GENERAL OCEANS

ANNUAL REPORT 2023

Forward Movement

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.

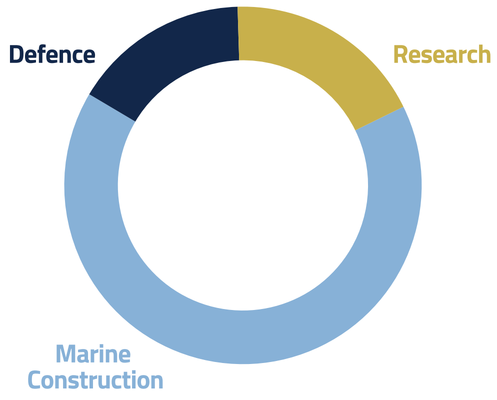
INDUSTRIES WE SERVE

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

- Navies, coast guard agencies & border security
- Offshore Operators
- Engineering Companies
- National Institutions

- Engineering Service Companies
- Autonomous Vehicle Manufacturers
- Researchers & Scientists
- ROV manufacturers

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 PRESIDENT

GENERAL OCEANS

"General Oceans research effort into sensor fusion and underwater perception shows how marine construction, survey, and exploration will be more accessible in the years to come."

2023 saw General Oceans settling into a more formal structure as we increased our revenue by 28% when compared to 2022. In December, we received investments from Ferd, a Norwegian family office with impeccable credentials which now owns 26% of General Oceans. We also improved the composition of our Board, and positioned our six-person headquarters in London as a real resource for the operating companies. In August 2023, we purchased Klein Marine Systems outright so we now have five core operating companies and nine subsidiaries, each with a focus on sales and distribution, and we employ 340 employees across nine countries.

Financially, 2023 was a transition year, where we had to focus on resetting the core business at SRS (ROVs) after the founders left, getting a better understanding of Reach Robotics (manipulators), and helping Klein (side scan) escape from a state of underfunding. On the positive side, Nortek – our largest operating company – benefitted from a positive FX development and produced all-time-high results, both in revenue and earnings. Tritech also provided a positive contribution with organic growth of 18% relative to FY2022. In total, the Group revenue was NOK 809m (630m in 2022), the Group EBITDA was NOK 127m (146m in 2022), and the Group normalised GAAP EBIT was 78m (115m in 2022).

As we move into 2024, we see Nortek and Tritech continue their upward trajectory, and believe our turn-around work at SRS is starting to generate positive results. We expect positive effects from a reset at Reach Robotics following the founders' exit in January 2024, and installation of new management. And we see Klein negotiating large contracts with significant customers. Our expectations for 2024 are positive, and we believe the Group will continue to strengthen throughout the year, both as individual operating companies and as a collaborative entity.

Our three market areas were strong in 2023, and we expect this will continue for at least another two years. In marine construction, wind farm developments have generated broad demand across all technology sectors while we still see a lot of refurbishment and life-extensions taking place in oil and gas. In science, we see strong activity and broader geographic participation, even as there may be a small shift from the physics of the ocean to the biology of the oceans. The defence sector is refocusing toward increased autonomy and flexible procurement procedures based on lessons learned in Ukraine, and from the anticipated asymmetry in any upcoming conflicts. Of these segments, General Oceans is currently best positioned to grow in marine construction.

The IPO market is still quiet and the investment from Ferd strengthened our balance sheet in a positive way. The implication is that we can continue to look for M&A opportunities, and we are doing so within multiple segments of the ocean technology sector.

For 2024, we are focusing on the following areas:

Continue organic growth

Organic growth comes from quality and quantity in sales and marketing, intelligent product road maps, and excellence in operations. Throughout the last 18 months we have continuously taken advantage of Nortek's global sales organisation to expand the reach of the other operating companies. For 2024, we will continue this work as we introduce General Oceans' initiatives including common tradeshow exhibits, new branding, new websites, aligned CRM, and the expansion of our talent development practices. New for 2024 is a stronger focus on product roadmaps, which includes technology collaboration, centralised market research, and optimisation of engineering resources. The outcome of this work is still to be assessed, but we do believe that a centralised perspective is important to ensure that there is a good balance between commercial and technological success.

Identify areas for common initiatives

General Oceans research effort into sensor fusion and underwater perception shows how marine construction, survey, and exploration will be more accessible in the years to come. The research group at Reach Robotics received General Oceans funding in 2023 to improve our ability to interpret optical images and autonomously manipulate objects. This work will continue in 2024 with increased focus on specific ROV operations. A successful end product will require high-quality optical and acoustic perception systems, electric manipulators, and tightly integrated control systems. We believe this to be a technology area that will have a significant impact on ROV operations.

Purchase new and established companies

We will continue to look for good opportunities in all segments, including science, defence, and marine construction. Larger companies should have technically advanced products and an organisational structure that is mature and does not require significant changes. Smaller companies need to have promising technologies and early market traction.

This activity, which requires both funding and organisational focus, will still be the largest contributor to the growth of General Oceans over the next couple of years.

Invest in people

Our industry is rapidly expanding as ocean technology is asked to solve complex and global problems. At the same time, the workforces in countries without a strong maritime culture are not building their careers at the pace required to keep up with demand. This is the case for technical talent, established or prospective salespeople, marketers, financial experts, human resource leaders, and production personnel. Recognising that as a collective, we have the experience, resources, and energy to tackle this, we established the General Oceans Academy, a collection of professional programs to build the ocean tech talent of tomorrow. Four pillars of the program, GO Explore, GO Faster, GO Experience, and GO Further, offer opportunities for people at every stage including recent graduates, engineers looking to move into management, and established professionals who want to grow their skill base. GO Academy programmes target both internal employees, and prospective hires who are already at home in our industry, or those looking to make a transition to this exciting space.

We look forward to the continued evolution of the General Oceans story, as every day brings both challenges and new opportunities!

Atle Lohrmann

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 AS 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 company to achieve individual performance targets and maintain its unique identity.

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.

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 R&D | Project financing

OPERATING COMPANIES

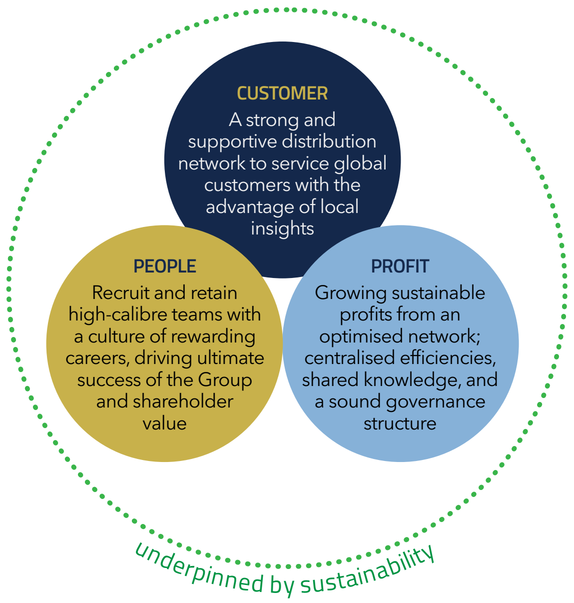
KLEIN | NORTEK | REACH ROBOTICS | SRS | TRITECH
Operational focus only
Local identity and project ownership retained
Improved capability to deliver complex projects

OUR STRATEGY

In 2023 we continued to make progress on our growth strategy, taking steps to scale up our ambitions as a global player in the underwater technology sector. We continued to combine our resources, seize opportunities, and expand our footprint under the banner of the General Oceans group of companies.

We are investing in a number of areas that are destined for growth, with a spotlight on intelligent autonomy and advanced sensor systems, AI or machine learning processing modules, and control algorithms.

The Group is funding internal research programmes in key technology areas of the future, and is active in looking for corporate partners that align with our business model and contribute to the value chain, or have commercial applications that align with and enhance our technologies.



A BUSINESS MODEL THAT DELIVERS OUR GROWTH PLAN

We offer dedicated support out of the General Oceans head office in London, which frees up time for global experts across our operating companies to innovate and deliver more complicated projects, in an increasingly competitive landscape. The market for our products and services remains buoyant, and much of our success in the year can be attributed to the acquisition of a diverse portfolio of companies worldwide, which helps to mitigate global risk factors – and an increased demand in the oil and gas sectors, offshore wind projects, and the energy transition.

In 2021, we pinpointed three main strategic pillars, and we remain committed to them today:

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

2023 STRATEGIC HIGHLIGHTS

GROWING SUSTAINABLE PROFITS

In August 2023, we acquired Klein Marine Systems, the world's leading side scan sonar (SSS) system provider. Klein is recognised worldwide for its manufacture and design of high-resolution SSS, with brand recognition and a reputation for quality and excellence since 1969. Klein is an excellent strategic fit for the General Oceans Group due to its roots in innovation and technological advancement, and its products are deployed by governments, navies, port authorities, surveyors, oil companies and universities worldwide.

Tritech and Nortek reported excellent commercial growth in the year, and Reach Robotics reached a significant milestone in the year with the introduction of the Reach X Advanced Intervention System (RX-AIS), setting a new benchmark for naval and critical force operators in challenging and unpredictable environments.

We continue to develop a new strategic framework to support the long-term growth of SRS. Moving operations to San Diego was the main focus in the year, which now brings the business closer to its primary customers. This proximity will assist General Oceans strategically in the growth of its US service base and footprint and we look forward to working together with SRS as it navigates through this important transition phase.

EchoSonics was incorporated in June 2023 with a focus on transducer development and production, and is co-located with Tritech at its manufacturing site in Ulverston, which based out of Cumbria in the UK.

A LEARNING ORGANISATION

Our people strategy and development is well under way under the leadership of our Chief People Officer, who was announced in last year's annual report. The CPO has delivered General Oceans' inaugural employee engagement survey – which serves as a baseline from which we can measure, manage and improve on our recruitment, retention and remuneration activities. The survey returned a favourable response rate, and we plan to conduct the survey annually.

The role of the CPO is to lead and develop our people initiatives, creating a pipeline of opportunities with a focus on culture and talent management programmes. In the year, we carried out planning for the launch of the General Oceans Academy, at Oceanology International 2024 in London's Excel arena in March. The Academy is a collection of professional programmes and ground-breaking opportunities; specifically designed to nurture existing employees, so they can learn and grow in their careers. Another goal is to engage with, and create a pipeline of talent (at all levels) from outside the Group, so we can entice the leaders of tomorrow, with robust initiatives and packages that position General Oceans as an attractive employer.

OUR ESG ROADMAP

We continued to develop our ESG framework as this is a priority area for us to develop. The ESG Working Group has been tasked with the delivery of our ESG roadmap and in 2023 we initiated a number of internal projects to deliver on the regulatory reporting requirements that will be incumbent on us from 2025.

All companies covered by the EU Corporate Sustainability Reporting Directive (CSRD) will be required to (1) align their corporate sustainability and ESG report in accordance with the European Sustainability Reporting Standards (ESRS) framework by 2024, and (2) officially report in accordance with the legislation by 2025.

Sustainable business remains embedded in our purpose, and we are working together to formalise and integrate a common set of goals and actions to deliver this work in a meaningful way.

OUR APPROACH TO ESG

General Oceans has a clear vision to lead on sustainability and ESG. We commit to using our scale and holding company status to transform the ocean technology sector; and driving a common set of principles across the wider Group will assist us with this. This is our third annual report (since we incorporated in 2021), and the second year in which we call out our ESG intentions more specifically. We are still in our formative years, putting plans and targets in place to enable best-practice delivery across a full set of Environment, Social, and Governance commitments.

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 aware of its responsibility to the blue economy, and will use its integrated platform and business model to support our five operating companies, each of whom retains the independence to align their business strategies and operational duties to a specific set of Sustainable Development Goals (SDGs) with our support.

We are actively fostering a culture where employees, management, customers, suppliers, and other stakeholders are given the opportunity to provide input, and in the future we will look to identify those ESG-related issues that are material to them, as we make moves towards ESRS compliance by 2025.

At Group level we have identified four UN Sustainable Development Goals (SDGs) that we will align our business activities to closely.

2023 HIGHLIGHTS

330+
GROUP EMPLOYEES
as at FY2023

76%
FAVOURABLE RESPONSES
in our inaugural employee survey

354
SOLAR PANELS INSTALLED
at Tritech in Ulverston, UK

74:26
M:F GENDER SPLIT
across the Group

↓26%
CARBON FOOTPRINT REDUCTION
Scope 1 & Scope 2 emissions at Nortek 2019-2023

650 KILOS
MARINE WASTE COLLECTED
from our waterways

OUR ESRS ROADMAP & REPORTING REQUIREMENTS

All companies covered by the EU Corporate Sustainability Reporting Directive (CSRD) will be required to align their corporate sustainability and ESG reporting in accordance with the European Sustainability Reporting Standards (ESRS) framework.

General Oceans will be required to disclose additional sustainability issues, applying the double-materiality principle, which seeks to clearly address whether any sustainability topic being reported is material to internal and external stakeholders from either a financial or an impact perspective.

In 2023, we initiated a number of internal projects to deliver on the regulatory reporting obligations that will be incumbent on us from 2025, and we commit to undertaking the following activities:

- Perform materiality assessments on each sustainability topic applying the double materiality principle, working out which information should be reported. In line with double materiality, General Oceans will report if sustainability information is material from a financial, or an impact perspective – giving due consideration to people and the environment.
- Report on the material impacts, risks and opportunities (IROs) identified within the Group's operations and value chain.
- Provide metrics and targets for material sustainability topics and connect these to our financial reports.
- Ensure that any sustainability disclosures are audited by an independent third-party auditor before filing with the relevant authorities.

ESG TIMELINE

2021 – General Oceans incorporated
- Groupwide focus on projects that reduce marine pollution (SDG 14)
- Committed to best practice as we grow & develop
- Intent on supporting our operating companies through integrated platform & business model

2022 – First ESG statement
- Outlining the GO approach
- Case studies
- UN SDGs
- ESG committee & GO Foundation established

2023 – ESRS workstreams & reporting preparations established
- Prepare for Group's Double Materiality Assessment
- Taxonomy eligibility
- Updates on sustainability strategy & ESG approach

2024 – Reporting aligned to ESRS
- Publish taxonomy analysis
- Perform Double Materiality Assessment

2025 – Report in accordance with ESRS
- Integration of taxonomy in CSRD
- Double materiality published
- IROs published

WHO ARE OUR STAKEHOLDERS?

Our stakeholders are varied, and the role of the Group is to ensure consistency when balancing the potential outcome of our actions for these different groups. Decisions are made frequently to ensure that stakeholder needs are considered, whilst not adversely affecting the needs of others. We engage with each of our stakeholders in a manner that is appropriate, transparent, and in line with industry best practice. We are committed to building engagement and trust, and this fits in with our wider work around sustainability, and social and governance issues.

HOW WE IMPACT SOCIETY & STAKEHOLDERS

- **OUR TECHNOLOGIES ADD VALUE**
  We create products that make our customers' work possible
- **ENABLING RESEARCH**
  Our sensors, processing suites, and platforms expand knowledge of climate and environment
- **ASSIST THE DEFENCE SECTORS**
  Our unmanned vehicles take the 'man out of the minefield'
- **CLEAN FOOD PRODUCTION**
  We supply sensors to monitor fisheries and aquaculture for health and sustainability
- **PART OF ENERGY TRANSITION**
  Supplying systems for clean and safe energy production and marine transportation

OUR ESG GOALS

AND ALIGNMENT WITH SUSTAINABLE DEVELOPMENT GOALS

ESG and sustainability is weaved into everything we do. As a Group we are making more progress in this important area. 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 recruited a new Chief People Officer (CPO), who was announced in last year's report. The CPO has been with the Group for nearly a year, and has been working closely with each of the operating companies to put a range of supports in place to develop Groupwide learning and development initiatives.

In 2023, the ESG Working Group continued to work collaboratively on the ESG and sustainability agenda, and nominees from each of our operating companies have been tasked with company-specific projects that will help us to meet our goals and strive for best practice. We are still at an early stage in this journey, but we still consider the impact of everything we do and the actions we take.

MOVING FORWARD, SUSTAINABLY

OUR ESG STRATEGY & GOALS		
Leveraging tech for positive impact	**Optimising value of people and communities**	**ESG accountability at Board level: governance and ethics**
1. Enabling those at the forefront of climate research, clean energy development and ocean conservation.	2. Become a learning organisation, with clear pathways for progress for all stakeholders.	3. Strive for excellence, across all committees, communications and frameworks
METRICS/MEASUREMENT		
Marine waste and cleanup Recycling water and waste	Annual employee survey GO Foundation: social impact	Quarterly Board meetings ISO, Policies and Safety compliance
WHAT WE DID IN 2023		
• Carbon reduction actions: PV solar & sustainable packaging projects • Reducing outflow of plastics to oceans	• Planning of GO Academy launch • University outreach across Group • GO Foundation funds allocated	• Workstreams initiated for CSRD & ESRS regulatory reporting • Transparency Act & GRI reporting at Nortek • Policies across the Group

1 PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

We recognise the need to recruit and retain the best talent in an increasingly competitive labour market, and the requirement to incentivise and reward employees so they progress their careers.

WAYS WE DO THIS:

- GO Academy
- Women in STEM
- Living Wage

2 BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION

We acknowledge that innovation must pave the way to affordable technology that makes sustainable infrastructure, particularly maritime and inland waterways, a reality.

WAYS WE DO THIS:

- Bubble Barrier project
- Data collection and river insights
- Funding research programmes for future technologies

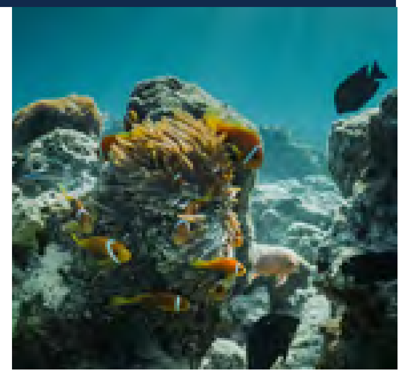
3 ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

From our own facilities to the conferences at which we exhibit and beyond to the use cases of our technologies, responsible consumption and waste reduction are integral.

WAYS WE DO THIS:

- Work on a reduce, re-use and recycle principle
- Design and sourcing of materials for sustainable product packaging
- Installation of 354 PV solar panels

4 CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT



The nature of our work means we understand the value of our oceans and our reliance on them. It is our responsibility to innovate means to clean and protect them, so those working at sea can do so responsibly.

WAYS WE DO THIS:

- Nortek's Bubble Barrier project
- Port and harbour survey and security
- Academic and government climate research

ENVIRONMENTAL

LEVERAGING TECH FOR POSITIVE IMPACT

ENVIRONMENTAL & TECH

Enabling healthier oceans is one of our environmental goals and we do this through our technology and by coastal community support on several projects each year. We actively work to reduce environmental impact and encourage our employees to become involved in solutions that mitigate against the damage of plastic pollution in our oceans and rivers.

We launched an internal competition called Ocean Sprint which allowed us to gather ideas to generate positive environmental impact. We announced Nortek BV (our office in the Netherlands) as winners for their Bubble Barrier project idea – centred around the collection of river rubbish before it makes its way downstream to our oceans.

The Great Bubble Barrier is set up and funded by an NGO, and Nortek has an adjacent office location at one of their sites in Katwijk at the mouth of an old branch of the river Rhine. The project was successfully implemented in 2023 and involved the use of Nortek's instruments to enhance the barrier's performance. The discharge of the river was measured with the 2D Aquadopp Profiler, and we could assist with a better technical placement of the barrier by measuring currents and collecting data to support the case for this.

More about the Bubble Barrier

The Bubble Barrier reduces the outflow of plastics into the ocean by implementing a screen of bubbles, as it is far easier to collect plastics in the river than to collect it from far into the ocean or from coastlines. The barrier consists of a bubble curtain, a catchment system, and an air supply – and is created by pumping air through a perforated tube laying on the bottom of the river. The bubble curtain prevents plastics from floating down the river and into our oceans by generating an upward current which directs any plastics to the surface.

