credit terms. Historically customer related credit losses have been modest.

LOAN COVENANTS

Failure to comply with financial covenants and other covenants and obligations in the Group's NOK 40.0 million facility agreement with Nordea or in other financing agreements may have a material adverse effect on General Oceans, including potential increased financial cost, requirement for additional security or cancellation or acceleration of the NOK 40.0 million facility or other financing. General Oceans closely monitors the contractual performance indicators. Based on the Group's business plan for 2023-2025, management expects to be able to comply with the loan covenants.

FOREIGN EXCHANGE RISK

Currency exchange rates are determined by forces of supply and demand on the currency exchange markets, which again are affected by the international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the NOK will affect the NOK value of General Oceans' assets and thereby impact upon General Oceans' total return on such assets.

Management has evaluated the foreign exchange risks of General Oceans entities against their functional currency. Cash inflows and outflows of the operating segments are offset if they are denominated in the same currency. This means that revenue generated in a particular currency balance out costs in the same currency, even if the revenues arise from a different transaction than that in which the costs are incurred. As a result, only the unmatched amounts are subject to foreign exchange risk. To mitigate the impact of foreign exchange rate fluctuations, General Oceans continually assesses the exposure to currency risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments.

The Group uses financial instruments (including futures) to hedge or partially-hedge expected operational revenue streams. Procedures for risk management are adopted by the boards of the operational subsidiaries. Foreign exchange risk is one of the highest financial exposure risks in the Group.

INTEREST RATE RISK

Increasing interest rates may adversely affect General Oceans' business, financial condition, results of operation and liquidity. General Oceans' interest rate risk arises primarily from the revolving facility (refer to NOTE 21 for the details of the revolving facility). The revolving facility has a floating interest based on NIBOR plus a spread and for amounts drawn. Management analyses its interest rate exposure on a continuous basis. Based on General Oceans' expectation of interest rate movements in the coming periods, the acceptability of General Oceans' potential exposure, the assessment is that due to the low debt levels in the Group exposure is relatively limited.

TRANSPARENCY ACT

New regulations from 2022 onwards require enterprises to report where the annual accounts can be accessed. The annual reports from General Oceans will no later than 30th of June 2023 be published on the General Oceans website www.generaloceans.com.

ALLOCATION OF THE COMPANY NET RESULT OF THE YEAR

General Oceans AS generated a net profit for the year 2022 of NOK 376,000 after tax. The board proposes the following allocation of the results for General Oceans AS for the year:

Transferred to other equity NOK 376,000.

BOARD OF DIRECTORS

The members of the Board of Directors have signed the financial statements pursuant to their statutory obligations under The Norwegian Civil Code.

Oslo, 17 April 2023
General Oceans Board of Directors

BEATRIZ MALO DE MOLINA
Chair of the Board of Directors
[Electronically signed]

ATLE LOHRMANN
Director and President
[Electronically signed]

STEIN DALE
Director
[Electronically signed]

HANNE BLUME
Director
[Electronically signed]

FINANCIALS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the Year Ended 31 December)

NOK (thousands)	NOTE	2022	2021
Revenue	6	629,639	358,567
Other operating revenue	6	10,810	5,160
TOTAL OPERATING REVENUE		**640,449**	**363,727**
Operating expenses			
Raw materials		(195,172)	(101,227)
Employee benefits	7	(214,007)	(127,423)
Depreciation and amortisation expense	13, 14, 15	(30,707)	(12,735)
Other operating expense	8	(85,620)	(47,686)
OPERATING PROFIT		**114,943**	**74,656**
Finance income	9	20,990	9,784
Finance expense	9	(30,601)	(17,653)
PROFIT BEFORE TAX		**105,332**	**66,787**
Income tax expense	10	(26,601)	(15,722)
PROFIT		**78,731**	**51,065**
Other comprehensive income			
Foreign currency translation differences of foreign operations		32,014	5,623
OTHER COMPREHENSIVE INCOME, NET OF TAX		**32,014**	**5,623**
TOTAL COMPREHENSIVE INCOME		**110,745**	**56,688**
EARNINGS PER SHARE (NOK)			
Basic earnings per share	11	56.72	39.99

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NOK (thousands)	NOTE	31 December 2022	31 December 2021	1 January 2021
ASSETS				
Non-current assets				
Property, plant and equipment	13	91,580	25,388	19,733
Right-of-use assets	14	63,591	61,925	64,407
Intangible assets	15	351,776	201,876	67
Investments in equity-accounted associates	16	461	110	14
Derivative financial assets	17	1,929	219	10,721
Other receivables	19	11,887	11,690	12,080
Deferred tax assets	10	3,257	1,759	373
		524,481	**302,967**	**107,395**
Current assets				
Inventories	18	115,197	64,209	52,375
Trade and other receivables	19	142,797	70,154	45,521
Contract assets		3,226	1,159	409
Derivative financial assets	17	-	7,895	2,165
Cash and cash equivalents	20	153,824	84,783	117,464
		415,044	**228,200**	**217,934**
TOTAL ASSETS		**939,525**	**531,167**	**325,329**
LIABILITIES				
Non-current liabilities				
Loans and borrowings	21	180,276	40,727	365
Lease liabilities	14	59,731	59,957	61,854
Deferred tax liability	10	39,252	19,995	-
		279,259	**120,679**	**62,219**
Current liabilities				
Trade and other payables	22	99,734	42,980	99,000
Contract liabilities	23	21,694	31,377	9,643
Loans and borrowings	21	20,347	204	-
Lease liabilities short term	14	6,537	3,419	2,553
Derivative financial liabilities	17	6,154	-	-
Income tax payable		18,707	12,872	7,633
		173,173	**90,852**	**118,829**
TOTAL LIABILITIES		**452,432**	**211,531**	**181,048**
NET ASSETS		**487,093**	**319,636**	**144,281**
EQUITY				
Share capital	24	4,858	255	103
Share premium reserve	24	325,855	259,746	19,132
Foreign exchange reserve	25	37,637	5,623	-
Retained earnings	25	118,743	54,012	125,046
TOTAL EQUITY		**487,093**	**319,636**	**144,281**

The accompanying notes are an integral part of these consolidated financial statements.

Oslo, 17 April 2023, Board of Directors

BEATRIZ MALO DE MOLINA	ATLE LOHRMANN	STEIN DALE	HANNE BLUME
Chair of the Board of Directors	Director and President	Director	Director
[Electronically signed]	[Electronically signed]	[Electronically signed]	[Electronically signed]

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(For the Year Ended 31 December)

NOK (thousands)	Share capital	Share premium reserve	Treasury share reserve	Other paid in capital	Retained earnings	Foreign exchange reserve	Non-controlling interest	Total equity
31 December 2020 - NGAAP	107	5,389	(4)	11,220	112,160	-	2,523	131,395
IFRS transition effects (**NOTE 31**)	-	-	-	-	12,886	-	-	12,886
BALANCE AT 1 JANUARY 2021- IFRS	**107**	**5,389**	**(4)**	**11,220**	**125,046**	-	**2,523**	**144,281**
Comprehensive income for the year								
Profit for the year	-	-	-	-	51,065	-	-	51,065
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	-	5,623	-	5,623
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	**51,065**	**5,623**	-	**56,688**
Contribution by and distribution to owners								
Restructuring of group with new parent company (**NOTE 24**)	101	104,969	4	(11,220)	(86,984)	-	(2,523)	4,347
Business combination (**NOTE 27**)	47	149,388	-	-	-	-	-	149,435
Dividends	-	-	-	-	(35,115)	-	-	(35,115)
TOTAL TRANSACTIONS WITH OWNERS	**148**	**254,357**	**4**	**(11,220)**	**(122,099)**	-	**(2,523)**	**118,667**
BALANCE AT 31 DECEMBER 2021	**255**	**259,746**	-	-	**54,012**	**5,623**	-	**319,636**

BALANCE AT 1 JANUARY 2022	**255**	**259,746**	-	-	**54,012**	**5,623**	-	**319,636**
Comprehensive income for the year								
Profit for the year	-	-	-	-	78,731	-	-	78,731
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	-	32,014	-	32,014
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	-	-	**78,731**	**32,014**	-	**110,745**
Contribution by and distribution to owners								
Business combination (**NOTE 27**)	22	70,690	-	-	-	-	-	70,712
Share value increase (**NOTE 24**)	4,581	(4,581)	-	-	-	-	-	-
Dividends	-	-	-	-	(14,000)	-	-	(14,000)
TOTAL TRANSACTIONS WITH OWNERS	**4,603**	**66,109**	-	-	**(14,000)**	-	-	**56,712**
BALANCE AT 31 DECEMBER 2022	**4,858**	**325,855**	-	-	**118,743**	**37,637**	-	**487,093**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(For the Year Ended 31 December)

