



Digitizing the Ocean Space



Argeo aims to transform the ocean space survey and inspection industry through robotics, sensor and imaging technology. This is expected to provide an increase in data accuracy, detail and collection efficiency, as well as a reduced CO2 footprint by reducing the need for large surface vessels. Argeo's markets are in infrastructure, offshore wind, oil & gas inspection as well as deep-water mineral exploration.

INTERIM REPORT Q1 2021

HIGHLIGHTS

- Joint Venture agreement with Multiconsult to deliver an ocean space lifecycle digital 3D-model that significantly reduces costs and improves the environmental impact
- Taken delivery of the first Hugin AUV system and put this into operation
- Ordered first SeaRaptor 6000 AUV and secured a significant survey contract with delivery Q1-2022
- Ordered an identical “twin” SeaRaptor 6000 AUV with attractive delivery early Q4-2021 and tendering for Deep Water Minerals in South East Asia Q4 2021
- Successful business transformation from onshore & shallow water to deep sea operations
- Good market traction based on ocean space robotics solutions
- Sales & Marketing secured near full backlog for Q2-2021
- All three robotics systems fully occupied from end-of-March through Q2
- Good tendering activity in the growing Offshore Wind market (EU)
- Attracting client interest internationally for deep water AUV work
- Progress of establishing US office well underway
- Large recruitment campaign initiated, with focus on scaling up commercial and operational placements in Norway and Houston
- Technology & Engineering (T&E) moving forward with good pace establishing framework for the company’s revolutionary Ocean Space Digital Twin solution
- Signing of Pilot Customers (PC) going well with attraction in all four verticals



Hugin AUV system: Ultra compact and flexible system with high sensor payload specification

SUBSEQUENT EVENTS

- Long Endurance surface robot nearing final design, expected delivery end Q2-2021 and an important tool for shallow water (less than 60m) offshore wind
- Eelume Robot project progressing well with expected final readiness Q3-2021 and expected delivery early 2022
- Secured NOK 175 million funding in a private placement
- The Company listed on Euronext Growth 26 April 2021

CEO COMMENT

Q1 has been a transition quarter for Argeo. We took delivery of several new robotics systems, amongst them our first HUGIN AUV, a larger surface robot and a smaller shallow water drone system. Streamlining and connecting our unique digital delivery platform and an early start on onboard processing was all carried out in the beginning of the quarter with good results. T&E completed the formation of Argeo Digital Solutions product portfolio and initiated our first marquee Digital Twin product development program for our main market segments with pilot customers for the project well underway. Several key positions have been filled including Chief Physicist, Chief Geologist and Discipline Leader for our Deep Sea Mineral segment. As the Q2 project backlog is very high, significant preparation work were performed in February and March and several contracts were initiated late Q1.

Argeo proves an attractive employer with a lot of interest both nationally and internationally. A recruitment campaign has been launched to capitalize on this, placement of key commercial roles and scaling the operational department has been a priority during the quarter and will continue throughout the year.

In general, it is positive to see the attractivity and commercial uptake of Argeo's CO2 neutral services and advanced data product delivery. Since our transition to the deep-water survey and inspection industry with our robotics-based solutions, customers have secured our services in the O&G, Construction and Installation segment.

During the quarter we have established a good collaboration with Teledyne Marine systems, having secured our first deep water AUV, the SeaRaptor 6K with delivery in Q1-2022. Driving these discussions forward and realizing the international interest in this vehicle we challenged Teledyne Gavia to deliver a second identical AUV, but with a tighter time-line, for delivery in October/November 2021. The excellence shown by Teledyne Gavia team has been proven in our latest press release of taking delivery of our second SeaRaptor 6K. Argeo now has two identical vehicles which are highly mobile with the highest instrumentation specification available in the market today. Both AUV's can work separately and globally, or in parallel for large coverage missions where a seabed footprint of 1,000 meters are sampled with data resolution of 3x3 cm every second giving a production of more than 5 square kilometres per hour.

HSEQ

In Q1 the implementation of a company Integrated Management System (IMS) was started, covering all departments, technologies, and processes. The Argeo IMS covering Health, Safety, Environment and Quality shall lead to future ISO certification and is implemented inline with the company's global expansion plan.

*Trond F. Crantz
CEO of Argeo*

OUTLOOK

Our backlog is close to being covered for the next quarter and significant effort is being made internally to ensure delivery for our clients needs are met. In parallel, the demand for our services in the growing offshore wind market is noticeable with demand and bids for our new integrated robotics and geotechnical services in the EU market. We expect this to increase on an international scale, in particular for deeper water and floating wind. The company's expansion to the Americas will open up further deep-water markets in both North & South America where we firmly believe our "faster, better, greener services at a lower cost to our customers" will prove successful.

