



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2022 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	927 002 264
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	GENERAL OCEANS AS
Forretningsadresse:	Vangkroken 2 1351 RUD

### Regnskapsår

Årsregnskapets periode:	01.01.2022 - 31.12.2022
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Atle Lohrmann
Dato for fastsettelse av årsregnskapet:	03.05.2023

### Grunnlag for avgivelse

År 2022: Årsregnskapet er elektronisk innlevert  
År 2021: Tall er hentet fra elektronisk innlevert årsregnskap fra 2022

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 16.08.2024



### Resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		0	0
Annen driftsinntekt		12 109 000	0
<b>Sum inntekter</b>		<b>12 109 000</b>	<b>0</b>
<b>Kostnader</b>			
Varekostnad		0	0
Lønnskostnad		405 000	
Annen driftskostnad		11 383 000	835 000
<b>Sum kostnader</b>		<b>11 788 000</b>	<b>835 000</b>
<b>Driftsresultat</b>		<b>321 000</b>	<b>-835 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern		4 452 000	645 000
Annen finansinntekt		9 000	1 507 000
<b>Sum finansinntekter</b>		<b>4 461 000</b>	<b>2 152 000</b>
Rentekostnad til foretak i samme konsern		0	0
Annen finanskostnad		4 301 000	673 000
<b>Sum finanskostnader</b>		<b>4 301 000</b>	<b>673 000</b>
<b>Netto finans</b>		<b>160 000</b>	<b>1 479 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>481 000</b>	<b>644 000</b>
Skattekostnad på ordinært resultat		106 000	142 000
<b>Ordinært resultat etter skattekostnad</b>		<b>375 000</b>	<b>502 000</b>
<b>Årsresultat</b>		<b>375 000</b>	<b>502 000</b>
<b>Overføringer og disponeringer</b>			
Ordinært utbytte		14 000 000	35 115 000
Overføringer til/fra annen egenkapital		-13 624 000	-34 614 000
<b>Sum overføringer og disponeringer</b>		<b>376 000</b>	<b>501 000</b>



### Balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel		176 000	282 000
<b>Sum immaterielle eiendeler</b>		<b>176 000</b>	<b>282 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap		426 481 000	187 687 000
<b>Sum finansielle anleggsmidler</b>		<b>426 481 000</b>	<b>187 687 000</b>
<b>Sum anleggsmidler</b>		<b>426 657 000</b>	<b>187 969 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer		1 030 000	0
Andre fordringer		255 000	128 000
Konsernfordringer		50 872 000	73 915 000
<b>Sum fordringer</b>		<b>52 157 000</b>	<b>74 043 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		6 431 000	3 719 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>6 431 000</b>	<b>3 719 000</b>
<b>Sum omløpsmidler</b>		<b>58 588 000</b>	<b>77 762 000</b>
<b>SUM EIENDELER</b>		<b>485 245 000</b>	<b>265 731 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		4 858 000	255 000
Annen innskutt egenkapital		325 855 000	259 746 000



## Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Sum innskutt egenkapital</b>		<b>330 713 000</b>	<b>260 001 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		0	-39 000
Udekket tap		48 276 000	34 614 000
<b>Sum opptjent egenkapital</b>		<b>-48 276 000</b>	<b>-34 653 000</b>
<b>Sum egenkapital</b>		<b>282 437 000</b>	<b>225 348 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		200 116 000	40 246 000
<b>Sum annen langsiktig gjeld</b>		<b>200 116 000</b>	<b>40 246 000</b>
<b>Sum langsiktig gjeld</b>		<b>200 116 000</b>	<b>40 246 000</b>
<b>Kortsiktig gjeld</b>			
Annen kortsiktig gjeld		1 182 000	100 000
Leverandørgjeld		1 509 000	35 000
<b>Sum kortsiktig gjeld</b>		<b>2 691 000</b>	<b>135 000</b>
<b>Sum gjeld</b>		<b>202 807 000</b>	<b>40 381 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>485 244 000</b>	<b>265 729 000</b>



### Konsernets resultatregnskap

Beløp i: NOK	Note	2022	2021
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt		629 639 000	358 567 000
Annen driftsinntekt		10 810 000	5 160 000
<b>Sum inntekter</b>		<b>640 449 000</b>	<b>363 727 000</b>
<b>Kostnader</b>			
Varekostnad		195 172 000	101 227 000
Lønnskostnad		214 007 000	127 423 000
Avskrivning på varige driftsmidler og immaterielle eiendeler		30 707 000	12 735 000
Annen driftskostnad		85 620 000	47 686 000
<b>Sum kostnader</b>		<b>525 506 000</b>	<b>289 071 000</b>
<b>Driftsresultat</b>		<b>114 943 000</b>	<b>74 656 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt		20 990 000	9 784 000
<b>Sum finansinntekter</b>		<b>20 990 000</b>	<b>9 784 000</b>
Annen finanskostnad		30 601 000	17 653 000
<b>Sum finanskostnader</b>		<b>30 601 000</b>	<b>17 653 000</b>
<b>Netto finans</b>		<b>-9 611 000</b>	<b>-7 869 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>105 332 000</b>	<b>66 787 000</b>
Skattekostnad på ordinært resultat		26 601 000	15 722 000
<b>Ordinært resultat etter skattekostnad</b>		<b>78 731 000</b>	<b>51 065 000</b>
<b>Årsresultat</b>		<b>78 731 000</b>	<b>51 065 000</b>



### Konsernets balanse

Beløp i: NOK	Note	2022	2021
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		63 591 000	61 925 000
Utsatt skattefordel		3 257 000	1 759 000
Goodwill		351 776 000	201 876 000
<b>Sum immaterielle eiendeler</b>		<b>418 624 000</b>	<b>265 560 000</b>
<b>Varige driftsmidler</b>			
Tomter, bygninger og annen fast eiendom		52 934 000	0
Maskiner og anlegg		29 972 000	18 901 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende		8 674 000	6 487 000
<b>Sum varige driftsmidler</b>		<b>91 580 000</b>	<b>25 388 000</b>
<b>Finansielle anleggsmidler</b>			
Hefring Inc		461 000	110 000
Derivative financial assets		1 929 000	219 000
Lån til ansatte		11 887 000	11 690 000
<b>Sum finansielle anleggsmidler</b>		<b>14 277 000</b>	<b>12 019 000</b>
<b>Sum anleggsmidler</b>		<b>524 481 000</b>	<b>302 967 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Varer		115 197 000	64 209 000
<b>Sum varer</b>		<b>115 197 000</b>	<b>64 209 000</b>
<b>Fordringer</b>			
Kundefordringer		142 797 000	70 154 000
Kontrakter		3 226 000	1 159 000
Derivater		0	7 895 000
<b>Sum fordringer</b>		<b>146 023 000</b>	<b>79 208 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende		153 824 000	84 783 000



## Konsernets balanse

Beløp i: NOK	Note	2022	2021
Sum bankinnskudd, kontanter og lignende		153 824 000	84 783 000
Sum omløpsmidler		415 044 000	228 200 000
<b>SUM EIENDELER</b>		<b>939 525 000</b>	<b>531 167 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital		4 858 000	255 000
Opptjent overskudd		118 743 000	54 012 000
Overkurs		325 855 000	259 746 000
<b>Sum innskutt egenkapital</b>		<b>449 456 000</b>	<b>314 013 000</b>
<b>Opptjent egenkapital</b>			
Valuta reserve		37 637 000	5 623 000
<b>Sum opptjent egenkapital</b>		<b>37 637 000</b>	<b>5 623 000</b>
<b>Sum egenkapital</b>		<b>487 093 000</b>	<b>319 636 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt		39 252 000	19 995 000
<b>Sum avsetninger for forpliktelser</b>		<b>39 252 000</b>	<b>19 995 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner		180 276 000	40 727 000
Leie forpliktelser		59 732 000	59 957 000
<b>Sum annen langsiktig gjeld</b>		<b>240 008 000</b>	<b>100 684 000</b>
<b>Sum langsiktig gjeld</b>		<b>279 260 000</b>	<b>120 679 000</b>
<b>Kortsiktig gjeld</b>			
Kortsiktig lån		20 347 000	204 000
Betalbar skatt		18 707 000	12 872 000
Leie forpliktelser - kortsiktig		6 537 000	3 419 000
Kontraksforpliktelser		21 694 000	31 377 000



## Konsernets balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
Derivative forpliktelser		6 154 000	0
Skyldig for varer og tjenester		99 734 000	42 980 000
<b>Sum kortsiktig gjeld</b>		<b>173 173 000</b>	<b>90 852 000</b>
<b>Sum gjeld</b>		<b>452 433 000</b>	<b>211 531 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>939 526 000</b>	<b>531 167 000</b>



Vår dato 30.03.2022	Din/Deres dato 16.03.2022	Saksbehandler Lars Waalorp
800 80 000 Skatteetaten.no	Din/Deres referanse	Telefon 90833418
Org.nr 974761076	Vår referanse 2022/5280357	Postadresse Postboks 9200 Grønland 0134 OSLO

BDO AS  
Postboks 1704 Vika  
0121 OSLO

Att. Tom Eklund-Aarlia

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for General Oceans AS, org.nr. 927 002 264

Vi viser til deres brev av 16. mars 2022 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for General Oceans AS. Søknaden ble sendt til Skattedirektoratet. Skattedirektoratets myndighet til å treffe enkeltvedtak etter regnskapsloven § 3-4 tredje ledd ble delegert til skattekontoret med virkning fra 1. juni 2019.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering General Oceans AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

### Bakgrunn

General Oceans AS er hovedsakelig eid av norske og utenlandske profesjonelle eiere. Selskapet driver virksomhet innen havteknologi. Selskapet opererer internasjonalt og om lag 93 % av salgsinntektene relaterer seg ved utgangen av 2021 til internasjonale kunder. Selskapet har utenlandske styremedlemmer.