NOK (thousands)	NOTE	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the financial year		**78,731**	**51,065**
Adjustments for:			
Depreciation and amortisation expense	13, 14, 15	30,707	12,598
Net finance expense	9	9,611	12,881
Reconciliation foreign currency differences		9,196	(3,968)
Income tax expense	10	26,601	15,670
Gain on sale of non-current assets	6	(444)	(320)
Bad debt provision		246	-
Fair value losses on derivative financial instruments		12,339	4,772
Increase in inventories	18	(14,132)	(11,834)
Increase in trade and other receivables	19	(33,369)	(21,912)
Increase in contract assets		(2,067)	(750)
Increase/(decrease) in trade and other payables	22	24,173	(1,433)
(Decrease)/increase in contract liabilities	23	(9,683)	21,734
Net cash flow from operations		131,909	78,503
Income taxes paid		(27,058)	(7,633)
Interest paid		(9,654)	(11,034)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**95,197**	**59,836**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,067	382
(Purchase)/sale of non-current assets		(351)	927
Proceeds from sale of assets		2,006	-
Purchase of intangible assets	15	(52)	-
Purchases of plant and equipment	13	(15,573)	(15,794)
Acquisition of subsidiaries (net of cash)		(151,710)	(19,115)
NET CASH USED IN INVESTING ACTIVITIES		**(164,613)**	**(33,600)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing loans	21	200,000	40,566
Repayment of interest bearing loans	21	(40,308)	(1,541)
Lease liabilities repaid	14	(7,235)	(2,827)
Dividends paid		(14,000)	(95,115)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**138,457**	**(58,917)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**69,041**	**(32,681)**
Cash and cash equivalents at beginning of year		84,783	117,464
CASH AND CASH EQUIVALENTS AT END OF YEAR	**20**	**153,824**	**84,783**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - CORPORATE INFORMATION

General Oceans AS (the "Company") was incorporated on 7 April 2021 in Norway. The principal activities of the Company and its subsidiaries (the "Group") is developing and manufacturing oceanographic sensors, underwater vehicle systems, robotic manipulators and software.

The registered office of the Company is Vangkroken 2, RUD, 1351, Norway.

NOTE 2 - BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively "IFRS"s), as adopted by the European Union ("EU"), as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

For all periods up to and including the year ended 31 December 2021, the Group prepared its financial statements in accordance with Norwegian accounting principles ("NGAAP"). These financial statements for the year ended 31 December 2022 are the first the Group has prepared in accordance with IFRS. Refer to NOTE 31 for information on how the Group adopted IFRS.

The financial statements have been prepared on a going concern basis.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in NOTE 4. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in Norwegian kroner ("NOK"), which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in NOTE 3.

Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss

2.1 SIGNIFICANT CHANGES AND FUTURE CHANGES TO ACCOUNTING POLICIES

This is the Group's first consolidated accounts presented in accordance with IFRS as adopted by the EU. The accounting principles described in this note have been used to prepare the consolidated financial statements for 2022, comparative figures for 2021 and an IFRS opening balance sheet as of 1 January 2021, which is the Group's date of transition from NGAAP to IFRS.

In preparing the IFRS opening balance sheet, the Group made several adjustments to the accounting figures compared to those reported previously in the Group's annual accounts that were prepared in accordance with NGAAP. The effects of the transition are described in NOTE 31.

2.2 FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements are presented in NOK, which is the functional currency of the parent company and the Norwegian subsidiaries in the Group. Foreign subsidiaries operate with local currency as the functional currency.

Transactions in foreign currency are translated at the exchange rate at the date of the transaction. Monetary items in foreign currency are translated to NOK at the exchange rate on balance sheet date.

NOTE 3 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Revenue recognition - Estimate of timing of satisfaction (NOTE 6).

- Impairment of goodwill – Estimate of future cash flows and determination of the discount rate (NOTE 15).
- The determination of the incremental borrowing rate used to measure lease liabilities (NOTE 14).

Fair value measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1: Quoted prices in active markets for identical items (unadjusted)
- Level 2: Observable direct or indirect inputs other than Level 1 inputs
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures a number of items at fair value.

- Financial instruments (NOTE 5 and NOTE 17)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

NOTE 4 - ACCOUNTING POLICIES

4.1 REVENUE

The Group recognises revenue from the following major sources:

- Product sales
- Service revenue

Product sales

The Group sells sensors, operational platforms, and vehicles to customers. Products sold are sometimes customised to such an extent that it does not limit the Group's ability to resell the products in the unlikely event of an order cancellation. Revenue is recognised when control of the products has transferred, generally being when the Group has made the products available to the customer. The customer has full discretion over the manner of distribution and price to sell the products. A receivable is recognised by the Group when the products are made available to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Service revenue

The Group sells various supporting services in relation to its products, such as repairs and maintenance, short-term equipment rental, staff deployment and training services.

Service revenue is recognised at a point in time or over time, depending on the performance obligations involved in the services. For services performed and completed at a specific point in time, revenue is recognised at the point in time when the Group has rendered the services at their stand-alone selling prices.

For services provided over an agreed period of time when the customer simultaneously receives and consumes the benefits during the service period, revenue is recognised over the service period. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight-line basis over the period of service.

The Group applies the practical expedient for certain short-term services where the Group has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the Group's performance completed to date. The Group recognises revenue on these services in the amount to which the Group has a right to invoice.

Warranty relating to product sales

The Group provides warranties for general repairs of equipment with defects that existed at the time of sale. This service relates to maintenance work that may be required to be carried out on the equipment for a 12-month period after sale or over the service period. These assurance-type warranties are accounted for as warranty provisions in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Refer to the accounting policy on warranty provisions in NOTE 4.23.

The Group also provides options for customers to extend the warranty at an additional cost. These service-type warranties are considered to be a distinct service as they are supplied by the Group to customers on a stand-alone basis. Revenue relating to the extended warranty services is recognised over time. The transaction price allocated to these services is recognised as a contract liability at the time of the initial sales transaction and is released on a straight line basis over the period of service.

Significant financing components

The Group does not expect to have any contracts where the period between the transfer of the promised products or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

4.2 BASIS OF CONSOLIDATION

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full. When necessary amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

4.3 BUSINESS COMBINATIONS

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

4.4 GOODWILL

Goodwill represents the excess of the cost of a business combination over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is initially measured at cost. Cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated statement of comprehensive income on the acquisition date.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

4.5 IMPAIRMENT OF NON-FINANCIAL ASSETS (Excluding inventories and deferred tax assets)

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

4.6 ASSOCIATES

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

4.7 FOREIGN CURRENCY

Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

Exchange gains and losses arising on the retranslation of monetary financial assets are treated as a separate component of the change in fair value and recognised in profit or loss.

On consolidation, the results of overseas operations are translated into NOK at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

4.8 FINANCIAL ASSETS

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value (see "Financial liabilities" section for out-of-money derivatives classified as liabilities). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach in the determination of the lifetime expected credit losses. Under this approach, the Group assesses the credit risk of each customer individually, taking into account factors such as their financial position, payment history, and current economic conditions. The Group considers a range of scenarios to assess the likelihood of default and the potential loss. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

4.9 FINANCIAL LIABILITIES

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises out-of-the-money derivatives where the time value does not offset the negative intrinsic value (see "Financial assets" for in-the-money derivatives and out-of-money derivatives where the time value offsets the negative intrinsic value). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

4.10 DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into certain foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. Further details of derivative financial instruments are disclosed in NOTE 17. Forward exchange forward contracts are recognised initially at fair value at the date a forward exchange forward contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the forward exchange forward contract is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

4.11 SHARE CAPITAL

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset. The Group's ordinary shares are classified as equity instruments.

4.12 BORROWING COSTS

Borrowing costs are capitalised, net of interest received on cash drawn down yet to be expended when they are directly attributable to the acquisition, contribution or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

4.13 DEFINED CONTRIBUTION SCHEMES

The Group provides defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Group. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. Contributions to defined contribution pension schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

4.14 OTHER LONG-TERM SERVICE BENEFITS

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement and are denominated in the same currency as the post-employment benefit obligations.

4.15 LEASES

Leases

The majority of the Group's accounting policies for leases are set out in NOTE 14.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

a) There is an identified asset;
b) The Group obtains substantially all the economic benefits from use of the asset; and
c) The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

4.16 EXTERNALLY ACQUIRED INTANGIBLE ASSETS

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques (see section related to critical estimates and judgments below).

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

INTANGIBLE ASSETS	USEFUL ECONOMIC LIFE IN YEARS	VALUATION METHOD
Trademarks	10	Relief from royalty
Intellectual properties	6 to 10	Income based approach
Customer relationships	10	Multi period excess earnings
Licenses & patents	5 to 20	Multiple of estimated revenues and profits

4.17 INTERNALLY GENERATED INTANGIBLE ASSETS (Development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- the Group is able to sell the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is included within the cost of sales line in the consolidated statement of comprehensive income.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

4.18 DIVIDENDS

Dividends are recognised when they become legally payable. In the case of dividends to equity shareholders, this is when approved by the shareholders at the General Assembly.

4.19 DEFERRED TAXATION

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and
- Investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Group:

- Considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- Determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or
- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

4.20 PROPERTY, PLANT AND EQUIPMENT

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment. Depreciation is charged to administrative expenses in the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives.