By placing the bubble curtain diagonally across the river, the natural flow of the river will push the plastic waste to the side and into the catchment system. The catchment system is placed at the end of the bubble curtain and stays in place regardless of water level or from passing ships. The Bubble Barrier is deployed along the entire width and depth of the waterway and can work around-the-clock without interfering with shipping traffic.

The Netherlands is part of the Plastic Pact Network, which is being used by governments, businesses, and NGOs around the world to address the plastic pollution crisis. These partnerships play a key role as a mechanism for nations to meet mandated obligations under the United Nations Global Treaty to End Plastic Pollution.

IMPACT

Nortek improved the site in Katwijk by making measurements of the currents and providing online data from River Insight stations that were installed at the beginning of the project. There was a reduction of plastic outflow to the ocean, which aligns with our goal of enabling cleaner oceans and protecting life under water.

TRITECH PROGRESS ON PV PANELS AND SUSTAINABLE PACKAGING

Tritech is a high-technology business with a conscience, and announced the publication of their S/P in the 2022 annual report. The policy can also be found on the Tritech website, where it outlines a commitment to the design and manufacture of high-quality imaging and ancillary products that strive for carbon reduction. Tritech is reducing the levels of power, water and waste consumed or produced through its business operations, operating the 'reduce, re-use and recycle' principle.

Many steps have been taken in 2023, with successful projects including the completed installation of 200,000 kW of PV capacity on the factory roof which was designed for solar panel use at Tritech's Ulverston site in Cumbria, UK. Now completed, the project provides approximately 68% of the facility's existing electricity consumption, which will be a positive step forward for the Group's environmental efforts. The business has identified solar generation as the single most effective carbon reduction action it can take.

In other areas, progress continues to be made with respect to the design and sourcing of materials for sustainable product packaging, and this work has included re-assessing internal foam inlays and the sourcing of alternative outer protective waterproof layers. The first group of products to use the more environmentally-focused packaging will be Tritech's range of smaller sensors such as the Micron Sonar and altimeters.

NORTEK CLEAN-UP GATHERS 650 KG OF WASTE FROM SANDVIKA RIVER

In September 2023, our colleagues at Nortek completed their second underwater clean-up in line with an annual commitment to target different areas around the Oslofjord. This year, they focused again on the area of Sandvika where the river meets the fjord near Nortek's Head Office. The river runs along a busy street of pedestrian traffic with man-made items such as e-bikes, scooters, shopping trolleys and construction signs all frequently ending up in the water.

The team set out on the Nortek boat to remove waste from the local waterways, assisted for the second year running by local dive-training club Vollen Dykkeklubb, where together they successfully removed more than 650kg of rubbish from under the surface. Working together, divers operated underwater by attaching bags of air with rope, while the Nortek team remained aboard to pull up the rubbish. The Nortek boat is usually used for instrument testing but now has a dual role as a clean-up vessel, following their first successful clean-up event at the Oslofjord in August 2022 at the popular swimming spot of Kadettangen.

In both instances, the Nortek team collaborated with local municipality officials Bærum Commune to see where their efforts would be best utilised, which is a perfect example of our community efforts and environmental approach.

Nortek plans to hold these fjord clean-ups each year, targeting different areas around the Oslofjord, and it is an experience that brings colleagues together while creating a positive impact for the environment in which they live and work.

SOCIAL

REALISING POTENTIAL OF PEOPLE IN TECH

PLACING OUR PEOPLE AT THE HEART OF THE BUSINESS

The General Oceans Group was incorporated in 2021, and has since grown to five companies, employing c.337 employees at FY2023.

Our people strategy is central to the Group's vision to become a leading player in the underwater technology landscape. Bringing autonomous intelligence to ocean operators worldwide is a tough challenge in an increasingly competitive labour market. The global shortage of engineers is no secret, and presents an ongoing risk to our hiring managers at a global level, so we must take active steps to build a talent pool that is deep and varied/nimble and agile.

General Oceans has recognised a need to build a global team of high performers, with leadership skills that are second to none, and a 'can do' and 'will do approach' that span engineering, sales and the developing requirement for AI skills too.

We are working hard to develop a robust set of training and development programmes that will be firmly embedded in our strategic growth plans as well as our ESG priorities. We recognise the need to recruit and retain the best talent in an increasingly competitive labour market, and the requirement to incentivise and reward employees as they progress their careers. In the long-term, this will contribute to our value proposition and lower attrition rates will allow us to serve customers brilliantly while growing sustainable profits.

A SPOTLIGHT ON PETER – NINE MONTHS IN

PETER SMITH
CHIEF PEOPLE OFFICER

Each of our operating companies has retained autonomy of its HR operations, with financial reporting the main interaction at Group level until now. The appointment of Peter Smith in 2022 as CPO was timed to offer strategic support at a time of fast-paced growth, and the development of a co-ordinated People strategy for the Group.

Less than a year in the role, and he has campaigned to bring visibility to the workforce, data around people and demographics, and a targeted approach that is set at Group level. This sets the intention for a measured approach, and the opportunity to gain insights and methods to improve the collective position – while promoting the Group as an attractive, interesting and progressive employer. So far, Peter has introduced a quarterly data capture system across the Group, to gather for headcount, age, gender and job function; and will look to expand on this kind of reporting in the future.

As the Group forges ahead with its merger and acquisition strategy, there will be periods of transition and change that require careful navigation, and an empathetic approach. A perfect example of this, has been the integration of Klein Marine Systems to the Group in the third quarter of 2023. Peter and his team were able to act as an HR business partner to ensure a seamless transition, and the Klein team has now stabilised, and are ready to work under the GO umbrella in a restructured environment that is positively looking to the future. You can read more about the integration of Klein on pages 25 to 27 of this annual report.

WOMEN IN STEM

We are committed to undertaking activities to improve knowledge sharing and exposure to our industry by promoting the exciting career opportunities that are available across the Group. We recognise the need to encourage and develop a pipeline of diverse thought into STEM-based careers by addressing the gender imbalance that unfortunately exists. We believe that the shortage of women in STEM will continue in perpetuity if action is not taken, and are actively working to develop initiatives in this area – with some supports in place at operating company level.

It can be difficult to determine future career pathways while still a student. We have a culture of supporting university students, which we do through a range of intern programmes that expose young talent to the versatility of our industry. In some cases, these programmes have been a launchpad for graduate careers, particularly at Reach Robotics and Nortek, who have been most active in this area.

Reach Robotics has committed to supporting university societies and groups, and has sponsored the UOW Women in STEM Society, the Sydney Uni Mechatronics Society, and the USYD Rocketry Team in Australia. The managing director at Tritech has worked directly with local schools at the vocational level to increase engagement on the topic, and the Nortek team has actively profiled the talented and inspirational women who work for the company – sharing insights and stories about the fulfilling careers they hold in this exciting and dynamic ocean technology industry that we call home.

Across the Group, we celebrate International Women in Engineering Day in June, which brings focus and attention to the accomplishments of women in STEM, while highlighting the outstanding achievements of women engineers globally.

EMPLOYEE SATISFACTION SURVEY

In November 2023 we conducted our inaugural employee survey, which returned a favourable response score of 76%, (4% higher than a global average). We have plans to run the survey annually, seeking to improve the overall engagement levels by acting upon key focus areas through an evolving people strategy.

A key part of this is engagement levels, with an opportunity to invite anonymous, honest and clear feedback via a survey. After some research, we chose a third party platform, used by more than 6,500 companies globally, to help us gather the required insights in a secure and completely anonymous manner. All employees were added, along with a number of demographics to allow for greater interrogation of the data, cascading to Operating Company level. All employees were invited to participate in the survey, resulting in 220 responses (65% participation).

The intention to undertake the survey was announced at a Live Forum, with follow-up emails over a one-week timeframe for completion.

- Learning and Development was identified as a main focus area that requires much improvement.
- Insights gleaned from the comments received will be used to inform our people and engagement strategy in the future.
- We expect participation levels to increase as a direct result of this two-way engagement process.
- At the GO Leadership meeting in November 2023, there was an absolute commitment to addressing areas for improvement and communicating progress and outcomes to the collective teams. It is recognised as essential to engagement that we convey a 'You said, We did' message with demonstrable progress.

GENERAL OCEANS ACADEMY

A fast-track technical and leadership programme

We have worked hard to establish a Group People Strategy to entice professionals to come and join us at General Oceans for a rewarding career. The General Oceans Academy has been set up to promote the Group as a destination employer, and as a rewarding a career choice for top industry professionals from all sectors. The first priority for the Academy is a fast-track technical and leadership programme, offering a suite of organised development opportunities.

The Academy's goal is to identify high-potential professionals, with a strong balance of academic, practical and professional experience, and the desire to travel and explore in a fast-paced learning environment. Our aim is to put them on a path to success through our unique placement rotation. This scheme will provide successful applicants the opportunity to spend three to six months on location at our Group companies to gain deeper learning experiences.

The four pillars of the programme are GO Explore, GO Faster, GO Experience, and GO Further. Each pillar is designed to offer opportunities for people at every stage -- including graduates or engineers who might be looking to move into management, or established professionals who want to grow their skill base.

Additionally the academy will provide:

- Leadership skills days: bringing people from our different companies together for an 'away day,' focusing on the importance of leadership skills and getting the best out of teams.
- Middle management contact group.
- Attracting women in STEM and new entrants through targeted initiatives and welcome events.
- Apprenticeships, internships and placements for university and vocational routes.

We enthusiastically announced the launch of the General Oceans Academy at Oceanology International in London's Excel (12-14 March 2024) - which biennially attracts the brightest and best of our industry. We fully aligned with the event's thematic of a smarter, sustainable and connected ocean, and hosted a number of exciting events, demonstrations, and presentations at the stand.

GENERAL OCEANS FOUNDATION

People, innovation and inspiration

General Oceans Foundation is a non-profit organisation that is committed to using the technology, talent, and tenacity from within the Group to create a positive impact on our oceans and the communities connected to them.

General Oceans includes a portion of profits from the Group alongside external fundraising, matching programs, and partner initiatives. As we formulate and accept project ideas, we should think about how we can add value for all of our stakeholders (not just our customers) with a vested interest in the locations in which we operate.

Originally The Nortek Foundation, we expanded the Foundation to Group level in 2022, and have allocated funding for several projects. Our aim is to provide funding on the back of employee grant applications and external research proposals. We announced the first employee project grant competition in Q4 of 2023 and look forward to sharing some exciting stories in next year's report on the progress of funded projects.

- Future plans include extending the competition externally, granting awards to fund the work of early career researchers, NGOs, and non-profit organisations, and will invite applications for funding through external research proposals.
- Employee Grant Applications can be made directly by any individual employee, or as part of an internal team or cross-company working group where specific projects can be delivered within one calendar year. The Group plans to allocate up to five different awards each year from 2023, with awards in the region of $10,000 each, and successful applicants will be expected to present quarterly progress updates.

Successful applicants will be able to identify the relationship of the project to the operating company mission, a General Oceans technology, or a designated stakeholder benefit.

GOVERNANCE

ACCOUNTABLE THROUGH GOVERNANCE & STRUCTURE

OUR APPROACH

At General Oceans we believe in conducting our business operations in an ethical, transparent and responsible way so we can lay the foundation for a strong environmental and social agenda – while simultaneously creating sustainable value for shareholders, stakeholders and society.

Good governance is essential in the way we carry out our business across our five operating companies. We work continuously on our corporate governance principles, documents, and procedures – ensuring alignment with the principles as set out in the Norwegian Code of Practice for corporate governance.

OUR GOVERNANCE STRUCTURE

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. The Board is responsible for promoting the long-term success of the Group, through the delivery of sustainable stakeholder value under its guidance.

The President

Responsible for the daily management and operations of General Oceans, which involves setting and achieving the Group's strategic risks, legal compliance and social responsibility matters that are relevant to our business.

The Executive Management Team

Appointed because of their leadership position at their respective operating companies, with routine attendance at meetings with the President, to set the agenda for Group-wide collaborations and the allocation of resources.

The Leadership Team

Maintains a lean group of experts in their respective fields of Finance, Marketing, HR and Research. They use their skills to support operating companies in their efforts to fund and organise collaborative projects, recruit and retain the best talent, alongside the integration of knowledge and skills that live within the Group.

The ESG Working Group

Responsible for the delivery of regulatory reporting requirements as set out by the EU Corporate Sustainability Reporting Directive (CSRD) by 2025 – with alignment to the EU Sustainable Reporting Standards (ESRS) framework by 2024. ESG is a key focus area of the Group, and the ESG Working Group is developing a common set of goals and actions which will move us in the direction of official reporting on a broad range of ESG issues, including carbon, pollution, water, waste, biodiversity and human rights.

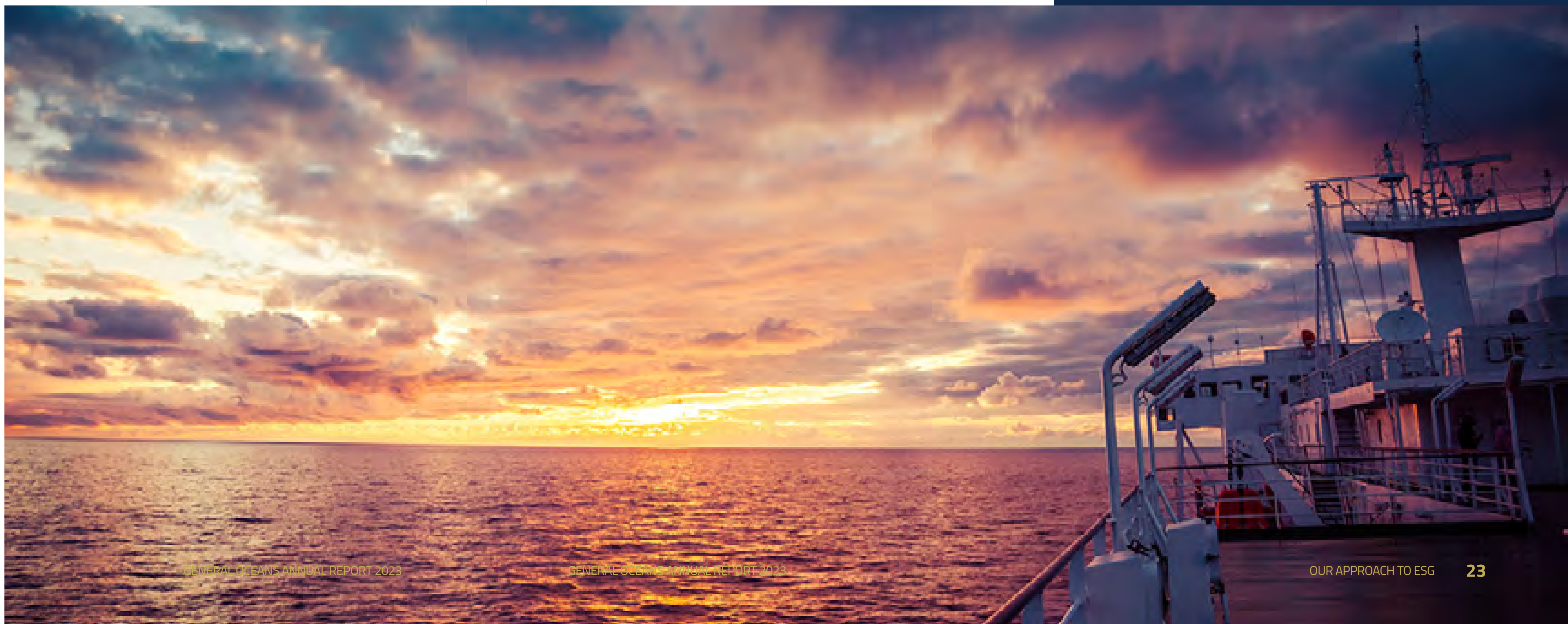
WHAT WE DO

General Oceans seeks to create an environment that attracts and retains highly qualified employees, and in which employees feel valued for their own contribution to the Group's performance. There is an expectation across each of our operating companies that employees are familiar with Group policies, and that they act professionally – with care, integrity, and objectivity. Operating companies each have their own ethical and professional guidelines as described in their "code of conduct" or employee instruction guides.

- We focus on providing a safe working environment for employees across our operating companies.
- We have a responsibility to make sure that our employees fully understand their own responsibilities regarding environmental and health and safety matters.
- We support equal rights and opportunities among our employees and do not tolerate harassment or discrimination in any form.

HIGHLIGHTS IN 2023

- The Board of Directors held quarterly meetings to assess and review the strategy and risk factors of the Group.
- Nortek achieved a new ISO 14001 certification, is now fully compliant with the Transparency Act, and has implemented the GRI reporting framework.
- Nortek published a report which outlined business risks and the breaches uncovered in different sectors, with an outline of prevention measures. The report contains information about the due diligence assessments performed which align with OECD guidelines.
- SRS completed its move and renovation to a new facility in San Diego. The renovation of the building is in full compliance with California's rigorous safety and environmental regulations.
- Tritech has worked toward the Living Wage Scotland accreditation and is set to receive the award in the first quarter of 2024. This shows commitment to remunerating employees fairly and according to the cost of living.



KLEIN MARINE SYSTEMS

Klein Marine Systems is the world's leading Side Scan Sonar (SSS) system provider. Klein is recognised world-wide for the manufacture and design of high-resolution side scan sonars. Klein sonars set the industry standard for survey area coverage rate with tow speeds of up to 12 knots, motion-compensated design methods, unique patented nadir gap filler technology, and Automated Target Recognition (ATR) AI software. The Klein name is synonymous with excellent customer service and our systems and products are deployed by governments, navies, port authorities, surveyors, oil companies and universities worldwide.

Klein joined the General Oceans Group in August 2023 in a successful return to its roots as innovators, and now extend support to new markets within a global network of partner companies. We might be undergoing a period of transformation, but the Klein promise of the very best image remains the same, the difference is in the image.

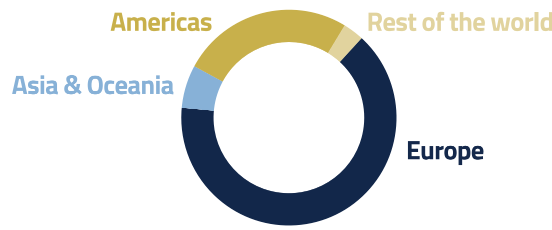
We aim to create excellent career pathways for our talented team so we can continue to deliver for our customers with an innovative, practical, and service-led approach.

2023 HIGHLIGHTS

50,000 SQ. FT
PRODUCTION FACILITY
under renovation

50+ YEARS
OF PIONEERING
side scan survey technology

SALES BY REGION



OUR STRATEGIC OBJECTIVES

- Develop a next generation sonar engine and system architecture which redefine the performance value proposition across the entire line of Klein side scan sonars.
- Move Klein's Synthetic Aperture Sonar (SAS) prototype technology into production.
- Continue to advance Klein's unique high-speed multi-receive beamforming sonar system and move this military technology successfully into the commercial survey market.

MIKE WILLIAMS VP GENERAL MANAGER

KLEIN MARINE SYSTEMS

"Klein is on a path of transformation and technological advancement, with plans to shift further towards digitalisation in the future. Our simplified operations and optimised production facility will support the growth of both Klein and the General Oceans Group".

I'm pleased to report on a busy and active period at Klein Marine Systems. We closed out the year under new ownership, in a move that returns us to our historic roots as innovators. We are immensely proud of our heritage and how we got here and will continue in the image of our original founder and namesake Marty Klein, who trailblazed the industry over half a century ago as the 'father of side scan sonar'.

In August 2023, we were acquired by General Oceans from MIND Technologies, in a strategic move that paves the way for new relationships, products and technological developments. As part of the deal, MIND has licensed its Spectral AI software suite to General Oceans for application inside scan sonar, and potentially for other software projects.

Naturally, the timing of the deal provides limited scope to report on a full financial year, as we have operated under the General Oceans banner for just one quarter of the reporting period. I take this opportunity to introduce Klein Marine Systems and summarise some of the management activities undertaken in the final quarter.

We couldn't be more excited to enter this new phase, joining like-minded professionals from Nortek, Reach Robotics, SRS and Tritech in the pursuit of excellence. Klein will now have access to more operational support and funding, as well as the exceptional technical expertise and R&D intelligence that lies within this powerful global partnership. As a Group, we are now primed for technological innovation and cost-base reduction, and will extend our footprint into new markets and networks as a direct result of these strong relationships. Already we are off to a great start by working collaboratively on projects with the other businesses in the Group.