### Skattekontorets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i



samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til “informative regnskaper for ulike grupper av regnskapsbrukere”. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet hovedsakelig har norske og utenlandske profesjonelle eiere. Videre er det vektlagt at selskapet driver virksomhet i en bransje der alle sentrale aktører behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waalorp  
seniorrådgiver  
Brukerdialog, brukerkontakt  
Skatteetaten

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.*



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 2022, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2022, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### 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 2022, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

The Board of Directors and the Managing Director (management) are responsible for the other information. The other information comprises the Board of Directors' report. 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)



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

### Norunn Byrkjeland

State Authorized Public Accountant

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**General Oceans AS**

Company Annual Report 2022



## Consolidated Statement of income

### General Oceans AS In NOK 1.000

	Note	2022	2021
Sales revenues		0	0
Other operating revenues		12,109	0
<b>Total revenues</b>		<b>12,109</b>	<b>0</b>
Employee benefits	1	-405	0
Depreciation and amortization		0	0
Other operating expenses	1	-11,383	-835
<b>Total operating expenses</b>		<b>-11,788</b>	<b>-835</b>
<b>Operating profits</b>		<b>322</b>	<b>-835</b>
Group contribution		4,452	645
Financial income	2	9	1,507
Financial expense	2	-4,301	-673
<b>Net financial items</b>		<b>161</b>	<b>1,478</b>
<b>Profit before tax</b>		<b>482</b>	<b>643</b>
Income tax expense	3	-106	-142
<b>Net profit</b>		<b>376</b>	<b>501</b>
		<b>376</b>	<b>501</b>
<b>Allocated to:</b>			
Dividends	8	14,000	35,115
To/-from other equity		-13,624	-34,614
<b>Total allocations</b>		<b>376</b>	<b>501</b>



## Consolidated Statement of Financial position per 31.12.

General Oceans AS in NOK 1.000

	Note	2022	2021
<b>ASSETS</b>			
<b>Non Current assets</b>			
Deffered tax assets	3	176	282
Investments in subsidiaries and associates	4	426,481	187,687
<b>Total non current assets</b>		<b>426,657</b>	<b>187,969</b>
<b>Current assets</b>			
Trade receivables	5	1,030	-
Intra group receivables	6	50,872	73,915
Other receivables		255	128
Cash and cash equivalents		6,431	3,719
<b>Total Current assets</b>		<b>58,587</b>	<b>77,762</b>
<b>Total Assets</b>		<b>485,244</b>	<b>265,730</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	7, 8	4,858	255
Other paid in equity	8	325,855	259,746
Retained earnings	8	-48,276	-34,614
Other equity		-	-39
<b>Total Equity</b>		<b>282,437</b>	<b>225,349</b>
<b>Liabilities</b>			
Long term debt	9	200,116	40,246
<b>Total Long term liabilities</b>		<b>200,116</b>	<b>40,246</b>
<b>Current liabilities</b>			
Trade payable		1,509	35
Other current liabilities		1,182	100
<b>Total current liabilities</b>		<b>2,691</b>	<b>135</b>
<b>Total liabilities</b>		<b>202,807</b>	<b>40,381</b>
<b>Total Equity and liabilities</b>		<b>485,244</b>	<b>265,730</b>

Rud, 17 April 2023  
General Oceans AS board

Beatriz Malo de Molina  
Chair

(Electronically signed)

Atle Lohrmann  
Board member

(Electronically signed)

Stein Dale  
Board member

(Electronically signed)

Hanne Blume  
Board member

(Electronically signed)



### Consolidated statement of Cash flows

General Oceans AS In NOK 1.000

	<u>2022</u>	<u>2021</u>
<b>CASH FLOW FROM OPERATIONAL ACTIVITIES</b>		
Profit before tax	482	643
Taxes paid	-	-
Depreciation and amortisation	-	-
Net gain sale of non current assets	-	-
Increase/(Decrease) in inventory	-	-
Increase/(Decrease) in trade receivables	-1 030	-
Increase/(Decrease) in trade payables	1 474	35
Increase/(Decrease) in other current assets and liabilities	23 869	-74 121
Value adjustments financial instruments	-	-
<b>NET CASH FLOW FROM OPERATIONAL ACTIVITIES</b>	<b><u>24 795</u></b>	<b><u>-73 442</u></b>
<b>CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Payments for non current assets sold	-	-
Investments in non current assets	-	-
Net payments from intragroup receivables/liabilities	-	-
Net payments to/from other long term assets	-238 794	-187 687
<b>Net cash flow from investment activities</b>	<b><u>-238 794</u></b>	<b><u>-187 687</u></b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>		
Net proceeds from borrowings	160 000	40 000
New equity	70 711	189 733
Dividends paid	-14 000	35 115
<b>Net cash flow from financing activities</b>	<b><u>216 711</u></b>	<b><u>264 848</u></b>
Net change in cash and cash equivalents	2 712	3 719
Cash and cash equivalents per 01.01.	3 719	-
<b>Cash and cash equivalents per 31.12.</b>	<b><u>6 431</u></b>	<b><u>3 719</u></b>



## Summary of significant accounting policies

These financial statements have been prepared on a historical cost basis, and in accordance with The Norwegian accounting law and in line with Norwegian Generally Accepted Accounting Policies (Norwegian GAAP). The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently, unless otherwise stated. The financial statements have been prepared on a going concern basis.

### General information

General Ocean AS was incorporated on April 7, 2021. The accounts for 2022 reflects the full years operations for the Company.

### Foreign currency translation

The financial statements of the company are presented in Norwegian Kroner (NOK), which is the functional currency of the Company. All transactions and balances foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

All other foreign exchange gains and losses are presented in the income statement within 'Other (losses)/gains – net'.

### Shares and interests in other companies

Shares in subsidiaries are valued at Cost in the accounts of the parent company. Other shares and interests in other Companies are value at cost or observed market value if relevant.

### Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within a short period of time and therefore are all classified as current. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at nominal value less provisions for expected credit losses, if any. Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the company, and a failure to make contractual payments for a significant period when the receivables are past due. Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Trade receivables in foreign currency are at the balance sheet date measured by using the exchange rate at the balance sheet date.

### Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and positive balances in bank overdraft accounts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

### Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where the company purchase the company's own equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently



reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

#### **Trade payables**

Trade payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as noncurrent liabilities. Trade payables are recognised initially at fair value and subsequently measured at the balance sheet date exchange rates.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the straight-line method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### **Borrowing costs**

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

#### **Current and deferred income tax**

The tax expense for the period comprises current and deferred tax.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. The company establishes provisions on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax at a tax rate of 22% is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

#### **Employee benefits**

##### *Pension plan*

The company has no employees and thus no pension plan.

##### *Profit-sharing and bonus plans*

The company has no bonus or profit-sharing plans.

##### *Share-based payments*

The company had not established any share-based incentive plans by year end 2022.

#### **Revenue recognition**

The allocation of revenue is based on the stand-alone selling price for each separate performance obligation in the contract with the customer, and the revenue is recognised when the service is delivered. Income from sale of services are recognised at fair value of the consideration, net after deduction of VAT, returns, discounts and reductions. Sales of services are taken to income when the service is rendered.



## Note 1 – Employee benefits and auditors remuneration

### Salary and other remuneration

<u>2022</u>	<u>CEO</u>	<u>Board</u>
Salaries	-	-
Bonus payment	-	-
Pension contribution	-	-
Other remuneration	-	405
<b>Total</b>	-	<b>405</b>

### Pensions

The company has no employees and thus no pension plan.