PROPERTY, PLANT AND EQUIPMENT	USEFUL ECONOMIC LIFE IN YEARS
Property, plant, and equipment	3-5
Office equipment	3-5
Computer equipment	3

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

4.21 INVENTORIES

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

4.22 GOVERNMENT GRANTS

Government grants received for revenue expenditure are netted against the cost incurred by the Group and recognised as other income if the grant has a service element to it. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income.

4.23 PROVISIONS

The Group has recognised provisions for liabilities of uncertain timing or amount including those for, warranty claims and leasehold dilapidations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the

time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

NOTE 5 - FINANCIAL RISK MANAGEMENT

5.1 OVERVIEW

The Group's activities expose it to a variety of financial risks, which can be categorised as:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

5.2 PRINCIPAL FINANCIAL INSTRUMENTS

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables
- Floating-rate bank loans, and
- Forward currency contracts

5.2.1 FINANCIAL INSTRUMENTS BY CATEGORY

	FAIR VALUE THROUGH PROFIT OR LOSS		AMORTISED COST	
NOK (thousands)	2022	2021	2022	2021
Financial assets				
Trade and other receivables	-	-	126,883	66,023
Derivative financial assets	1,929	8,114	-	-
Cash and cash equivalents	-	-	153,824	84,783
TOTAL FINANCIAL ASSETS	**1,929**	8,114	**280,707**	150,806
Financial liabilities				
Trade and other payables	-	-	71,551	31,685
Loans and borrowings	-	-	200,623	40,931
Derivative financial liabilities	6,154	-	-	-
TOTAL FINANCIAL LIABILITIES	**6,154**	-	**272,174**	72,616

5.2.2 FAIR VALUE MEASUREMENT

The fair value hierarchy of financial instruments measured at fair value is provided below.

	LEVEL 1		LEVEL 2		LEVEL 3	
NOK (thousands)	2022	2021	2022	2021	2022	2021
Financial assets						
Derivative financial assets	-	-	1,929	8,114	-	-
TOTAL FINANCIAL ASSETS	**-**	**-**	**1,929**	**8,114**	**-**	**-**
Financial liabilities						
Derivative financial liabilities	-	-	6,154	-	-	-
TOTAL FINANCIAL LIABILITIES	**-**	**-**	**6,154**	**-**	**-**	**-**

There were no transfers between levels during the period.

The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value , due to their short-term nature.

Derivative financials instruments are fair valued by the 3rd party provider of these derivatives.

5.3 GENERAL OBJECTIVES, POLICIES AND PROCESSES

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Board receives regular reports from the Group CFO through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

5.3.1 CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are considered by local business practices.

The Group's customers are typically within the defence, public sector or public sector sponsored institutions, and are generally considered to have a good rating and ability to pay and are thereby considered low risk in credit terms. The credit quality is based on historic experience, their financial position, and other factors.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Further disclosures regarding trade and other receivables, which are neither past due nor impaired, are provided in **NOTE 19**.

5.3.2 MARKET RISK

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

5.3.3 INTEREST RATE RISK

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. Local operations are not permitted to borrow long-term from external sources. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During 2022 and 2021, the Group's borrowings at variable rate were denominated in NOK and EUR.

The sensitivity analyses below have been determined based on the exposure to interest rates for floating rate loans and borrowings at the reporting date. The analysis is prepared assuming the amount of liability outstanding at the reporting date was outstanding for the whole year. A 100 basis point increase or decrease is used when reporting interest rate risk internally to management and represents management's assessment of the reasonably possible change in interest rates.

NOK (thousands)	EFFECT ON PROFIT BEFORE TAX 2022	EFFECT ON PROFIT BEFORE TAX 2021
Interest rates - increase by 100 basis points	(2,000)	(400)
Interest rates - decrease by 100 basis points	2,000	400

5.3.4 FOREIGN EXCHANGE RISK

Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group. Where this is not possible group entities uses a framework where foreign exchange exposure, within certain limits and thresholds are hedged on a short to medium-term basis.

Apart from these particular cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

The Group's exposure to foreign currency risk, expressed in NOK thousands, at the end of the reporting period is set out in the table below:

FOREIGN EXCHANGE EXPOSURE:

NOK (thousands)	2022	2021
Receivables	84,998	44,652
Payables	(16,488)	(5,316)
Bank deposits	52,074	40,432
NET POSITION	**120,584**	**79,768**

FINANCIAL ASSETS AND LIABILITIES - NET FOREIGN EXCHANGE EXPOSURE BY MAJOR CURRENCIES:

	2022		2021	
(thousands)	CURRENCY	NOK	CURRENCY	NOK
USD	4,176	41,162	4,596	40,537
GBP	3,514	41,659	715	8,497
AUD	2,661	17,828	517	3,308
EUR	1,665	17,501	2,350	23,469
Other	-	2,434	-	3,957
NET POSITION		**120,584**		79,768

The effect on profit and loss arises in connection with monetary balances denominated in currencies other than the relevant entity's functional currency; the effect on equity arises principally from the translation of assets and liabilities of entities that are not NOK functional.

5.3.5 LIQUIDITY RISK

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 90 days.

At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances. The liquidity risk of each group entity is managed centrally by the Group Treasury function. Where facilities of group entities need to be increased, approval must be sought from the CFO. Where the amount of the facility is above a certain level, agreement of the board is needed.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

NOK (thousands)	UP TO 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS
At 31 December 2022					
Trade and other payables	71,551	-	-	-	28,183
Loans and borrowings	7,571	22,713	29,147	166,231	-
Lease liabilities	2,163	6,488	8,606	19,766	75,656
Derivative financial liabilities	1,539	4,615	-	-	-
TOTAL	**82,824**	**33,816**	**37,753**	**185,997**	**103,839**
At 31 December 2021					
Trade and other payables	31,685	-	-	-	11,295
Loans and borrowings	51	153	40,206	154	-
Lease liabilities	1,250	3,751	5,845	18,320	81,969
Derivative financial liabilities	-	-	-	-	-
TOTAL	32,986	3,904	46,051	18,474	93,264

5.3.6 CAPITAL RISK

The Group monitors "adjusted capital" which comprises all components of equity (i.e. share capital, share premium, retained earnings, and reserves excluding the hedging reserve).

The Group's objectives when managing capital is to maintain a capital structure that enables the Group to achieve its strategic objectives and daily needs, and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as net debt to equity. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents.

Due to recent market uncertainty, the Group's strategy is to preserve a strong cash base and achieve a debt-to-adjusted-capital ratio of less than 40% (2021: <40%). The objective of this strategy is to secure access to finance at reasonable cost by maintaining a high credit rating. The debt-to-capital ratios at 31 December 2022 and at 31 December 2021 were as follows:

NOK (thousands)	**2022**	2021
Loans and borrowings	200,623	40,931
Lease liabilities	66,268	63,376
Less: cash and cash equivalents	(153,824)	(84,783)
NET DEBT	**113,067**	19,524
Total equity	487,093	319,636
Net debt to equity %	23.2%	6.1%

The increase in the debt to adjusted capital ratio during 2022 resulted primarily from the purchase of Tritech, which increased net debt as the purchases were financed by use of loan funding.

NOTE 6 - REVENUE

The Group has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date

REVENUE BY MARKET AREA

NOK (thousands)	2022	2021
Marine construction	343,748	224,001
Defence	169,718	58,786
Research	116,173	75,780
	629,639	358,567

Revenue from the defence market is predominantly from government contracts.

REVENUE BY GEOGRAPHIC AREA

NOK (thousands)	2022	2021
Europe	200,358	122,805
Asia and Oceania	160,370	105,021
Americas	249,940	124,748
Rest of the world	18,971	5,993
	629,639	358,567

TIMING OF REVENUE RECOGNITION

NOK (thousands)	2022	2021
At a point in time	629,068	357,993
Over time	571	574
	629,639	358,567

Other operating revenue

Other operating income is not considered to be part of the main revenue generating activities, the Group presents this income separately from revenue.

NOK (thousands)	2022	2021
Grants	10,366	3,139
Gains from sales of assets	444	1,320
Other	-	701
	10,810	5,160

No single customers contributed 10 per cent or more to the Group's revenue in either 2022 or 2021.

NOTE 7 - EMPLOYEE BENEFIT EXPENSES

The employee costs include employee benefit plans and pensions.

NOK (thousands)	2022	2021
Wages and salaries	190,076	110,030
Social security contributions and similar taxes	19,371	14,231
Defined contribution pension cost	4,560	3,162
	214,007	127,423
Number of employees at year end	265	134

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the board of directors, CEO's of the main subsidiaries, and the CFO of the Group.

NOK (thousands)	2022	2021
Wages and salaries	8,232	3,017
Social security contributions and similar taxes	768	307
Defined contribution pension cost	273	120
Other employee costs	52	14
	9,325	3,458

The number of shares held by the board of directors and key management personnel as at 31 December 2022 was 1,058,150 shares. Refer to NOTE 28 for additional related party information.