It is an exciting new phase for the Klein team, and much work is under way which includes developmental improvements to our 50,000 sq. ft site Salem, and a refresh of our website and branding which will strengthen our position as a dominant global player in the underwater technology sector.

A PERIOD OF TRANSITION

We are currently undergoing a remarkable period of innovation, renovation and change, and worked hard to conduct a full business review in the year. Most, if not all, of the company's IT infrastructure has been or will be changed due to the conversion away from MIND toolsets and framework. Several projects have been completed, such as the introduction of a new quoting system, and an ERP systems upgrade is in progress.

During the final quarter, we conducted an in-depth analysis of the structure of our business and operations and were able to secure amicable exit packages for those valued employees whose roles were no longer viable within the new structure. While this always presents some challenges, we can confirm that all procedures were conducted in a fair and responsible manner, as is the Klein way of doing business.

We look to the year ahead with confidence, with a motivated, settled and re-invigorated team. Everyone is primed to deliver on a strategy of business transformation, while focused on developing innovative technological solutions, delivering customer orders, and reducing legacy RMAs. In addition to this, we will seek to improve the internal and external sales organisation to be fully functional in all commercially relevant markets. We have identified three ways to achieve this goal:

- We will re-establish a representative organisation for sales to the hydrographic industry in the 10 most important markets.
- We will be a representative organisation for sales to the military market in the 20 or so countries that are exempt from export restrictions.
- We will strengthen our relationships with the US domestic DoD organisations, US Defence contractors, and commercial companies for their efforts this year.

I'd like to thank the entire team for their efforts this year and look forward to working with our colleagues and business partners old and new, as we enter a new phase of growth with a reignited purpose, and commitment to the quality products and service that have been synonymous with the Klein name for over half a century, and many more to come.

ACTIVITIES IN THE YEAR

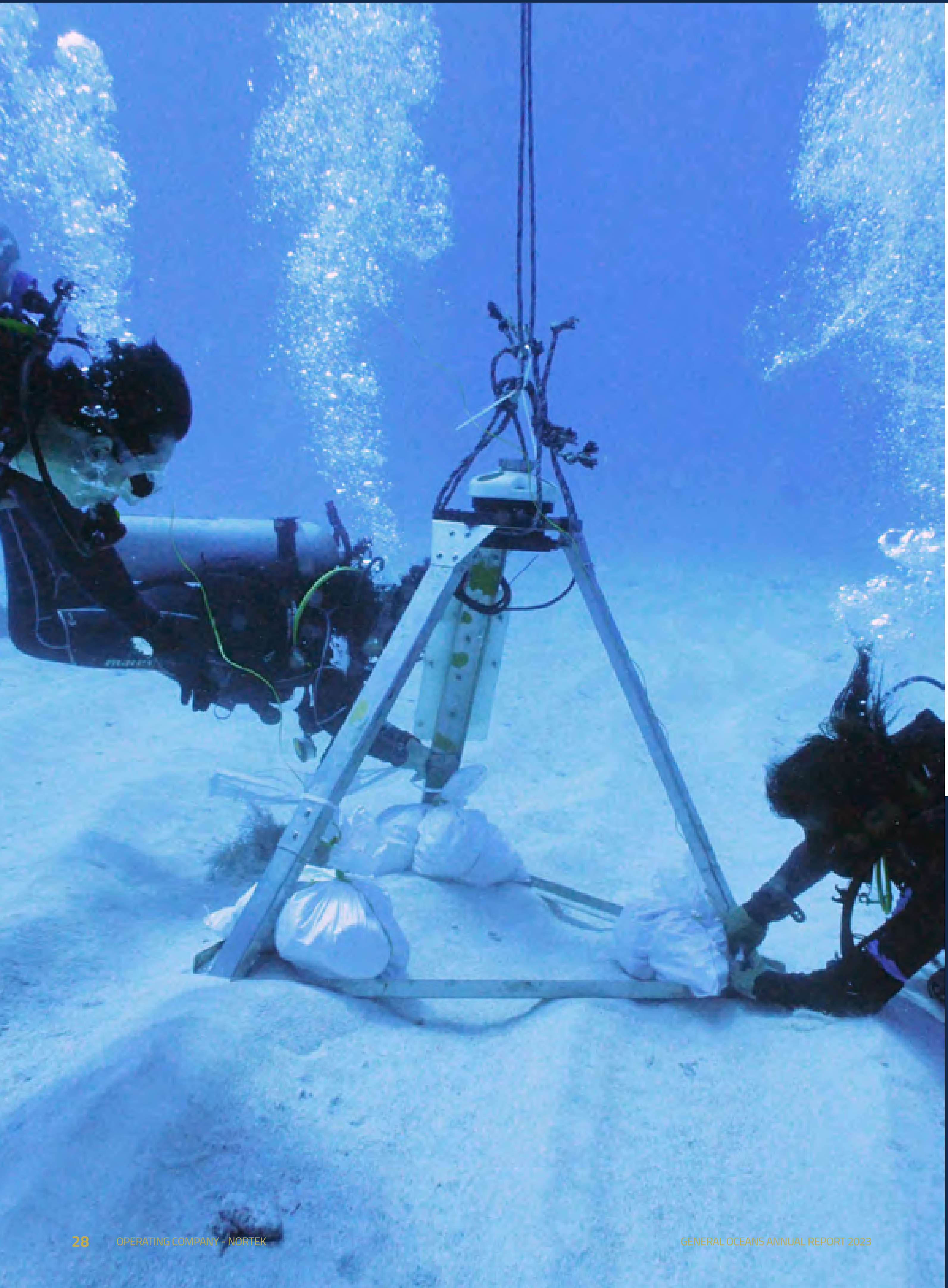
- Restructure of teams and job roles, brand refresh, and relationship development across the Group.
- Planning under way to develop technical connections with General Oceans teams peer reviews and in-depth analysis.
- Updates to production staff, testing and quality control in Q4, and weekly quality reviews to assist KPI tracking for the future.
- Refinement of single-beam system test procedures to ensure proper functional testing of optional interfaces.
- Introduced new cloud-based quoting tool, and ERP systems update is in progress.

OUR HISTORY

Founded by Marty Klein in 1968 in a small factory in Salem, New Hampshire, USA, Klein Associates became the first commercial manufacturer of side scan sonar in the world. Since then, Klein Marine Systems has become the leading supplier of side scan sonar equipment, to navies, shipbuilders, secure installations, researchers, oil & gas explorers, and hydrographers in global markets.

SO WHAT IS SIDE SCAN SONAR?

Side scan sonar creates an image of large areas of the sea floor. It uses a sonar device, towed from large ships or unmanned underwater vehicles (UUVs). The tow body travels closer to the seafloor and the sonar device it carries emits two fan-shaped arrays of sound waves on either side of the tow body down to the sea floor across a wide angle, perpendicular to the path of the sensor. The sound waves are reflected off targets in the path of the waves and returned to the source. Once received, the sound waves are translated into electrical signals and sent back to the towing vessel, depicted as profiles of the structures below, and offering accurate mapping of the sea floor and structures.



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.

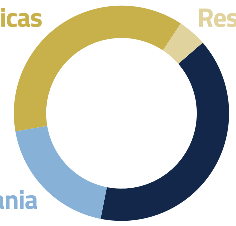
Nortek produces acoustic sensors that measure water movement, such as ocean currents and waves, and provide fundamental input into subsea navigation systems. We are making subsea vehicle and robotic development possible by developing unparalleled navigation sensor packages, right-sized for smaller, more 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.

2023 HIGHLIGHTS

90+
COUNTRIES
with new focus on Middle East & Asia

20%
INCREASE IN REVENUE
since 2022

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

"Nortek continues to innovate and is driven by the application of acoustic technologies that will bring positive benefits to our oceans in the long-term, as we strive for better ways to manage the ocean, our most precious stakeholder."

I am pleased to report another excellent performance by Nortek in 2023, with robust growth, improvements in manufacturing, and significant progress on our digitalisation, AI and ESG initiatives in the year. We posted revenue growth in the double digits for the second year running, reporting NOK 543.4 million – representing a year-on-year increase of 20 per cent (FY22: NOK 453 million), and a 33% increase in Company EBIT.

Welcoming Klein Marine Systems to the General Oceans Group was a highlight in August 2023, and we look forward to working with them to explore new products and solutions as they join us alongside Reach Robotics, SRS and Tritech. I am pleased to report on several collaborations with the wider General Oceans team, on transducer design, and software insights and developments.

Much of our growth in 2023 can be attributed to offshore wind projects and the energy transition, as well as increased activity in oil and gas. Defence spending is only set to increase (considering current geopolitical events), and we are well positioned to deal with global risk factors through continued diversification, in a planned effort to meet increased demand for technology solutions – in a clearly identified growth areas of underwater navigation and oceanography.

DATA MANAGEMENT AND SECURITY

In 2023, there was a focus on driving operational improvements through the lens of industrialisation and automation. We made progress in our shift toward data-driven management and supply chain efficiencies, now supported by an enhanced utilisation of our ERP system. We have migrated most of our software into cloud-based solutions to improve access and data security and continued to develop policies to mitigate the ongoing risk of cyber-security – with training and vulnerability assessments communicated and updated regularly for employees.

We established an AI task force who are working on projects to help us find concrete examples where AI applications can add real value to the business. These efforts are being carried out on a cross-departmental basis at Nortek, and more widely across the General Oceans Group, as we seek insights and market intelligence to improve efficiencies and service levels. In the year, we started to use AI to collect notes and insights from the many tradeshows we attended and discovered its utility in collating market intelligence across many sources.

RESPONSIBLE AND SUSTAINABLE BUSINESS

We strive to improve each year, with the support of an exceptional team working to capitalise on the opportunities within reach. We have worked hard in the year to improve our attractiveness as an employer, focusing on our internship programme with additional marketing not only to universities but into in local high schools at a more vocational level, which will help us to source and retain top tech talent and the machine operators of the future.

ESG highlights for 2023 include a new ISO 14001 certification, compliance and reporting according to the Transparency Act, and the implementation of GRI reporting framework.

The GRI standards are the most widely used sustainability reporting standards and have been used for Nortek's 2023 sustainability reporting on economic, environmental, and social impacts. The GRI Standards increase our organisation's transparency and enhance our stakeholder engagement.

OCEAN SPRINT PROJECT

On the theme of encouraging projects with a positive environmental impact, we were proud to announce Nortek BV, our office in the Netherlands, as winners with their 'Bubble Barrier' project, in our 'Ocean Sprint' competition. The Bubble Barrier is a project set up by an NGO which we support through Nortek BV, and Nortek's instruments help enhance the performance of the barrier. You can read a full case study on this in the ESG pages of this report – but in essence, it is a technology that allows rubbish to be collected from rivers before it makes its way downstream to our oceans.

Nortek is a vibrant, diverse, and inclusive place to work, and I attribute much of our success in the year to the contribution each employee has made. Nortek is going from strength-to-strength globally on both price and quality. Our financial position has allowed us to continuously invest in our people and products, alongside the technologies that are key to driving competitive advantage as a well-respected leadership in navigation, currents, and waves. We stand ready to embrace future trends and opportunities, alongside a team of strategic partners and our wonderful team, as part of the General Oceans Group.

DRIVERS FOR GROWTH

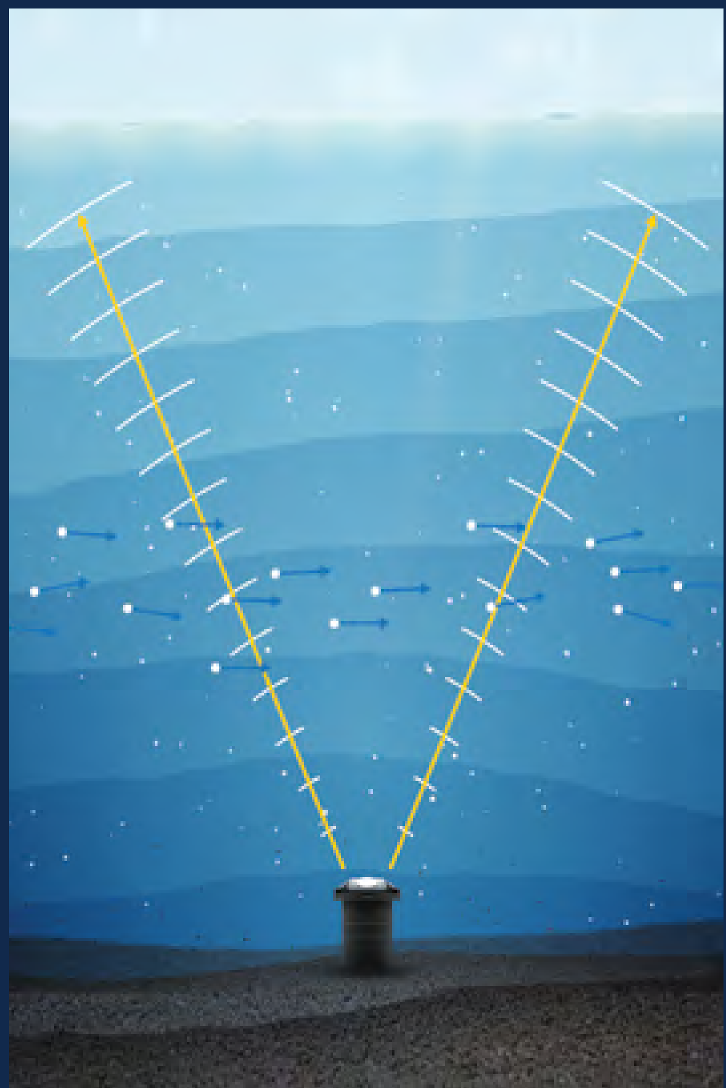
In 2023, we continued a strategic path of increased growth, efficiency, and cost-base reduction:

- Doubled our revenue and tripled EBIT over the last five years as we continue to grow market share and deliver value for stakeholders.
- Further developed our people strategy with a focus on growing talent pipelines at both university and vocational level.
- Exploring markets in Asia and the Middle East as part of our global ambitions.
- Continued our efforts to increase production and scale, with progress on cost reductions and manufacturing efficiencies.
- Ongoing digital transformation of our operations, now with mostly cloud-based software.
- Established AI taskforce to research viable concrete examples to add value.
- ISO 14,001 certification, compliance and reporting to the Transparency Act and GRI reporting.

DOPPLER TECHNOLOGY & ADCPS

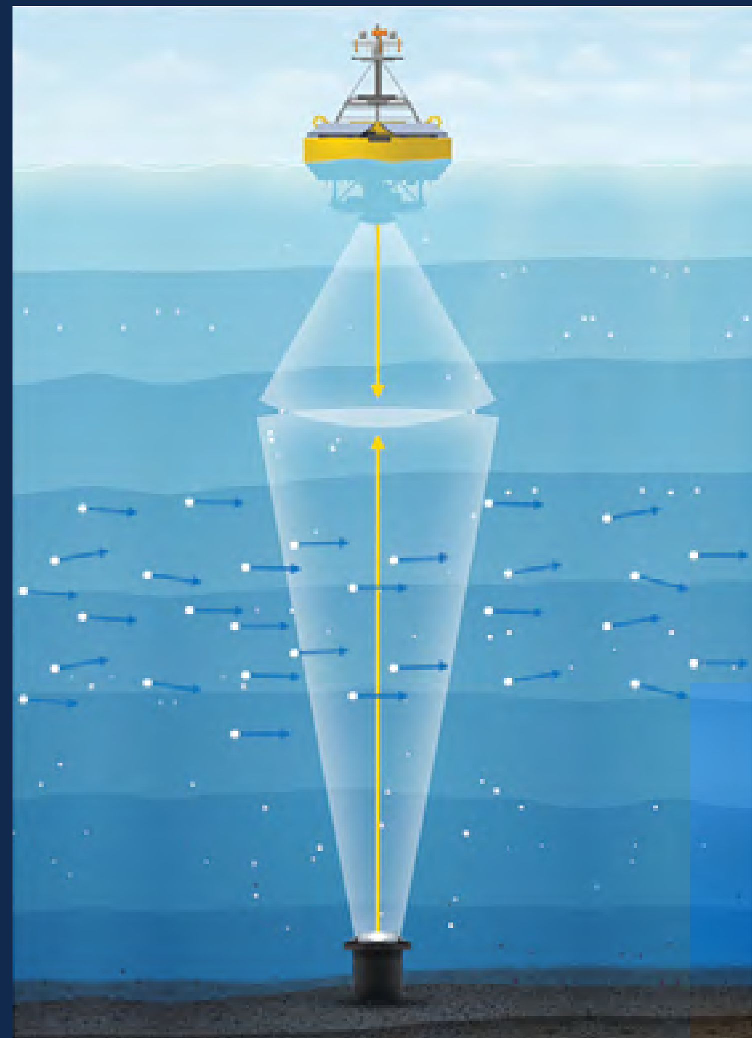
Acoustic Doppler Current Profilers (ADCPs) measure water velocity indirectly by measuring the velocity of particles that are moving with the water. These particles may be zooplankton, suspended sediment, or other particles. ADCPs assume that the particles are moving at the same velocity as the water. 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.



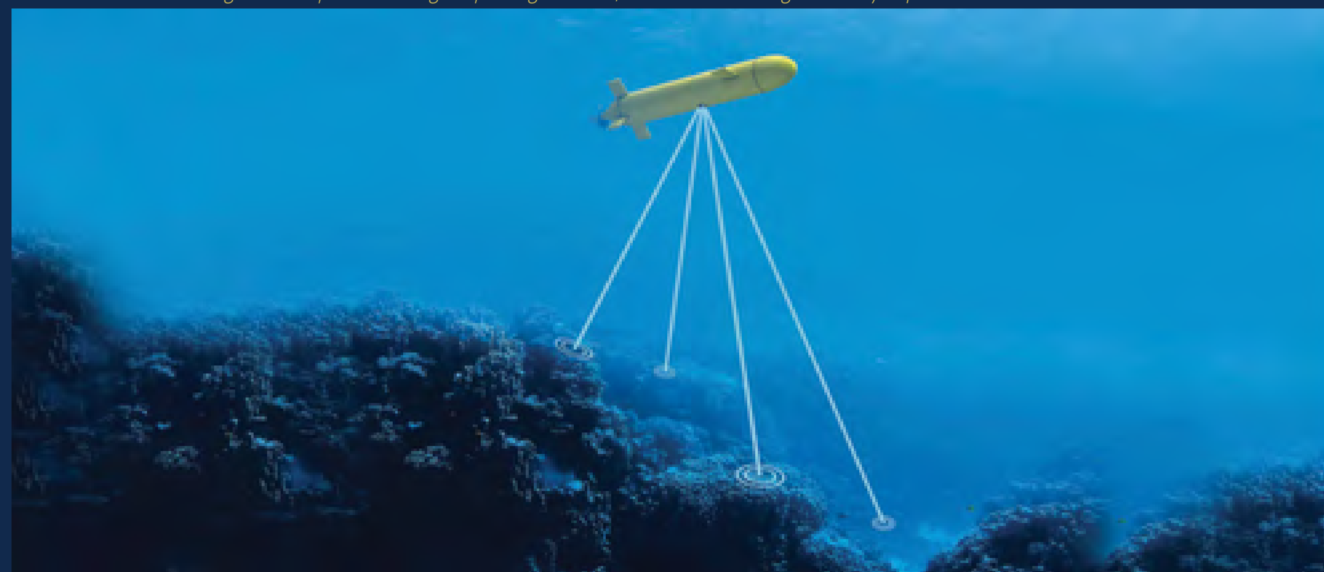
ADCPs measure the particles' velocity using narrow beams of sound. They transmit the sound, wait a short time, then listen for echoes from the particles. Doppler processing tells ADCPs how fast the particles are moving, and therefore, the velocity of the water, by using the change in frequency of the 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.