The company maintain its initial 2021 revenue guiding of 70-80 million NOK and expect revenues between 15 to 20 million NOK for Q2-2021



Two identical Deep Sea AUV's, ordered from Teledyne in March and May 2021

FINANCIAL REVIEW

Revenue:

Revenue for Q1 2021 was NOK 1.1 million, same as in Q1 2020. Revenue in Q1 2021 includes NOK 0.2 million in governmental grants, and the same amount was received in Q1 2020. The revenue was as expected. Following the IPO and the funding the company has ramped up its survey capacity preparing for a busy 2Q.

Operating expenses:

Employee expenses for Q1 2021 was NOK 1.6 million, compared to NOK 0.6 million in Q1 2020. Other operating expenses was NOK 1.6 million, up from NOK 0.7 million in Q1 2020. The increase in employee expenses and other operating expenses from same quarter last year is mainly due to ramp-up and preparations for higher activity in Q2 2021 and forward.

Depreciation was NOK 0.3 million in Q1 2021, compared to NOK 0.2 million in Q1 2020.

Financial items

Net financial expense for Q1 2021 was NOK 58 thousand, compared to net financial expense of NOK 22 thousand in Q1 2020.

Financial expense in Q1 2021 includes NOK 86 thousand (50% share) of loss in JV with Multiconsult, and NOK 85 thousand in net foreign exchange gain.

Net Profit/ Loss

Net loss for Q1 2021 was NOK 1.9 million compared to a net loss of NOK 0.3 million in Q1 2020.

Balance Sheet

Total non-current assets amounted to NOK 11.7 million at the end of the period. Investments amounted to NOK 0.6 million in Q1 2021.

Free cash and cash equivalents balance was NOK 0.9 million at the end of the quarter, compared to NOK 7.8 million at year end 2020 and NOK 0.3 million at the end of Q1 2020.

Total liabilities at the end of the quarter were NOK 9.3 million.

Shares

Total outstanding shares at 31 March 2021 were 610,000.

As per 31 March 2021, a total of 624 772 options, formalised as warrants, are outstanding in connection with a share option programs ("Tranche 1 Warrants"). Exercise price is in average NOK 1.46, and the warrant expires at various intervals from 10 February 2024 to 23 December 2025.

Recent events

A private placement of NOK 175 million was completed 20 April 2021. 21 341 463 new shares were issued at NOK 8.20 per share. The net proceeds will predominantly be used to fund investments in new AUV's and ramp-up of organisation as well as general corporate purposes.

After the private placement, Argeo has 27 441 463 shares outstanding.

In connection with the private placement, the Company's general meeting approved the issuance of 3,750,000 new warrants (Nw.: frittstående tegningsretter) to the existing shareholders of the Company before the private placement ("Tranche 2 Warrants". A total of 1,875,000 Tranche 2 Warrants can be exercised at NOK 0.10 given a demonstrated share market price appreciation of two times the Subscription Price within the next two years and the remaining 1,875,000 Tranche 2 Warrants can be exercised at NOK 0.10 given a demonstrated share market price appreciation of three times the Subscription Price within a period of 4 years.

Argeo listed on Euronext Growth 26 April 2021.

Argeo ordered in March 2021 a newbuild SeaRaptor 6000 Autonomous Underwater Vehicle "AUV" from Teledyne Gavia with delivery taking place in the beginning of 2022 at a cost of NOK 65 million. The delivery includes several ancillary system components, software and crew training. In parallel with acquiring the AUV Argeo has secured a deep-water survey in the Pacific region for an un-named scheduled in several projects over a three year period with a total contract value estimated between NOK 30-40 million and potential for further extension. This first order has been followed up with a second order in April for an identical AUV, but with delivery in Q3-2021. This purchase allows Argeo to become more strategic with AUV systems distributed in several growing deep water Geomarkets in addition to Twin-AUV operations running systems in parallel for an even wider footprint data coverage. This second order will in fact be our first delivery, timely ready for more deep-water work in Asia Pacific Geomarket (AP). The Twin SeaRaptor system will be ready for a return to Norway for the 2022 DSM campaigns on NCS.