NOTE 8 - OTHER OPERATING EXPENSES

The direct operating and sales, general and administrative expenses combined are referred to as expenses from operating activities. Included in the expenses from operating activities are, amongst other, the following items:

NOK (thousands)	2022	2021
Sales and Marketing	11,604	5,281
Travel	7,754	2,307
Professional Fees	10,150	4,337
Research and development	7,933	2,382
Office supplies	13,160	7,050
Other	35,019	26,329
	85,620	47,686

AUDIT FEES

NOK (thousands)	2022	2021
Statutory audit	676	969
Assurance services	78	-
Other non-assurance services	288	257
Other auditors	1,823	673
	2,865	1,899

NOTE 9 - FINANCE INCOME AND EXPENSE

NOK (thousands)	2022	2021
Finance income		
Bank interest income	1,190	160
Other interest income	74	222
Net foreign exchange gain	19,726	9,402
TOTAL FINANCE INCOME	20,990	9,784
Finance expense		
Bank interest expense	(3,616)	(334)
Other interest expense	(8,265)	(12,295)
Net foreign exchange expense	(18,720)	(5,024)
TOTAL FINANCE EXPENSE	(30,601)	(17,653)

NOTE 10 - INCOME TAX

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

INCOME TAX EXPENSE

NOK (thousands)	2022	2021
Current tax expense		
Current income tax	31,409	17,269
Change in deferred tax	(4,808)	(1,547)
TOTAL INCOME TAX EXPENSE	26,601	15,722

TEMPORARY DIFFERENCES AND TAX POSITIONS

NOK (thousands)	2022	2021	CHANGES
Non-current assets	(7,824)	620	(8,444)
Intangible assets	165,779	94,364	71,415
Current assets	(5,404)	(1,404)	(4,000)
Other differences	(5,581)	(6,217)	636
TOTAL TEMPORARY DIFFERENCES	146,970	87,363	59,607
NET DEFERRED TAX	35,995	18,236	17,759
Change in deferred tax as a result of acquisitions			(12,951)
DEFERRED TAX RECOGNISED IN THE INCOME STATEMENT			4,808

The income tax expense recognised in the period can be reconciled to the accounting profit as follows:

RECONCILIATION OF EFFECTIVE TAX RATE

NOK (thousands)	2022	2021
Profit before tax	105,332	66,787
Tax using the Company's domestic tax rate of 22% (2021: 22%)	23,173	14,693
Expenses not deductible for tax purposes/permanent differences	6,234	1,231
Tax losses	(307)	-
Capital allowances	205	-
Effect of different income tax rates in other jurisdictions	(500)	2,339
Deferred tax	(4,808)	(1,547)
Other	2,604	(994)
TOTAL INCOME TAX EXPENSE FOR THE YEAR	26,601	15,722
Effective tax rate	25.3%	23.5%

Estimates and assumptions, including uncertainty over income tax treatments

The Group is subject to income tax in several jurisdictions and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the company's belief that its tax return positions are supportable, the company believes it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

No material uncertain tax positions exist as at 31 December 2022. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

NOTE 11 - EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding. The table below discloses the attributable numbers for the reporting periods.

NOK (thousands)	2022	2021
Earnings		
Profit attributable to shareholders	78,731	51,065
Number of shares		
Issued ordinary shares at 1 January	1,277,061	521,190
Shares issued on restructuring	-	521,190
Shares issued on merger	-	234,681
Purchase of Reach Robotics	111,049	-
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES IN ISSUE	**1,388,110**	**1,277,061**

Earnings per share (NOK)	2022	2021
Basic earnings per share	56.72	39.99

The Group did not have any instruments with a dilutive effect on the reporting periods presented.

NOTE 12 - DIVIDENDS

The directors are proposing a final dividend totaling NOK 25.0 million (2021: NOK 14.0 million). This dividend has not been accrued in the consolidated statement of financial position.

NOTE 13 - PROPERTY, PLANT AND EQUIPMENT

NOK (thousands)	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FIXTURES AND FITTINGS	TOTAL
Costs				
Balance at 1 January 2021	-	36,153	15,398	51,551
Business combinations	-	7,318	-	7,318
Additions	-	5,462	4,160	9,622
Retirement and disposals	-	(2,031)	(483)	(2,514)
Exchange differences	-	(237)	-	(237)
BALANCE AT 31 DECEMBER 2021	-	46,665	19,075	65,740
Balance at 1 January 2022	-	46,665	19,075	65,740
Business combinations	62,925	21,812	7,508	92,245
Additions	-	12,085	3,488	15,573
Retirement and disposals	-	(5,123)	(2,242)	(7,365)
Exchange differences	1,045	1,917	403	3,365
BALANCE AT 31 DECEMBER 2022	**63,970**	**77,356**	**28,232**	**169,558**
Accumulated depreciation				
Balance at 1 January 2021	-	(20,291)	(11,527)	(31,818)
Business combinations	-	(3,140)	-	(3,140)
Depreciation charge	-	(6,505)	(1,544)	(8,049)
Retirement and disposals	-	2,031	483	2,514
Exchange differences	-	141	-	141
BALANCE AT 31 DECEMBER 2021	-	(27,764)	(12,588)	(40,352)
Balance at 1 January 2022	-	(27,764)	(12,588)	(40,352)
Business combinations	(10,507)	(15,859)	(6,046)	(32,412)
Depreciation charge	(354)	(7,121)	(1,978)	(9,453)
Retirement and disposals	-	4,519	1,284	5,803
Exchange differences	(175)	(1,159)	(230)	(1,564)
BALANCE AT 31 DECEMBER 2022	**(11,036)**	**(47,384)**	**(19,558)**	**(77,978)**
Carrying amounts				
At 1 January 2021	-	15,862	3,871	19,733
At 31 December 2021	-	18,901	6,487	25,388
At 1 January 2022	-	18,901	6,487	25,388
AT 31 DECEMBER 2022	**52,934**	**29,972**	**8,674**	**91,580**

NOTE 14 - RIGHT-OF-USE ASSETS AND LEASES

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy
- in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

The Group leases a number of properties in the jurisdictions from which it operates. In some jurisdictions it is customary for lease contracts to provide for payments to increase each year by inflation or and in others to be reset periodically to market rental rates. In some jurisdictions property leases the periodic rent is fixed over the lease term.

NOK (thousands)	RIGHT-OF-USE ASSET	LEASE LIABILITIES
Balance at 1 January 2022	**61,925**	**(63,376)**
Additions	7,680	(7,680)
Depreciation expense	(6,227)	-
Interest expense	-	(2,227)
Lease payments	-	7,235
Exchange differences	213	(220)
BALANCE AT 31 DECEMBER 2022	**63,591**	**(66,268)**
Balance at 1 January 2021	**64,407**	**(64,407)**
Additions	1,533	(1,533)
Depreciation expense	(4,098)	-
Interest expense	-	(2,100)
Lease payments	-	4,748
Exchange differences	83	(84)
BALANCE AT 31 DECEMBER 2021	**61,925**	**(63,376)**

As of 31 December 2022, the Group had low value leases of NOK 108 thousand (31 December 2021: NOK 103 thousand) that were not capitalised in the financial statements. The Group has determined that these leases do not meet the criteria for capitalisation under IFRS 16 and, therefore, have been expensed as incurred.

Lease liabilities have multiple maturity dates, refer to NOTE 5.3.5 for a maturity analysis of lease liabilities.

LEASE LIABILITIES

NOK (thousands)	2022	2021
Non-current	(59,731)	(59,957)
Current	(6,537)	(3,419)
	(66,268)	(63,376)

NOTE 15 - INTANGIBLE ASSETS

NOK (thousands)	GOODWILL	INTELLECTUAL PROPERTIES, PATENTS AND LICENSES	TRADEMARKS AND CUSTOMER RELATIONSHIPS	TOTAL
Costs				
Balance at 1 January 2021	-	282	-	282
Business combinations	99,275	8,581	84,933	192,789
Additions	-	-	-	-
Exchange differences	5,693	933	4,870	11,496
BALANCE AT 31 DECEMBER 2021 AND 1 JANUARY 2022	104,968	9,796	89,803	204,567
Additions	-	52	-	52
Reclassification	-	-	-	-
Retirement and disposals	-	-	-	-
Business combinations	65,503	25,278	49,608	140,389
Exchange differences	13,459	1,066	11,406	25,931
BALANCE AT 31 DECEMBER 2022	**183,930**	**36,192**	**150,817**	**370,939**
Accumulated amortisation				
Balance at 1 January 2021	-	(215)	-	(215)
Business combinations	-	(661)	-	(661)
Amortisation charge	-	(325)	(1,447)	(1,772)
Exchange differences	-	7	(50)	(43)
BALANCE AT 31 DECEMBER 2021 AND 1 JANUARY 2022	-	(1,194)	(1,497)	(2,691)
Amortisation charge	-	(3,129)	(12,738)	(15,867)
Retirement and disposals	-	-	-	-
Business combination fair value adjustments	-	-	-	-
Exchange differences	-	(168)	(437)	(605)
BALANCE AT 31 DECEMBER 2022	**-**	**(4,491)**	**(14,672)**	**(19,163)**
Carrying amounts				
At 1 January 2021	-	67	-	67
At 31 December 2021 and 1 January 2022	104,968	8,602	88,306	201,876
AT 31 DECEMBER 2022	**183,930**	**31,701**	**136,145**	**351,776**
Useful life (years)	**N/A**	**5 - 20**	**10**	

Research and development costs of NOK 7,933 thousand (2021: NOK 2,382 thousand) that are not eligible for capitalisation have been expensed in the year incurred and they are recognised in other operating expenses.