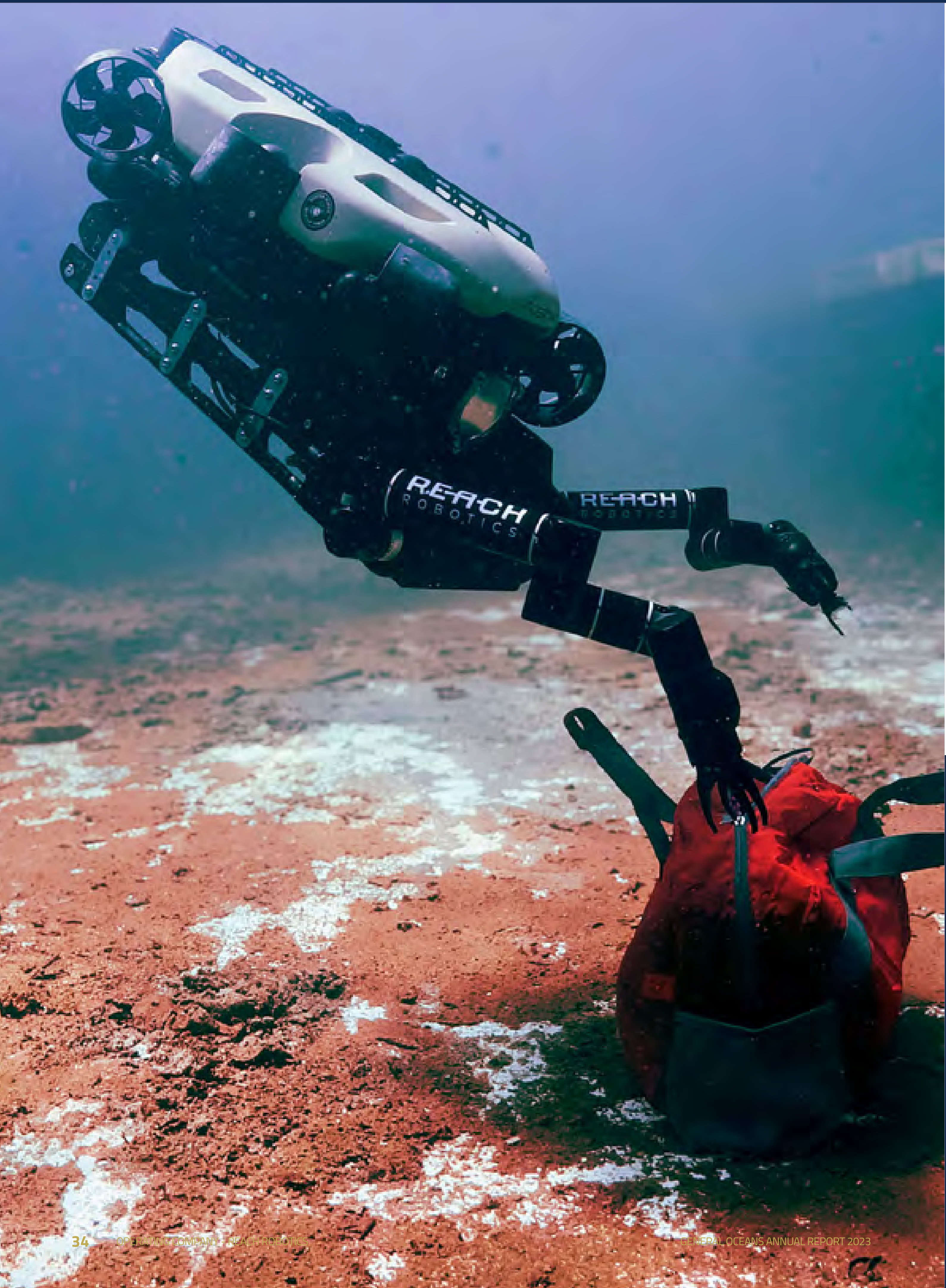
A Doppler Velocity Log (DVL) is a type of ADCP that estimates the velocity of a moving vehicle relative to the stationary sea bottom. This velocity is an important component in a vehicle's navigation system. Inertial Navigation Systems (INS) use motion sensors and algorithms to estimate a moving vehicle's 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.

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





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.

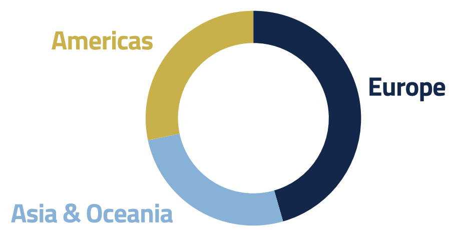
Our difference is the quality of our robotic solutions and the relationships we build. We collaborate as integrated members of our customers' teams, working towards the common goal of successful robotic intervention and inspection across a range of mission-critical industries.

2023 HIGHLIGHTS

900+ UNITS
SOLD TO DATE
in 30 countries

40+
EMPLOYEES
and actively recruiting

SALES BY REGION



STRATEGIC 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

"A significant milestone of the year was the release of the Reach X Advanced Intervention System, which has experienced much demand from the commercial sector wanting lightweight manipulators."

In future years, we will look back on 2023 as the year that Reach Robotics established itself as the defining company in the portable subsea intervention landscape. We have had an extremely busy year launching new products and product extensions, conducting research and development, and showcasing our innovations at world-leading ocean technology conferences.

A significant milestone of the year was the introduction of the Reach X Advanced Intervention System (RX-AIS), setting a new benchmark for naval and critical force operators in challenging, unpredictable environments. Developed over five years in collaboration with the US, UK, and Australian militaries, the RX-AIS is a power-dense, compact manipulator that enables portable Remotely Operated Vehicles to carry out tasks previously reserved for human divers.

This is a step-change in future expeditionary intervention, keeping divers out of harm's way, and made possible by the miniaturisation of technology. Mimicking the dexterity of a human diver, the intuitive Reach X is able to complete tasks such as manipulating, cutting, untangling a line, attaching or retrieving, and placing objects in precise locations.

Since its release, Reach X has experienced growing demand from the commercial sector for lightweight manipulators. We have also developed modular and highly dexterous multi-tools, facilitating non-destructive testing and complex intervention for commercial expeditions.

Our popular Alpha Grabber also benefited from a new extension tube accessory, which was developed following customer feedback, this accessory is simple to integrate and compatible with existing systems.

We are fortunate to have long-standing relationships with allied militaries and it is noteworthy to mention the conclusion of the Defence Innovation Hub project (announced in 2021).

A key feature of our manipulator technology is its intuitive control system, powered by our custom-designed human-machine interface (HMI) software, Reach Control. The HMI provides users with the ability to remotely visualise their robotic arm in a three-dimensional plane, receive real-time status and feedback updates, set operational parameters, and customise settings such as force, torque, and speed.

Early in the year, our software R&D team gathered feedback from customers to understand how operators interact with Reach Control in the field. After extensive testing, we released Reach Control V3.10. This latest version incorporates new features and additions, customer-requested changes, and an updated interface design to make operation even more seamless and intuitive.

Translating our success in making underwater robotic arms, we turned our attention to the final frontier – space. In 2022, we were awarded funding under the Moon to Mars: Supply Chain Capability Improvement Grant, with working continuing into 2023. For Reach Robotics, this facilitated the testing and development of our advanced manipulation systems for space environments, supporting Australia's contribution to this sector and positioning us for potential future projects.

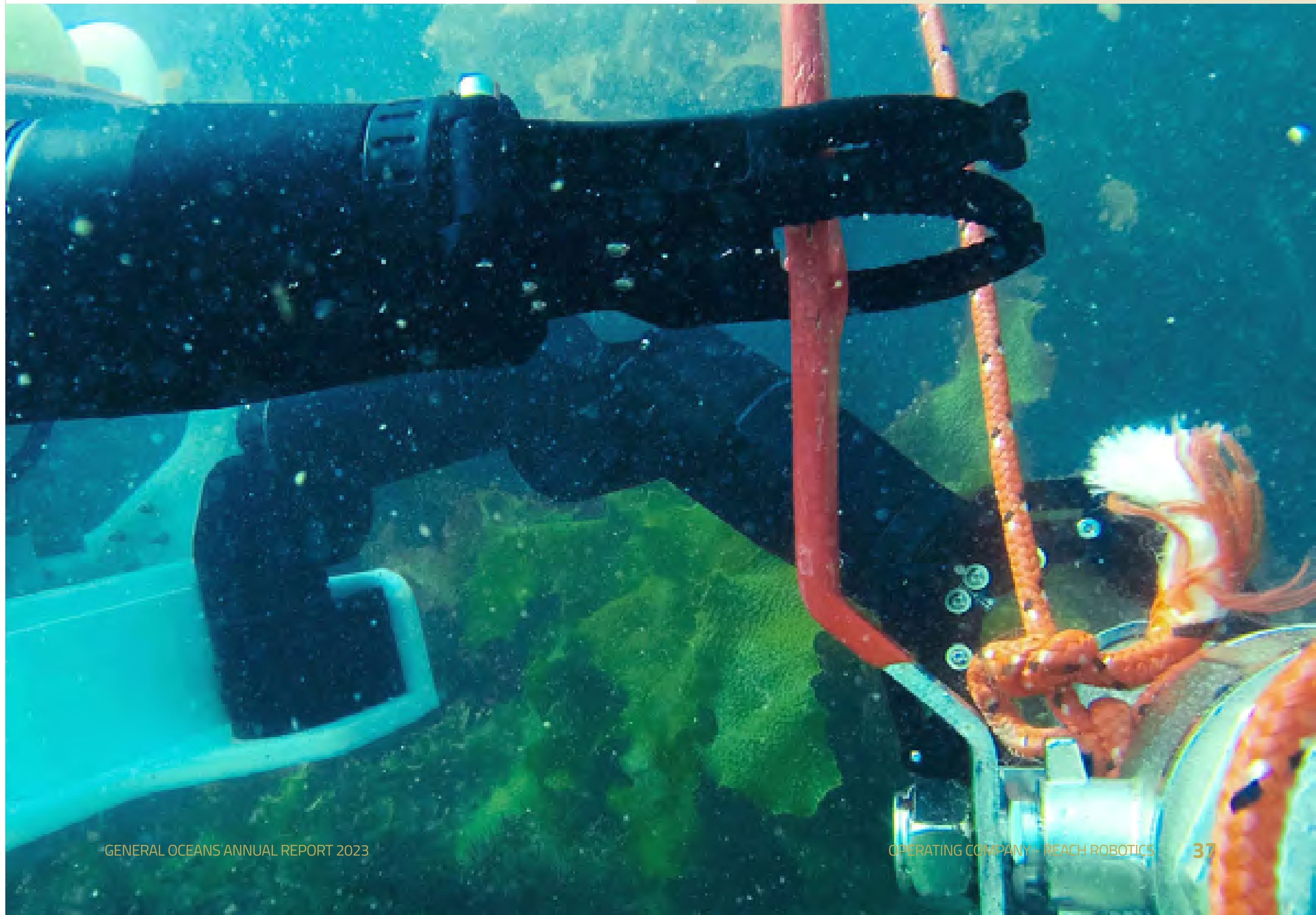
With the aim of optimising manipulators for complex space environments, key applications of manipulator arms in space include on-orbit and life extension servicing of satellites and other spacecraft. Conducting scheduled inspection and maintenance of satellites increases their operational lifespan and therefore improves their overall value.

Building technology for the space sector presents a whole new set of challenges, including ionising radiation, vacuum effects, and extreme thermal fluctuations. Throughout the duration of the grant, we addressed each problem through a process of testing, revision, and verification of our technology. We collaborated with UNSW's Australian Centre for Space Engineering Research, which provided facilities to simulate the harsh conditions of space. This testing informed our future technical developments and strengthened our understanding of space engineering.

I am proud of our involvement in this project, and I eagerly anticipate the potential of applying the knowledge gained to future commercial products.

2023 HIGHLIGHTS

- Launched the Reach X Advanced Intervention System.
- Released a new version of Reach control software.
- Developed a high-force cutter for the US Navy.
- 40+ talented team members, with ongoing recruitment into R&D and Production .
- Celebrated our 7-year anniversary.



In other areas of R&D, we were pleased to announce that our Reach Bravo 7 was selected by INESC TEC, a non-profit organisation operating at the intersection of business and academia, for their ATLANTIS project. This project focuses on the application of robotics and autonomous systems at offshore wind farms, with the goal of reducing the cost of clean energy by minimising expenses related to operation and maintenance activities. These expenses typically arise from the need for human divers, skilled operators, specialty vessels, sensor technology, and complications related to underwater access.

We place great emphasis on nurturing the next generation of engineers by providing them with valuable opportunities to develop their skills and gain practical experience. We welcomed a number of interns to our team and actively engaged in engineering outreach sessions with university groups and high school students. These initiatives are part of our ongoing commitment to support and empower the future of engineering in Australia.

Additionally, we were delighted to participate in several prestigious conferences across the UK, US, and Australia. These events served as invaluable platforms for us to connect with customers, leading manufacturers, and service providers on a global scale. Our participation in these conferences is instrumental in shaping the future direction of our business.

As we enter 2024, we have a team of over 40 dedicated and highly skilled members supporting our growth and shaping the future of subsea robotics. A key focus for this year will be to build sales in Reach X, evolve our sales and marketing capabilities to support our growing range of products, and push forward on key R&D projects.

We are now shipping to over 30 countries worldwide. Our client base is expanding, and in addition to military applications, we are extending into new commercial industries due to our leading technologies.

I would like to take this opportunity to thank our hugely gifted engineers whose groundbreaking work continues to disrupt markets and create new ones.

SRS STRATEGIC ROBOTIC SYSTEMS

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.

2023 HIGHLIGHTS

$600k
RENOVATIONS
Relocation to San Diego

6+
TRAINING SESSIONS
Delivered to USCG and US Navy

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

"SRS has now settled into the new facility in San Diego, producing results consistently throughout the transition. Four FUSIONs – with dual Reach Robotics 5FN manipulators – were delivered to an international defence organisation in Europe. A combined effort by the production, engineering and customer teams made this happen under difficult circumstances on a very tight deadline, and I could not be more proud of the people who made it happen."

I joined SRS early in 2023, to facilitate a succession that would allow the original founders to exit and am pleased to have achieved this goal alongside the General Oceans team. Together we delivered a new strategic framework, a seamless transition of leadership within the organisation, and business continuity during a challenging period that saw us relocating our facilities from Redmond, WA to San Diego, CA - requiring a full re-structuring of our team, systems, and processes to be aligned with our mission statement.

Much of the year was focused on preparations for the move, and it is worth reiterating the reasons behind this strategic decision. The three primary reasons; first and foremost, to increase our proximity to our core DoD customers to increase collaboration with them, and to provide exceptional customer service. Two, there was a requirement to address talent and labour shortages for skilled team members with oceanographic and undersea robotics expertise – in a drive to ramp up the company's in-house resources and ability to respond to our customers' requirements. And finally, we wanted to establish a significant presence in California for the benefit of the wider General Oceans Group, so it could serve as a base from which the Group could grow its business footprint in the United States, and into other areas.

Team building, product improvements, and customer service have been the key business drivers for 2023, and we continued to deliver orders in this new chapter of our growth journey. This transitional period required re-alignment with our stakeholders and a careful review of the market dynamics in which we operate. Our strategic framework is geared toward steady progress for the future on both fronts, with our sights firmly set on building the SRS of the future – as a nimble and highly capable maritime robotics company that will be ready to tackle our customers' most challenging requirements.

Our team collaborates with the best minds in industry to create exceptional technical solutions for our defence-industry customers, including the United States Navy, Coast Guard and Marine Corps, and internationally for the Royal Navies of Norway and the United Kingdom (UK), among others. Due to the nature of our business, our relationships are built on trust, and contracts are long-standing, but developments cannot always be publicly announced due to issues around national security.

SRS has a strong base with the FUSION™ Hybrid Underwater Vehicle product line which we will continue to invest in. This technically advanced vehicle is the foundation for developing new and unique capabilities in pursuit of further market differentiation. We continued to build strong industry partnerships in the year to extend our profile and reach, which also serve to fill any capability gaps we may opt to fill externally.

I am excited about what the future holds for the team at Strategic Robotic Systems under the careful stewardship of the General Oceans Group. It was my pleasure to serve General Ocean as SRS' transitional CEO during this period of uncertainty and have every confidence that the company will emerge stronger as a leader in maritime robotics and systems integration. The company continues to have my full support as it evolves to solve emerging challenges our customers face in global maritime safety & security in a growing ocean economy.

OUR FOCUS IN 2023

- Completed a $600k renovation to a new facility in San Diego to support a relocation from Redmond, Washington. The renovation of the building is in full compliance with California's safety and environmental regulations.
- International orders from Poland, the Netherlands, Belgium and Australia.
- Delivered FUSION™ systems to new police force and research customers.
- Active engagement with customers and demonstrations/seminars at Oceanology International Americas, Sea Air Space, DSEI, and INDOPAC.
- Demonstrations were performed in San Diego for various branches of UK government agency personnel – FUSION's operational capabilities were highlighted by performing Vessel Hull Inspections and advanced AUV Mode missions, among other things.
- Work undertaken on SRS product strategy with General Oceans team in London.
- Full transparency and governance around all business processes – formalisation of new structure.

Courtesy of Shibuya Diving

TRITECH

Tritech is a high-technology business that provides the most reliable imaging and ancillary equipment for use in underwater applications across multiple market sectors. Our products are used in a variety of scenarios alongside underwater vehicles (ROVs and AUVs); by divers needing the support and assistance of underwater sensors; in survey and hydrographic work, and in marine science and aquaculture.

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 and profiling sonar solutions. Oceanographic bathymetric and depth sensing products are also part of the portfolio. 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 often remain in use for decades, surviving in the most challenging environments.

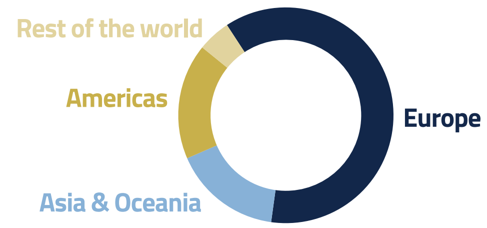
We offer customer support 24 hours a day, 365 days a year from three UK locations and a sales office in the US. Our global network of resellers also regularly support and work with our customers in their local area or region as required.

2023 HIGHLIGHTS

GEMINI
1200iK
NEW MULTIBEAM SONAR
Low-to-high acoustic settings

354
SOLAR PANELS
AT OUR ULVERSTON SITE
Circa. 68% of our electricity consumption

SALES BY REGION



OUR STRATEGY

- Develop and expand our product range to establish Tritech as the preferred brand in all categories of imaging sonars.
- Build a worldwide sales, distribution, and support organization.

DAVID BRADLEY MANAGING DIRECTOR

TRITECH

"We worked hard in the year, with a disciplined approach to building the team. I am pleased to report that our efforts have paid off, with reward for the business, our customers and society in the long-term."

I am pleased to report another productive year for Tritech in 2023, delivering on all areas of our strategy with an excellent set of results. We have now completed our first full financial year since the deal with General Oceans completed in September 2022, and have further developed our working relationships with Nortek, Reach Robotics and SRS.

We finalised an exclusive reseller agreement with Nortek China in Q3 and are confident that this collaboration will deliver value for the stakeholders involved. Strategic partnerships like these will drive our ambition as a global company offering real competitive advantage, while providing local support to our customers and those who use our products in the field.

In 2023, we welcomed Klein Marine Systems to the General Oceans Group, and the Tritech team is looking forward to working with them to explore opportunities together for the future.

ONE TEAM, A DISCIPLINED APPROACH

In the year, we conducted a grassroots review of our people and systems, and have emerged with a sense of purpose that is stronger than ever before. Our mission – worth re-stating – is to provide reliable solutions for a global customer base as they navigate some of the harshest subsea environments. We aim to support the subsea working environment by making it less hazardous.

To deliver our mission, we employ more than 60 people out of our three main sites in Ulverston, Aberdeen and Edinburgh (in the UK) – and have further reinvigorated our representation in the Americas by opening a US sales office in Louisiana, an offshore operations hub, in 2023. This local representation in the Americas is the result of continued growth and development in recent years. It allows us to offer a wide range of imaging and ancillary equipment to new and existing clients across the US, South America and Canada. Our customers are already benefiting from these dedicated points of contact via local sales and support teams, and we are delighted to have expanded our footprint to reflect a growth in demand.