### Auditors remuneration

The table below summarises audit fees, as well as fees for audit related services, tax services and other services incurred by the group during 2022.

<u>Auditor remuneration</u>	<u>2022</u>	<u>2021</u>
Statutory audit	295	386
Assurance services	55	-
Other services	237	103
<b>Total</b>	<b>587</b>	<b>489</b>

## Note 2 – Foreign exchange gain and losses

A portion of the Company sales are determined in a currency that differ from the functional currency. Realized gains or losses related to receivable, suppliers, other debt and financial instruments are recorded when realized. Unrealized losses related to the same items are expensed base on a valuation by the end of each period and unrealized gains on such items are only recorded up to a maximum of the previously expensed loss.

Unrealised losses amounted to TNOK 85 by year end 2022 (gain of TNOK 1,2mill in 2021).



## Note 3 – Income tax ad temporary differences

The income tax expense is calculated using the domestic tax rate. The tax rate is 22 % in Norway in 2022 (22% in 2021).

Deferred tax/ deferred tax asset in the balance sheet is based on differences between accounting values and taxable values in accordance with Norwegian GAAP. Deferred tax related to positive and negative temporary differences that can be offset are presented net.

<b>Temporary differences related to:</b>	<b>01.01.2022</b>	<b>31/12/2022</b>	<b>Change</b>
Property plant and equipment			
Receivables and liabilities in foreign currency	-1,282	-800	-482
Current assets			
<b>Total temporary differences</b>	<b>-1,282</b>	<b>-800</b>	<b>-482</b>
<b>Deferred tax based on 22% tax rate</b>	<b>-282</b>	<b>-176</b>	<b>-106</b>
<b>Basis for tax expenses</b>	<b>2021</b>	<b>2022</b>	
Ordinary profit before tax	643	482	
+/- Permanent differences	-	-	
+/- Changes in temporary differences	-643	-482	
<b>Taxable Income</b>	<b>-</b>	<b>-</b>	
Taxes payable based on 22% tax rate	-	-	
<b>Total</b>	<b>-</b>	<b>-</b>	
+/- Adjustment of prior years accruals	-	-	
+/- Change in deferred tax	142	106	
<b>This year's tax expenses</b>	<b>142</b>	<b>106</b>	
<b>Current payable tax</b>	<b>-</b>	<b>-</b>	

## Note 4 – Investments in associated companies

<b>Company Name</b>	<b>Location</b>	<b>Ownership/ share of votes</b>	<b>Book value 31.12.2022</b>	<b>Net profit 2022 *</b>	<b>Equity 31.12.2022</b>
Strategic Robotic Systems INC	Redmond	100%	187,626	24,225	53,159
Nortek AS	Baerum	100%	61	81,746	125,709
Reach Robotics Pty Ltd	Sydney	100%	70,711	-994	13,264
Tritech International Ltd	Ulverston	100%	168,083	3,167	107,051
<b>SUM</b>			<b>426,481</b>	<b>105,971</b>	<b>178,868</b>

\* Trittech is included as from October 2022

## Note 5 – Trade and other receivables

Trade receivables are all short-term receivables. There has not been realised any loss on receivables in 2022.

## Note 6 – Intra Group receivables

<b>Subsidiary</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
Nortek AS	50 872	73 915
<b>Total</b>	<b>50 872</b>	<b>73 915</b>



## Note 7 – Share capital and shareholders

The share capital by year end 2022 amounted to NOK 4 858 385, divided by 1 388 110 shares each with a nominal value of NOK 3,50 per share. All shares have equal rights to dividends and equal voting rights.

Largest shareholders by year end 2022

Atle Lohrman, CEO	870 000 shares	62,7 %
Jessie Rodocker	90 177 shares	6,5 %
Loco Holding AS	60 000 shares	4,3 %
Hungry Horse AS	50 000 shares	3,6 %
PMPB Investments Pty Ltd ATF Phillips Family Trust	47 973 shares	3,5 %
S. Nylund Holding	40 000 shares	2,9 %
MCSB Investments Pty Ltd ATF Sproule Family Trust	31 982 shares	2,3 %
Hefring LLC	30 259 shares	2,2 %
Others	167 719 shares	12,1 %
<b>Sum</b>	<b>1 388 110</b>	<b>100,0 %</b>

## Note 8 - Change in Equity

	Share capital	Other paid in capital	Share premium	Retained earnings	Total Equity
Opening balance	255,406	-	259 746,383	-34 652,492	225 349,297
Increase of share capital	4 602,979		66 108,230		70 711,209
This years profit				376,265	376,265
Paid dividend				-14 000,000	-14 000,000
Proposed dividend				-	-
<b>Equity 31.12.2021</b>	<b>4 858,385</b>	<b>-</b>	<b>325 854,613</b>	<b>-48 276,227</b>	<b>282 436,771</b>

## Note 9 – Long term debt

During the year the Group secured a NOK 200.0 million facility, secured by a first priority pledge over a selection of the subsidiary shares. The termination date of the facility is 3 years from drawdown (circa 2025). The facility contains customary covenants, the ratio of total equity to total assets must be at a minimum above 40%, and NIBD/EBITDA not to exceed 3.0. The interest is in line with market conditions and is based on NIBOR plus a margin of 2.0% to 2.5% (the spread depends on certain leverage covenants).

## Note 10 – Cash flow analysis

Exchange differences due to movements in foreign exchange rates has in the Cash flow analysis been included in the line "Changes in other current assets and liabilities".



**GENERAL OCEANS**  
**Consolidated Financial Statements**  
**for the year 2022**



GENERAL OCEANS

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## Report of the Board of Directors

### Overview

#### About us

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

Our goal is to provide the ocean community with safe and sustainable ways to meet the operational, scientific, and defence challenges that comes with increased activity in the world's ocean. We will meet our goal by leveraging the combined business acumen of the Group and our joint understanding of 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

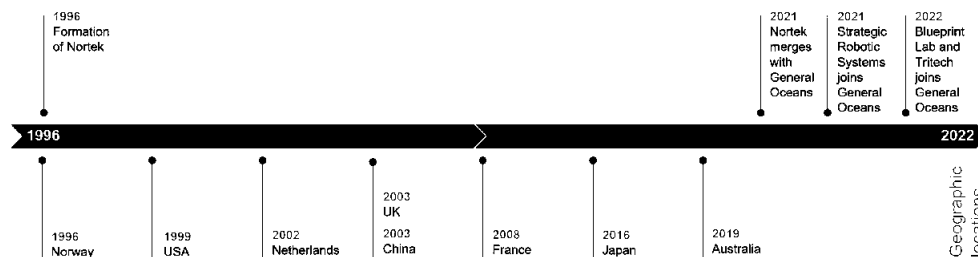
Nortek AS was founded in 1996, adding several subsidiary companies over the years to become a global technology leader in the oceanographic sensor space.

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. SRS specialises in the development of underwater vehicle systems.

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

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



### Activities and Service Lines

The holding company General Oceans AS is incorporated in Norway and operates out of 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 network.



GENERAL OCEANS

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

'Forward movement' is a fundamental aspect of General Oceans corporate culture; and scientific integrity and sustainable business practices have been embedded in each of 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 is the parent of the Group and works collaboratively with its operating companies to accelerate growth and performance. Its independence from the operating companies allows for an approach that is nimble and decisive, with the ability to set long-term strategic objectives from its head office in London.

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

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

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

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

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

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

In 2022 we achieved a solid financial performance with a year-on-year increase of 76.9% in revenue. A short summary of the main events of 2021 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 Remotely Operated Vehicles (ROVs).

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

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

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

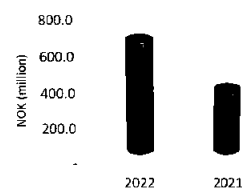
#### Revenue

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

This 76.1% increase in revenue resulted from organic growth in existing markets and 12-month contribution from acquisition Strategic Robic Systems Inc ("SRS"), versus 2.5 months in the prior year, a 12-month contribution from Reach Robotics Pty Ltd ("Reach"), versus 0-months in the prior year, as well as a 3-month contribution from Trittech International Ltd ("Trittech"), versus 0-months in the prior year.

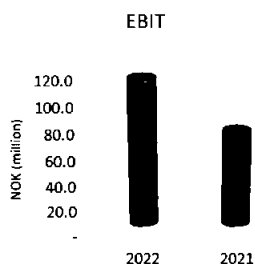
SRS was acquired in October 2021, Reach in January 2022 and Trittech in September 2022.

Revenue



#### Gross profit

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



#### EBITDA

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

#### EBIT

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

#### Taxation

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

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



### **Profit for the year**

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

### **Debt financing**

The Group had a strong cash flow for the period funding working capital needs. A NOK 200 million revolving debt facility was secured during the period to partly fund the acquisition of Trittech as well as the repayment of a NOK 40 million debt facility.