Impairment testing

The Group assesses, at each reporting date, whether there is an indication that an intangible asset may be impaired in accordance with NOTE 4.5. The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of six years. A long-term growth rate is calculated and applied to project future cash flows after the sixth year.

The Group's goodwill originated from business combinations are as follows:

NOK (thousands)	2022	2021
Strategic Robotic Systems Inc ("SRS")	117,321	104,968
Reach Robotics Pty Ltd ("Reach Robotics")	34,598	-
Tritech International Ltd ("Tritech")	32,011	-
	183,930	104,968

Strategic Robotic Systems Inc

As at 31 December 2022, the Group performed an impairment test of intangible assets in accordance with the requirements in IAS 36. The headroom related to SRS in the impairment-test amounted to NOK 9,512 thousand. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

NOK (thousands)	IMPAIRMENT ASSESSMENT VALUES	SENSITIVITY ANALYSIS	SENSITIVITY EFFECT IN RECOVERABLE AMOUNT	IMPAIRMENT
Annual revenue growth rate	13.0%	-1.0%	(7,133)	-
Discount rate	12.5%	+0.5%	(5,327)	-

By reference to the recoverable amount assessed in the impairment calculations, it is concluded that there is no impairment indication identified on intangible assets.

Reach Robotics Pty Ltd

As at 31 December 2022, the Group performed an impairment test of intangible assets in accordance with the requirements in IAS 36. The headroom related to Reach Robotics in the impairment-test amounted to NOK 4,903 thousand. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

NOK (thousands)	IMPAIRMENT ASSESSMENT VALUES	SENSITIVITY ANALYSIS	SENSITIVITY EFFECT IN RECOVERABLE AMOUNT	IMPAIRMENT
Annual revenue growth rate	20.6%	-1.0%	(1,962)	-
Discount rate	12.0%	+0.5%	(1,730)	-

By reference to the recoverable amount assessed in the impairment calculations, it is concluded that there is no impairment indication identified on intangible assets.

Tritech International Ltd

As at 31 December 2022, the Group performed an impairment test of intangible assets in accordance with the requirements in IAS 36. The headroom related to Tritech in the impairment-test amounted to NOK 25,330 thousand. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

NOK (thousands)	IMPAIRMENT ASSESSMENT VALUES	SENSITIVITY ANALYSIS	SENSITIVITY EFFECT IN RECOVERABLE AMOUNT	IMPAIRMENT
Annual revenue growth rate	9.8%	-1.0%	(7,371)	-
Discount rate	12.5%	+0.5%	(4,397)	-

By reference to the recoverable amount assessed in the impairment calculations, it is concluded that there is no impairment indication identified on intangible assets.

NOTE 16 - INVESTMENTS IN ASSOCIATES

The following entities have been included in the consolidated financial statements using the equity method:

NAME	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS	PROPORTION OF OWNERSHIP INTEREST AT 31 DECEMBER	
		2022	2021
Hefring Inc	United States of America	25%	25%

Summarised financial information

NOK (thousands)	2022	2021
Current assets	2,398	1,031
Current liabilities	(553)	(592)
NET ASSETS	**1,845**	439
GROUP SHARE OF NET ASSETS (25%)	**461**	110
Revenues	700	1,225
Loss from operations	(18,877)	(4,552)

NOTE 17 - DERIVATIVE FINANCIAL INSTRUMENTS

NOK (thousands)	2022	2021
Derivative financial assets		
Forward foreign exchange contracts	1,929	8,114
TOTAL DERIVATIVE FINANCIAL ASSETS	**1,929**	8,114
Current	-	7,895
Non-current	1,929	219
TOTAL DERIVATIVE FINANCIAL ASSETS	**1,929**	8,114

NOK (thousands)	2022	2021
Derivative financial liabilities		
Forward foreign exchange contracts	(6,154)	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**(6,154)**	-
Current	(6,154)	-
Non-current	-	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**(6,154)**	-

The derivative financial assets are all net settled; therefore, the maximum exposure to credit risk at the reporting date is the fair value of the derivative assets which are included in the consolidated statement of financial position.

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currency. To reduce the Group's exposure to FX fluctuations with the USD the Group takes out a foreign exchange forwarding contract to the value of USD 750,000 per month. At the reporting date the Group had 15 (2021: 21) active foreign exchange forwarding contracts maturing monthly up to March 2024.

Gains and losses in fair valuing foreign exchange forwarding contracts are recognised in profit or loss. Gains and losses on maturity are recognised in profit or loss.

NOTE 18 - INVENTORIES

The inventories comprise of the following:

NOK (thousands)	2022	2021
Raw materials and consumables	42,409	5,002
Work-in-progress	782	52
Finished goods and goods for resale	72,006	59,155
	115,197	64,209

At 31 December 2022 no inventory was written off (31 December 2021: nil). The cost of inventories utilised are recognised as an expense in raw materials.

NOTE 19 - TRADE AND OTHER RECEIVABLES

NOK (thousands)	NOTE	2022	2021
Trade receivables		109,168	60,513
Less: provision for impairment of trade receivables		(651)	(405)
Net trade receivables		108,517	60,108
Prepayments		15,914	4,131
VAT receivable		293	83
Bonds, deposits, guarantees		3,426	105
Related party receivables	28	11,887	11,690
Other receivables		14,647	5,727
TOTAL		**154,684**	81,844
Non-current		11,887	11,690
Current		142,797	70,154
TOTAL TRADE AND OTHER RECEIVABLES		**154,684**	81,844

The Group utilises judgment and historical credit losses to assess customer receipts on an individual basis. The creation and release of the allowance for doubtful debts for impaired receivables have been charged to profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

NOK (thousands)	2022	2021
Current	47,738	27,810
1-30 days	35,882	17,387
31-60 days	7,052	8,264
61-90 days	2,047	2,818
>90 days	15,798	3,829
BALANCE AT 31 DECEMBER	**108,517**	**60,108**

NOTE 20 - CASH AND CASH EQUIVALENTS

NOK (thousands)	2022	2021
Bank deposits payable on demand	143,760	77,470
Bank deposits restricted to tax payments	10,064	7,313
BALANCE AT 31 DECEMBER	**153,824**	**84,783**

Restricted bank deposits are tax deductions made on behalf of employees.

NOTE 21 - LOANS AND BORROWINGS

		2022	
NOK (thousands)	CURRENT	NON-CURRENT	TOTAL
Revolving credit facility	20,116	180,000	200,116
Other borrowings	231	276	507
TOTAL	**20,347**	**180,276**	**200,623**

		2021	
NOK (thousands)	CURRENT	NON-CURRENT	TOTAL
Revolving credit facility	-	40,000	40,000
Other borrowings	204	727	931
TOTAL	**204**	**40,727**	**40,931**

During the year the Group secured a NOK 200.0 million facility, secured by a first priority pledge over a selection of the subsidiary shares. The termination date of the facility is three years from drawdown (circa 2025). The facility constrains customary covenants, the ratio of total equity to total assets must be at a minimum above 40%, and NIBD/EBITDA not to exceed 3.0. The interest is in line with market conditions and is based on NIBOR plus a margin of 2.0% to 2.5% (the spread depends on certain leverage covenants).

LOAN COVENANTS

NOK (thousands)	2022	2021
Equity ratios		
Total equity	487,093	319,636
Total assets	939,525	531,167
EQUITY RATIO	**52%**	**60%**

NOK (thousands)	2022	2021
NIBD ratios		
Loans and borrowings	200,623	40,931
Lease liabilities	66,268	63,376
Cash and cash equivalents	(153,824)	(84,783)
NIBD	113,067	19,524
EBITDA	145,650	87,391
NIBD TO EBITDA RATIO	**0.8**	**0.2**

The Group has complied with these covenants throughout 2022 and 2021.

Other borrowings comprise of business loans at a fixed interest rate of 0.55%, repayments are monthly, the loans terminate in 2024 and 2026.

NOTE 22 - TRADE AND OTHER PAYABLES

NOK (thousands)	2022	2021
Trade payable	32,788	15,130
Wage taxes and social securities	21,565	11,083
Accruals	28,183	11,295
Provision - Warranties	2,959	-
Provision - Dilapidations	409	-
VAT Payable	3,431	1,423
Other payables	10,399	4,049
BALANCE AT 31 DECEMBER	**99,734**	**42,980**

For certain products the Group has incurred an obligation to exchange the item if it breaks prematurely due to a manufacturing fault. Revenue for the sale of the products is recognised once the goods are delivered. No provision for warranty claims are made as the amounts historically has been not material. Warranty claims are expensed to cost of sales.