We recognise our employees as a key asset, and they have been a priority focus in 2023, with active talent management, succession-planning and rewards' initiatives now in place at all levels. We are set to receive the Living Wage Scotland accreditation (Q1 2024), joining c.3,400 Scottish employers in a commitment to remunerating employees fairly and according to the cost of living.

SUSTAINABILITY AND EFFICIENCY IMPROVEMENTS

We strive to reduce the levels of power, water and waste consumed or produced through our business operations, and work to the 'reduce, re-use and recycle' principle. We have identified solar generation as the single most effective carbon reduction action we can take and completed the successful installation of 354 solar panels at our Ulverston site, which was designed in 2014 with solar panels in mind. This now provides c.68% of our current electricity consumption.

A full revision of our teams and structure took place in 2023 which has allowed us to support the growth of the business more effectively.

GEMINI 1200iK DEEP RATED MULTIBEAM SONAR

In 2023 we launched a deep rated version of the Gemini 1200ik multibeam sonar as a powerful new addition to our popular Gemini range. This version is depth rated to 1000m and offers the same two operational frequencies so users can switch from either long-range target detection (720 kHz), or enhanced imaging in a higher resolution (1200 kHz).

The 1200ik housing has been engineered to withstand increased water pressure so users can now explore waters up to 1000m in depth. It does possess a slightly increased form-factor, but remains effortlessly compatible with the majority of ROVs and AUVs. Our underwater sensors have a reputation for being compact and easy to install on most underwater vehicles, and the proof is in the significant numbers sold in 2023, and more on order for 2024.

PROCESS AND DELIVERY

During the year we worked hard to build the team to deliver reward for the business, customers and society in the long-term. We have been disciplined in our approach and it has been satisfying to see these efforts pay off. We have made strategic improvements to ramp up the effectiveness of our management team, and tightened our governance and controls, with a newly introduced quarterly-reporting regimen that is already proving successful.

It is a great privilege to lead such a motivated and hard-working team and I am proud of the advancements we have made in 2023, through the lens of new ownership. I look forward to the many exciting challenges and opportunities that lie ahead, as we grow our international footprint and reach into diversified markets.

2023 HIGHLIGHTS

- Full business review of people, production and process, showing promising growth potential.
- New office in US and reseller agreements.
- New production strategy, overhaul of efficiencies and stock levels.
- Recruitment across Sales and Production to support business growth & service customers.
- External recognition as a responsible employer.
- 354 solar panels installed at our production facility in Ulverston.
- Software updates to our Genesis and Seanet pro software.
- Process automation & ERP system upgrade.

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' Investment Committee) 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 risk aspects, will be disclosed to the market in the context of the Group's annual report, marketing presentations and on the Company'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 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 party transactions (if any) is included in the Notes to the Consolidated Financial Statements.

EQUAL TREATMENT OF SHAREHOLDERS AND FREE TRADE OF SHARES

General Oceans is dedicated to ensuring equitable treatment for all shareholders. The Shareholders Agreement, last updated on 15th December 2023, regulates the conduct of every shareholder within the company. Notably, large shareholders hold a right of first refusal, further supported by an arrangement allowing one of the significant shareholders to augment their shareholding to 34% of the issued shares.

Comprehensive governance provisions are outlined in the Shareholders Agreement, covering aspects such as the Board composition and proceedings, liquidity event considerations, and other governance matters related to shares.

GENERAL ASSEMBLY

The General Assembly is open to all shareholders of the Company, 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 requirements. 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 can 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's 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, and that the roles and responsibilities of management are clearly defined, that corporate governance requirements are met, and that they meet the Company's need for expertise, capacity, and diversity, while at the same time functioning effectively as a collegiate body.

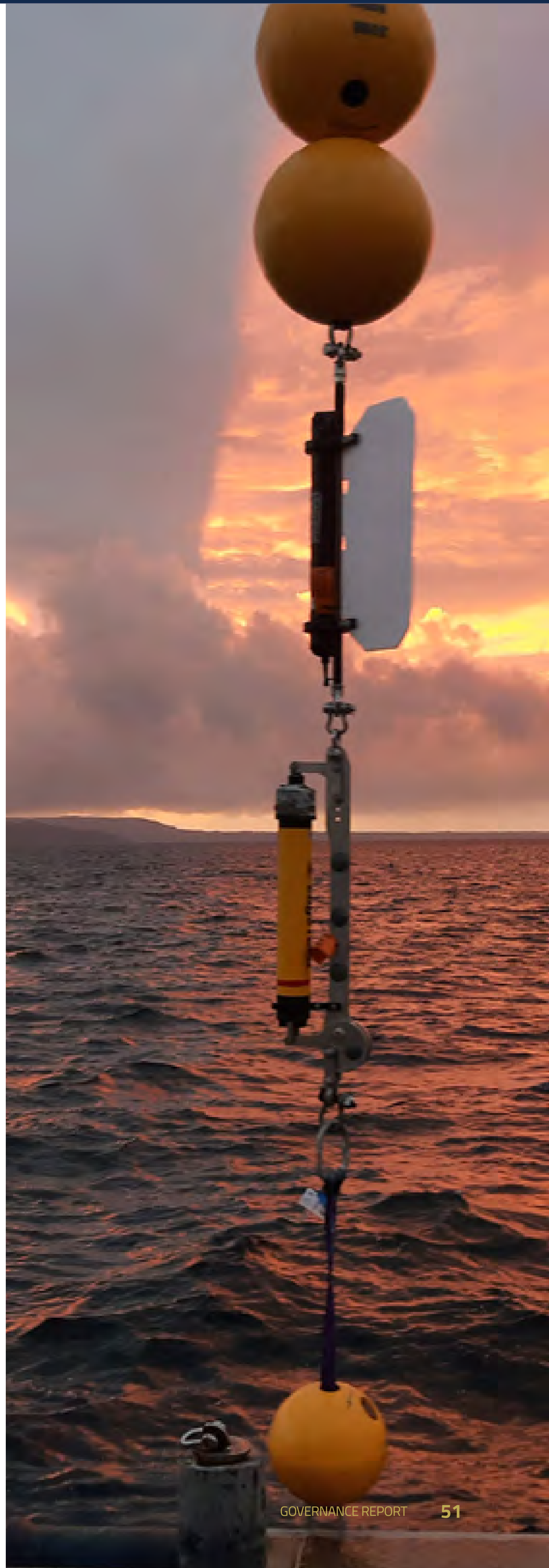
A majority of the shareholder-elected Board members are independent of executive personnel, material business contacts, or major shareholders. Members of the Board of Directors are encouraged to own shares in the Company. The Board of Directors has a fixed yearly compensation which is decided by the 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 remuneration is given to the members of the Board beyond the Board fee, this will be stated in the annual report. The remuneration 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 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 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 of the Executive Management Team and their biographies can be found in the annual report and on the Company's website.

The Leadership Team has a clear mission to support and maintain a lean group of experts in their respective fields. They support our operating companies in scaling more quickly, nurturing the best talent and 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, Chief Financial Officer, the Chief People Officer, the VP of Marketing and more recently, the Head of Market Analysis and Insights.



BOARD COMMITTEES

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors meets regularly to assess and review the strategy and risk factors of the Group. 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 review the management 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.

COMPENSATION TO MANAGEMENT

It is important for General Oceans that it is recognised as 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 management 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 management 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 based on 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 an annual 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.

AUDITOR

In addition to serving as the Group's auditor, the independent 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 its collective activities. The Group develops, manufactures, and sells technology for: underwater measurement and tasks' handling and analysis (which increases knowledge and protection of life under water); and side scan sonar equipment and waterside security and surveillance systems, 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 can reduce the risk 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. It does this 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

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 the expectations we have of our employees 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 policies and:

- acts professionally and with care, integrity, and objectivity.
- abstains from any actions that could undermine stakeholder 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. Our worldwide operations are subject to national and international law, prohibiting General Oceans and its employees from taking part in any form of 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 corruption of any form.

There is a requirement for all General Oceans' employees to fully comply with General Oceans' anti-corruption policy, and no 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 that 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 our 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 CLEARLY TO MAINTAIN A LEAN GROUP OF EXPERTS IN THEIR FIELDS. THE GOAL IS TO 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

Peter 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 serves as the CEO of the subsea vehicle start-up.

Freda holds a Master of Engineering in Coastal and Oceanographic Engineering from the University of Florida and an 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: 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 Defence 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 2023 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.

STEIN DALE
CHAIR

Stein has been appointed Chair of the Board of General Oceans.

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.

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 Program at Harvard Business School.

ASTA STENHAGEN
BOARD MEMBER

Asta Stenhagen joined General Oceans board of directors from December 2023. She has over two decades of legal, finance, and operational experience from her roles at Morrow Batteries, Tietoevry, Wilh. Wilhelmsen Group, and law firm Thommessen, as well as numerous board positions in listed and private companies.

Asta has served amongst as the General Counsel in Morrow Batteries ASA, Head of Legal, Security and Compliance at Tietoevry Corp., Executive Vice President of Legal and Risk at EVRY ASA, and Legal Counsel at Wilh. Wilhelmsen Holding ASA.

Asta holds a Cand. Jur (Master of Law) Degree from the University of Oslo (UiO), including legal subject matters from University of Århus (Denmark) and project management from UiO.

KIM STEINSLAND
BOARD MEMBER

Kim Steinsland was a board member of Nortek AS from 2018 – 2021 and joined the board of General Ocean in May 2023.
He is Managing Director of the Norwegian technology company Scanmatic AS and has worked within technology for field instrumentation, control systems and hydro acoustics his whole career.

Prior to his present position in Scanmatic he was central in the merger and creation of Volue ASA in 2020, where his role was Executive Vice President and responsible for the IoT division.

Despite almost two decades in management, Kim insists on being a true technologist. He holds an MSc in Engineering Cybernetics from NTNU and a BSc in Industrial Electronics, in addition to Innovation Management studies at INSEAD.

SASKIA STERUD
BOARD MEMBER

Saskia, together with Torfinn Kildal and Gustav Martinsen, represents the second-largest shareholder, Ferd, on the Board of Directors. She is an Investment Professional at Ferd and was part of the deal team when Ferd invested in General Oceans. In addition to General Oceans, Saskia is responsible for several of Ferd's investments within the consumer industry, including both listed and private companies, and is a board observer at Brav AS. Prior to joining Ferd she worked as an equity- and credit research analyst at the Nordic investment bank, Carnegie in Oslo and Stockholm.

Saskia holds a Bachelor of Science in Finance from St. John's University in New York, where she graduated summa cum laude and competed on the University golf team in NCAA Division 1. She is a Norwegian citizen and resides in Norway.

TORFINN KILDAL
BOARD MEMBER

Torfinn has more than 30 years experience from executive and non executive positions in private and public listed companies mainly in maritime and energy industries. Torfinn was CFO and CEO of Simrad Group, and has been Exec VP Corporate Business Development of Kongsberg Gruppen and CEO of Kongsberg Maritime.

Currently , he is Chairman of Oswo and board member of Glamox AS, Mintra Holding AS, Norkart AS.

During his years in leadership positions, Torfinn has worked extensively with strategic and operational projects related to profitable growth and enterprise transformation.

Torfinn is also involved in social entrepreneurs as chair of Lifetools AS. He holds a master in Business Administration from Norwegian School of Economics (NHH), Executive Education from IMD.

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 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 sensor 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 to become 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.

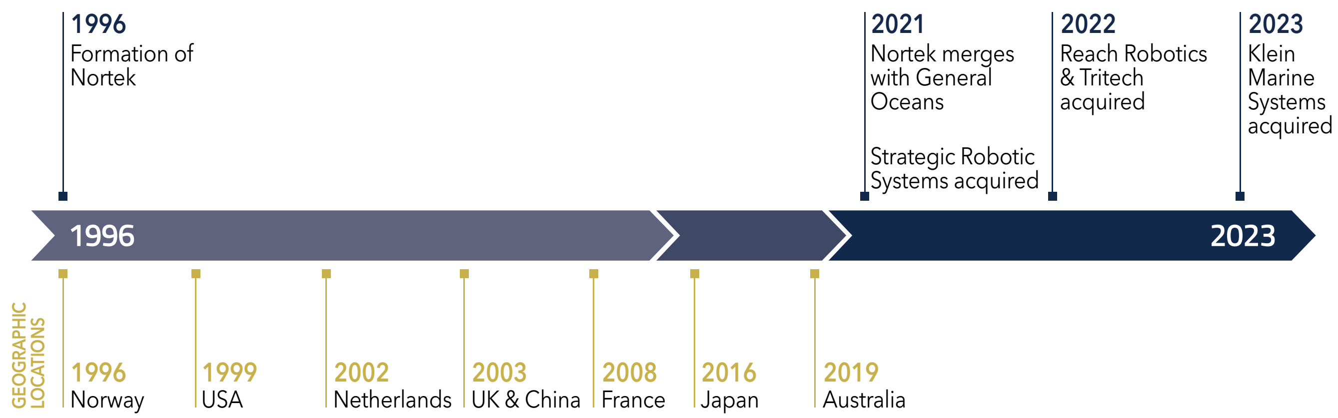
Strategic Robotic Systems Inc ("SRS") was acquired in October 2021 and SRS specialises in the development of underwater vehicle systems.

Blueprint Lab Pty Ltd was acquired in January 2022 and rebranded in 2022 to Reach Robotics ("Reach"). Reach 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 ("Tritech") was acquired in October 2022. Tritech specialises in the design and production of high-performance acoustic sensors and sonars.

EchoSonics Ltd was incorporated in June 2023 with a focus on transducer development and production. The company is co-located with Tritech in Ulverston, UK.

Klein Marin Systems Inc ("Klein") was acquired in August 2023, and is a leading supplier of side scan sonar systems -- deployed by governments, navies port authorities, surveyors, oil companies and universities worldwide.



ACTIVITIES AND SERVICE LINES

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

General Oceans operating company founders have a unique characteristic 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 the 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.

BUSINESS REVIEW

General Oceans AS, as the parent company of the Group, collaborates closely with its operating entities to drive growth and performance. Operating independently from its subsidiaries, General Oceans is agile and decisive, setting long-term strategic objectives from its London headquarters.

The operating companies focus on delivering sustainable long-term solutions to meet customer needs, fostering growth. Leveraging a common integrated platform, each portfolio company sets its own KPIs and performance targets, capitalising on industry expertise and unique brand identity.

As a global group, we are influenced by the overall state of the world economy and the efficiency of international trade. Despite concerns about B2C segments, the energy, defence, and science markets remain robust, with strong demand and positive growth reported by most ocean technology companies in 2023.

While transport and logistics have stabilised, challenges persist in accessing critical electronic components. The surging demand in the ocean technology sector has resulted in extended delivery times and increased component prices. However, we've managed to mitigate most of the added costs by adjusting our pricing strategy. Efforts are ongoing to strengthen our supply and delivery chains by enhancing their robustness and diversifying our supplier base for critical supplies, thereby minimising reliance on single-source suppliers.

Although significant sanctions have been imposed on trade with Russia due to the conflict in Ukraine, the impact on our sales is negligible, with the potential for increased naval defence spending to offset any adverse effects. However, broader market impacts remain uncertain.

The strength of the USD has generally benefited the Group, given that most operating companies earn income in USD while incurring costs in local currencies.

In 2023, we achieved a robust financial performance, marked by a 28.4% increase in revenue. A short summary of key events of 2023 is as follows:

MARKET DEVELOPMENT/INDUSTRY OUTLOOK

Autonomous Underwater Vehicles (AUVs) in its many varieties offer real solutions in 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 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.

Much to our excitement there are many opportunities for ongoing technology developments as new developments which will improve life on land and in the sea emerge all the time.

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.

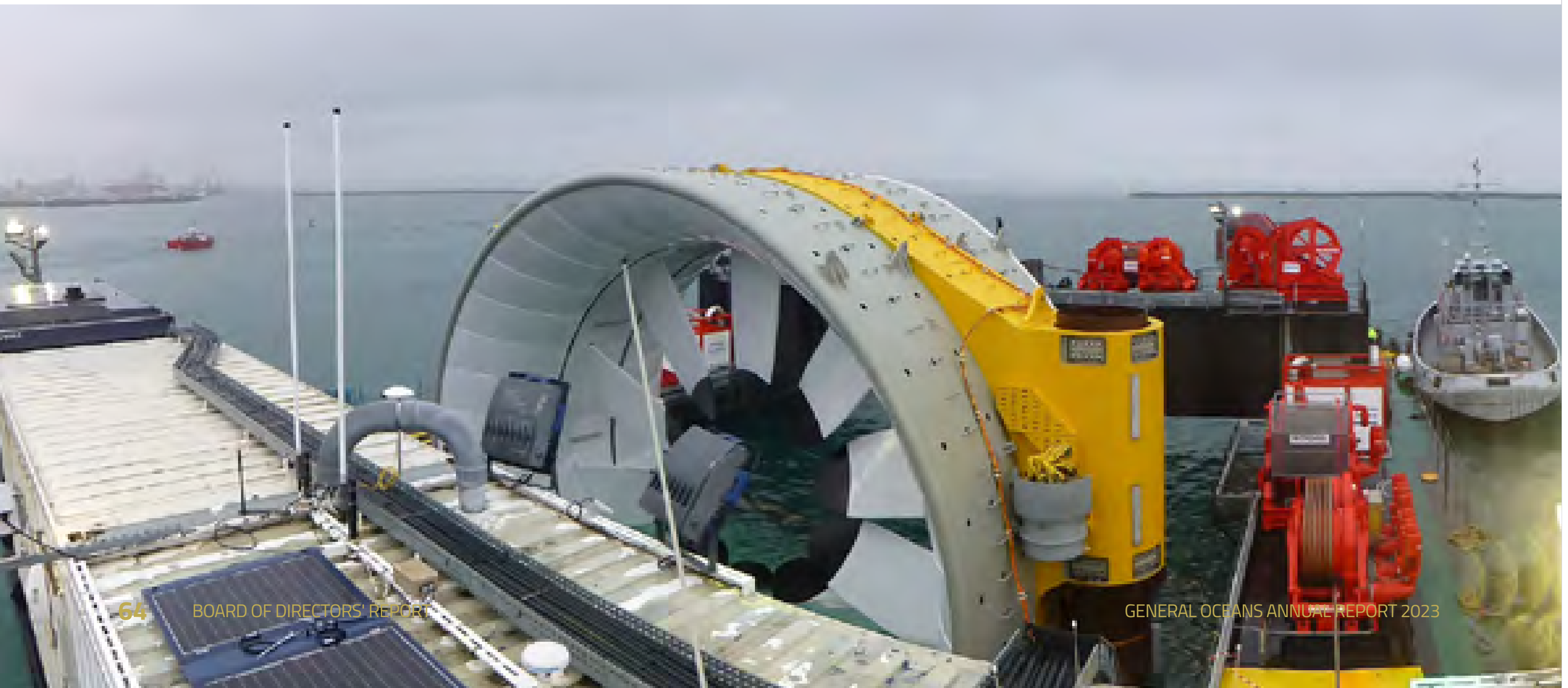
MARINE CONSTRUCTION

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

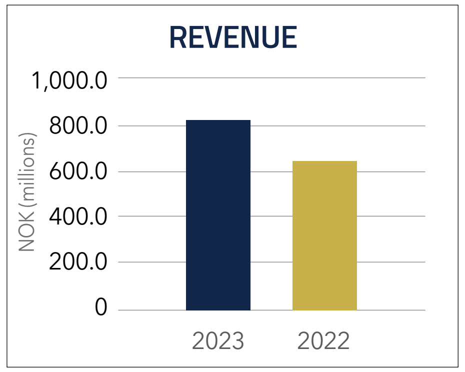
NOK (millions)	2023	% OF REVENUE	2022	% OF REVENUE
Revenue	808.8		629.6	
Gross profit	560.8	69.3%	434.5	69.0%
EBITDA	127.1	15.7%	145.7	23.1%
EBIT	78.1	9.7%	114.9	18.3%
Net (loss) / profit	(72.5)	-9.0%	78.7	12.5%

REVENUE

Revenue increased by NOK 179.1 million, or 28.4%, to NOK 808.8 million in 2023 from NOK 629.6 million in 2022.

