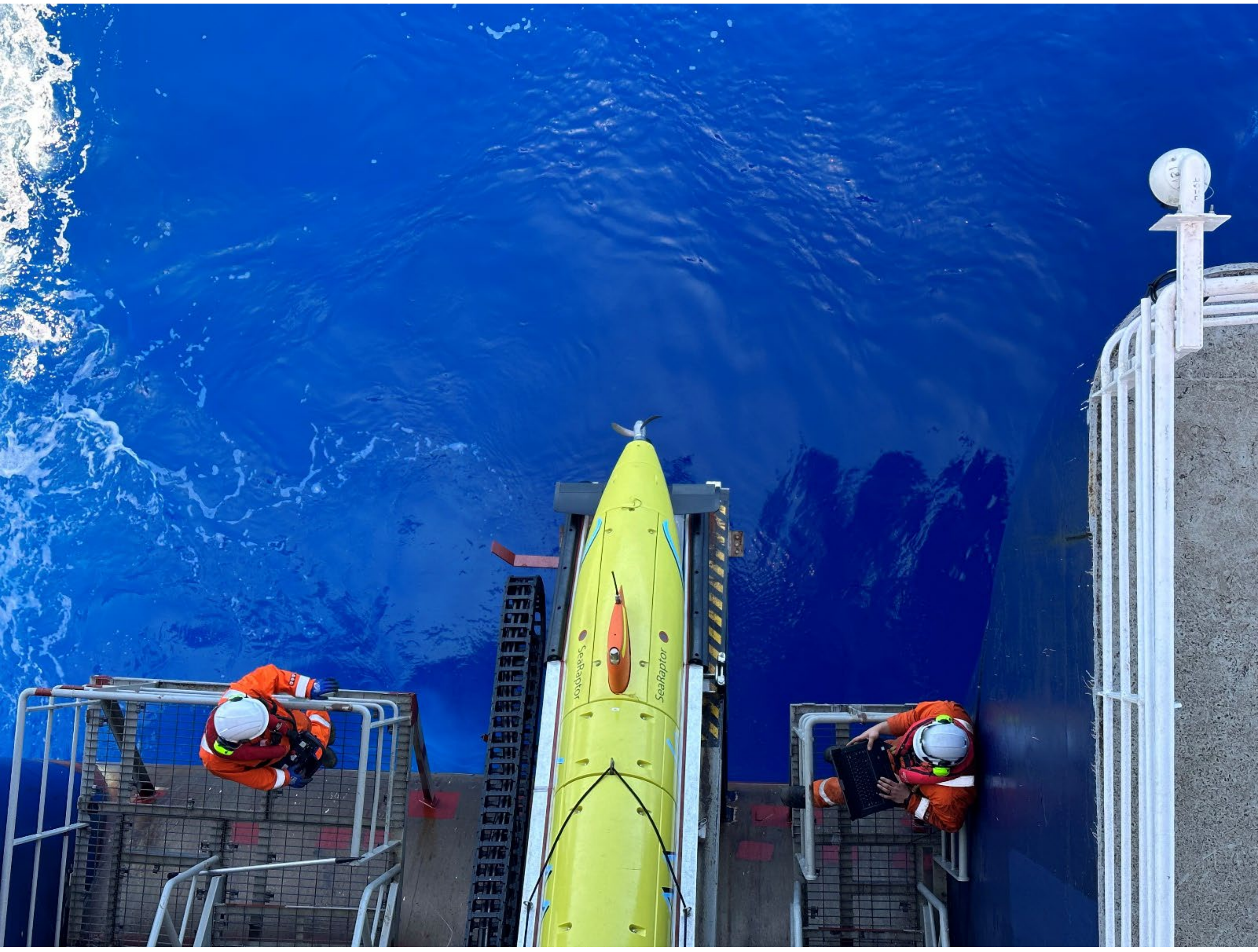
Annual Report 2022

Argeo

Digitizing the ocean space



Contents

“We are on track to transition from being a scale-up company to becoming an established global operator”

CEO Letter

Looking back at 2022, it was a year of two distinct halves. In the first six months, we had our new SeaRaptor AUVs delivered and carried out operational projects in Brazil using our first Hugin system. However, by early Q2, we began to witness significant shifts in the market, which impacted our existing strategy and made it increasingly challenging to secure vessels for upcoming projects. To adapt to these changing conditions and address the concerns of our valued customers, we implemented a more resilient strategy that allowed us to pivot our commercial and operational activities in response to the evolving market landscape.

Reacting to a changing market

Towards the end of February, we began to observe a significant uptick in the demand for offshore services worldwide. However, this sudden surge in demand had an adverse impact on our tender process and project delivery schedule in April and May. Specifically, we faced challenges with short-term vessel charters that had a long lead time to contract signing and startup. These challenges had a negative effect on the terms and conditions of our contracts, resulting in an unbalanced risk/reward situation for the company. While the overall increase in demand was positive, it had a negative impact on our cash position, which we proactively addressed to ensure the continued growth and success of our business.

Implementing resilient strategy

In response to the changing market conditions, we developed a new and more resilient strategy towards the end of H1-2022, which included the implementation of our 'SmartConvert' vessel acquisition and conversion plan. The first project under this adjusted strategy was the charter of Argeo Searcher, which was later equipped with our two SeaRaptor AUVs and completed in February 2023. We are excited about the potential of Searcher and expect great things from her in the future. However, the adjusted strategy required additional capital to be sustainable, and we had to stretch our runway to cover the cost of conversion and integrate the AUV systems and data management solution. We were able to secure the necessary funds through a combination of loans from Innovation Norway and a successful private placement towards the end of the year. The new value proposition has been very well received by our clients, and we remain committed to its success in the years to come.

Commercial ramp up

As the Argeo Searcher made its way to Las Palmas in November, we began to ramp up our commercial activities, securing several tenders and projects for Q1-2023. The high demand for an integrated survey machine equipped like the Searcher with the latest technology, as evidenced by our clients' strong interest, was a perfect fit with the offerings provided by our new strategy. The commercial success of these bookings continued into projects for Q2 and Q3 of 2023, which further demonstrated the effectiveness of our new approach. We are excited to see the positive impact of our new strategy on our business and look forward to its continued success in the future.

Technology & Engineering

The throughput achieved by Argeo Robotics in the past year has been remarkable We have submitted a total of 7 patent applications, and the first one was granted towards the end of the year. Over the course of the year, we completed two out of three sensor systems, with Argeo LISTEN already tested and commercialized on our SeaRaptor AUVs. Argeo WHISPER was also tested and made ready for field-testing in H1-2023. Additionally, we launched Argeo SCOPE, which reached its MVP (minimum viable product) in Q4 and is now ready for our first pilot customers to test in 2023. We are excited about these developments and look forward to bringing more cutting-edge technology to our clients in the coming year.