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised as depreciation of leasehold improvements over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

NOTE 23 - CONTRACT LIABILITIES

NOK (thousands)	2022	2021
Prepayments from customers	14,848	28,079
Invoiced revenue, not delivered	6,846	3,298
BALANCE AT 31 DECEMBER	**21,694**	**31,377**

Set out below is the amount of revenue recognised from:

NOK (thousands)	2022	2021
Amounts included in contract liabilities at the beginning of the year	31,377	9,643
	31,377	**9,643**

The Group does not have long term contract liabilities.

NOTE 24 - SHARE CAPITAL AND PREMIUM

NOK (thousands)	NUMBER OF SHARES	ORDINARY SHARES	SHARE PREMIUM	TOTAL
Balance at 1 January 2021	521,190	103	5,389	5,492
Restructuring of group with new parent company	521,190	105	104,969	105,074
Business combination	234,681	47	149,388	149,435
BALANCE AT 31 DECEMBER 2021	**1,277,061**	**255**	**259,746**	**260,001**
Balance at 1 January 2022	**1,277,061**	**255**	**259,746**	**260,001**
Business combination	111,049	22	70,690	70,712
Share value increase	-	4,581	(4,581)	-
BALANCE AT 31 DECEMBER 2022	**1,388,110**	**4,858**	**325,855**	**330,713**

The Group was restructured in 2021 through a de-merger and merger transaction whereby Nortek AS was replaced by General Oceans AS as parent of the Group.

In April 2022 General Oceans AS increased the par value of shares from NOK 0.20 to NOK 3.50 per share. The increase in share value is funded by the share premium reserve.

Largest 20 shareholders by year end 31 December 2022 are:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE
Atle Lohrmann	870,000	62.7%
Jesse Rodocker (Jesse & Tracey Rodocker)	90,177	6.5%
Loco Holding AS	60,000	4.3%
Hungry Horse AS	50,000	3.6%
PMPB Investments Pty Ltd ATF Phillips Family Trust	47,973	3.5%
S.Nylund Holding AS	40,000	2.9%
MCSB Investments Pty Ltd ATF Sproule Family Trust	31,982	2.3%
Hefring LLC	30,259	2.2%
KMB Enterprises Pty Limited ATF the KMB Investments Trust	22,210	1.6%
DM Whillas Family Trust	13,951	1.0%
Rosenthal/Fleming Family Trust	11,398	0.8%
Torstein Pedersen	10,000	0.7%
James Barratt	9,507	0.7%
Robin Sharphouse	9,507	0.7%
Rowanmoor Personal Pension Ltd. fbo James Barratt M0005440	7,887	0.6%
Rowanmoor Personal Pension Ltd. fbo Robin Sharphouse M0005441	7,887	0.6%
Pressure Products LLC	7,253	0.5%
Luis Sebastiao	6,790	0.5%
S.D.Kamminga Beheer B.V.	6,750	0.5%
Carolyn Austin	6,173	0.4%
Other shareholders	48,406	3.4%
	1,388,110	100.0%

At year end 31 December 2022 the Board of Directors and key management held 1,058,150 shares.

NOTE 25 - RESERVES

The following describes the nature and purpose of each reserve within equity:

RESERVE	DESCRIPTION AND PURPOSE
Share premium	Amount subscribed for share capital in excess of nominal value.
Foreign exchange reserve	Gains/losses arising on retranslating the net assets of overseas operations into NOK.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

NOTE 26 - CONSOLIDATION COMPANIES

The principal subsidiaries of the Group, all of which have been included in these consolidated financial statements, are as follows:

NAME	BUSINESS OFFICE	OWNERSHIP 2022	EQUITY 2022	PROFIT/LOSS 2022
Nortek AS	Rud	100%	207,456	81,746
Nortek Netherlands BV	Hoofddorp	100%	7,732	1,266
Nortek Instruments Ltd	Southampton	100%	9,517	2,332
Nortek Qingdao Measuring Equipment Co Ltd	Qingdao	100%	15,545	825
SAS Nortek Mediterrannee	La Garde	100%	20,428	4,157
Nortek Brasil Representacoes, Consultoria	Florianopolis	100%	1,357	900
Nortek Japan GK	Tokyo	100%	(4)	(674)
Nortek USA Inc	Boston	100%	356	(6,137)
Nortek Australia Pty Ltd	Melbourne	100%	1,556	544
Strategic Robotic Systems Inc	Redmond	100%	53,159	24,225
Reach Robotics Pty Ltd	Sydney	100%	13,264	(994)
Tritech International Ltd	Ulverston	100%	107,051	3,167
General Oceans Ltd	London	100%	340	317

NOTE 27 - BUSINESS COMBINATIONS

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows:

Strategic Robotic Systems Inc ("SRS")

On 21 October 2021 General Oceans AS acquired 100 percent ownership interest in SRS for a total consideration of NOK 185,818 thousand by issuing 234,681 shares and NOK 36,383 thousand cash to the sellers. SRS specialises in assembling bespoke systems in its advanced ROVs platform. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 99,275 thousand. Capitalised goodwill related to acquisitions comprises synergies, assets related to employees, other intangible assets that do not qualify for separate capitalisation, expectations of future profitability and growth and expectations of better market conditions.

The purchase price and fair value of assets and liabilities acquired are presented in the table below.

NOK (thousands)	FAIR VALUE RECOGNISED ON ACQUISITION
Consideration	**185,818**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	17,773
Trade and other receivables	1,196
Inventories	18,184
Right-of-use assets	1,533
Property, plant and equipment	4,352
Identifiable intangible assets	92,853
Trade and other payables	(28,741)
Lease liabilities	(1,533)
Deferred tax liabilities	(19,074)
Total identifiable net assets	**86,543**
GOODWILL	**99,275**

NOK (thousands)	
Shares issued	149,435
Cash	36,383
Cash and cash equivalents in acquired business	(17,773)
NET CASH OUTFLOW ON THE ACQUISITION	**168,045**

Included in identifiable intangible assets are Trademark NOK 4,390 thousand, Intellectual property NOK 7,920 thousand and Customer relationships NOK 80,543 thousand. Transaction costs amounted to NOK 1,869 thousand.

Reach Robotics Pty Ltd ("Reach Robotics")

On 1 January 2022 General Oceans AS acquired 100 percent ownership interest in Reach Robotics for a total consideration of NOK 70,711 thousand by issuing 111,049 shares to the sellers. Reach Robotics specialises in creating and manufacturing advanced underwater ROV grippers, actuators, and manipulator arms. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 34,014 thousand. Capitalised goodwill related to acquisitions comprises synergies, assets related to employees, other intangible assets that do not qualify for separate capitalisation, expectations of future profitability and growth and expectations of better market conditions.

The purchase price and fair value of assets and liabilities acquired are presented in the table below.

NOK (thousands)	FAIR VALUE RECOGNISED ON ACQUISITION
Consideration	**70,711**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	7,894
Trade and other receivables	14,123
Inventories	6,474
Property, plant and equipment	2,201
Identifiable intangible assets	33,075
Deferred tax assets	181
Trade and other payables	(16,693)
Deferred tax liabilities	(10,558)
Total identifiable net assets	**36,697**
GOODWILL	**34,014**

NOK (thousands)	
Shares issued	70,711
Cash and cash equivalents in acquired business	(7,894)
NET CASH OUTFLOW ON THE ACQUISITION	**62,817**

Included in identifiable intangible assets are Trademark NOK 4,815 thousand, Intellectual property NOK 7,951 thousand and Customer relationships NOK 20,309 thousand. Transaction costs amounted to NOK 42 thousand.

Since the acquisition the acquiree Reach Robotics contributed NOK 41,006 thousand to Group revenues and a net loss of NOK 994 thousand.

Tritech International Ltd ("Tritech")

On 30 September 2022 General Oceans AS acquired 100 percent ownership interest in Tritech for a total cash consideration of NOK 165,897 thousand. Tritech specialises in the design and production of high-performance acoustic sensors, sonars, video cameras and mechanical tooling equipment. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 31,489 thousand. Capitalised goodwill related to acquisitions comprises synergies, assets related to employees, other intangible assets that do not qualify for separate capitalisation, expectations of future profitability and growth and expectations of better market conditions.

The purchase price and fair value of assets and liabilities acquired are presented in the table below.

NOK (thousands)	FAIR VALUE RECOGNISED ON ACQUISITION
Consideration	**165,897**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	6,293
Trade and other receivables	25,397
Inventories	30,382
Right-of-use assets	2,610
Property, plant and equipment	57,632
Identifiable intangible assets	41,811
Income tax payable	(1,484)
Trade and other payables	(15,888)
Lease liabilities	(2,610)
Deferred tax liabilities	(9,735)
Total identifiable net assets	**134,408**
GOODWILL	**31,489**

NOK (thousands)	
Cash	165,897
Cash and cash equivalents in acquired business	(6,293)
NET CASH OUTFLOW ON THE ACQUISITION	**159,604**

Included in identifiable intangible assets are Trademark NOK 6,814 thousand, Intellectual property NOK 17,327 thousand and Customer relationships NOK 17,670 thousand. Transaction costs amounted to NOK 2,144 thousand.