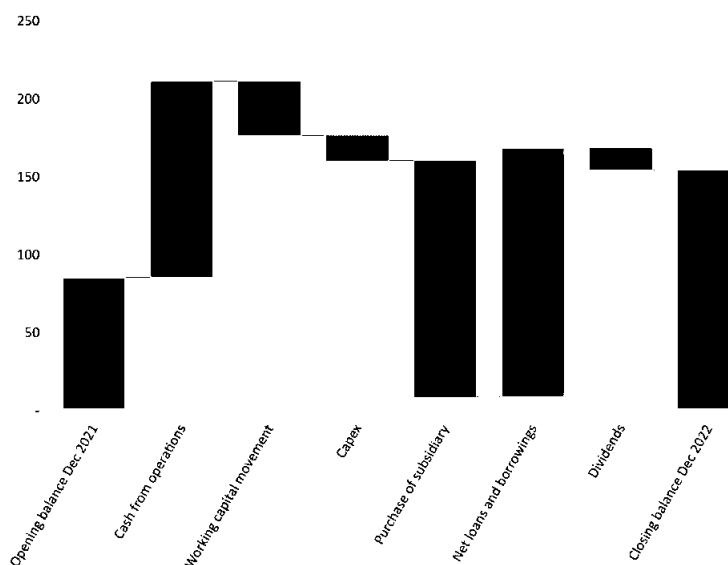
Other than for new acquisitions we currently do not expect to have to rely on financing from external sources for purposes of implementing our current business strategy in the near-term.

### **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 2022 can be summarised as follows:



## Continued operations

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

## Subsequent events

There are no material subsequent events.

## Outlook

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

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

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



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

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

## Working environment and social responsibility

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

General Oceans has a truly international operation, and we consider the international nature and diversity of our organisation as a competitive advantage. The Group therefore seeks to employ a 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 two male and two female Board members. The Board's Chair is female. 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 impact of COVID-19 has affected our operations worldwide in different ways, but the Group has done its utmost to maintain a good working environment in situations that have required improvisation and flexibility from all involved.

No working accidents or injuries have occurred in 2022.



## Environmental impact

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

## COVID-19

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

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

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

## Business risks

General Oceans can be adversely affected by a variety of business risks and economic developments. General Oceans reviews and re-evaluates its risk profile on a periodic basis 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's 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's 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.



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#### *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's 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's exposure to trade receivables is managed through continuous credit risk assessments of each individual customer. General Oceans'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. Historically customer related credit losses have been modest.

### *Loan covenants*

Failure to comply with financial covenants and other covenants and obligations in the Group's NOK 200 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 2023-2025, management expects to be able to comply with the loan covenants.

### *Foreign exchange risk*

Currency exchange rates are determined by forces of supply and demand on the currency exchange markets, which again are affected by the international balance of payments, economic and financial conditions, government intervention, speculation and other factors. Changes in currency exchange rates relative to the NOK will affect the NOK value of General Oceans's assets and thereby impact upon General Oceans's 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's business, financial condition, results of operation and liquidity. General Oceans's interest rate risk arises primarily from the revolving facility (refer to note 21 for the details of the revolving facility). The revolving facility has a floating interest based on NIBOR plus a spread and for amounts drawn. Management analyses its interest rate exposure on a continuous basis. Based on General Oceans's expectation of interest rate movements in the coming periods, the acceptability of General Oceans's potential exposure, the assessment is that due to the high liquidity levels in the Group, the impact of this exposure is relatively limited.



### Transparency Act

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

### Allocation of the Company net result of the year

General Oceans AS generated a net profit for the year 2022 of NOK 0,376 million after tax. The board proposes the following allocation of the results for General Oceans AS for the year:

Transferred to other equity NOK 0,376 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, 17 April 2023.

Board of Directors

Beatriz Malo de Molina, Chair of the  
Board of Directors  
(Electronically signed)

Atle Lohrmann, Director and President  
(Electronically signed)

Stein Dale, Director  
(Electronically signed)

Hanne Blume, Director  
(Electronically signed)



## Consolidated Financial Statements

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## Consolidated statement of profit or loss and other comprehensive income

<i>NOK (thousands)</i>	Note	2022	2021
Revenue	6	629,639	358,567
Other operating revenue	6	10,810	5,160
<b>Total operating revenue</b>		<b>640,449</b>	<b>363,727</b>
<b>Operating expenses</b>			
Raw materials		(195,172)	(101,227)
Employee benefits	7	(214,007)	(127,423)
Depreciation and amortisation expense	13, 14, 15	(30,707)	(12,735)
Other operating expense	8	(85,620)	(47,686)
<b>Operating profit</b>		<b>114,943</b>	<b>74,656</b>
Finance income	9	20,990	9,784
Finance expense	9	(30,601)	(17,653)
<b>Profit before tax</b>		<b>105,332</b>	<b>66,787</b>
Income tax expense	10	(26,601)	(15,722)
<b>Profit</b>		<b>78,731</b>	<b>51,065</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences of foreign operations		32,014	5,623
<b>Other comprehensive income, net of tax</b>		<b>32,014</b>	<b>5,623</b>
<b>Total comprehensive income</b>		<b>110,745</b>	<b>56,688</b>
<b>Earnings per share (NOK)</b>			
Basic earnings per share	11	56.72	39.99

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



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## Consolidated statement of financial position

<i>NOK (thousands)</i>		31 December	31 December	1 January
	Note	2022	2021	2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	91,580	25,388	19,733
Right-of-use assets	14	63,591	61,825	64,407
Intangible assets	15	351,776	201,876	67
Investments in equity-accounted associates	16	461	110	14
Derivative financial assets	17	1,929	219	10,721
Other receivables	19	11,887	11,690	12,080
Deferred tax assets	10	3,257	1,759	373
		<b>524,481</b>	<b>302,987</b>	<b>107,395</b>
<b>Current assets</b>				
Inventories	18	115,197	64,209	52,375
Trade and other receivables	19	142,797	70,154	45,521
Contract assets		3,226	1,159	409
Derivative financial assets	17	-	7,895	2,165
Cash and cash equivalents	20	153,824	84,783	117,464
		<b>415,044</b>	<b>228,200</b>	<b>217,934</b>
<b>Total assets</b>		<b>939,525</b>	<b>531,167</b>	<b>325,329</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	21	(180,276)	(40,727)	(365)
Lease liabilities	14	(59,731)	(59,957)	(61,854)
Deferred tax liability	10	(39,252)	(19,995)	-
		<b>(279,259)</b>	<b>(120,679)</b>	<b>(62,219)</b>
<b>Current liabilities</b>				
Trade and other payables	22	(99,734)	(42,980)	(99,000)
Contract liabilities	23	(21,694)	(31,377)	(9,643)
Loans and borrowings	21	(20,347)	(204)	-
Lease liabilities short term	14	(6,537)	(3,419)	(2,553)
Derivative financial liabilities	17	(6,154)	-	-
Income tax payable		(18,707)	(12,872)	(7,633)
		<b>(173,173)</b>	<b>(90,852)</b>	<b>(118,829)</b>
<b>Total liabilities</b>		<b>(452,432)</b>	<b>(211,531)</b>	<b>(181,048)</b>
<b>NET ASSETS</b>		<b>487,093</b>	<b>319,636</b>	<b>144,281</b>
<b>EQUITY</b>				
Share capital	24	4,858	255	103
Share premium reserve	24	325,855	259,746	19,132
Foreign exchange reserve	25	37,637	5,623	-
Retained earnings	25	118,743	54,012	125,046
<b>TOTAL EQUITY</b>		<b>487,093</b>	<b>319,636</b>	<b>144,281</b>

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

Oslo, 17 April 2023, Board of Directors

Beatriz Malo de Molina Chair of the Board of Directors (Electronically signed)	Atle Lohrmann Director and President (Electronically signed)	Stein Dale Director (Electronically signed)	Hanne Blume Director (Electronically signed)
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Consolidated statement of changes in equity