Growth and Outlook

Our adjusted strategy has paved the way for significant and accelerated growth across our markets. We are already seeing a steady increase in the conversion rate of tenders to contracts, as reflected in our Q1-2023 order book. With this momentum, we can now shift our commercial focus towards securing backlog for 2024 and beyond, further fuelling our growth trajectory. Argeo is becoming a serious service provider by major clients and with that larger and longer contract in all our serviceable markets. We continue to uphold our Q4-2022 estimates and expect to be EBITDA positive from beginning of Q3-2023. We have proven our resilience to change and respond quickly to market forces affecting our business globally, this strength will be employed in our new growth strategy going forward.

Trond E Figenschou Crantz

Trond Figenschou Crantz

CEO of Argeo

Main events

Main events 2022

Q1

- First SeaRaptor "Argeo Fenris" delivered in February
- Awarded a NOK 8.5 million contract from Statens Vegvesen for the SeaRaptor "Fenris"

Q2

- Ordered a new Hugin 6000 AUV system from Kongsberg
- Signed 12-month project for the new Hugin 6000 AUV
- Hugin 1000 project in Brazil completed
- NOK 75 million private placement
- Commercialization of Argeo LISTEN tool completed
- Multi-client offshore wind project at Utsira Nord

Q3

- SeaRaptor "Argeo Neri" delivered and completed first ultra-deep water AUV survey work

Q4

- Argeo "Argus" completed and awarded contract
- 5-year bareboat contract with option to buy for Argeo Searcher
- Argeo received patent application approval for our unique EM sensor systems
- Argeo Searcher contract work in the North Atlantic for Deep Sea Minerals
- NOK 50 million private placement in December
- NOK 20 million loan granted from Innovation Norway

Subsequent events 2023

Q1

- Signed contract for Polish Geological Institute in the Mid Atlantic
- Completed conversion and rigging of Argeo Searcher in February
- Argeo teamed up with global multi-client player on MC prospecting survey for deep-sea minerals
- Signed contract with Stromar Offshore Wind Farm
- NOK 5.2 million subsequent offering

Q2

- Signed NOK 37 million contract with Norwegian Petroleum Directorate for minerals survey in Norway
- Extension of USD 2 million contract for Hugin 6000 AUV confirmed.

About Argeo

Argeo is an Offshore Service company with technology to transforming the ocean space survey and inspection industry 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 reductions in CO_2 emissions from operations for the global industry in which Argeo operates.

With the recent subsea vessel expansion adding Argeo Searcher to the fleet, Argeo is now offering an independent and complete long endurance solution to our customers. The vessel is well equipped to support IMR operations with Argeo's unique SeaRaptor AUV's and available hangar for several work-class ROV (WROV) systems. Argeo's markets are in Oil & Gas, Renewables, Marine Minerals and Offshore Installations.

Argeo

Argeo in brief

Argeo is an Offshore Service company with a mission to transform the ocean surveying and inspection industry by utilizing autonomous surface and underwater robotics solutions.

Services

SURVEY

INSPECTION

MAINTENANCE & REPAIR

MULTI CLIENT / DAAS

Markets

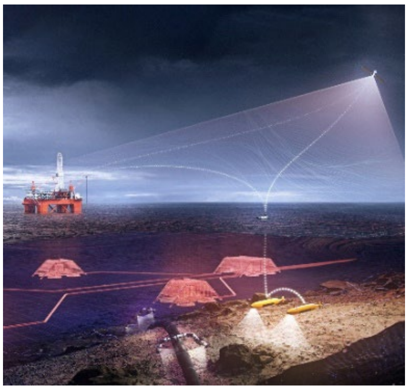
OIL & GAS

RENEWABLES

OFFSHORE INSTALLATIONS

MARINE MINERALS

Robotics and digital solutions for the ocean space - four attractive key target markets



Oil & Gas

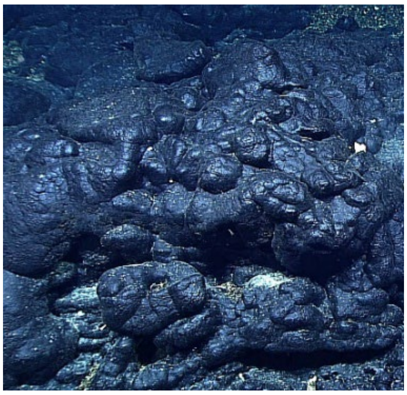
Rising number of deep-water activities and a clear directive from majors to replace traditional vessel based IMR solutions with robotics and uncrewed solutions.

- Pipeline and cable survey / inspection
- Site Survey
- Route / trench survey and modelling
- Electrical & communication cable installations
- Route inspection after installation

Renewables

Increase investments in renewable sources of energy and favourable government policies.

- Initial survey
- Early planning & design survey
- Construction and installation survey
- Operations & maintenance



Marine Minerals

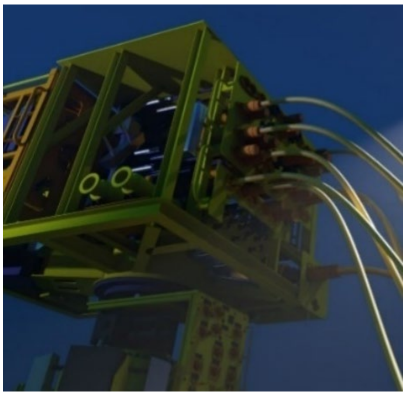
Global demand for batteries and metals for the renewable sector is the main growth driver for this market.

- High-resolution seabed mapping
- UHD seabed and megafauna imaging
- Multiphysics characterization
- Subsurface imaging
- Deposit detection and delineation
- Environmental surveying/monitoring

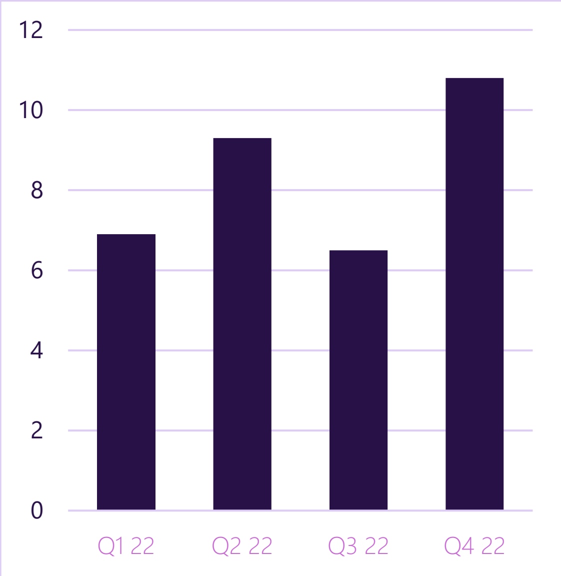
Offshore Installations

The need for expertise and project de-risking for complex offshore installations is increasing with project