Since the acquisition the acquiree Tritech contributed NOK 34,782 thousand to Group revenues and NOK 3,167 thousand to net profit.

If the business combination had been completed on 1 January 2022, management estimates that the acquiree would have contributed NOK 124,796 thousand to Group revenues and NOK 9,723 thousand to net profit. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2022.

NOTE 28 - RELATED PARTIES

During the year Group companies entered into the following transactions with related parties who are not members of the Group.

	INCOME		EXPENSES		AMOUNTS OWED BY RELATED PARTIES		AMOUNTS OWED TO RELATED PARTIES	
NOK (thousands)	2022	2021	2022	2021	2022	2021	2022	2021
Hungry Horse AS	197	175	-	-	11,887	11,690	-	-
Ocean Illumination (CA)	-	-	584	642	-	-	-	-
	197	175	**584**	642	**11,887**	11,690	**-**	-

Hungry Horse AS and Ocean Illumination (CA) are owned by shareholders. The long-term loan to Hungry Horse matures in 2029 and attracts interest according to section 5-12 of the Norwegian Tax Act.

NOTE 29 - CONTINGENCIES AND CLAIMS

The Group was not involved in any material contingencies or legal claims as 31 December 2022 and 2021.

NOTE 30 - EVENTS AFTER THE BALANCE SHEET DATE

There are no events after balance sheet date.

NOTE 31 - FIRST TIME ADOPTION OF IFRS

This is the Group's first consolidated accounts presented in accordance with IFRS. The Group has previously submitted its annual report for 2021 in accordance with NGAAP. The accounting principles described in NOTE 4 have been used to prepare the company's consolidated accounts for 2022, comparable figures for 2021 and an IFRS opening balance sheet as at 1 January 2021, which is the Group's date of transition from Norwegian accounting principles (NGAAP) to IFRS.

In connection with the preparation of the IFRS opening balance sheet, the Group has made some adjustments to the accounting figures compared to those reported earlier in the Group's annual accounts that were prepared according to NGAAP. The effect of the transition from NGAAP to IFRS on the Group's financial position, the Group's results and the Group's cash flow is explained in greater detail in this note.

IFRS 1 "First-time adoption of IFRS" has been applied and the following exemption provisions have been used:

- According to Appendix C1 the Group has decided to restate the acquisition of Strategic Robotic Systems Inc in 2021 and all later acquisitions.
- According to Appendix D9 the Group has applied IFRS 16 on the basis of facts and circumstances existing at the date of transition and the value of the lease liability and right to use assets are calculated bases on remaining lease payments.

IFRS 1 states that estimates in accordance with IFRSs at the date of transition to IFRSs shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

New standards, amendments and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

IAS 8.30 requires an entity to disclose standards issued but not yet effective that they will apply in the future.

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)
- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

RECONCILIATION OF TRANSITIONAL EFFECTS

Reconciliation of statement of comprehensive income for 2021

NOK (thousands)	NOTE	NGAAP	EFFECTS OF TRANSITION TO IFRS	IFRS
Revenue	A	361,706	(3,139)	358,567
Other operating revenue	A	2,021	3,139	5,160
TOTAL OPERATING REVENUE		**363,727**	**-**	**363,727**
Operating expenses				
Raw materials		(101,227)	-	(101,227)
Employee benefits		(127,423)	-	(127,423)
Depreciation and amortisation expense	B, C	(10,481)	(2,254)	(12,735)
Other operating expense	C, F	(50,565)	2,879	(47,686)
OPERATING PROFIT		**74,031**	**625**	**74,656**
Finance income		9,784	-	9,784
Finance expense	D, F	(10,781)	(6,872)	(17,653)
PROFIT BEFORE TAX		**73,034**	**(6,247)**	**66,787**
Tax expense	C	(16,061)	339	(15,722)
PROFIT FOR THE YEAR		**56,973**	**(5,908)**	**51,065**
Other comprehensive income				
Foreign currency translation differences of foreign operations		-	9,762	9,762
OTHER COMPREHENSIVE INCOME, NET OF TAX		**-**	**9,762**	**9,762**
TOTAL COMPREHENSIVE INCOME		**56,973**	**3,854**	**60,827**

RECONCILIATION OF TRANSITIONAL EFFECTS

Reconciliation of statement of financial position at 1 January 2021 and 31 December 2021

NOK (thousands)	NOTE	01 January 2021 NGAAP	01 January 2021 EFFECTS OF TRANSITION TO IFRS	01 January 2021 IFRS	31 December 2021 NGAAP	31 December 2021 EFFECTS OF TRANSITION TO IFRS	31 December 2021 IFRS
ASSETS							
Non-current assets							
Property, plant and equipment		19,733	-	19,733	25,388	-	25,388
Right-of-use assets	B	-	64,407	64,407	-	61,925	61,925
Intangible assets	C	67	-	67	171,983	29,893	201,876
Investments in equity-accounted associates		14	-	14	110	-	110
Derivative financial assets	D	-	10,721	10,721	-	219	219
Other receivables		12,080	-	12,080	11,690	-	11,690
Deferred tax assets		373	-	373	1,759	-	1,759
		32,267	**75,128**	**107,395**	**210,930**	**92,037**	**302,967**
Current assets							
Inventories		52,375	-	52,375	64,209	-	64,209
Trade and other receivables	E	45,930	(409)	45,521	71,313	(1,159)	70,154
Contract assets	E	-	409	409	-	1,159	1,159
Derivative financial assets	D	-	2,165	2,165	-	7,895	7,895
Cash and cash equivalents		117,464	-	117,464	84,783	-	84,783
		215,769	**2,165**	**217,934**	**220,305**	**7,895**	**228,200**
TOTAL ASSETS		**248,036**	**77,293**	**325,329**	**431,235**	**99,932**	**531,167**
LIABILITIES							
Non-current liabilities							
Loans and borrowings		365	-	365	40,727	-	40,727
Lease liabilities	F	-	61,854	61,854	-	59,957	59,957
Deferred tax liability	C	-	-	-	178	19,817	19,995
		365	**61,854**	**62,219**	**40,905**	**79,774**	**120,679**
Current liabilities							
Trade and other payables	E	108,643	(9,643)	99,000	74,357	(31,377)	42,980
Contract liabilities	E	-	9,643	9,643	-	31,377	31,377
Loans and borrowings short term		-	-	-	204	-	204
Lease liabilities short term	F	-	2,553	2,553	-	3,419	3,419
Income tax payable		7,633	-	7,633	12,872	-	12,872
		116,276	**2,553**	**118,829**	**87,433**	**3,419**	**90,852**
TOTAL LIABILITIES		**116,641**	**64,407**	**181,048**	**128,338**	**83,193**	**211,531**
NET ASSETS		**131,395**	**12,886**	**144,281**	**302,897**	**16,739**	**319,636**
EQUITY							
Share capital		103	-	103	255	-	255
Share premium reserve		19,132	-	19,132	259,746	-	259,746
Foreign exchange reserve		-	-	-	(4,138)	9,761	5,623
Retained earnings	B, C, D	112,160	12,886	125,046	47,034	6,978	54,012
TOTAL EQUITY		**131,395**	**12,886**	**144,281**	**302,897**	**16,739**	**319,636**

RECONCILIATION OF TRANSITIONAL EFFECTS

Reconciliation of consolidated cash flow year ended 31 December 2021

NOK (thousands)	NOTE	NGAAP	EFFECTS OF TRANSITION TO IFRS	IFRS
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	B, C, D, F	**56,973**	**(5,908)**	**51,065**
Adjustments for:				
Depreciation of tangible and intangible assets	B, C	6,886	5,712	12,598
Goodwill amortisation	C	3,596	(3,596)	-
Net finance expense	F	10,781	2,100	12,881
Reconciliation foreign currency differences		(4,106)	138	(3,968)
Taxation expense		16,061	(391)	15,670
Gain on sale of non-current assets		(320)	-	(320)
Fair value losses on derivative financial instruments	D	-	4,772	4,772
Increase in inventories		(11,834)	-	(11,834)
Increase in trade and other receivables	E	(22,662)	750	(21,912)
Increase in contract assets	E	-	(750)	(750)
Increase/(decrease) in trade and other payables	E	20,301	(21,734)	(1,433)
Increase in contract liabilities	E	-	21,734	21,734
Net cash flow from operations		75,676	2,827	78,503
Income taxes paid		(7,633)	-	(7,633)
Interest paid		(11,034)	-	(11,034)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**57,009**	**2,827**	**59,836**
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		382	-	382
Sale of non-current assets		927	-	927
Purchases of plant and equipment		(15,794)	-	(15,794)
Acquisition of subsidiaries (net of cash)		(19,115)	-	(19,115)
NET CASH USED IN INVESTING ACTIVITIES		**(33,600)**	**-**	**(33,600)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in interest bearing loans		40,566	-	40,566
Decrease in other interest bearing loans		(1,541)	-	(1,541)
Lease liabilities repaid	F	-	(2,827)	(2,827)
Dividends paid		(95,115)	-	(95,115)
Increase in share capital		-	-	-
NET CASH USED IN FINANCING ACTIVITIES		**(56,090)**	**(2,827)**	**(58,917)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(32,681)**	**-**	**(32,681)**
Cash and cash equivalents at beginning of year		117,464	-	117,464
CASH AND CASH EQUIVALENTS AT END OF YEAR		**84,783**	**-**	**84,783**

NOTES TO THE RECONCILIATION OF TRANSITIONAL EFFECTS

1 January 2021 and 31 December 2021

NOTE A - REVENUE (IFRS 15)

In accordance with IFRS 15, revenue recognition is limited to revenue arising from contracts with customers. As government grants do not constitute contracts with customers, they are excluded from the scope of IFRS 15. Consequently, government grants of NOK 3,139 thousand are reclassified to other operating revenue in 2021, ensuring a clear distinction between revenue from contracts with customers and other sources of income.