<i>NOK (thousands)</i>	Share capital	Share premium reserve	Treasury share reserve	Other paid in capital	Retained earnings	Foreign exchange reserve	Non-controlling interest	Total equity
<b>31 December 2020 - IGAAP</b>	107	5,389	(4)	11,220	112,160	-	2,523	131,395
<b>IFRS transition effects (note 31)</b>	-	-	-	-	12,886	-	-	12,886
<b>Balance at 1 January 2021 - IFRS</b>	107	5,389	(4)	11,220	125,046	-	2,523	144,281
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	51,065	-	-	51,065
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	-	5,623	-	5,623
<b>Total comprehensive income for the year</b>	-	-	-	-	51,065	5,623	-	56,688
<b>Contribution by and distribution to owners</b>								
Restructuring of group with new parent company (note 24)	101	104,969	4	(11,220)	(86,984)	-	(2,523)	4,347
Business combination (note 27)	47	149,388	-	-	-	-	-	149,435
Dividends	-	-	-	-	(35,115)	-	-	(35,115)
<b>Total transactions with owners of the Company</b>	148	254,357	4	(11,220)	(122,099)	-	(2,523)	118,667
<b>Balance at 31 December 2021</b>	255	259,746	-	-	54,012	5,623	-	319,636
<b>Balance at 1 January 2022</b>	255	259,746	-	-	54,012	5,623	-	319,636
<b>Comprehensive income for the year</b>								
Profit for the year	-	-	-	-	78,731	-	-	78,731
Other comprehensive income								
Foreign currency translation differences	-	-	-	-	-	32,014	-	32,014
<b>Total comprehensive income for the year</b>	-	-	-	-	78,731	32,014	-	110,745
<b>Contribution by and distribution to owners</b>								
Business combination (note 27)	22	70,690	-	-	-	-	-	70,712
Share value increase (note 24)	4,581	(4,581)	-	-	-	-	-	-
Dividends	-	-	-	-	(14,000)	-	-	(14,000)
<b>Total transactions with owners of the Company</b>	4,603	66,109	-	-	(14,000)	-	-	56,712
<b>Balance at 31 December 2022</b>	4,858	325,855	-	-	118,743	37,637	-	487,093

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



## Consolidated statement of cash flows

<i>NOK (thousands)</i>	<i>Note</i>	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>			
<b>Profit for the financial year</b>		78,731	51,065
Adjustments for:			
Depreciation and amortisation expense	13, 14, 15	30,707	12,598
Net finance (income)/expense	9	9,611	12,881
Reconciliation foreign currency differences		9,196	(3,968)
Income tax expense	10	26,601	15,670
Gain on sale of non-current assets	6	(444)	(320)
Bad debt provision		246	-
Fair value gains or losses on derivative financial instruments		12,339	4,772
Increase in inventories	18	(14,132)	(11,834)
Increase in trade and other receivables	19	(33,369)	(21,912)
Increase in contract assets		(2,067)	(750)
Increase/(decrease) in trade and other payables	22	24,173	(1,433)
(Decrease)/increase in contract liabilities	23	(9,683)	21,734
<b>Net cash flow from operations</b>		<b>131,909</b>	<b>78,503</b>
Income taxes paid		(27,058)	(7,633)
Interest paid		(9,654)	(11,034)
<b>Net cash generated from operating activities</b>		<b>95,197</b>	<b>59,836</b>
<b>Cash flows from investing activities</b>			
Interest received		1,067	382
Sale/(purchase) of non-current assets		(351)	927
Proceeds from sale of assets		2,006	-
Purchase of intangible assets	15	(52)	-
Purchases of plant and equipment	13	(15,573)	(15,794)
Acquisition of subsidiaries (net of cash)	27	(151,710)	(19,115)
<b>Net cash used in investing activities</b>		<b>(164,613)</b>	<b>(33,600)</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest bearing loans	21	200,000	40,566
Repayment of interest bearing loans	21	(40,308)	(1,541)
Lease liabilities repaid	14	(7,235)	(2,827)
Dividends paid		(14,000)	(95,115)
<b>Net cash generated from/(used in) Financing activities</b>		<b>138,457</b>	<b>(59,917)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>69,041</b>	<b>(32,681)</b>
Cash and cash equivalents at beginning of year		84,783	117,464
Effect of foreign exchange rate changes		-	-
<b>Cash and cash equivalents at end of year</b>	20	<b>153,824</b>	<b>84,783</b>

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



## Notes to the Consolidated Financial Statements

### 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.

### 2. Basis of preparation

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

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

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

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

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

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

#### *Basis of measurement*

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

- Financial instruments – fair value through profit or loss

### 2.1 Significant changes and future changes to accounting policies

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

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

### 2.2 Functional and presentation currency



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

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

### 3. Critical accounting estimates and judgments

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

#### *Estimates and assumptions*

- Revenue recognition – Estimate of timing of satisfaction (see note 6)
- Impairment of goodwill – Estimate of future cash flows and determination of the discount rate (see note 15).
- The determination of the incremental borrowing rate used to measure lease liabilities (note 14)

#### *Fair value measurement*

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

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

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

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

The Group measures a number of items at fair value.

- Financial instruments (notes 5 and 17)

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

### 4. Accounting policies

#### 4.1 Revenue

The Group recognises revenue from the following major sources:

- Product sales
- Service revenue



### **Product sales**

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

### **Service revenue**

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

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

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

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

### **Warranty relating to product sales**

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

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

### **Significant financing components**

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

## **4.2 Basis of consolidation**

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



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

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

#### 4.3 Business combinations

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

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

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

#### 4.4 Goodwill

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

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

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

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

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



measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### 4.5 Impairment of non-financial assets (excluding inventories and deferred tax assets)

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

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

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

#### 4.6 Associates

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

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

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

#### 4.7 Foreign currency

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

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

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



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

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

#### 4.8 Financial assets

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

##### *Fair value through profit or loss*

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

##### *Amortised cost*

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

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

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

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



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

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

#### 4.9 Financial liabilities

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

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

##### *Fair value through profit or loss*

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

##### *Other financial liabilities*

Other financial liabilities include the following items:

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

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

#### 4.10 Derivative financial instruments

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

#### 4.11 Share capital

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



#### 4.12 Borrowing costs

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

#### 4.13 Defined contribution schemes

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

#### 4.14 Other long-term service benefits

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

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

#### 4.15 Leases

##### *Leases*

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

##### *Identifying Leases*

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

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

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

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

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

#### 4.16 Externally acquired intangible assets

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



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

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

Intangible assets	Useful economic life in years	Valuation method
Trademarks	10	Relief from royalty
Intellectual properties	6 to 10	Income based approach
Customer relationships	10	Multi period excess earnings
Licenses & patents	5 to 20	Multiple of estimated revenues and profits

#### 4.17 Internally generated intangible assets (development costs)

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

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

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

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

#### 4.18 Dividends

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

#### 4.19 Deferred taxation

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

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

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

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



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

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

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

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

#### 4.20 Property, plant and equipment

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

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

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

Property, plant and equipment	Useful economic life in years
Property, plant, and equipment	3-5
Office equipment	3-5
Computer equipment	3

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

#### 4.21 Inventories

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

#### 4.22 Government grants

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



#### 4.23 Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for, warranty claims and leasehold dilapidations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

### 5. Financial risk management

#### 5.1 Overview

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

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

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

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

#### 5.2 Principal financial instruments

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

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

##### 5.2.1 Financial instruments by category

NOK (thousands)	Fair value through profit or loss		Amortised cost	
	2022	2021	2022	2021
<b>Financial assets</b>				
Trade and other receivables	-	-	126,883	66,023
Derivative financial assets	1,929	8,114	-	-
Cash and cash equivalents	-	-	153,824	84,783
<b>Total financial assets</b>	<b>1,929</b>	<b>8,114</b>	<b>280,707</b>	<b>150,806</b>
<b>Financial liabilities</b>				
Trade and other payables	-	-	71,551	31,685
Loans and borrowings	-	-	200,623	40,931
Derivative financial liabilities	6,154	-	-	-
<b>Total financial liabilities</b>	<b>6,154</b>	<b>-</b>	<b>272,174</b>	<b>72,616</b>



## 5.2.2 Fair value measurement

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

NOK (thousands)	Level 1		Level 2		Level 3	
	2022	2021	2022	2021	2022	2021
<b>Financial assets</b>						
Derivative financial assets	-	-	1,929	8,114	-	-
<b>Total financial assets</b>	-	-	1,929	8,114	-	-
<b>Financial liabilities</b>						
Derivative financial liabilities	-	-	6,154	-	-	-
<b>Total financial liabilities</b>	-	-	6,154	-	-	-

There were no transfers between levels during the period.