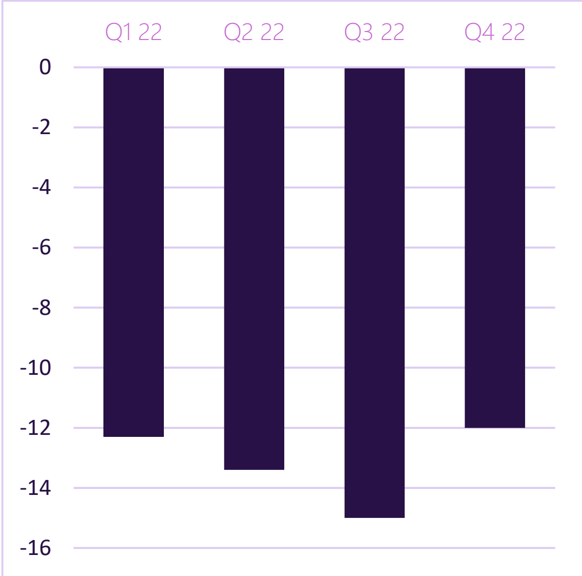
- Bridges & crossings
- Aquaculture
- Construction & Installation survey
- Early planning & design survey
- Inspection & maintenance survey



REVENUE
PER QUARTER



EBITDA
PER QUARTER



STEADILY DEVELOPING FLEET
TO MEET MARKET DEMAND

AUV's


HUGIN 1000 AUV


HUGIN 6000 AUV


SEARAPTOR AUV


SEARAPTOR AUV

VESSELS


ARGUS USV


ARGEO SEARCHER

ARGEO ROBOTICS
DEVELOPMENT

- Argeo's EM sensor systems Argeo LISTEN and Argeo WHISPER commercialized
- Argeo's digital platform Argeo SCOPE commercialized

IP
PATENT APPLICATIONS

5	2	1
2021	2022	GRANTED

Board of Director's Report

Argeo is an Offshore Service 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 (AUV's) will significantly increase efficiency and imaging quality in addition to contributing 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 Oil & Gas, Renewables, Marine Minerals and Offshore Installations.

The Company was established in 2017 and is located in Norway with offices in Asker and Tromsø. Argeo has also offices in Houston, Singapore, and Rio.

Operations:
The Hugin 1000 system worked in Q1 2022 on an AUV-project in Brazil, with the last part of the contract completed in late Q2.

In February 2022, the first of two ordered SeaRaptor AUV's was delivered. It completed a NOK 8.5 million contract for Statens Vegvesen (Norwegian Public Roads Administration) on the Bjørnafjorden E36 crossing in April and commenced thereafter work at Utsira Nord for a MultiClient offshore wind project.

The second SeaRaptor AUV was delivered in Q3 2022. The SeaRaptors first ultra deep-water project was planned and executed during the summer to acquire important data and at the same time initiate full depth qualification of the system prior to the more complex deep-water projects coming.

In March 2022 Argeo signed an agreement with Kongsberg Maritime for the purchase of a Hugin 6000 AUV (Autonomous Underwater Vehicle) for delivery in 2022. The Hugin 6000 is Argeo's second Hugin system and commenced a 6-month contract with expected USD 2.5 million EBITDA directly after delivery to Argeo late August 2022. The contract can be extended with another 6 months, with expected USD 2 million EBITDA.

The Argeo Argus USV (Autonomous Surface Vessel) was delivered from Maritime Robotics in 2022, and the USV completed its first data acquisition project in Northern Norway in Q4 2022.

The Argeo organization has grown from 35 to 49 employees during 2022, preparing for increased activity in 2023.

An office with necessary licences to operate was established in Rio during 2022, focusing on business development in this region.

Argeo Robotics has submitted a total of 7 patent applications, of which 2 in 2022, for AUV related technology which consist of both sensor hardware and accompanying data processing techniques. One patent was granted in 2022.

Net income, investments, financing, and liquidity

Revenues for the Group increased from NOK 15.8 million in 2021 to NOK 33.6 million in 2022. Net loss for the Group in 2022 was NOK 76.3 million, compared to a net loss of NOK 18.1 million in 2021. Net loss for the Group in 2022 is mainly due to a further ramp up of the organisation and preparation for the activities in 2023. Loss in 2022 also includes a reversal of tax benefits from earlier years amounting to NOK 6.3 million, with a deferral of the majority of tax benefits until the Group is profitable.

Parent company Argeo AS did not have any revenue in 2022 or in 2021. Net profit for 2022 was NOK 4.3 million, compared to a net income of NOK 3.4 million in 2021. Net income for both years is mainly due to interest income on intercompany loans, and income tax benefit.

Total assets at year-end 2022 for the Group amounted to NOK 345.8 million, compared to NOK 167.3 million at year-end 2021.

Total assets at year-end 2022 for Parent amounted to NOK 295.5 million, compared to NOK 170.4 million at year-end 2021.

The Group invested NOK 219.0 million in property, plant and equipment, NOK 24.4 million in intangible assets and NOK 4 million in multi-client library in 2022. In 2021, the Group invested NOK 3.7 million in property, plant and equipment and NOK 7.1 million in intangible assets. In addition, Argeo paid in 2021 NOK 65.2 million in prepayments on assets ordered in 2021 for delivery in 2022. Argeo received Governmental funding from "Skattefunn" (R&D tax incentive scheme) and Innovation Norway amounting to NOK 6.4 million in 2022 and NOK 2.2 million in 2021. The grants are related to development projects and recorded in the balance sheet as a reduction in intangible assets.

Other receivables in the end of 2022 amounts to NOK 44.5 million for the Group and NOK 121.0 million for the Parent. Both includes NOK 35.9 million unpaid share capital from the share issue made in December 2022. The remaining amount for the Parent is mainly intercompany receivables.

Cash and cash equivalents as of 31 December 2022 for the Group amounts to NOK 21.3 million, compared to NOK 65.9 million on 31 December 2021.

Cash and cash equivalents as of 31 December 2022 for the Parent amounts to NOK 14.5 million, compared to NOK 52.6 million on 31 December 2021.

Equity was NOK 189.1 million at the end of 2022 for the Group, compared to NOK 148.1 million at the end of 2021.

Equity was NOK 292.0 million at the end of 2022 for the Parent, compared to NOK 170.3 million at the end of 2021.

Net cash from operating activities for the Group in 2022 amounts to minus NOK 18.2 million, compared to minus NOK 97.1 million in 2021. In 2021, NOK 65.2 million is related to prepayment on assets ordered for delivery in 2022.

Argeo was granted a NOK 20 million loan from Innovation Norway in December 2022, which was drawn in Q2 2023. The loan has initially 6.2% interest as is repaid over six years.