The Board of Directors and CEO of Argeo AS
Asker, 12th May 2021

Argeo AS
Interim consolidated statement of profit and loss

Amounts in NOK	Note	Q1-2021	Q1-2020	Full Year 2020
Operating revenues:				
Sales revenue		845 898	934 551	11 904 387
Governmental grants		295 000	210 000	930 000
Total operating revenues		1 140 898	1 144 551	12 834 387
Operating expenses:				
Employee expenses		1 592 821	625 705	2 902 341
Other operating expenses		1 599 641	746 827	6 350 502
Depreciation	1, 2	307 212	189 986	972 321
Total operating expenses		3 499 674	1 562 518	10 225 164
Operating profit/(loss)		-2 358 776	-417 967	2 609 224
Financial income and expenses:				
Income/ (loss) equity investments		-86 714	0	0
Financial income		0	0	1 395
Financial expenses		-56 124	-22 017	-106 509
Net foreign exchange gain (loss)		81 151	0	7 896
Net financial items		-61 688	-22 017	-97 218
Profit/(loss) before tax		-2 420 463	-439 983	2 512 006
Income tax (expense)		513 425	96 796	-506 495
Profit/ (loss) for the period		-1 907 039	-343 187	2 005 511

Argeo AS
Interim consolidated statement of Financial Position

Amounts in NOK	Note	31.3.2021	31.3.2020	31.12.2020
ASSETS				
Non-current assets				
Intangible assets	1	3 363 934	2 179 087	3 570 598
Deferred tax asset		824 146	942 305	339 014
Property, plant and equipment	2	1 220 120	942 816	11 564 582
Investment in JV	3	5 862 978	0	0
Total non-current assets		11 271 177	4 064 208	15 474 193
Current assets				
Trade receivables		1 023 685	1 000 906	4 419 219
Other current assets		445 221	47 180	288 786
Cash and cash equivalents		948 735	267 717	7 779 692
Total current assets		2 417 641	1 315 803	12 487 697
Total assets		13 688 818	5 380 011	27 961 890
EQUITY				
Share capital		610 000	610 000	610 000
Share premium		6 780 680	6 780 680	6 780 680
Other equity		-3 044 615	-3 536 272	-1 187 574
Total equity		4 346 065	3 854 408	6 203 106
LIABILITIES				
Non-current liabilities				
Long term debt	4	6 653 333	800 000	6 693 333
Total non-current liabilities		6 653 333	800 000	6 693 333
Current liabilities				
Trade payables		1 357 329	277 892	12 345 080
Other current liabilities		1 332 091	447 711	2 720 371
Total current liabilities		2 689 420	725 603	15 065 451
Total liabilities		9 342 753	1 525 603	21 758 784
Total equity and liabilities		13 688 818	5 380 011	27 961 890

Argeo AS

Interim consolidated statement of changes in equity

Amounts in NOK	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
Balance as of 1.1.2021	610 000	6 780 680	-1 187 574	6 203 106
Profit/(loss) for the period	0	0	-1 907 039	-1 907 039
Effect of establish JV		50 000	0	50 000
Balance as of 31.3.2021	610 000	6 830 680	-3 094 612	4 346 068
Balance as of 1.1.2020	610 000	6 780 680	-3 193 084	4 197 596
Profit/(loss) for the period	0	0	2 005 511	2 005 511
Balance as of 31.12.2020	610 000	6 780 680	-1 187 574	6 203 106

Argeo AS

Interim consolidated statement of cash flow

Amounts in NOK	Note	Q1-2021	Q1-2020	Full Year 2020
Cash flow from operating activities				
Profit/(loss) before tax		-2 420 463	-439 983	2 512 006
Depreciation		307 212	189 986	972 321
Interest expense		56 124	22 017	106 509
Loss equity investments		86 714	0	0
Change in current assets		3 239 098	-652 090	-4 312 009
Change current liabilities		-12 376 031	6 017	14 345 865
Net cash from operating activities		-11 107 345	-874 054	13 624 692
Cash flow from investing activities				
Investment in property, plant and equipment	1,2	-593 586	-227 355	-11 071 483
Investment in intangibles		0	0	-1 951 483
Net investment in Joint Venture		-5 871 402	0	0
Sale AUV to JV	2	10 837 500	0	0
Net cash from investing activities		4 372 512	-227 355	-13 022 966
Cash flow from financing activities				
Proceeds from interest-bearing debt	4	0	0	6 000 000
Repayment of interest-bearing debt	4	-40 000	0	-106 667
Interest paid		-56 124	-22 017	-106 509
Net cash flow from financial activities		-96 124	-22 017	5 786 824
Net change in cash and cash equivalents		-6 830 958	-1 123 425	6 388 550
Cash and cash equivalents beginning of period		7 779 692	1 391 142	1 391 142
Cash and cash equivalents end of the period		948 734	267 717	7 779 692

NOTES TO THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

General information and basis for the preparation

Argeo AS and its subsidiaries (the “Group”, or “Argeo”) is a publicly listed company on the Euronext Growth, with ticker symbol ARGEO. Argeo was admitted to trading on Euronext Growth 26 April 2021. Argeo is incorporated and domiciled in Norway.