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

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

## 5.3 General objectives, policies and processes

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

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

### 5.3.1 Credit risk

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

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

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

### 5.3.2 Market risk

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



### 5.3.3 Interest rate risk

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

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

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

<i>NOK (thousands)</i>	Effect on profit before tax 2022	Effect on profit before tax 2021
Interest rates - increase by 100 basis points	(2,000)	(400)
Interest rates - decrease by 100 basis points	2,000	400

### 5.3.4 Foreign exchange risk

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

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

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

Foreign exchange exposure:			
<i>NOK (thousands)</i>	2022	2021	
Receivables	84,998	44,652	
Payables	(16,488)	(5,316)	
Bank deposits	52,074	40,432	
<b>Net position</b>	<b>120,584</b>	<b>79,768</b>	

#### Financial assets and liabilities - net foreign exchange exposure by major currencies:

	2022		2021	
	Currency	NOK	Currency	NOK
USD	4,176	41,162	4,586	40,537
GBP	3,514	41,659	715	8,497
AUD	2,661	17,828	517	3,308
EUR	1,665	17,501	2,350	23,469
Other		2,434		3,957
<b>Net position</b>		<b>120,584</b>		<b>79,768</b>



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

### 5.3.5 Liquidity risk

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

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

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

<i>NOK (thousands)</i>	Up to 3 months	Between 3 and 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<b>At 31 December 2022</b>					
Trade and other payables	71,551	-	-	-	28,183
Loans and borrowings	7,571	22,713	29,147	166,231	-
Lease liabilities	2,163	6,488	8,606	19,766	75,856
Derivative financial liabilities	1,539	4,615	-	-	-
<b>Total</b>	<b>82,824</b>	<b>33,816</b>	<b>37,753</b>	<b>185,997</b>	<b>103,839</b>
<b>At 31 December 2021</b>					
Trade and other payables	31,685	-	-	-	11,295
Loans and borrowings	51	153	40,206	154	-
Lease liabilities	1,250	3,751	5,845	18,320	81,969
Derivative financial liabilities	-	-	-	-	-
<b>Total</b>	<b>32,986</b>	<b>3,904</b>	<b>46,051</b>	<b>18,474</b>	<b>93,264</b>

### 5.3.6 Capital risk

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



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

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

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

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

<i>NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
Loans and borrowings	200,623	40,931
Lease liabilities	66,288	63,378
Less: cash and cash equivalents	(153,824)	(84,783)
<b>Net debt</b>	<b>113,067</b>	<b>19,524</b>
Total equity	487,093	319,636
Net debt to equity %	23.2%	6.1%

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

## 6. Revenue

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

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

### Revenue by market area

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

Revenue from the defence market is predominantly from government contracts.

### Revenue by geographic area



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

#### Timing of revenue recognition

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

#### Other operating revenue

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

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

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

## 7. Employee benefit expenses

The employee costs include employee benefit plans and pensions.

<i>NOK (thousands)</i>	2022	2021
Wages and salaries	190,076	110,030
Social security contributions and similar taxes	19,371	14,231
Defined contribution pension cost	4,560	3,162
Other employee costs	-	-
	214,007	127,423

Number of employees at year end	265	134
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#### Key management personnel compensation

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



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

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

## 8. Other operating expenses

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

<i>NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
Sales and Marketing	11,604	5,281
Travel	7,754	2,307
Professional Fees	10,150	4,337
Research and development	7,933	2,382
Office supplies	13,160	7,050
Other	35,019	28,329
	<b>85,620</b>	<b>47,888</b>

Audit Fees:

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

## 9. Finance income and expense

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



## 10. Income tax

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

Income tax expense	2022	2021
<i>NOK (thousands)</i>		
<b>Current tax expense</b>		
Current income tax	31,409	17,269
Change in deferred tax	(4,808)	(1,547)
<b>Total income tax expense</b>	<b>26,601</b>	<b>15,722</b>

Temporary differences and tax positions	2022	2021	Changes
<i>NOK (thousands)</i>			
Non-current assets	(7,824)	620	(8,444)
Intangible assets	165,779	94,364	71,415
Current assets	(5,404)	(1,404)	(4,000)
Other differences	(5,581)	(6,217)	636
<b>Total temporary differences</b>	<b>146,970</b>	<b>87,363</b>	<b>59,607</b>
<b>Net deferred tax</b>	<b>35,995</b>	<b>18,236</b>	<b>17,759</b>
Change in deferred tax as a result of acquisitions			(12,951)
<b>Deferred tax recognized in the income statement</b>			<b>4,808</b>

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

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

### Estimates and assumptions, including uncertainty over income tax treatments

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



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

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

## 11. Earnings per share

### Basic earnings per share

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

<i>NOK (thousands)</i>	2022	2021
<b>Earnings</b>		
Profit attributable to shareholders	78,731	51,065
<b>Number of shares</b>		
Issued ordinary shares at 1 January	1,277,061	-
Shares issued on restructuring	-	1,042,380
Shares issued on merger	-	234,681
Purchase of Reac Robotics	111,049	-
<b>Weighted average number of ordinary shares in issue</b>	<b>1,388,110</b>	<b>1,277,061</b>
<b>Earnings per share (NOK)</b>	<b>2022</b>	<b>2021</b>
Basic earnings per share	56.72	39.99

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

## 12. Dividends

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



### 13. Property, plant and equipment

<i>NOK (thousands)</i>	Land and buildings	Plant, machinery and equipment	Fixtures and fittings	Total
<b>Costs</b>				
Balance at 1 January 2021	-	36,153	15,398	51,551
Business combinations	-	7,318	-	7,318
Additions	-	5,462	4,160	9,622
Retirement and disposals	-	(2,031)	(463)	(2,514)
Exchange differences	-	(237)	-	(237)
<b>Balance at 31 December 2021</b>	-	<b>46,665</b>	<b>19,075</b>	<b>65,740</b>
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
<b>Balance at 31 December 2022</b>	<b>63,970</b>	<b>77,356</b>	<b>28,232</b>	<b>169,558</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2021	-	(20,291)	(11,527)	(31,818)
Business combinations	-	(3,140)	-	(3,140)
Depreciation charge	-	(8,505)	(1,544)	(8,049)
Retirement and disposals	-	2,031	483	2,514
Exchange differences	-	141	-	141
<b>Balance at 31 December 2021</b>	-	<b>(27,764)</b>	<b>(12,588)</b>	<b>(40,352)</b>
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)
<b>Balance at 31 December 2022</b>	<b>(11,036)</b>	<b>(47,384)</b>	<b>(19,558)</b>	<b>(77,978)</b>
<b>Carrying amounts</b>				
At 1 January 2021	-	15,862	3,871	19,733
At 31 December 2021	-	18,901	6,487	25,388
At 1 January 2022	-	18,901	6,487	25,388
<b>At 31 December 2022</b>	<b>52,934</b>	<b>29,972</b>	<b>8,674</b>	<b>91,580</b>

### 14. Right-of-use assets and leases

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

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

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



assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

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

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

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

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

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

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

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

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



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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.

<i>NOK (thousands)</i>	<b>Right-of-use</b>	
	<b>asset</b>	<b>Lease liabilities</b>
<b>Balance at 1 January 2022</b>	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)
<b>Balance at 31 December 2022</b>	<b>63,591</b>	<b>(66,268)</b>
<b>Balance at 1 January 2021</b>	<b>64,407</b>	<b>(64,407)</b>
Additions	1,533	(1,533)
Depreciation expense	(4,096)	-
Interest expense	-	(2,100)
Lease payments	-	4,748
Exchange differences	83	(84)
<b>Balance at 31 December 2021</b>	<b>61,925</b>	<b>(63,376)</b>

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

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

#### Lease liabilities:

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



## 15. Intangible assets

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

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

### Impairment testing

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

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



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

### Strategic Robotic Systems Inc

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

<i>NOK (thousands)</i>	Impairment assessment values	Sensitivity analysis	Sensitivity effect in recoverable amount	Impairment
Annual revenue growth rate	13.0%	-1.0%	(7,133)	-
Discount rate	12.5%	+0.5%	(5,327)	-

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

### Reach Robotics Pty Ltd

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

<i>NOK (thousands)</i>	Impairment assessment values	Sensitivity analysis	Sensitivity effect in recoverable amount	Impairment
Annual revenue growth rate	20.6%	-1.0%	(1,962)	-
Discount rate	12.0%	+0.5%	(1,730)	-

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

### Tritech International Ltd

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

<i>NOK (thousands)</i>	Impairment assessment values	Sensitivity analysis	Sensitivity effect in recoverable amount	Impairment
Annual revenue growth rate	9.8%	-1.0%	(7,371)	-
Discount rate	12.5%	+0.5%	(4,397)	-

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



## 16. Investments in associates

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

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December	
		2022	2021
Hefring Inc	United States of America	25%	25%

### Summarized financial information

<i>NOK (thousands)</i>	2022	2021
Current assets	2,398	1,031
Current liabilities	(553)	(592)
<b>Net assets</b>	<b>1,845</b>	<b>439</b>
<b>Group share of net assets (25%)</b>	<b>461</b>	<b>110</b>
Revenues	700	1,225
Loss from operations	(18,877)	(4,552)

## 17. Derivative financial instruments

<i>NOK (thousands)</i>	2022	2021
<b>Derivative financial assets</b>		
Forward foreign exchange contracts	1,929	8,114
<b>Total derivative financial assets</b>	<b>1,929</b>	<b>8,114</b>
Current	-	7,895
Non-current	1,929	219
<b>Total derivative financial assets</b>	<b>1,929</b>	<b>8,114</b>

<i>NOK (thousands)</i>	2022	2021
<b>Derivative financial liabilities</b>		
Forward foreign exchange contracts	(6,154)	-
<b>Total derivative financial liabilities</b>	<b>(6,154)</b>	<b>-</b>
Current	(6,154)	-
Non-current	-	-
<b>Total derivative financial liabilities</b>	<b>(6,154)</b>	<b>-</b>

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

Foreign exchange risk arises when individual group operations enter into transactions denominated in a currency other than their functional currency. To reduce the Group's exposure to FX fluctuations with the USD



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the Group takes out a foreign exchange forwarding contract to the value of USD 750,000 per month. At the reporting date the Group had 15 (2021: 21) active foreign exchange forwarding contracts maturing monthly up to March 2024.