Outlook

We are on track to transition from being a scale-up company to becoming an established global operator. Thanks to our new and more resilient strategy, successful commercial ramp-up, and the development of cutting-edge technology by Argeo Robotics, we are poised to expand our presence in the global market. With our proven track record of delivering high-quality services and solutions to our clients, we are well-positioned to cement our place as an important player in the industry. We remain committed to our core values of innovation, reliability, and sustainability, which will continue to drive our growth and success in the years to come. We are experiencing growth across our established geomarkets, with the O&G and Offshore Wind sectors showing significant increases in project sanctioning, resulting in high demand for offshore services globally. Additionally, we are excited about the positive signs we are seeing in the new and promising marine minerals market. Prospective clients with active mineral extraction operations in APAC, and environmental and resource data acquisition programs taking place in the Atlantic region. As a key contributor to knowledge for further impact studies, Argeo is proud to play a critical role in advancing the field. We remain committed to providing our clients with cutting-edge technology and unparalleled service to drive growth in these exciting new markets and beyond.

Financial risk

Interest rate

Total long-term debt at the end of 2022 is NOK 106.5 million. 4.3% is interest bearing, hence low risk.

Foreign currency

The company is exposed to currency fluctuations due to the international nature of its operations. Fluctuations in USD, GBP and EUR constitute a risk, as a significant share of the Company's purchases come from suppliers who invoice in these currencies. Currently, there is no currency hedging.

The Company has NOK 101.9 million in seller credits at the end of 2022, all nominated in USD. Fluctuations in USD can have a significant impact on the value of the debt.

Credit risk

The risk for losses on receivables is low, however, it can be expected to increase as the company grows. The company has not yet experienced any losses on receivables.

Liquidity risk

Management of liquidity risk is given high priority. Argeo completed two private placements in 2022: NOK 75 million in April and NOK 50 million in December. In addition, a NOK 5.2 million subsequent offering was completed in February 2023. Argeo has also been granted a NOK 20 million loan from Innovation Norway, which was drawn in Q2 2023. The group manages liquidity risk by maintaining sufficient cash and cash equivalents, seeking the availability of equity funding and debt funding, and by continuously monitoring forecast and actual cash flows.

Going concern

In accordance with Norwegian accounting legislation, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. The assumption is based on estimates and expectations for 2023 and the Group's long-term strategy.

Allocation of net loss and dividends

Argeo Group had a net loss of NOK 76.3 million in 2022. The parent company Argeo AS had a net profit of NOK 4.3 million in 2022. The Board of Directors has proposed the net profit in Argeo AS to be allocated to other equity, and that no dividend is distributed.

The working environment

At year-end 2022, the Argeo Group had 49 employees.

It is the objective of the Company to provide for safe practices in operation and a safe working environment. This objective will be achieved by;

- Maintaining high standards for safety consciousness, personal discipline and individual accountability by adherence to a comprehensive and documented system of training.
- Actively promoting employee participation in measures aimed at improving safety.
- Keeping all personnel informed of any known or potential hazards that may affect themselves and their colleagues.

Equality applies to all practices and guidelines relating to the recruitment process and hiring of all workers. We respect and protect the fundamental human and workers' rights in a manner consistent with laws and regulations.

The Group promotes a healthy workplace by prohibiting discrimination due to gender, race, age, ethnicity, disability, sexual orientation, or religion and provides fair compensation for employees' work.

Leave of absence due to illness in 2022 was 1.9% and remains at a low and manageable level. Argeo unfortunately suffered one restricted work case during 2022 that had a negative impact on our HSE performance as a whole. This relates to an incident in our offices.

Environment

The Company's operations offshore raise some environmental issues. Argeo places considerable emphasis on prevention of negative environmental impact of their operations. It is the policy of the Company to maintain a safe and pollution-free operating practice that complies with national and international regulations and relevant standards and guidelines. It is the objective of the Company to continuously improve the management skills in relation to environmental protection.

Corporate governance

Argeo considers good corporate governance to be a prerequisite for trustworthiness, value creation, and access to capital. To secure strong and sustainable corporate governance, it is important that Argeo ensures good and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations. The Company is incorporated and registered in Norway and is subject to Norwegian law. The shares of Argeo are listed on Euronext Growth. As a Norwegian public limited liability company, Argeo must comply with the Norwegian Securities Trading Act, the Continuing obligations for companies listed on Euronext Growth, the Norwegian Public Limited Liability Companies Act and all other applicable laws and regulations. In accordance with the Company's adopted Code of Conduct we strive to operate our business in a way that will provide lasting benefits to all stakeholders, customers, partners, shareholders, employees, and suppliers in addition to the communities in which we operate.

Corporate Social Responsibility Statement

In accordance with the company's adopted code of conduct, we strive to conduct our business in a way that facilitates the proper consideration of the working environment, social conditions, human rights, workplace health, safety, diversity, and inclusion.

Subsequent events

A subsequent offering of NOK 5.2 million was completed in February 2023. 3 124 368 new shares were issued at NOK 1.65 per share.

In February 2023, Argeo was awarded a contract comprising of multi-sensor data acquisition with AUV for the Polish Geological Institute – National Research Institute (PGI-NRI), to fulfil seabed mineral exploration work under the provisions and scope of the Government of Poland Contract with the ISA.

In March 2023, Argeo announced a collaboration project with an undisclosed long-standing multi-client player to conduct the world's first multi-client data collection at the Mid-Atlantic Ridge for the emerging deep-sea minerals market.

In March 2023, Argeo signed a survey contract with Stromar, a consortium made up of Ørsted, Renantis and BlueFloat Energy. The contract will start in Q3 2023 to conduct a geophysical survey in the project's offshore wind farm area, located in the Moray Firth off the coast of Scotland.

In April 2023, Argeo was awarded a contract from the Norwegian Petroleum Directorate for a deep-sea mineral survey in Norway. Contract value is NOK 37 million, with expected duration 8 weeks including mobilisation and demobilisation.

In April 2023, Argeo confirmed contract extension to March 2024 for the Hugin 6000 AUV project announced in March 2022.

Insurance for board members and executive management

Argeo has liability insurance for the board and executive management covering any indemnity for financial loss arising from personal managerial liability, including personal liability for the company's debts, arising out of any claim first made against the company.

Statement of the Board and CEO

The Board and CEO have today considered and approved the Director's Report and Annual Financial Statements for Argeo AS as of December 31, 2022 (Annual Report 2022).

To the best of our knowledge:

- The Annual Financial Statements for 2022 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice for small entities in Norway (NRS 8).
- The information in the Annual Financial Statements gives a true and fair view of the assets, liabilities, financial position, and overall results as of December 31, 2022.
- The Director's Report gives a true and fair view of:
    - The development, result, and position of the company.
    - The principal risks and uncertainties faced by the company.