This 28.4% increase in revenue resulted from organic growth in existing markets and 12-month contribution from Tritech, versus 3 months in the prior year, as well as a 4.5-month contribution from Klein.

Tritech was acquired in September 2022 and Klein was acquired in August 2023.



GROSS PROFIT

Gross profit increased by NOK 126.3 million, or 29.1%, to NOK 560.8 million in 2023 from NOK 434.5 million in 2022. Gross profit margin (gross profit as a percentage of revenue), remained stable at 69.3% for 2023 (2022: 69.0%).

EBITDA

In 2023, EBITDA decreased by NOK 18.5 million, or 12.7%, to NOK 127.1 million compared to NOK 145.7 million in 2022. This decline is primarily attributed to:

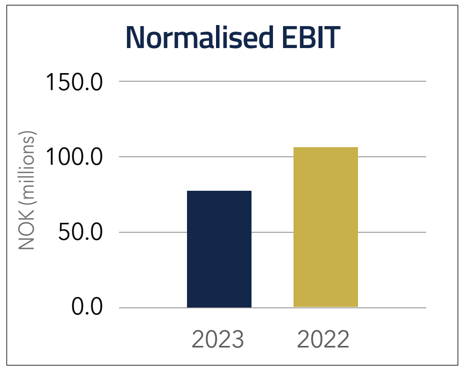
(a) The relocation investment in SRS, coupled with a temporary revenue downturn in 2023.

(b) The acquisition of Klein in August 2023, a business historically operating at a loss had an impact on the Group's EBITDA due to Klein's continued losses post-acquisition. However, we are pleased to report that the investment plan and turnaround strategy implemented for Klein are progressing as planned.

EBIT

In 2023, EBIT, normalised by adding back the NOK 117.3 million effect of the one-off SRS goodwill impairment, decreased by NOK 36.9 million, or 32.1%, to NOK 78.1 million compared to NOK 114.9 million in 2022. The principal reasons for this decrease are the reduction in EBITDA, as explained in the EBITDA section.

For details of the goodwill impairment, please refer to NOTE 16 to the consolidated financial statements.



TAXATION

Corporate income tax expense for 2023 was NOK 17.0 million compared with a NOK 26.6 million corporate income tax expense in 2022.

Our effective tax rate for 2023, after adjusting for the impact of goodwill impairment, was 27.6% compared to 25.3% for 2022. For additional information on the tax drivers refer to NOTE 11 to the consolidated financial statements.

(LOSS) / PROFIT FOR THE YEAR

Loss for the year was NOK 72.5 million in 2023, from a profit of NOK 78.7 million in 2022. The loss for the year reflected the decrease in EBITDA, one-off goodwill impairment of NOK 117.3 million and an increase in net finance expenses in 2023 of NOK 7.8 million.

DEBT FINANCING

The Group generated NOK 47.7 million from operating activities. In August 2023, the Group made a drawdown of USD 14 million to facilitate the acquisition of Klein. Additionally, in December 2023, the Group issued shares, yielding funds of NOK 210 million, part of which was used to fully repay the NOK 200 million term loan facility.

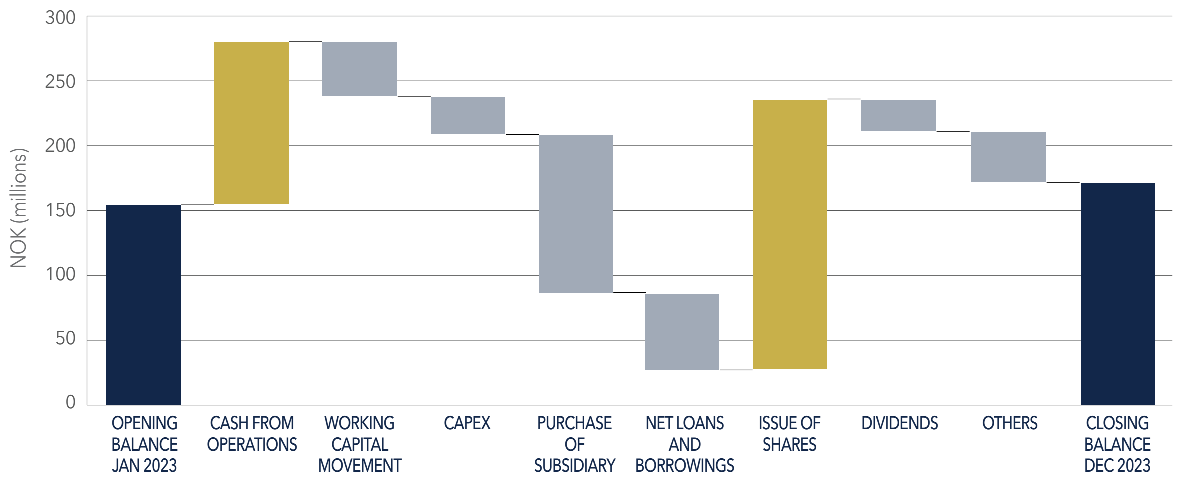
With these transactions accounted for, and barring new acquisitions, we foresee no immediate need to seek external financing to execute our current business strategy in the near future.

LIQUIDITY

We rely primarily on cash flow from operating activities, available cash and cash equivalents as well as liquidity provided by our credit facility to finance our operations and any 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 revenue growth.

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 2023 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 2023, and the Group companies' plans for rest of the year and in the future.

SUBSEQUENT EVENTS

There are no material subsequent events.

OUTLOOK

The formation of the General Oceans Group aims to unite dynamic and profitable companies within the ocean technology sector, providing access to a broader technological base, a stronger customer network, and the collective expertise of the Group members. While decisions are primarily made locally, each firm's identity and entrepreneurial spirit remain intact.

The markets served by the General Oceans Group are experiencing growth, particularly in ocean science, offshore renewable energy (wind, waves, and tides), and defence and security. Our current products and solutions can be further developed and marketed to expand within existing customer segments and penetrate new markets geographically through innovative engineering, commercial development and collaborative efforts.

We prioritise enhancing the growth and efficiency of our businesses through intra-group cooperation, whilst maintaining the agility needed to lead technologically in this exciting and fast paced industry. This involves sharing best practice and streamlining our supply chain, product development, and sales and marketing activities to reach new markets and customers more efficiently and effectively than if each company operated independently. We actively seek out successful and upcoming entrepreneurs to join our group to support our goals.

The success of 2023 positions the Group well as we enter 2024 with a focus on:

- **Continued Organic Growth**: Leveraging synergies in sales, maintaining a robust and innovative market and customer led product development program, and ensuring each operating company focuses on its core business as well as exploring growth opportunities. Operationally, this involves sharing best sales practices.
- **Strategic Investments:** We are investing in areas poised for growth, particularly in "Intelligent Autonomy," which requires advanced sensor systems, artificial intelligence / machine learning processing modules, and control algorithms. The Group is funding internal research programs in key future technology areas, as well as seeking partners who can contribute crucial elements to the value chain or have commercial applications that align with and enhance our technology stack.
- **People and Culture:** With our diverse workforce, rich in experience and skills, and spread across various locations, it's crucial to establish, communicate, and foster a unified direction for all. Cultivating a strong organisational culture is paramount in achieving this goal. As we continue to evolve, our objective is to create more opportunities for bringing people together, sharing knowledge, acknowledging expertise, fostering collaboration, and prioritising professional development.

  To this end, we are launching the General Oceans Academy as the primary platform for employee engagement. This initiative includes GO Cascade, the group's inaugural management conference, where we can disseminate the latest updates, facilitate interactions among peers from across the organisation, and begin to foster a truly integrated collective.

As we move forward, we remain committed to driving innovation, pursuing growth opportunities, and creating value for our stakeholders.

WORKING ENVIRONMENT AND SOCIAL RESPONSIBILITY

At the end of 2023, General Oceans AS had 5 employees. The management team of the General Oceans Group consist of four males. The Board of General Oceans AS consist of five external members (two female, three 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 diverse workforce that is free of any gender or ethnicity bias, which forms a basis for inclusivity, 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 employees, and to ensure that the employees fully understand their own responsibilities regarding environmental and health and safety matters. The General Oceans Group supports equal rights and opportunities amongst its employees and does not tolerate harassment or discrimination in any form.

The working arrangements of the Group follow the descriptions and responsibilities associated with different jobs and positions and are independent of gender. All wage adjustments will be conducted based on annual evaluation of the individual's performance and contribution to the Group's achievement of its strategic goals.

REPORTING ON GENDER EQUALITY AND ANTI-DISCRIMINATION

General Oceans AS Board of Directors consist of three male and two female Board members. The Board's Chair is male. The gender demography of the Group is split 74% male and 26% female.

The Group adheres to country laws relating to discrimination in 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 in which the Group operates.

WORKING ENVIRONMENT

The Board considers the working environment in General Oceans Group to be good. The Group has done its utmost to maintain a good working environment in situations that have required improvisation and flexibility from all involved.

In 2023 there were no reported working accidents or injuries, and there were no reported incidents of harassment and discrimination.

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.

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 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. A summary presentation of several of these risks are outlined below.

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 leads the assessment of business risk and risk management and facilitates the discussion of these risks with the Board of Directors. 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, consequently or likely, 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 also potentially important 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. 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 a reduction of brand concentration risk. Nevertheless, 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 its 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 and 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 in a very competitive market for this type of talent. An inability to attract capable engineering talent could negatively 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 fulfil their contract(s) with General Oceans. In addition, if one or more of these companies were to cease doing business with General Oceans, our results 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 USD 13.7 million (NOK 139.4 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 facility or other financing. General Oceans closely monitors the contractual performance indicators and covenant agreements. Based on the Group's business plan for 2024-2026, 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 term loan (refer to NOTE 22 for the details of the term loan). The term loan has a floating interest based on SOFR (2022: 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 high liquidity levels in the Group, the impact of this exposure is relatively limited.

To mitigate the impact of interest rate fluctuations, General Oceans continually assesses the exposure to interest rate risks and if deemed necessary a portion of those risks is hedged by using derivative financial instruments.

The Group uses financial instruments (including interest rate swaps) to hedge, or partially-hedge expected contractual cash flows. Procedures for risk management are adopted by the boards of the operational subsidiaries.

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 2024 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 2023 of NOK 5.0 million after tax. The Board proposes the following allocation of the results for General Oceans AS for the year:

Transferred to other equity NOK 5.0 million

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, 18 April 2024
Board of Directors

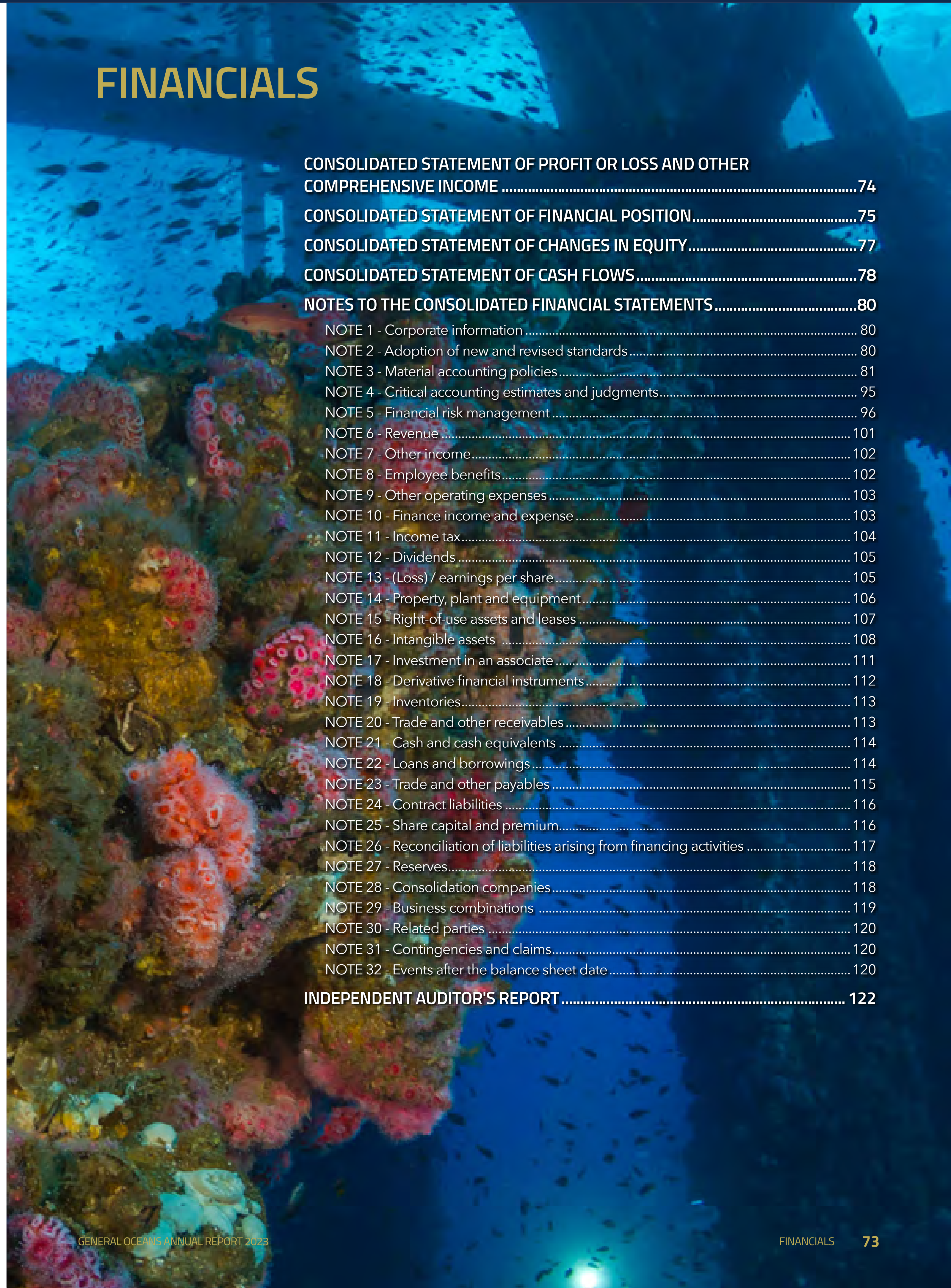
STEIN DALE
Chair of the Board of Directors
[Electronically signed]

ASTA ELLINGSEN STENHAGEN
Director
[Electronically signed]

KIM STEINSLAND
Director
[Electronically signed]

TORFINN KILDAL
Director
[Electronically signed]

SASKIA JOSEPHINE STERUD
Director
[Electronically signed]



FINANCIALS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(For the Year Ended 31 December)

NOK (thousands)	NOTE	2023	2022
Revenue	6	809,769	629,639
Other income	7	7,209	10,810
Raw materials		(247,986)	(195,172)
Employee benefits	8	(278,114)	(214,007)
Depreciation and amortisation expense	14,15,16	(49,047)	(30,707)
Impairment of goodwill	16	(117,321)	-
Other operating expense	9	(162,762)	(85,620)
OPERATING (LOSS) / PROFIT		**(39,252)**	**114,943**
Finance income	10	23,025	20,990
Finance expense	10	(35,867)	(26,009)
Share of losses from an associate	17	(3,392)	(4,592)
(LOSS) / PROFIT BEFORE TAX		**(55,486)**	**105,332**
Income tax expense	11	(17,039)	(26,601)
(LOSS) / PROFIT		**(72,525)**	**78,731**
Other comprehensive income			
Foreign currency translation differences of foreign operations		25,740	32,014
OTHER COMPREHENSIVE INCOME, NET OF TAX		**25,740**	**32,014**
TOTAL COMPREHENSIVE (LOSS) / INCOME		**(46,785)**	**110,745**
(LOSS) / EARNINGS PER SHARE (NOK)			
Basic (loss) / earnings per share	13	(1.48)	1.62

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(As at 31 December)

NOK (thousands)	NOTE	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	14	159,283	91,580
Right-of-use assets	15	75,976	63,591
Intangible assets	16	252,006	351,776
Investment in an associate	17	273	461
Derivative financial assets	18	3,379	1,929
Other receivables	20, 30	12,327	11,887
Deferred tax assets	11	7,362	3,257
		510,606	**524,481**
Current assets			
Inventories	19	205,744	115,197
Trade and other receivables	20	153,401	142,797
Contract assets	6	506	3,226
Derivative financial assets	18	3,569	-
Cash and cash equivalents	21	172,652	153,824
		535,872	**415,044**
TOTAL ASSETS		**1,046,478**	**939,525**
LIABILITIES			
Non-current liabilities			
Contract liabilities	24	644	-
Loans and borrowings	22	126,480	180,276
Lease liabilities	15	67,187	59,731
Derivative financial liabilities	18	2,058	-
Deferred tax liabilities	11	43,748	39,252
		240,117	**279,259**
Current liabilities			
Trade and other payables	23	114,826	99,734
Contract liabilities	24	20,982	21,694
Loans and borrowings	22	14,065	20,347
Lease liabilities short term	15	13,236	6,537
Derivative financial liabilities	18	-	6,154
Income tax payable	11	17,972	18,707
		181,081	**173,173**
TOTAL LIABILITIES		**421,198**	**452,432**
NET ASSETS		**625,280**	**487,093**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

NOK (thousands)	NOTE	2023	2022
EQUITY			
Share capital	25	5,570	4,858
Share premium reserve	25	535,115	325,855
Foreign exchange reserve		63,377	37,637
Retained earnings		21,218	118,743
TOTAL EQUITY		**625,280**	**487,093**

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

Oslo, 18 April 2024
Board of Directors

STEIN DALE
Chair of the Board of Directors
[Electronically signed]

ASTA ELLINGSEN STENHAGEN
Director
[Electronically signed]

KIM STEINSLAND
Director
[Electronically signed]

TORFINN KILDAL
Director
[Electronically signed]

SASKIA JOSEPHINE STERUD
Director
[Electronically signed]

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(For the Year Ended 31 December)

NOK (thousands)	NOTE	Share capital	Share premium reserve	Foreign exchange reserve	Retained earnings	Total equity
BALANCE AT 1 JANUARY 2022		**255**	**259,746**	**5,623**	**54,012**	**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		-	-	**32,014**	**78,731**	**110,745**
Contribution by and distribution to owners						
Business combination (share consideration)		22	70,690	-	-	70,712
Share face value increase	25	4,581	(4,581)	-	-	-
Dividends	12	-	-	-	(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**	**37,637**	**118,743**	**487,093**
BALANCE AT 1 JANUARY 2023		**4,858**	**325,855**	**37,637**	**118,743**	**487,093**
Comprehensive income for the year						
Loss for the year		-	-	-	(72,525)	(72,525)
Other comprehensive income						
Foreign currency translation differences		-	-	25,740	-	25,740
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		-	-	**25,740**	**(72,525)**	**(46,785)**
Contribution by and distribution to owners						
Issue of shares	25	712	209,260	-	-	209,972
Dividends	12	-	-	-	(25,000)	(25,000)
TOTAL TRANSACTIONS WITH OWNERS		**712**	**209,260**	**-**	**(25,000)**	**184,972**
BALANCE AT 31 DECEMBER 2023		**5,570**	**535,115**	**63,377**	**21,218**	**625,280**

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	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit for the year		**(72,525)**	**78,731**
Adjustments for:			
Net losses from sales of assets		150	(444)
Depreciation and amortisation expense	14, 15, 16	50,149	30,707
Impairment of goodwill	16	117,321	-
Bad debt provision	20	21	246
Net finance expenses	10	12,842	17,358
Share of losses from an associate	17	3,392	4,592
Income tax expense	11	17,039	26,601
Increase in inventories	19	(37,664)	(14,132)
Decrease (increase) in trade and other receivables		20,877	(33,369)
Decrease (increase) in contract assets		2,720	(2,067)
(Decrease) increase in trade and other payables		(28,006)	24,173
Decrease in contract liabilities		(68)	(9,683)
Cash generated from operations		86,248	122,713
Income taxes paid		(22,028)	(27,058)
Interest paid		(16,484)	(9,654)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**47,736**	**86,001**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		3,465	1,067
Capital injection to an associate	17	(2,543)	(351)
Proceeds from sale of assets	14	3,553	2,006
Purchase of intangible assets	16	(7,065)	(52)
Purchases of plant and equipment	14	(23,909)	(15,573)
Acquisition of subsidiaries (net of cash)	29	(122,164)	(151,710)
NET CASH USED IN INVESTING ACTIVITIES		**(148,663)**	**(164,613)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing loans	22	172,965	200,000
Repayment of interest bearing loans	22	(233,062)	(40,308)
Lease liabilities repaid	15	(14,574)	(7,235)
Dividends paid	12	(25,000)	(14,000)
Issue of shares	25	209,972	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**110,301**	**138,457**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**9,374**	**59,845**
Cash and cash equivalents at beginning of year		153,824	84,783
Effect of foreign exchange rate changes		9,454	9,196
CASH AND CASH EQUIVALENTS AT END OF YEAR		**172,652**	**153,824**

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

NOTES TO THE 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.