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

## 18. Inventories

The inventories comprise of the following:

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

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

## 19. Trade and other receivables

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

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.

<i>NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
Current	47,738	27,810
1-30 days	35,882	17,387
31-60 days	7,052	8,264
61-90 days	2,047	2,818
>90 days	15,798	3,829
<b>Balance at 31 December</b>	<b>108,517</b>	<b>60,108</b>



## 20. Cash and cash equivalents

<i>NOK (thousands)</i>	2022	2021
Bank deposits payable on demand	143,760	77,470
Bank deposits restricted to tax payments	10,064	7,313
<b>Balance at 31 December</b>	<b>153,824</b>	<b>84,783</b>

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

## 21. Loans and borrowings

<i>NOK (thousands)</i>	2022		
	Current	Non-Current	Total
Revolving credit facility	20,116	180,000	200,116
Other borrowings	231	276	507
<b>Total</b>	<b>20,347</b>	<b>180,276</b>	<b>200,623</b>

<i>NOK (thousands)</i>	2021		
	Current	Non-Current	Total
Revolving credit facility	-	40,000	40,000
Other borrowings	204	727	931
<b>Total</b>	<b>204</b>	<b>40,727</b>	<b>40,931</b>

During the year the Group secured a NOK 200.0 million facility, secured by a first priority pledge over a selection of the subsidiary shares. The termination date of the facility is 3 years from drawdown (circa 2025). The facility contains customary covenants, the ratio of total equity to total assets must be at a minimum above 40%, and NIBD/EBITDA not to exceed 3.0. The interest is in line with market conditions and is based on NIBOR plus a margin of 2.0% to 2.5% (the spread depends on certain leverage covenants).

### Loan Covenants

<i>NOK (thousands)</i>	2022	2021
<b>Equity ratios</b>		
Total equity	487,093	319,636
Total assets	939,525	531,167
<b>Equity ratio</b>	<b>52%</b>	<b>60%</b>

<i>NOK (thousands)</i>	2022	2021
<b>NIBD ratios</b>		
Loans and borrowings	200,623	40,931
Lease liabilities	66,266	63,376
Cash and cash equivalents	(153,824)	(84,783)
NIBD	113,067	19,524
EBITDA	145,650	87,391
<b>NIBD to EBITDA ratio</b>	<b>0.8</b>	<b>0.2</b>

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



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

## 22. Trade and other payables

<i>NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
Trade payable	32,788	15,130
Wage taxes and social securities	21,565	11,083
Accruals	28,183	11,295
Provision - Warranties	2,959	-
Provision - Delapidations	409	-
VAT Payable	3,431	1,423
Other payables	10,399	4,049
<b>Balance at 31 December</b>	<b>99,734</b>	<b>42,980</b>

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.

## 23. Contract liabilities

<i>NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
Prepayments from customers	14,848	28,079
Invoiced revenue, not delivered	6,846	3,298
<b>Balance at 31 December</b>	<b>21,694</b>	<b>31,377</b>

Set out below is the amount of revenue recognised from:

<i>NOK (thousands)</i>	<b>2022</b>	<b>2021</b>
Amounts included in contract liabilities at the beginning of the year	31,377	9,643
	<b>31,377</b>	<b>9,643</b>

The Group does not have long term contract liabilities.

## 24. Share capital and premium



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<i>NOK (thousands)</i>	Number of shares	Ordinary shares	Share Premium	Total
Balance at 1 January 2021	521,190	104	-	104
Restructuring of group with new parent company	521,190	104	110,358	110,462
Business combination	234,681	47	149,388	149,435
<b>Balance at 31 December 2021</b>	<b>1,277,061</b>	<b>255</b>	<b>259,746</b>	<b>260,001</b>
Balance at 1 January 2022	1,277,061	255	259,746	260,001
Business combination	111,049	22	70,690	70,712
Share value increase		4,581	(4,581)	-
<b>Balance at 31 December 2022</b>	<b>1,388,110</b>	<b>4,858</b>	<b>325,855</b>	<b>330,713</b>

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

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

Largest 20 shareholders by year end 31 December 2022 are:

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

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

## 25. Reserves

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

Reserve	Description and purpose
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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.

## 26. Consolidation companies

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

Name <i>NOK (thousands)</i>	Business office	Ownership	Equity	Profit/loss
		2022	2022	2022
Nortek AS	Rud	100%	125,729	20
Nortek Netherlands BV	Hoofddorp	100%	7,732	1,266
Nortek Instruments Ltd	Southampton	100%	9,517	2,332
Nortek Qingdao Measuring Equipment Co Ltd	Qingdao	100%	15,545	825
SAS Nortek Mediterranee	La Garde	100%	20,428	4,157
Nortek Brasil Representacoes, Consultoria	Florianopolis	100%	1,357	900
Nortek Japan GK	Tokyo	100%	(4)	(674)
Nortek USA Inc	Boston	100%	356	(6,137)
Nortek Australia Pty Ltd	Melbourne	100%	1,556	544
Strategic Robotic Systems Inc	Redmond	100%	53,159	24,225
Reach Robotics Pty Ltd	Sydney	100%	13,264	(994)
Tritech International Ltd	Ulverston	100%	107,051	3,167
General Oceans Ltd	London	100%	340	317

## 27. Business combinations

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

### Strategic Robotic Systems Inc (“SRS”)

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

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



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<i>NOK (thousands)</i>	Fair value recognised on acquisition
<b>Consideration</b>	<b>185,818</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	17,773
Trade and other receivables	1,196
Inventories	18,184
Right-of-use assets	1,533
Property, plant and equipment	4,352
Identifiable intangible assets	92,853
Trade and other payables	(28,741)
Lease liabilities	(1,533)
Deferred tax liabilities	(19,074)
<b>Total identifiable net assets</b>	<b>86,543</b>
<b>Goodwill</b>	<b>99,275</b>
<i>NOK (thousands)</i>	
Shares issued	149,435
Cash	36,383
Cash and cash equivalents in acquired business	(17,773)
<b>Net cash outflow on the acquisition</b>	<b>168,045</b>

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

#### Reach Robotics Pty Ltd (“Reach Robotics”)

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

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



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<i>NOK (thousands)</i>	<b>Fair value recognised on acquisition</b>
<b>Consideration</b>	<b>70,711</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	7,894
Trade and other receivables	14,123
Inventories	6,474
Property, plant and equipment	2,201
Identifiable intangible assets	33,075
Deferred tax assets	181
Trade and other payables	(16,693)
Deferred tax liabilities	(10,558)
<b>Total identifiable net assets</b>	<b>36,697</b>
<b>Goodwill</b>	<b>34,014</b>
<i>NOK (thousands)</i>	
Shares issued	70,711
Cash and cash equivalents in acquired business	(7,894)
<b>Net cash outflow on the acquisition</b>	<b>62,817</b>

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

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

#### **Tritech International Ltd (“Tritech”)**

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

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



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<i>NOK (thousands)</i>	Fair value recognised on acquisition
<b>Consideration</b>	<b>165,897</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	6,293
Trade and other receivables	25,397
Inventories	30,382
Right-of-use assets	2,610
Property, plant and equipment	57,632
Identifiable intangible assets	41,811
Income tax payable	(1,484)
Trade and other payables	(15,888)
Lease liabilities	(2,610)
Deferred tax liabilities	(9,735)
<b>Total identifiable net assets</b>	<b>134,408</b>
<b>Goodwill</b>	<b>31,489</b>
<i>NOK (thousands)</i>	
Cash	165,897
<b>Cash and cash equivalents in acquired business</b>	<b>(6,293)</b>
<b>Net cash outflow on the acquisition</b>	<b>159,604</b>

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

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

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

## 28. Related parties

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

<i>NOK (thousands)</i>	Income		Expenses		Amounts owed by related parties		Amounts owed to related parties	
	2022	2021	2022	2021	2022	2021	2022	2021
Hungry Horse AS	197	175	-	-	11,887	11,690	-	-
Ocean Illumination (CA)	-	-	584	642	-	-	-	-
	<b>197</b>	<b>175</b>	<b>584</b>	<b>642</b>	<b>11,887</b>	<b>11,690</b>	-	-

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.