The Board of Directors and CEO of Argeo AS
Asker, 9th May 2023

Jan P. Grimnes
Chairman

Geir Kaasen
Board Member

Arne Kjørsvik
Board Member

Jim Dåtland
Board Member

Lars Petter Utseth
Board Member

Heidi G. Holm
Board Member

Trond F. Crantz
CEO

Argeo Group

Consolidated Income Statement

Amounts in NOK 1 000	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
Operating revenues:					
Sales revenue		33 497	15 372	0	0
Governmental grants	**3**	86	470	0	0
Total revenues		**33 583**	**15 842**	**0**	**0**
Operating expenses:					
Operating cost		31 266	17 439	0	0
Employee expenses	**4**	62 425	22 662	956	770
Other operating expenses		17 954	8 755	1 622	1 397
Capitalisation of cost		-26 326	-6 367	0	0
Depreciation	**5, 6**	12 481	1 276	0	0
Total operating expenses		**97 800**	**43 766**	**2 578**	**2 167**
Operating profit/(loss)		**-64 217**	**-27 924**	**-2 578**	**-2 167**
Financial income and expenses:					
Income/ (loss) equity investments		-3 183	-471	0	0
Financial income	**7**	296	89	6 451	2 402
Financial expenses	**7**	-733	-433	-478	-166
Net foreign exchange gain (loss)		-2 149	776	1	0
Net financial items		**-5 770**	**-38**	**5 974**	**2 236**
Income/(loss) before income taxes		**-69 986**	**-27 962**	**3 397**	**69**
Income tax expense (benefit)	**8**	-6 309	9 848	943	3 304
Net income/(loss) for the year		**-76 296**	**-18 113**	**4 339**	**3 373**

Argeo Group

Consolidated Statement of Financial Position as of 31 December

Amounts in NOK 1 000	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
ASSETS					
Non-current assets					
Other intangible assets	**3, 5**	24 304	7 647	0	0
Deferred tax asset	**8**	4 349	10 259	4 349	3 406
Property, plant and equipment	**6**	211 840	3 965	0	0
Shares in associated companies	**9**	2 295	5 479	0	0
Shares in subsidiaries	**10**	0	0	155 676	55 676
Multi-client library		4 000	0	0	0
Total non-current assets		**246 788**	**27 350**	**160 025**	**59 082**
Current assets					
Trade receivables		17 582	6 164	0	0
Spare parts		15 630	0	0	0
Other receivables	**11**	44 468	67 964	121 034	58 695
Cash and cash equivalents	**12**	21 313	65 862	14 452	52 623
Total current assets		**98 992**	**139 990**	**135 487**	**111 318**
Total assets		**345 781**	**167 340**	**295 511**	**170 401**
EQUITY					
Share capital	**13**	5 110	2 744	5 110	2 744
Additional paid-in capital		279 545	164 558	279 545	164 558
Other equity		-95 547	-19 251	7 366	3 026
Total equity	**14**	**189 108**	**148 051**	**292 021**	**170 328**
LIABILITIES					
Non-current liabilities					
Long term debt	**16**	106 482	5 933	0	0
Total non-current liabilities		**106 482**	**5 933**	**0**	**0**
Current liabilities					
Trade payables		23 784	6 288	3 443	24
Taxes payable	**8**	0	100	0	0
Public duties		3 335	1 879	48	48
Other current liabilities		23 072	5 089	0	0
Total current liabilities		**50 190**	**13 356**	**3 491**	**73**
Total liabilities		**156 672**	**19 289**	**3 491**	**73**
Total equity and liabilities		**345 781**	**167 340**	**295 511**	**170 401**

The Board of Directors and CEO of Argeo AS
Asker, 9th May 2023

Jan P. Grimnes
Chairman

Lars Petter Utseth
Board Member

Geir Kaasen
Board Member

Arne Kjørsvik
Board Member

Heidi G. Holm
Board Member

Jim Dåtland
Board Member

Trond F. Crantz
CEO

Argeo Group

Consolidated statement of changes in equity

Amounts in NOK 1 000	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
Balance as of 1.1.2022	**2 744**	**164 558**	**-19 251**	**148 051**
Profit/(loss) for the period	0	0	-76 296	-76 296
New equity not registered	0	35 943	0	35 943
Net proceeds from new equity	2 366	79 045	0	81 410
Balance as of 31.12.2022	**5 110**	**279 545**	**-95 547**	**189 108**
Balance as of 1.1.2021	**610**	**6 781**	**-1 188**	**6 203**
Profit/(loss) for the period	0	0	-18 113	-18 113
Effect of establish JV	0	0	50	50
Net proceeds from new equity	2 134	157 777	0	159 911
Balance as of 31.12.2021	**2 744**	**164 558**	**-19 251**	**148 051**

Argeo Group

Consolidated statement of cash flow

Amounts in NOK 1 000	Note	Group 2022	Group 2021	Parent 2022	Parent 2021
Cash flow from operating activities					
Profit/(loss) before tax		-69 986	-27 962	3 397	69
Depreciation	**5, 6**	12 481	1 276	0	0
Financial income	**7**	-267	-89	-6 451	-2 402
Financial expense	**7**	2 853	433	-478	166
Gain/Loss equity investments		3 183	471	0	0
Change in current assets		-3 551	-69 420	-62 339	-57 490
Change current liabilities		37 101	-1 810	3 418	80
Net cash from operating activities		**-18 185**	**-97 101**	**-62 453**	**-59 578**
Cash flow from investing activities					
Investment in property, plant and equipment	**6**	-218 962	-3 687	0	0
Capitalisation of development cost	**5**	-18 052	-4 903	0	0
Investment in Multi-client library		-4 000	0	0	0
Investment in subsidiary	**10**	0	0	-100 000	-50 000
Investment in associated companies	**9**	0	-5 871	0	0
Sale AUV to JV associated companies	**6**	0	10 838	0	0
Net cash from investing activities		**-241 014**	**-3 624**	**-100 000**	**-50 000**
Cash flow from financing activities					
Net proceeds from new equity	**14**	117 353	159 911	117 353	159 911
Proceeds from new debt	**16**	122 743	0	0	0
Repayment of debt	**16**	-25 009	-760	0	0
Financial income	**7**	267	89	6 451	2 402
Financial expense	**7**	-704	-433	478	-166
Net cash flow from financial activities		**214 650**	**158 807**	**124 282**	**162 147**
Net change in cash and cash equivalents		-44 549	58 082	-38 171	52 569
Cash and cash equivalents begin. of period		65 862	7 780	52 623	54
Cash and cash equivalents end of the period		**21 313**	**65 862**	**14 452**	**52 623**

Notes

Notes to the consolidated financial statements

Note 1. Introduction

Argeo AS and its subsidiaries (the "Group", "the Company", or "Argeo") offers services and technical solutions to the surveying and inspection industry. Argeo is a publicly listed company on the Euronext Growth, with ticker symbol ARGEO and was admitted to trading on Euronext Growth 26 April 2021.

The Company is a limited liability incorporated and domiciled in Norway. The address of its registered office is Nye Vakåsvei 14, 1395 Hvalstad.

These financial statements have been approved by the Board of Directors and the Chief Executive Officer on 9 May 2023.

Note 2. Summary of significant accounting policies

2.1 Basis for preparation
The Financial Statements with accompanying notes have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles for smaller companies.