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.

NOTE 2 - ADOPTION OF NEW AND REVISED STANDARDS

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group has applied the following amendment to IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The Group has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Non-current Liabilities with Covenants*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*

The Board of Directors of the Company (the "Board") do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

NOTE 3 - MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in this note (2022: Note 4 – Accounting policies) in certain instances in line with the amendments.

3.1 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 IASB and Interpretations (collectively "IFRS"), as adopted by the European Union, as well as additional Norwegian reporting requirements pursuant to the Norwegian Accounting Act.

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

- Derivative financial instruments – fair value through profit or loss

The accounting policies adopted are set out below.

3.2 GOING CONCERN

The Board has, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

3.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the parent company and entities controlled by the parent company (its subsidiaries) made up to 31 December each year. Control is achieved when the parent company:

- Has the power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The parent company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the parent company obtains control over the subsidiary and ceases when the parent company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the parent company gains control until the date when the parent company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

3.4 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.

3.5 GOODWILL

Goodwill is initially recognised and measured as set out above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

3.6 INVESTMENT IN AN ASSOCIATE

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of the associate are incorporated in these financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

If there is objective evidence that the Group's net investment in an associate is impaired, the requirements of IAS 36 Impairment of Assets are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.7 REVENUE

The Group recognises revenue from the following major sources:

- Product sales
- Services

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Product sales

The Group sells sensors, operational platforms, and subsea vehicles to customers. Sometimes, these products are customised extensively. However, this customisation does not limit the Group's ability to resell the products if an order gets cancelled, albeit such cancellations are rare.

Revenue is recognised when control of the products has transferred, generally being when the Group has made the products available to the customer. The Group acts as a principal in the transaction, as it has control over the products before their transfer to the customer. 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.

Services

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.

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 3.21.

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 have any contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year.

The Group receives an upfront payment for extended warranty services, which covers the entire service period. This upfront payment is intended to reduce administration costs. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

3.8 LEASES

The Group as a lessee

The Group assesses whether a contract is, or contains, a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (which mainly consist of small items of office furniture). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise :

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date
- The amount expected to be payable by the lessee under residual value guarantees

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used)
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

The Group as a lessor

The Group enters into lease agreements as a lessor with respect to some of its buildings.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.9 FOREIGN CURRENCIES

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3.10 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.11 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.12 DEFINED CONTRIBUTION SCHEMES

The Group provides defined contribution retirement benefit plans for all employees. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

3.13 SHORT-TERM AND OTHER LONG-TERM SERVICE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured 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.

3.14 TAXATION

The income tax expense represents the sum of current and deferred income tax expense.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the parent company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.15 PROPERTY, PLANT AND EQUIPMENT

Freehold land is not depreciated.

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method in accordance with NOTE 14.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.16 INTANGIBLE ASSETS

Externally acquired intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in NOTE 16. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Internally generated intangible assets (development costs)

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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 outlined in NOTE 16.

3.17 IMPAIRMENT OF NON-FINANCIAL ASSETS (EXCLUDING GOODWILL)

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.18 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

3.19 CASH AND CASH EQUIVALENTS

In the statement of financial position, cash and bank balances comprise cash and bank balances.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in **NOTES 21 AND 22**.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.20 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

FINANCIAL ASSETS

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "finance income" line item **(NOTE 10)**.

(ii) Financial assets at FVTPL

Derivative financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Derivative financial assets are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. Fair value is determined in the manner described in NOTE 5.3.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'finance income' line item (NOTE 10).

For financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'finance expense' line item as part of the fair value gain or loss (NOTE 10).

Impairment of financial assets

The Group recognises a provision for impairment on trade and other receivables. The amount of provision for impairment is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Impairment provisions for 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 other receivables 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 the initial recognition of the financial asset. For those where the credit risk has not increased significantly since the 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.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The measurement of provision for impairment is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the provision for impairment is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

FINANCIAL LIABILITIES AND EQUITY

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the parent company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the parent company's own equity instruments.

Financial liabilities at amortised cost

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'finance expense' line item in profit or loss (NOTE 10) for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification is recognised in profit or loss as the modification gain or loss.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts and interest rate swaps. Further details of derivative financial instruments are disclosed in NOTE 18.

Derivatives are recognised initially at fair value at the date a derivative 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 derivative 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.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Forward exchange forward contracts are offset in the financial statements as the Group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the Group's financial position is disclosed in NOTE 18. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

3.21 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Warranties

Provisions for the expected cost of warranty obligations under local sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Dilapidation

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognised when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the Board's best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

3.22 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.

NOTE 4 - CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In applying the Group's accounting policies, which are described in NOTE 3, the Board is required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may 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.

CRITICAL JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Board have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

- Revenue recognition –timing of satisfaction (see NOTE 3.7 and 6)

ESTIMATES AND ASSUMPTIONS

- Deferred tax assets – Estimate of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised (see NOTE 11)
- Impairment of goodwill – Estimate of future cash flows and determination of the discount rate (see NOTE 16)
- Lease liabilities – Estimate of incremental borrowing rate used to measure lease liabilities (NOTE 15)

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:

- Currency risk
- Interest rate risk
- Credit risk, and
- Liquidity risk

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 FINANCIAL INSTRUMENTS BY CATEGORY

The following table combines information about:

- Classes of financial instruments based on their nature and characteristics
- The carrying amounts of financial instruments
- Fair values of financial instruments (except financial instruments when carrying amount approximates their fair value)

NOK (thousands)	2023	2022
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	153,214	126,883
Cash and cash equivalents	172,652	153,824
Derivative financial assets	6,948	1,929
TOTAL FINANCIAL ASSETS	**332,814**	282,636
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	86,339	71,551
Loans and borrowings	140,545	200,623
Derivative financial liabilities	2,058	6,154
TOTAL FINANCIAL LIABILITIES	**228,942**	278,328

5.3 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. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	LEVEL 1		LEVEL 2		LEVEL 3	
NOK (thousands)	2023	2022	2023	2022	2023	2022
Financial assets						
Derivative financial assets	-	-	6,948	1,929	-	-
TOTAL FINANCIAL ASSETS	**-**	-	**6,948**	1,929	**-**	-
Financial liabilities						
Derivative financial liabilities	-	-	2,058	6,154	-	-
TOTAL FINANCIAL LIABILITIES	**-**	-	**2,058**	6,154	**-**	-

There were no transfers between levels during the current or prior year.

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

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

5.4 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's CFO provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's policies approved by the Board, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Group's CFO reports regularly to the Board, who monitors risks and policies implemented to mitigate risk exposures.

5.5 MARKET RISK

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates (see below). The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risk, including:

- Forward foreign exchange contracts to hedge the exchange rate risk
- Interest rate swaps to mitigate the risk of rising interest rates

Although the derivatives have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

5.5.1 CURRENCY RISK

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	ASSETS		LIABILITIES	
NOK (thousands)	2023	2022	2023	2022
United States Dollar ("USD")	110,779	44,422	148,028	3,260
Great Britain Pound ("GBP")	950	48,963	1,342	7,304
Australian Dollar ("AUD")	-	19,741	-	1,913
Euro ("EUR")	10,299	18,766	292	1,265
Others	6,027	5,180	3,726	2,746
	128,055	137,072	153,388	16,488

Foreign currency sensitivity analysis

The Group is mainly exposed to USD.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. A positive number below indicates an increase in profit and equity where USD strengthens against NOK. For the weakening of USD against NOK, there would be a comparable impact on the profit and equity, and the balances below would be negative.

The movement in the pre-tax effect is a result of a change in the fair value of derivative financial instruments not designated in a hedge relationship and monetary assets and liabilities denominated in USD, where the functional currency of the entity is a currency other than USD.

The Group's exposure to foreign currency changes for all other currencies is not material.

	EFFECT ON PROFIT BEFORE TAX		EFFECT ON PRE-TAX EQUITY	
NOK (thousands)	2023	2022	2023	2022
Change in USD rate				
+10%	(3,725)	4,116	-	-
-10%	3,725	(4,116)	-	-

5.5.2 INTEREST RATE RISK

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite; ensuring the most cost-effective hedging strategies are applied.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

The Group is exposed to SOFR (2022: NIBOR). The exposures arise on the Group's loans and borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, 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 key management personnel and represents management's assessment of the reasonably possible change in interest rates.

NOK (thousands)	EFFECT ON PROFIT BEFORE TAX 2023	EFFECT ON PROFIT BEFORE TAX 2022
Interest rates - increase by 100 basis points	-	(2,000)
Interest rates - decrease by 100 basis points	-	2,000

The Group's sensitivity to interest rates has decreased at 31 December 2023 mainly due to the use of interest rate swaps to swap the floating rate debt to fixed rate debt.

5.6 CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2023 and 31 December 2022, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arises from its trade and other receivables and contract assets.

It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. 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 20.

5.7 LIQUIDITY RISK

Ultimate responsibility for liquidity risk management rests with the Board, which has established an appropriate liquidity risk management framework for management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. 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.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. For non-derivative financial liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest cash flows are floating rate, the undiscounted amount is derived from interest rate curves at the reporting date.

For the foreign exchange forward contracts which are settled on a net basis, undiscounted net cash outflows are presented based on contractual maturities. The undiscounted amounts are derived from exchange rates at the reporting date.

For the interest rate swap which is settled on a net basis, undiscounted net cash outflows are presented based on the expected interest payment. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the reporting date.

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 2023					
Trade and other payables	86,339	-	-	-	-
Loans and borrowings	5,637	17,801	132,236	-	-
Lease liabilities	3,777	11,132	12,218	23,975	44,884
Derivative financial liabilities - cash (inflows) / outflows	(252)	296	1,611	1,261	-
TOTAL	**95,501**	**29,229**	**146,065**	**25,236**	**44,884**
At 31 December 2022					
Trade and other payables	99,734	-	-	-	-
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 - cash outflows	1,539	4,615	-	-	-
TOTAL	111,007	33,816	37,753	185,997	75,656

5.8 CAPITAL RISK

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2022.

The capital structure of the Group consists of net debt and equity of the Group.

The Group monitors capital on the basis of the debt to equity ratio. Debt is defined by the Group as long- and short-term borrowings and lease liabilities (excluding derivatives) as disclosed in NOTES 15 and 22. Net debt is defined as debt after deducting cash and cash equivalents. Equity includes share capital, reserves and retained earnings as disclosed in NOTE 27.

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% (2022: <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 2023 and at 31 December 2022 were as follows:

NOK (thousands)	2023	2022
Loans and borrowings	140,545	200,623
Lease liabilities	80,423	66,268
Less: cash and cash equivalents	(172,652)	(153,824)
NET DEBT	**48,316**	113,067
Total equity	625,280	487,093
Net debt to equity %	7.7%	23.2%

The Group is subject to certain externally imposed capital requirements as disclosed in NOTE 22.

NOTE 6 - REVENUE

The Group has disaggregated revenue from contracts with customers 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 NATURE

NOK (thousands)	2023	2022
Product sales	766,810	601,556
Services	41,959	28,083
	808,769	629,639

REVENUE BY MARKET AREA

NOK (thousands)	2023	2022
Marine construction	531,920	343,748
Defence	129,431	169,718
Research	147,418	116,173
	808,769	629,639

Revenue from the defence market is predominantly from government contracts.

REVENUE BY GEOGRAPHIC AREA

NOK (thousands)	2023	2022
Europe	366,147	200,358
Asia and Oceania	144,373	160,370
Americas	266,074	249,940
Rest of the world	32,175	18,971
	808,769	629,639

TIMING OF REVENUE RECOGNITION

NOK (thousands)	2023	2022
At a point in time	808,443	629,068
Over time	326	571
	808,769	629,639

No single customers contributed 10 per cent or more to the Group's revenue in either 2023 or 2022.

As of 31 December 2023, contract assets amounted to NOK 506 thousand (31 December 2022: NOK 3,226 thousand), representing orders that have been completed but not yet invoiced to customers.

NOTE 7 - OTHER INCOME

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

NOK (thousands)	2023	2022
Grants	3,938	10,366
Gains from sales of assets	1,164	444
Other	2,107	-
	7,209	10,810

NOTE 8 - EMPLOYEE BENEFITS

The employee costs include employee benefit plans and pensions.

NOK (thousands)	2023	2022
Wages and salaries	246,870	190,076
Social security contributions and similar taxes	26,036	19,371
Defined contribution pension cost	5,208	4,560
	278,114	214,007
Number of employees at year end	337	265

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 subsidiaries, and the CFO of the Group.

NOK (thousands)	2023	2022
Wages and salaries	16,021	8,284
Social security contributions and similar taxes	2,319	768
Defined contribution pension cost	647	273
	18,987	9,325

The number of shares held by the board of directors and key management personnel as at 31 December 2023 was 33,591,684 shares (31 December 2022: 37,035,250 shares). The aforementioned number of shares have been adjusted to reflect the share split during the year. For details please refer to NOTE 25.

NOTE 9 - 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)	2023	2022
Sales and marketing	14,142	11,604
Travel	14,602	7,754
Professional fees	10,623	10,150
Research and development	57,247	7,933
Occupancy costs	17,134	13,381
Office expenses	16,896	13,160
Other	32,118	21,638
	162,762	85,620

AUDIT FEES

NOK (thousands)	2023	2022
Statutory audit	842	676
Assurance services	47	78
Other non-assurance services	410	288
Other auditors	3,610	1,823
	4,909	2,865

NOTE 10 - FINANCE INCOME AND EXPENSE

NOK (thousands)	2023	2022
Finance income		
Bank interest income	3,876	1,190
Other interest income	29	74
Foreign exchange gain	19,120	19,726
TOTAL FINANCE INCOME	23,025	20,990
Finance expense		
Bank interest expense	(15,993)	(3,616)
Other interest expense	(3,399)	(3,673)
Foreign exchange expense	(16,475)	(18,720)
TOTAL FINANCE EXPENSE	(35,867)	(26,009)

NOTE 11 - INCOME TAX

NOK (thousands)	2023	2022
Current income tax	22,998	31,409
Change in deferred tax	(5,959)	(4,808)
TOTAL INCOME TAX EXPENSE	**17,039**	26,601

The income tax expense for the year can be reconciled to the (loss) / profit before tax as follows:

NOK (thousands)	2023	2022
(Loss) / profit before tax	**(55,486)**	105,332
Tax using the Company's domestic tax rate of 22% (2022: 22%)	(12,207)	23,173
Expenses not deductible (taxable) for tax purposes	33,786	6,234
Tax losses	10,100	(307)
Capital allowances	(2,426)	205
Effect of different income tax rates in other jurisdictions	(26)	(500)
Deferred tax	(5,959)	(4,808)
Other	(6,229)	2,604
TOTAL INCOME TAX EXPENSE FOR THE YEAR	**17,039**	26,601

The standard rate of corporation tax applied to reported profit is 22 per cent (2022: 22 per cent). Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

No material uncertain tax positions exist as at 31 December 2023 and 2022.

NOTE 12 - DIVIDENDS

The directors are proposing a final dividend totalling NOK 10.0 million (2022: NOK 25.0 million). This dividend has not been accrued in the consolidated statement of financial position.

NOTE 13 - (LOSS) / EARNINGS PER SHARE

Basic (loss) / earnings per share is calculated by dividing the (loss) / profit for the year by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the income and share data used in the basic (loss) / earnings per share calculations:

	2023	2022
(Loss) / earnings (NOK'000)		
(Loss) / profit attributable to shareholders	(72,525)	78,731
Weighted average number of ordinary shares ('000 shares)	48,915	48,584
BASIC (LOSS) / EARNINGS PER SHARE	**(1.48)**	1.62

In June 2023, General Oceans AS underwent a 1:35 share split. The par value of each ordinary share has been reduced from NOK 3.5 to NOK 0.1. For details, please refer to NOTE 25. The denominator for the purposes of calculating (loss) basic earnings per share has been adjusted to reflect the share split.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The Group did not have any instruments with a dilutive effect on 31 December 2023 and 2022.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

NOK (thousands)	LAND AND BUILDINGS	PLANT, MACHINERY AND EQUIPMENT	FIXTURES AND FITTINGS	TOTAL
Costs				
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
Balance at 1 January 2023	63,970	77,356	28,232	169,558
Business combinations	53,086	15,755	272	69,113
Additions	469	13,926	9,514	23,909
Reclassifications	729	(1,688)	(4,376)	(5,335)
Retirement and disposals	-	(7,345)	(102)	(7,447)
Exchange differences	3,604	2,452	1,028	7,084
BALANCE AT 31 DECEMBER 2023	**121,858**	**100,456**	**34,568**	**256,882**
Accumulated depreciation				
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)
Balance at 1 January 2023	(11,036)	(47,384)	(19,558)	(77,978)
Business combinations	-	(9,016)	(149)	(9,165)
Depreciation charge	(2,206)	(9,557)	(3,194)	(14,957)
Reclassifications	(568)	1,999	2,510	3,941
Retirement and disposals	-	3,675	69	3,744
Exchange differences	(944)	(1,589)	(651)	(3,184)
BALANCE AT 31 DECEMBER 2023	**(14,754)**	**(61,872)**	**(20,973)**	**(97,599)**
Carrying amounts				
At 1 January 2022	-	18,901	6,487	25,388
At 31 December 2022	52,934	29,972	8,674	91,580
At 1 January 2023	52,934	29,972	8,674	91,580
AT 31 DECEMBER 2023	**107,104**	**38,584**	**13,595**	**159,283**
Useful life (years)	3-15	3-5	3-15	

During the year ended 31 December 2023, depreciation expenses of NOK 1.1 million were charged to raw materials as factory overheads on production facilities.

NOTE 15 - RIGHT-OF-USE ASSETS AND LEASES

The Group as a lessee

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.

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.

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.

NOK (thousands)	RIGHT-OF-USE ASSET	LEASE LIABILITIES
Balance at 1 January 2023	**63,591**	**(66,268)**
Additions - new leases	19,449	(19,449)
Additions - lease modifications	5,737	(5,737)
Depreciation expense	(13,136)	-
Interest expense	-	(2,908)
Lease payments	-	14,574
Exchange differences	335	(635)
BALANCE AT 31 DECEMBER 2023	**75,976**	**(80,423)**
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)

LEASE LIABILITIES

NOK (thousands)	2023	2022
Non-current	67,187	59,731
Current	13,236	6,537
	80,423	66,268

As of 31 December 2023, the Group had low value leases of NOK Nil (31 December 2022: NOK 108 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 5.7** for a maturity analysis of lease liabilities.