## 29. Contingencies and claims

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



### 30. Events after the balance sheet date

There are no events after balance sheet date.

### 31. First time adoption of IFRS

This is the Group's first consolidated accounts presented in accordance with IFRS. The Group has previously submitted its annual report for 2021 in accordance with NGAAP.

The accounting principles described in note 4 have been used to prepare the company's consolidated accounts for 2022, comparable figures for 2021 and an IFRS opening balance sheet as at 1 January 2021, which is the Group's date of transition from Norwegian accounting principles (NGAAP) to IFRS.

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

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

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

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

#### New standards, amendments and interpretations not yet adopted

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

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

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

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

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



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## Reconciliation of transitional effects Reconciliation of statement of comprehensive income for 2021

NOK (thousands)	Note	Effects of transition to	
		NGAAP	IFRS
Revenue	A	361,706	(3,139)
Other operating revenue	A	2,021	3,139
<b>Total operating revenue</b>		<b>363,727</b>	<b>-</b>
<b>Operating expenses</b>			
Raw materials		(101,227)	-
Employee benefits		(127,423)	-
Depreciation and amortisation expense	B, C	(10,481)	(2,254)
Other operating expense	B, E	(50,565)	2,879
<b>Operating profit</b>		<b>74,031</b>	<b>625</b>
Finance income		9,784	-
Finance expense	D, F	(10,781)	(6,872)
Share of post-tax profit/(loss) of equity-accounted investees		-	-
<b>Profit before tax</b>		<b>73,034</b>	<b>(6,247)</b>
Tax expense	C	(16,061)	339
<b>Profit for the year</b>		<b>56,973</b>	<b>(5,908)</b>
<b>Other comprehensive income</b>			
Foreign currency translation differences of foreign operations		-	9,762
<b>Other comprehensive income, net of tax</b>		<b>-</b>	<b>9,762</b>
<b>Total comprehensive income</b>		<b>56,973</b>	<b>3,854</b>



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

MOK (thousands)	Note	01.01.21		31.12.21	
		NGAAP	IFRS	NGAAP	IFRS
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		19,733	-	19,733	-
Right-of-use assets	B	-	64,407	64,407	-
Intangible assets	C	67	-	67	-
Investments in equity-accounted associates	14	-	14	-	14
Derivative financial assets	D	10,721	10,721	-	219
Other receivables		12,089	-	12,089	-
Deferred tax assets		373	-	373	-
		32,287	75,128	107,305	210,930
<b>Current assets</b>					
Inventories		52,375	-	52,375	-
Trade and other receivables	E	45,920	(409)	45,521	84,209
Contract assets	E	409	-	409	71,313
Derivative financial assets	D	2,165	2,165	-	(1,159)
Cash and cash equivalents		117,464	-	117,464	1,159
		215,789	2,165	217,954	7,895
<b>Total assets</b>		<b>248,036</b>	<b>77,293</b>	<b>325,339</b>	<b>431,235</b>
					<b>98,932</b>
					<b>531,187</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	F	(365)	-	(365)	-
Lease liabilities	C	-	(61,854)	(61,854)	(40,727)
Deferred tax liability		-	-	-	(59,957)
		(365)	(61,854)	(62,219)	(179)
<b>Current liabilities</b>		<b>(62,219)</b>	<b>(62,219)</b>	<b>(62,219)</b>	<b>(79,774)</b>
Trade and other payables	E	(198,843)	9,643	(189,200)	(40,965)
Contract liabilities	E	-	(9,643)	(9,643)	(74,387)
Loans and borrowings short term	F	-	(2,553)	(2,553)	(31,377)
Lease liabilities short term		(7,633)	-	(7,633)	(204)
Income tax payable		(116,276)	(2,553)	(118,829)	(3,419)
		(116,276)	(2,553)	(118,829)	(12,872)
<b>Total liabilities</b>		<b>(116,641)</b>	<b>(64,407)</b>	<b>(181,048)</b>	<b>(67,433)</b>
<b>NET ASSETS</b>		<b>131,395</b>	<b>12,886</b>	<b>144,291</b>	<b>(8,198)</b>
					<b>(302,887)</b>
					<b>18,739</b>
					<b>319,636</b>
<b>EQUITY</b>					
Share capital		103	-	103	-
Share premium reserve		19,132	-	19,132	255
Foreign exchange reserve		-	-	-	259,746
Retained earnings	B, C, D	112,160	12,886	125,046	9,761
		131,395	12,886	144,291	(4,138)
<b>TOTAL EQUITY</b>		<b>131,395</b>	<b>12,886</b>	<b>144,291</b>	<b>6,978</b>
					<b>54,012</b>
					<b>319,636</b>



Reconciliation of consolidated cash flow year ended 31 December 2021

	Note	NGAAP	Effects of transition to IFRS	IFRS
<b>NOK (thousands)</b>				
Cash flows from operating activities				
Profit for the financial year	B, C	56,973	(5,906)	51,065
Adjustments for:				
Depreciation of tangible and intangible assets	B, C	6,886	5,712	12,598
Goodwill amortisation	C	3,566	(3,566)	-
Net finance expense	B	10,781	2,100	12,881
Taxation expense	B	16,061	(391)	15,670
Gain on sale of non-current assets		(320)	-	(320)
Fair value gains or losses on derivative financial instruments	D	4,772	4,772	4,772
Decrease/(increase) in inventories		(11,834)	-	(11,834)
(increase)/decrease in trade and other receivables	E	(22,662)	750	(21,912)
(increase)/decrease in contract assets	E	(750)	(750)	(1,500)
Increase/(decrease) in trade and other payables	E	20,301	(21,734)	(1,433)
Increase/(decrease) in contract liabilities	E	-	21,734	21,734
Net cash flow from operations		78,782	2,689	82,471
Income taxes paid		(7,633)	-	(7,633)
Interest paid		(11,034)	-	(11,034)
<b>Net cash used/generated from operating activities</b>		<b>61,115</b>	<b>2,689</b>	<b>63,804</b>
Cash flows from investing activities				
Interest received		382	-	382
Sale/(purchase) of non-current assets		927	-	927
Purchases of plant and equipment		(15,794)	-	(15,794)
Acquisition of subsidiaries (net of cash)		(19,115)	-	(19,115)
<b>Net cash used in investing activities</b>		<b>(33,600)</b>	<b>-</b>	<b>(33,600)</b>
Cash flows from financing activities				
Increase in interest bearing loans		40,566	-	40,566
Decrease in other interest bearing loans	F	(1,541)	-	(1,541)
Lease liabilities repaid		-	(2,827)	(2,827)
Dividends paid		(95,115)	-	(95,115)
Reconciliation foreign currency differences		(4,109)	138	(3,968)
Increase in share capital		-	-	-
<b>Net cash generated from financing activities</b>		<b>(60,199)</b>	<b>(2,689)</b>	<b>(62,885)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,881)</b>	<b>-</b>	<b>(32,881)</b>
Cash and cash equivalents at beginning of year		117,464	-	117,464
Effect of foreign exchange rate changes		-	-	-
<b>Cash and cash equivalents at end of year</b>		<b>84,783</b>	<b>-</b>	<b>84,783</b>



## Notes to the reconciliation of transitional effects 1 January 2021 and 31 December 2021

### A. Revenue (IFRS 15)

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

### B. Right-of-use assets (IFRS 16)

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

### C. Goodwill (IFRS 3, IAS 12)

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

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

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

### D. Derivatives (IFRS 9)

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

### E. Contract assets and liabilities (IFRS 15)

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

### F. Lease liabilities (IFRS 16)

IFRS 16 Lease was implemented on 1 January 2021 (Transition date). Lease treated as operational leases under NGAAP are reconciled in the balance sheet in accordance with IFRS 16. Rental obligations of NOK 64,407 thousand as at 1 January 2021 and NOK 63,376 thousand as at 31 December 2021 were recorded in line with the corresponding Right-of-use asset. Rental payments of NOK 4,748 thousand for



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2021 was reclassified from rental payments to payments for lease liabilities. As a result, the Group incurred interest expenses of NOK 2,100 thousand for 2021



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**Independent auditor's report**

*To be replaced with auditor's report*