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

2.2 Basis of consolidation
The Group's consolidated financial statements comprise Argeo AS and companies in which Argeo has a controlling interest. A controlling interest is normally attained when the Group owns, either directly or indirectly, more than 50% of the shares in the company and is capable of exercising control. There are no minority interests.

The acquisition method is applied when accounting for business combinations. Companies which have been bought or sold during the year are consolidated from or until the date on which control is acquired or lost.

Inter-company transactions and balances are eliminated in full in the consolidated financial statement.

The consolidated financial statements are prepared based on the assumption of uniform accounting policies for identical transactions and other events under equal circumstances.

2.3 Current versus non-current classification
Current assets and liabilities comprise items receivable/due within one year and items related to the inventory cycle assets are valued at the lower of cost and fair value.

2.4 Cash and cash equivalents
Cash includes cash at hand and bank. Cash equivalents are short-term liquid investments that can be readily converted into a known amount of cash and are considered to have insignificant risk elements.

2.5 Trade receivables
Trade receivables are carried at historical cost. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flow is recognized as a loss.

2.6 Governmental grants
Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as revenue over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recorded as a reduction of the asset up to the amount that covers the cost price.

2.7 Property, plant and equipment
Non-current assets are carried at cost less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the income statement.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for use. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation is calculated using the straight-line method over the following periods:

Field equipment	3-7 years
Fixtures, furniture, fittings and office computers	3 years

For field equipment, 3-5 years is used for in-water items, and 7 years for all other equipment.

The depreciation period and method are assessed each year to ensure that the method and period used are in line with the useful life of the non-current asset. The same applies to the scrap value.

Equipment under construction is classified as non-current assets and recognized at the costs incurred in relation to the construction. Equipment under construction is not depreciated until the non-current asset is ready for use.

2.8 Subsidiaries
Investments in subsidiaries are valued at cost in the company accounts. The investments are valued at cost less any impairment losses. An impairment loss is recognised if the impairment is not considered temporary. Impairment losses are reversed if the reason for the impairment loss disappears in a later period. Investments in associated companies are valued using equity.

2.9 Intangible assets
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development cost can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development is amortized linearly over the economic lifetime. Licenses are depreciated over 10 years.

2.10 Operating leases
Leases for which most of the risk and control rests with the other contracting party are classified as operating leases. Lease payments are classified as operating costs and recognized in the income statement over the contract period.

2.11 Provisions

Provisions are recognized when, and only when, the Group has a valid liability (legal or constructive) as a result of events that have taken place and it can be proven probable (more probable than not) that a financial settlement will take place as a result of this liability, and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will be the present value for the future payments to cover the liability.

Contingent liabilities acquired upon the purchase of operations are recognized at fair value even if the liability is not probable. The assessment of probability and fair value is subject to a quarterly review. Changes in the fair value are recognized in the income statement.

2.12 Equity

Financial instruments are classified as liabilities or equity in accordance with the underlying financial reality. Share capital issued is recognised at the fair value of the cash, or other consideration received. The nominal value of the shares is credited to share capital and the remaining balance is taken to share premium.

Transaction costs relating to an equity transaction are recognized directly in equity. Only transaction cost directly linked to the equity transaction are recognized directly in equity.

2.13 Revenue

The Group recognises revenue when persuasive evidence of a sale arrangement exists, delivery has occurred or services have been rendered, the sales price is fixed or determinable and collection is reasonably assured. The Group defers the unearned component of payments received from customers for which the revenue recognition requirements have not been met.

2.14 Employee benefits

Defined contribution pensions

The Group has made contributions to local pension plans. These contributions have been made for all employees. The Group’s payments are recognised in the income statement in the period to which the contribution applies. The Group has no further obligations once the contributions have been made.

2.15 Share based payment

The Group has an option plan for employees and board members. In accordance with the exemption rules for smaller companies, the options are not recognized in the financial statements.

2.16 Taxation

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax assets or liabilities are calculated with 22% on all taxable temporary differences as per 31.12.22.

2.17 Foreign currency

Currency transactions are translated at the rate applicable on the transaction date. Foreign exchange gain/ losses that arise as a result of changes in the exchange rate between the transaction date and the payment date are recognised in the income statement. At the balance sheet date balances not being reflected in NOK are translated to NOK at the rate of exchange applicable on the balance sheet date.

2.18 Significant accounting judgements and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts in the profit and loss statement, the measurement of assets and liabilities and the disclosure of contingent assets and liabilities on the balance sheet date. Actual results can differ from these estimates.

Note 3. Sales revenue

The Group received grants from Innovation Norway amounting to NOK 2.4 million in 2022. 86 thousand was booked as income, 2.3 million was booked as reduction in other intangible assets. In 2021, grants from Innovation Norway were 2,7 million, of which 0.5 million was booked as reduction in other intangibles.

Note 4. Employee expenses, number of employees and remuneration to auditor

Amounts in NOK 1 000

	Group	Group	Parent	Parent
Employee expenses:	**2022**	**2021**	**2022**	**2021**
Salaries	51 677	19 003	838	675
Payroll tax	6 617	2 194	118	95
Pension	2 391	1 006	0	0
Other payments	1 739	459	0	0
Total	**62 425**	**22 662**	**956**	**770**

The Group had in average 45 employees in 2022. The Group is obliged to offer its employees an occupational pension scheme according to Norwegian law. The Group has a defined contribution plan for all its employees which fulfil all governmental requirements. The amount per employee in 2022 was 5% of ordinary salary up to 7.1G, and 9.1% of ordinary salary between 7.1 and 12G.

	Group	Group	Parent	Parent
Compensation to auditors:	**2022**	**2021**	**2022**	**2021**
Statutory work	500	146	184	63
Other assurance services	79	45	31	16
Total	**579**	**191**	**215**	**79**

Note 5. Other intangible assets

Amounts in NOK 1 000
Group

	Development	Licenses	Software	Sum
Cost as of 1 January	8 302	548	187	9 037
Additions	21 734	1 451	1 222	24 406
Governmental grants	-6 354	0	0	-6 354
Cost as of 31 December	23 682	1 999	1 408	27 089
Accumulated depreciation as of 1 January	1 389	0	0	1 389
Depreciation	1 031	342	21	1 395
Accumulated depreciation as of 31 December	2 421	342	21	2 784
Net book value at 31 December	**21 261**	**1 657**	**1 387**	**24 304**
Useful life	5 years	5 years	5 years	
Depreciation method	Linear	Linear	Linear	

Development cost is related to development of a 3D Geological modelling system, Argeo’s digital twin solution “Argeo Scope”, and various sensor solutions.