NOTE B - RIGHT-OF-USE ASSETS (IFRS 16)

IFRS 16 Lease was implemented on 1 January 2021 (Transition date). Lease treated as operational leases under NGAAP are reconciled in the balance sheet in accordance with IFRS 16, in total the book value of "Right-of-use assets" as of 1 January 2021 as NOK 84,970 thousand and at 31 December 2021 is NOK 81,223 thousand. As a result, depreciation expenses of NOK 4,098 thousand was incurred for 2021.

NOTE C - GOODWILL (IFRS 3, IAS 12)

The Group has implemented IFRS 3 for all its acquisitions as from 1 January 2021 by applying transitional rule in IFRS 1. As a result of this, it is in accordance with IFRS no longer permitted to amortise goodwill as from 1 January 2021, and goodwill is instead to be treated annually for impairment. This is different to NGAAP, according to which goodwill is assessed as an asset with a definite useful life and is amortised over its expected useful financial lifetime.

A reallocation of identified added values has also been carried out. When converting to IFRS, we allocated from goodwill to valued assets NOK 18,660 thousand. The goodwill amortisation reversal was NOK 3,458 thousand.

Deferred tax liabilities recognised from the business combinations was NOK 21,998 thousand as at 31 December 2021.

NOTE D - DERIVATIVES (IFRS 9)

IFRS 9 Financial instruments was implemented on 1 January 2021 (Transition date). The Group has several FX forwarding contracts that valued under IFRS 9 resulted in a derivative asset on 1 January 2021 of NOK 12,886 thousand and a derivative asset of NOK 8,114 thousand on 31 December 2021. These derivative instruments are fair valued to profit or loss. See NOTE 17 for details regarding classification and valuation.

NOTE E - CONTRACT ASSETS AND LIABILITIES (IFRS 15)

IFRS 15 Revenue requires the disclosure of contract assets and liabilities to be presented on separate lines on the balance sheet. Contract assets reallocated from Trade and other receivables on 1 January 2021 NOK 409 thousand and on 31 December 2021 NOK 1,159 thousand. Contract liabilities reallocated from Trade and other payables on 1 January 2021 NOK 9,643 thousand and on 31 December 2021 NOK 31,377 thousand.

NOTE F - LEASE LIABILITIES (IFRS 16)

IFRS 16 Lease was implemented on 1 January 2021 (Transition date). Lease treated as operational leases under NGAAP are reconciled in the balance sheet in accordance with IFRS 16. Rental obligations of NOK 64,407 thousand as at 1 January 2021 and NOK 63,376 thousand as at 31 December 2021 were recorded in line with the corresponding Right-of-use asset. Rental payments of NOK 4,748 thousand for 2021 was reclassified from rental payments to payments for lease liabilities. As a result, the Group incurred interest expenses of NOK 2,100 thousand for 2021.

AUDITOR'S REPORT

BDO

BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

Independent Auditor's Report

To the Annual Shareholders meeting of General Oceans AS

Opinion

We have audited the financial statements of General Oceans AS.

The financial statements comprise:	In our opinion:
• The financial statements of the parent company, which comprise the balance sheet as at 31 December 2022, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and • The financial statements of the group, which comprise the balance sheet as at 31 December 2022, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The financial statements comply with applicable statutory requirements. • The accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. • The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), 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.

Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with

BDO

the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. 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.

Opinion on the Board of Director's report

Based on our knowledge obtained in the audit, in our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view, for in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

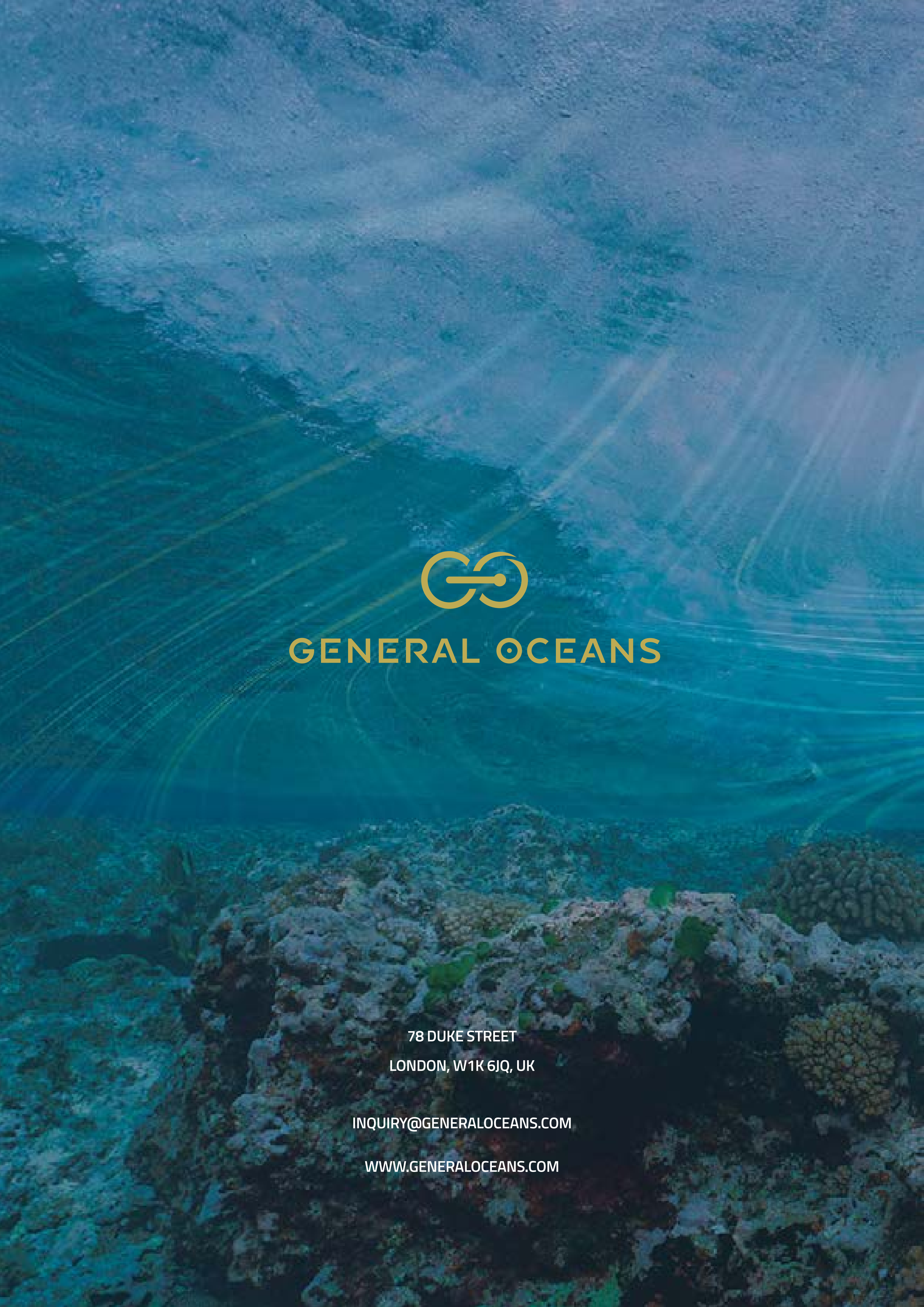
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

BDO AS

Norunn Byrkjeland
State Authorised Public Accountant
(This document is signed electronically)

BDO AS, et norsk aksjeselskap, er deltaker i BDO International Limited, et engelsk selskap med begrenset ansvar, og er en del av det internasjonale nettverket BDO, som består av uavhengige selskaper i de enkelte land. Foretaksregisteret: NO 993 606 650 MVA.



GENERAL OCEANS

78 DUKE STREET
LONDON, W1K 6JQ, UK

INQUIRY@GENERALOCEANS.COM

WWW.GENERALOCEANS.COM