The Group as a lessor

Certain buildings are leased to tenants under short-term operating leases with rentals payable monthly. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

NOK (thousands)	2023	2022
Up to 3 Months	210	-
Between 3 and 12 Months	281	-
	491	-

NOTE 16 - INTANGIBLE ASSETS

NOK (thousands)	GOODWILL	INTELLECTUAL PROPERTIES, PATENTS AND LICENSES	TRADEMARKS AND CUSTOMER RELATIONSHIPS	DEVELOPMENT COSTS	TOTAL
Costs					
Balance at 1 January 2022	104,968	9,796	89,803	-	204,567
Additions	-	52	-	-	52
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
Balance at 1 January 2023	**183,930**	**36,192**	**150,817**	**-**	**370,939**
Additions	-	1,922	1,035	4,108	7,065
Business combinations	9,381	8,978	3,408	-	21,767
Reclassifications	-	5,335	-	-	5,335
Exchange differences	3,619	1,829	6,143	-	11,591
BALANCE AT 31 DECEMBER 2023	**196,930**	**54,256**	**161,403**	**4,108**	**416,697**
Amortisation and impairment					
Balance at 1 January 2022	-	(1,194)	(1,497)	-	(2,691)
Amortisation charge	-	(3,129)	(12,738)	-	(15,867)
Exchange differences	-	(168)	(437)	-	(605)
BALANCE AT 31 DECEMBER 2022	-	(4,491)	(14,672)	-	(19,163)
Balance at 1 January 2023	**-**	**(4,491)**	**(14,672)**	**-**	**(19,163)**
Business combinations	-	(2,663)	-	-	(2,663)
Amortisation charge	-	(5,866)	(16,190)	-	(22,056)
Impairment	(117,321)	-	-	-	(117,321)
Reclassifications	-	(3,941)	-	-	(3,941)
Exchange differences	-	479	(26)	-	453
BALANCE AT 31 DECEMBER 2023	**(117,321)**	**(16,482)**	**(30,888)**	**-**	**(164,691)**

NOK (thousands)	GOODWILL	PROPERTIES, PATENTS AND LICENSES	TRADEMARKS AND CUSTOMER RELATIONSHIPS	DEVELOPMENT COSTS	TOTAL
Carrying amounts					
At 1 January 2022	104,968	8,602	88,306	-	201,876
At 31 December 2022	183,930	31,701	136,145	-	351,776
At 1 January 2023	183,930	31,701	136,145	-	351,776
AT 31 DECEMBER 2023	**79,609**	**37,774**	**130,515**	**4,108**	**252,006**
Useful life (years)	**N/A**	**5 - 20**	**10 ***	**N/A**	

** At 31 December 2023, the Group has a trademark of NOK 4,301 thousand (31 December 2022: Nil) with indefinite useful life. The trademark was tested for impairment.*

Research and development costs of NOK 57,247 thousand (2022: NOK 7,933 thousand) that are not eligible for capitalisation have been expensed in the year incurred and they are recognised in other operating expenses.

The research and development costs expensed this year were primarily due to the heightened payroll expenses allocated to research and development, linked with the Group's research activities in ocean technologies. This increase in labour costs reflects our sustained dedication to enhancing our capabilities in marine technology.

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 3.5 and 3.17. 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 five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment testing for development costs

Included in the carrying amount of development costs at 31 December 2023 is an amount of NOK 4,108 thousand related to a development project for a new version of vector. This new vector is planned to be launched in Q1 2025. Consequently, the benefit of the development project will not be realised as soon as previously expected and management has carried out an impairment test.

The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

	IMPAIRMENT ASSESSMENT VALUES		SENSITIVITY ANALYSIS	
	2023	2022	**2023**	2022
Annual revenue growth rate	3.6%	N/A	-1.0%	N/A
Discount rate	7.2%	N/A	+0.5%	N/A

The recoverable amount of the development project that included these development costs was estimated based on the present value of the future cash flows expected to be derived from the development project (value in use). The recoverable amount of the development project was estimated to be higher than its carrying amount and no impairment was required.

Impairment testing for goodwill

At 31 December 2023 and 2022, the Group's goodwill originated from business combinations are as follows:

NOK (thousands)	2023	2022
Strategic Robotic Systems Inc	-	117,321
Reach Robotics Pty Ltd	35,693	34,598
Tritech International Ltd	34,928	32,011
Klein Marine Systems Inc	8,988	-
	79,609	183,930

Strategic Robotic Systems Inc

At 31 December 2023, the Group performed an impairment test of intangible assets in accordance with the requirements in IAS 36. SRS' initial revenue growth profile at the time of acquisition did not materialise as expected during 2023, primarily due to several factors affecting actual sales performance. Despite optimistic projections, SRS faced challenges such as intensified competition, and unforeseen disruptions as it relocated its office to San Diego. Consequently, sales orders fell short of expectations, resulting in a shortfall in revenue generation. The recoverable amount of SRS was NOK 106.3 million as at 31 December 2023. In response to the underperformance, the projected cash flows have been reassessed and adjusted to accurately reflect the current business landscape, ensuring a more realistic and sustainable financial outlook moving forward. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

	IMPAIRMENT ASSESSMENT VALUES		SENSITIVITY ANALYSIS	
	2023	2022	**2023**	2022
Annual revenue growth rate	4.1%	13.0%	-1.0%	-1.0%
Discount rate	13.5%	12.5%	+0.5%	+0.5%

It was concluded that the recoverable amount was lower than the carrying amount of the CGU. As a result of this analysis, management has recognised an impairment loss of NOK 117.3 million in the current year against goodwill with a carrying amount of NOK 117.3 million as at 31 December 2022.

Reach Robotics Pty Ltd

As at 31 December 2023, the Group performed an impairment test of intangible assets in accordance with the requirements in IAS 36. The headroom related to Reach in the impairment-test amounted to NOK 4,317 thousand. The projected cash flows have been updated to reflect the decreased demand for products and services. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

	IMPAIRMENT ASSESSMENT VALUES		SENSITIVITY ANALYSIS	
	2023	2022	**2023**	2022
Annual revenue growth rate	13.5%	20.6%	-1.0%	-1.0%
Discount rate	13.0%	12.0%	+0.5%	+0.5%

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 2023, 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 53,242 thousand. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions. .

	IMPAIRMENT ASSESSMENT VALUES		SENSITIVITY ANALYSIS	
	2023	2022	**2023**	2022
Annual revenue growth rate	9.9%	9.8%	-1.0%	-1.0%
Discount rate	13.5%	12.5%	+0.5%	+0.5%

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

Klein Marine Systems Inc

As at 31 December 2023, the Group performed an impairment test of intangible assets in accordance with the requirements in IAS 36. The headroom related to Klein in the impairment-test amounted to NOK 59,407 thousand. The following table shows the key assumptions used in the impairment test and the sensitivity related to changes in the key assumptions.

	IMPAIRMENT ASSESSMENT VALUES		SENSITIVITY ANALYSIS	
	2023	2022	**2023**	2022
Annual revenue growth rate	4.2%	N/A	-1.0%	N/A
Discount rate	15.0%	N/A	+0.5%	N/A

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 17 - INVESTMENT IN AN ASSOCIATE

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	
		2023	2022
Hefring Inc	United States of America	25%	25%

Summarised financial information

NOK (thousands)	2023	2022
Current assets	10,015	2,078
Non-current assets	257	320
Current liabilities	(1,973)	(553)
Non-current liabilities	(7,208)	-
NET ASSETS	**1,091**	1,845
GROUP SHARE OF NET ASSETS (25%)	**273**	461
Revenues	980	700
Loss from operations	(12,993)	(18,877)

NOTE 18 - DERIVATIVE FINANCIAL INSTRUMENTS

NOK (thousands)	2023	2022
Derivative financial assets		
Forward foreign exchange contracts	6,948	1,929
TOTAL DERIVATIVE FINANCIAL ASSETS	**6,948**	**1,929**
Non-current	3,379	1,929
Current	3,569	-
TOTAL DERIVATIVE FINANCIAL ASSETS	**6,948**	**1,929**

NOK (thousands)	2023	2022
Derivative financial liabilities		
Forward foreign exchange contracts	-	(6,154)
Interest rate swap	(2,058)	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**(2,058)**	**(6,154)**
Non-current	(2,058)	-
Current	-	(6,154)
TOTAL DERIVATIVE FINANCIAL LIABILITIES	**(2,058)**	**(6,154)**

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 21 (2022: 15) active foreign exchange forwarding contracts maturing monthly up to September 2025 (2022: March 2024).

During the year, the Group entered into an interest rate swap agreement in place with a notional amount of NOK 138.9 million (USD13.7 million) (2022: Nil) whereby the Group receives a variable rate of interest at SOFR-OIS Compound and pays interest at a fixed rate of 4.65% on the notional amount. Such contract enables the Group to mitigate the risk of changing interest rates on the cash flow exposures on the variable rate loans and borrowings.

These contracts were not designated as hedging instruments for the purposes of hedge accounting in accordance with IFRS 9 'Financial Instruments'.

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

Gains and losses in fair valuing foreign exchange forwarding contracts are recognised in 'finance costs' in the consolidated statement of profit or loss. Gains and losses on maturity are recognised in 'finance costs' in consolidated statement of profit or loss.

NOTE 19 - INVENTORIES

The inventories comprise of the following:

NOK (thousands)	2023	2022
Raw materials and consumables	125,433	42,409
Work-in-progress	12,173	782
Finished goods and goods for resale	68,138	72,006
	205,744	**115,197**

The cost of inventories utilised are recognised as an expense in raw materials.

At 31 December 2023, slow moving inventories of NOK 11.1 million have been written off (31 December 2022: Nil).

NOTE 20 - TRADE AND OTHER RECEIVABLES

NOK (thousands)	2023	2022
Trade receivables	127,767	109,168
Less: provision for impairment of trade receivables	(672)	(651)
Net trade receivables	127,095	108,517
Prepayments	12,514	15,914
VAT receivable	1,699	293
Bonds, deposits, guarantees	1,642	3,426
Related party receivables	12,327	11,887
Other receivables	10,451	14,647
TOTAL	**165,728**	**154,684**
Non-current	12,327	11,887
Current	153,401	142,797
TOTAL TRADE AND OTHER RECEIVABLES	**165,728**	**154,684**

The Group utilises judgement 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)	2023	2022
Current	67,368	47,738
1-30 days	27,338	35,882
31-60 days	9,580	7,052
61-90 days	8,659	2,047
>90 days	14,150	15,798
BALANCE AT 31 DECEMBER	**127,095**	**108,517**

NOTE 21 - CASH AND CASH EQUIVALENTS

NOK (thousands)	2023	2022
Bank deposits payable on demand	155,308	143,760
Bank deposits restricted to tax payments	17,344	10,064
BALANCE AT 31 DECEMBER	**172,652**	153,824

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

NOTE 22 - LOANS AND BORROWINGS

	2023		
NOK (thousands)	CURRENT	NON-CURRENT	TOTAL
Term loan	13,931	126,319	140,250
Other borrowings	134	161	295
TOTAL	**14,065**	**126,480**	**140,545**

	2022		
NOK (thousands)	CURRENT	NON-CURRENT	TOTAL
Term loan	20,116	180,000	200,116
Other borrowings	231	276	507
TOTAL	20,347	180,276	200,623

In 2022, the Group acquired a NOK 200.0 million term loan facility, secured by a first priority pledge over a selection of the subsidiary shares. The termination date of the facility is 3 years from the first drawdown (circa 2025). In December 2023, following a share issue (refer to **NOTE 25**) the Group early repaid the NOK 200.0 million loan.

In August 2023, the Group made a drawdown of USD 14.0 million to fund the acquisition of Klein. The loan facility as at 31 December 2023 was USD 13.7 million (NOK 139.4 million).

The facility contains the following customary covenants:

- Equity/Assets at all times of at least 40%
- NIBD/EBITDA not to exceed 3.0
- Minimum cash balance of NOK 50m

The interest is in line with market conditions and is based on SOFR (2022: NIBOR) plus a margin of 2.0% to 2.5% (the spread depends on certain leverage covenants).

LOAN COVENANTS

	2023	2022
Equity ratios		
Total equity	625,280	487,093
Total assets	1,046,478	939,525
EQUITY RATIO	**60%**	52%

NOK (thousands)	2023	2022
NIBD ratios		
Loans and borrowings	140,545	200,623
Cash and cash equivalents	(172,652)	(153,824)
NIBD	(32,107)	46,799
EBITDA	127,116	145,650
NIBD TO EBITDA RATIO	**(0.3)**	0.3

The Group has complied with these covenants throughout 2023 and 2022.

Other borrowings comprise of business loans at a fixed interest rate of 0.55% (2022: 0.55%), repayments are monthly, the loans terminate in 2024 and 2026.

NOTE 23 - TRADE AND OTHER PAYABLES

NOK (thousands)	2023	2022
Trade payable	60,339	32,788
Wage taxes and social securities	21,315	21,565
Accruals	27,272	28,183
Provision - Warranties	691	2,959
Provision - Dilapidations	524	409
VAT Payable	1,012	3,431
Other payables	3,673	10,399
TOTAL	**114,826**	99,734

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 24 - CONTRACT LIABILITIES

NOK (thousands)	2023	2022
Prepayments from customers	18,011	14,848
Invoiced revenue, not delivered	3,615	6,846
BALANCE AT 31 DECEMBER	21,626	21,694

NOK (thousands)	2023	2022
Non-current	644	-
Current	20,982	21,694
	21,626	21,694

Set out below is the amount of revenue recognised from:

NOK (thousands)	2023	2022
Amounts included in contract liabilities at the beginning of the year	21,694	31,377
	21,694	31,377

Management expects that 25 per cent of the transaction price allocated to the unsatisfied and/or partially unsatisfied contracts as of the year ended 2023 will be recognised as revenue during the next reporting period (NOK 219.1 thousands). The remaining 75 per cent, NOK 560.7 thousands will be recognised in the 2025 financial year and NOK 83.6 thousands in the 2026 financial year.

NOTE 25 - SHARE CAPITAL AND PREMIUM

	NUMBER OF SHARES	ORDINARY SHARES	SHARE PREMIUM	TOTAL
	(thousands)	NOK '000	NOK '000	NOK '000
Balance at 1 January 2022	1,277,061	255	259,746	260,001
Business combination (share consideration)	111,049	22	70,690	70,712
Share face value increase	-	4,581	(4,581)	-
BALANCE AT 31 DECEMBER 2022	1,388,110	4,858	325,855	330,713
Balance at 1 January 2023	1,388,110	4,858	325,855	330,713
1:35 share split	47,195,740	-	-	-
Shares issued	7,115,747	712	209,260	209,972
BALANCE AT 31 DECEMBER 2023	55,699,597	5,570	535,115	540,685

In April 2022 General Oceans AS increased the par value of shares from NOK 0.2 to NOK 3.5 per share. The increase in share value is funded by the share premium reserve.

In June 2023, General Oceans AS underwent a 1:35 share split. The par value of each ordinary share has been reduced from NOK 3.5 to NOK 0.1.

In December 2023, the General Assembly of shareholders approved the issue of 7,115,747 ordinary shares at a price of NOK 31.54 per share.

Largest 20 shareholders by year end 31 December 2023 were:

SHAREHOLDER	NUMBER OF SHARES	PERCENTAGE
Atle Lohrmann	31,191,310	56.0%
FC Holding XXVII AS	14,235,629	25.6%
Loco Holding AS	1,470,000	2.6%
Hungry Horse AS	1,225,000	2.2%
PMPB Investments Pty Ltd ATF Phillips Family Trust	1,175,339	2.1%
S.Nylund Holding AS	1,050,000	1.9%
MCSB Investments Pty Ltd ATF Sproule Family Trust	783,559	1.4%
KMB Enterprises Pty Limited ATF the KMB Investments Trust	544,145	1.0%
Rosenthal/Fleming Family Trust	398,930	0.7%
Torstein Pedersen	350,000	0.6%
James Barratt	332,745	0.6%
Robin Sharphouse	332,745	0.6%
DM Whillas Family Trust	280,000	0.5%
Alltrust SIPP Limited fbo James Barratt M0005440	276,045	0.5%
Embark SIPP re Robin Sharphouse S1077038	276,045	0.5%
Luis Sebastiao	237,650	0.4%
S.D.Kamminga Beheer B.V.	236,250	0.4%
Antonio Pascoal	209,160	0.4%
Anders Gabriel Ridley-Smith	155,470	0.3%
Charles Gregory Sweney	101,535	0.2%
Other shareholders	838,040	1.5%
	55,699,597	100.0%

At 31 December 2023 the board of directors and key management held 33,591,684 shares (At 31 December 2022: 37,035,250). The aforementioned number of shares have been adjusted to reflect the share split during the year.

NOTE 26 - RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

NOK (thousands)	LOANS AND BORROWINGS	LEASE LIABILITIES	TOTAL
Balance at 1 January 2022	40,931	63,376	104,307
Financing cash flows	159,692	(7,235)	152,457
New leases	-	7,680	7,680
Foreign exchange adjustments	-	220	220
Other changes:			
Interest expense	-	2,227	2,227
BALANCE AT 31 DECEMBER 2022	200,623	66,268	266,891
Balance at 1 January 2023	200,623	66,268	266,891
Financing cash flows	(60,097)	(14,574)	(74,671)
New leases	-	25,186	25,186
Foreign exchange adjustments	19	635	654
Other changes:			
Interest expense	-	2,908	2,908
BALANCE AT 31 DECEMBER 2023	140,545	80,423	220,968

NOTE 27 - 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 28 - 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 2023	EQUITY 2023	PROFIT/ (LOSS) 2023
Nortek AS	Rud	100%	132,152	56,442
Nortek Netherlands BV	Hoofddorp	100%	10,133	1,831
Nortek Instruments Ltd	Southampton	100%	13,747	3,307
Nortek Qingdao Measuring Equipment Co Ltd	Qingdao	100%	17,277	2,020
Nortek Brasil Representacoes, Consultoria	Florianopolis	100%	876	575
Nortek Japan GK	Tokyo	100%	(615)	(645)
Nortek USA Inc	Boston	100%	11,446	2,676
Nortek Australia Pty Ltd	Melbourne	100%	2,203	503
SAS Nortek Mediterrannee	La Garde	100%	23,376	4,310
Strategic Robotic Systems Inc	San Diego	100%	31,206	(24,489)
Klein Marine Systems Inc	Salem	100%	91,765	(18,655)
General Oceans Inc	Boston	100%	116,896	(1,520)
Reach Robotics Pty Ltd	Sydney	100%	10,159	(3,670)
Tritech International Ltd	Ulverston	100%	119,396	17,113
EchoSonics Ltd	Ulverston	100%	(1,280)	(1,325)
General Oceans UK Holdings Ltd	London	100%	-	-
General Oceans Ltd	London	100%	420	472

NOTE 29 - BUSINESS COMBINATIONS

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

Klein Marine Systems Inc

On 21 August 2023, General Oceans AS acquired 100 percent ownership interest in Klein for a total cash consideration of NOK 122,164 thousand. Klein designs, manufactures, and sells advanced side-scan sonar systems for the oceanographic, hydrographic, and defence industries on a world-wide basis. The company was consolidated from the date of acquisition and the preliminary acquisition analysis gave rise to goodwill of NOK 9,381 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 following table.

NOK (thousands)	FAIR VALUE RECOGNISED ON ACQUISITION
Consideration	**122,164**
Recognised amounts of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	59,948
Identifiable intangible assets	9,723
Inventories	52,883
Trade and other receivables	12,382
Deferred tax liabilities	(4,645)
Trade and other payables	(17,508)
Total identifiable net assets	**112,783**
GOODWILL	**9,381**

NOK (thousands)	
NET CASH OUTFLOW ON THE ACQUISITION	**122,164**

Included in identifiable intangible assets are Trademark NOK 3,408 thousand and Intellectual property NOK 6,315 thousand. Transaction costs amounted to NOK 1,506 thousand.

Since the acquisition the acquiree Klein contributed NOK 34,062 thousand to Group revenues and NOK 18,655 thousand to net losses.

If the business combination had been completed on 1 January 2023, management estimates that the acquiree would have contributed NOK 73,846 thousand to Group revenues and NOK 39,994 thousand to net losses in 2023. 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 2023.

NOTE 30 - 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)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Hungry Horse AS	440	197	-	-	12,327	11,887	-	-
Ocean Illumination (CA)	-	-	932	584	-	-	-	-
	440	197	**932**	584	**12,327**	11,887	**-**	-

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 31 - CONTINGENCIES AND CLAIMS

The Group was not involved in any material contingencies or legal claims as 31 December 2023 and 2022.

NOTE 32 - EVENTS AFTER THE BALANCE SHEET DATE

There are no events after balance sheet date.

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

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:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2023, 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 2023, 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.

In our opinion:

- 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 2023, 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 2023, 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. 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 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)

INDEPENDENT AUDITOR'S REPORT

PENNEO

Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.

"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Byrkjeland, Norunn
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