Note 6. Property, plant and equipment

Amounts in NOK 1 000
Group

	Office equipment	Misc equipment	AUV, USV	Sum
Cost as of 1 January	1 631	3 617	141	5 389
Additions	1 915	10 215	206 832	218 962
Cost as of 31 December	3 547	13 832	206 973	224 351
Accumulated depreciation as of 1 January	536	889	0	1 425
Depreciation	749	1 180	9 157	11 086
Accumulated depreciation as of 31 December	1 285	2 069	9 157	12 511
Net book value at 31 December	**2 262**	**11 763**	**197 816**	**211 840**
Useful life	3 years	3-5 years	7 years	
Depreciation method	Linear	Linear	Linear	

Note 7. Financial income and expenses

Amounts in NOK 1 000

Financial income:	**Group 2022**	**Group 2021**	**Parent 2022**	**Parent 2021**
Interest income	267	89	6 451	2 402
Other financial income	29	0	0	0
Total	**296**	**89**	**6 451**	**2 402**

Financial expenses:	**Group 2022**	**Group 2021**	**Parent 2022**	**Parent 2021**
Interest expense	256	266	1	0
Other financial expense	478	167	476	166
Total	**733**	**433**	**478**	**166**

Note 8. Income tax

Amounts in NOK 1 000

Income tax expense:	Group 2022	Group 2021	Parent 2022	Parent 2021
Taxes payable	399	100	0	0
Effect of establish JV	0	-28	0	0
Changes in deferred tax	5 911	-9 920	-943	-3 304
Total income tax expense	**6 309**	**-9 848**	**-943**	**-3 304**

Calculation of tax basis:	**2022**	**2021**	**2022**	**2021**
Result before tax	-69 986	-27 962	3 397	69
Permanent differences	-10 773	-16 734	-7 681	-15 089
Change in temporary differences	82 572	45 152	4 284	15 020
Total tax basis	**1 813**	**456**	**0**	**0**
Taxes payable 22%	**399**	**100**	**0**	**0**

Temporary differences:	**2022**	**2021**	**2022**	**2021**
Fixed assets	10 468	-1 948	0	0
Financial assets	-15 191	-3 470	0	0
Losses to be carried forward	-124 467	-41 200	-19 767	-15 483
Total temporary differences	**-129 190**	**-46 619**	**-19 767**	**-15 483**
Deferred tax benefit	**-28 412**	**-10 259**	**-4 349**	**-3 406**
Deferred tax benefit not recognized in balance sheet	24 063	0	0	0
Deferred tax benefit recognized in balance sheet	**-4 349**	**-10 259**	**-4 349**	**-3 406**

Un-recognized tax benefit will be utilised when the company becomes profitable.

There is no expiry on losses carried forward.

Note 9. Investment in associated companies

Subsidiaries	Jurisdiction	Cost price	Shares / Voting rights	Establishment/ Acquisition	Result 2022	Equity 2022
H1000 JV AS [1)]	Norway	6 000 000	50 %	December 2020	-6 366 913	4 590 199

[1)] H1000 JV AS is 50% owned by Argeo Survey AS
Associated companies are recorded using equity method

Note 10 Investment in subsidiaries

Details of the subsidiaries which have been consolidated in the group financial statements on 31 December 2022 are as follows:

Subsidiaries	Jurisdiction	Cost price	Shares / Voting rights	Establishment/ Acquisition	Result 2022	Equity 2022
Argeo Survey AS	Norway	155 646 096	100 %	May 2014	-47 919 608	86 125 979
Argeo Robotics AS	Norway	30 000	100 %	July 2019	571 960	654 229
Argeo Inc	USA	0	100 %	May 2021	-692 201	-692 675
Argeo Services PTE Ltd	Singapore	96 944	100 %	October 2021	-104 155	31 144
Argeo do Brazil Ltda	Brazil	400 000	100 %	April 2022	-1 773	371 147

There are no non-controlling interests in the group.

Note 11 Other receivables

Other receivables in 2022 includes NOK 35.9 million unpaid share capital from the share issue made in December 2022. In 2021, other receivables includes a prepayment of NOK 65.2 million related to purchase of AUV's for delivery in 2022.

Note 12 Restricted cash

Amounts in NOK 1 000

	Group 2022	**Group 2021**	**Parent 2022**	**Parent 2021**
Withholding taxes included in cash and cash equivalents	1 948	1 937	71	155

Note 13 Share capital and shareholders information

As of 31 December 2022, the Company had a share capital of NOK 5 109 696 divided on a total of 51 096 960 shares. The face value of each share is NOK 0.1. All shares have equal voting rights.

Top 20 shareholders at 31.12.2022:

Shareholder	Shares	Ownership
PRO AS	4 209 487	8,2%
DNB Markets Aksjehandel/-analyse	4 200 000	8,2%
LANGEBRU AS	4 150 000	8,1%
DNB BANK ASA, meglerkonto innland	3 944 994	7,7%
DNB BANK ASA	3 721 160	7,3%
LINDVARD INVEST AS	2 520 021	4,9%
REDBACK AS	2 469 512	4,8%
ASCENT AS	2 307 235	4,5%
TROPTIMA AS	1 830 968	3,6%
Performa Consulting AS	1 630 968	3,2%
EKS AS	1 369 000	2,7%
BERGEN KOMMUNALE PENSJONSKASSE	1 350 000	2,6%
STAVANGER KOMMUNE	1 287 331	2,5%
KISTEFOS AS	1 218 292	2,4%
EMGANI AS	945 439	1,9%
MP PENSJON PK	879 000	1,7%
WOLFF, DYLAN ANDREW	855 660	1,7%
KRISTIAN FALNES AS	686 902	1,3%
NORDNET LIVSFORSIKRING AS	640 981	1,3%
SPAREBANK 1 MARKETS AS, Market-making	580 558	1,1%
Total top 20	40 797 508	79,8%
Other	10 299 452	20,2%
Total	**51 096 960**	**100,0%**

Note 14 Equity

Amounts in NOK 1 000

Group	Issued capital	Additional paid-in capital	Other equity	Total Equity
At 1 January 2022	2 744	164 558	-19 251	148 051
Profit/(loss) for the year	0	0	-52 389	-52 389
New equity not registered	0	35 943	0	35 943
Net proceeds from new equity	2 366	79 045	0	81 410
At 31 December 2022	**5 110**	**279 545**	**-71 640**	**213 015**

Parent	Issued capital	Additional paid-in capital	Other equity	Total Equity
At 1 January 2022	2 744	164 558	3 026	170 328
Profit/(loss) for the year	0	0	4 339	4 339
New equity not registered	0	35 943	0	35 943
Net proceeds from new equity	2 366	79 045	0	81 410
At 31 December 2021	**5 110**	**279 545**	**7 366**	**292 021**

A private placement of 30 300 000 new shares was made 20 December 2022, raising gross proceeds of NOK 50 million. The placement consisted of one tranche of 8 516 160 new shares ("Tranche 1"), and a second tranche of 21 783 840 new shares ("Tranche 2"). The Tranche 1 shares were issued 22 December 2022 pursuant to an earlier authorization granted to the board. After this issuance, Argeo had 51 096 960 shares outstanding at the end of 2022. The Tranche 2 shares were issued 3 January 2023, resulting in 72 880 800 shares outstanding.