These interim consolidated financial statements for the first quarter ended 31 March 2021 were prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles for smaller companies. They do not include all of the information required for full annual consolidated financial statements, and should be read in conjunction with consolidated financial statements of the Group as at and for the year ended 31 December 2020. These condensed consolidated interim financial statements are unaudited.

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2020.

Note 1 Intangible assets

Amounts in NOK	31.03.2021	31.03.2020	31.12.2020
Cost as of 1.1	4 133 307	2 181 824	2 181 824
Additions	0	110 020	1 951 483
Cost as of 31.3/ 31.12	4 133 307	2 291 844	4 133 307
Accumulated depreciation 1.1	562 709	0	0
Depreciation	206 664	112 757	562 709
Accumulated depreciation 31.3/ 31.12	769 373	112 757	562 709
Net book value 31.3/ 31.12	3 363 934	2 179 087	3 570 598

Intangible assets consist of capitalised cost related to development of a 3D Geological modelling system. Depreciation started in 2020, and is taken over 5 years.

Note 2 Property, plant and equipment

Amounts in NOK	31.03.2021	31.03.2020	31.12.2020
Cost as of 1.1	12 546 109	1 474 627	1 474 627
Additions	593 586	117 335	11 071 482
Sale AUV to JV	-10 837 500	0	0
Cost as of 31.3/ 31.12	2 302 195	1 591 962	12 546 109
Accumulated depreciation 1.1	981 528	571 916	571 916
Depreciation	100 548	77 229	409 612
Accumulated depreciation 31.3/ 31.12	1 082 076	649 145	981 528
Net book value 31.3/ 31.12	1 220 120	942 816	11 564 582

Additions in 2020 included the purchase of one Hugin AUV, which was transferred to a joint owned company (50/50) with Multiconsult in January 2021.

Expected useful life is 3 years for office equipment and 3-7 years for field equipment.

Note 3 Investment in JV

Argeo signed in January 2021 an agreement with Multiconsult for strategic cooperation to significantly improve quality for marine surveys and increase construction insight of the seabed conditions for large coastal development projects and offshore structure. As a part of the agreement, the parties have established H1000 JV AS, owned 50/50 by Argeo and Multiconsult. The Hugin AUV purchased by Argeo in 2020 was transferred to this JV in January 2021.

Note 4 Long-term liabilities

<u>Amounts in NOK</u>	<u>Nominal interest</u>	<u>31.03.2021</u>	<u>31.03.2020</u>	<u>31.12.2020</u>
NOK 0.8 million loan	4.95%	653 333	800 000	693 333
NOK 6 million loan	3.95%	6 000 000	0	6 000 000
Total long term debt		6 653 333	800 000	6 693 333

NOK 0.8 million loan

The Group secured in 2019 a NOK 0.8 million loan from Innovasjon Norge, bearing an interest at 4.95%. The loan is secured with machinery and plant in Argeo Survey AS, and is repaid over 6 years.

NOK 6 million loan

The Group secured in 2020 a NOK 6 million loan from Innovasjon Norge, bearing an interest at 3.95%. The loan is secured with machinery and plant in Argeo Survey AS, in the shares owned by Argeo Survey in its 50% ownership in H1000 JV AS, and by a parent guarantee from Argeo AS. The loan is repaid over 5.5 years with a 6 month's grace period.

FINANCIAL CALENDER 2021

25 th August	2Q 2021 Report
10 th November	3Q 2021 Report

CONTACTS:

Trond Figenschou Crantz, CEO

Email: trond.crantz@argeo.no

Phone: +47 976 37 273

Argeo is a company with a mission to transform the ocean surveying and inspection industry by utilizing autonomous surface and underwater robotics solutions. Equipped with unique sensors and advanced digital imaging technology, the Autonomous Underwater Vehicles (“AUVs”) will significantly increase efficiency and imaging quality in addition to contribute to significant reduction in CO2 emissions from operations for the global industry in which the Company operates. The Company’s highly accurate digital models and digital twin solutions are based on geophysical, hydrographic and geological methods from shallow waters to the deepest oceans for the market segments Infrastructure, Offshore Wind, Oil & Gas and Deep Sea Minerals. Argeo was established in 2017 and has offices in Asker and Tromsø, Norway. Since its incorporation, Argeo has carried out complex projects for some of Norway’s largest companies in the field.

www.argeo.no