A subsequent offering of NOK 5.2 million was completed in February 2023. 3 124 368 new shares were issued at NOK 1.65 per share.

In February 2023, the Company issued 139 337 new shares to CEO Trond F. Crantz, related to exercise of warrants under the "Tranche 1 Warrants" plan as described above. The exercise price for each of the warrants was NOK 0.282 per share.

After the subsequent offering and warrants exercise, Argeo has 76 144 505 shares outstanding.

Authorisations/ warrants:
The Company issued in December 2020 624 772 warrants (Tranche 1 Warrants), which replaced earlier authorisations to issue new shares under its share option program. The warrants may be exercised in relation to the Company's option program and are valid until December 2025. As of 31 December 2022, 485 434 warrants are outstanding.

3 750 000 new warrants (Tranche 2 Warrants) were issued in April 2020 to existing shareholders of the Company before the private placement. 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. As of 31 December 2022, there had not been issued any shares from this authorisation.

The Company's general meeting gave in December 2021 an authorisation to increase the Company's share capital with up to NOK 182 324.40, equal to an issuance of up to 1 823 244 new shares. The authorisation can be used to issue new shares in relation to the Company's option program. The authorisation is valid until 2 December 2023. As of 31 December 2022, there had not been issued any shares from this authorisation.

Note 15 Share-based payments

In 2019 the Company established a share option programme that entitles key management personnel and members of the board to purchase shares in the Company.

In December 2020, 624 772 outstanding options were replaced by warrants. The warrants have an average strike price of NOK 1.46 and are all fully vested. Expiry is at various intervals from 10 February 2024 to 23 December 2025.

In 2021, 995,000 share-options were granted to board members and employees. The grants have a strike price of NOK 8.20. The options will vest over 3 years and mature after 5 years.

2022:	
As of 1 January 2022	1 619 772
Exercised/ terminated during the year	-254 337
Granted during the year	0
As of 31 December 2022	**1 365 435**
2021:	
As of 1 January 2021	624 772
Granted during the year	995 000
As of 31 December 2021	**1 619 772**

Share options at the end of 2022 have the following expiry date and exercise prices:

Expiry date	Excercise price	Options
10.2.2024	20,000	6 000
10.2.2024	0,282	399 435
1.7.24	20,000	18 000
10.2.25	20,000	6 000
7.9.25	0,830	50 000
23.12.25	20,000	6 000
16.4.26	8,200	450 000
16.12.26	8,200	430 000
		1 365 435

778 768 of outstanding options at the end of 2022 are exercisable.

Note 16 Long term debt

Amounts in NOK 1 000

Group	Nominal rate of interest	Booked value 2022	Booked value 2021
Seller credits	0,00 %	101 909	0
Loans Innovation Norway	5.95%	4 573	5 933
Total long term debt		**106 482**	**5 933**

Seller credits:
Argeo has NOK 101.9 million in seller credits related to purchases of AUV's. Some of the repayment is linked to the lease-back agreement with Teledyne where they rent a SeaRaptor AUV for a certain number of days during a 3-year period from delivery.

Loans:
Argeo had two loans from Innovation Norway at the end of 2022, bearing an interest at 5.95%. Both loans are secured with machinery and plant in Argeo Survey AS. One of the loans are also secured with the shares owned by Argeo Survey AS in its 50% ownership in H1000 JV AS. The loans are repaid over 5.5/6 years.

Argeo was granted a new loan from Innovation Norway in December 2022. The loan was drawn in Q2 2023.

Note 17 Guarantees

Argeo AS has guaranteed for office rent in Asker on behalf of Argeo Survey AS. The guarantee is limited to 6 months rental.

Note 18 Related parties

Group and Parent
Shares and options held by members of the Board and CEO, as of 31 December:

		Shares		Share options / warrants	
Name		**2022**	**2021**	**2022**	**2021**
Trond F. Crantz [1)]	CEO	2 307 235	2 067 898	1 410 587	1 549 924
Jan P. Grimnes [2)]	Chairman	2 469 512	1 469 512	223 689	223 689
Geir Kaasen [3)]	Board member	109 662	109 662	187 415	187 415
Ann-Christin Andersen	Board member	0	0	70 000	70 000
Jim Dåtland	Board member	0	0	70 000	70 000
Arne Kjørsvik	Board member	0	0	70 000	70 000
Total		**4 886 409**	**3 647 072**	**2 031 691**	**2 171 028**

1) Trond F. Crantz is owner of Ascent AS.

2) Jan P. Grimnes is Chairman in Redback AS. He is, together with closely relatives, majority shareholder in Redback AS.

3) Geir Kaasen is owner of Eurovest AS.

Note 19 Subsequent events

In February 2023, Argeo was awarded a contract comprising of multi-sensor data acquisition with AUV for the Polish Geological Institute – National Research Institute (PGI-NRI), to fulfil seabed mineral exploration work under the provisions and scope of the Government of Poland Contract with the ISA.

In March 2023, Argeo announced a collaboration project with an undisclosed long-standing multi-client player to conduct the world's first multi-client data collection at the Mid-Atlantic Ridge for the emerging deep-sea minerals market.

In March 2023, Argeo signed a survey contract with Stromar, a consortium made up of Ørsted, Renantis and BlueFloat Energy. The contract will start in Q3 2023 to conduct a geophysical survey in the project's offshore wind farm area, located in the Moray Firth off the coast of Scotland.

In April 2023, Argeo was awarded a contract from the Norwegian Petroleum Directorate for a deep-sea mineral survey in Norway. Contract value is NOK 37 million, with expected duration 8 weeks including mobilisation and demobilisation.

In April 2023, Argeo confirmed contract extension to March 2024 for the Hugin 6000 AUV project announced in March 2022.

Note 20 Going Concern

In accordance with Norwegian accounting legislation, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern. The assumption is based on estimates and expectations for 2023 and the Group's long-term strategy.

RSM Norge AS

Ruseløkkveien 30, 0251 Oslo
Pb 1312 Vika, 0112 Oslo
Org.nr: 982 316 588 MVA

T +47 23 11 42 00
F +47 23 11 42 01

www.rsmnorge.no

To the General Meeting of Argeo AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Argeo AS showing a profit of NOK 4 339 000 in the financial statements of the parent company and a loss of NOK 76 296 000 in the financial statements of the group. The financial statements comprise:

- the financial statements of the parent company Argeo AS (the Company), which comprise the balance sheet as at 31 December 2022, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- the consolidated financial statements of Argeo AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, the income statement, statement of changes in equity and cash flow statement 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 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 Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and

- the consolidated 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 Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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.

Independent Auditor's Report 2022 for Argeo AS

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information. The purpose is to consider if there is material inconsistency between the other information and the financial statements or our knowledge obtained in the audit, or whether the other information appears to be materially misstated. We are required to report if there is a material misstatement in the other information. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

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 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

Oslo, 9 May 2023
RSM Norge AS

Anders Nereng
State Authorised Public Accountant
(This document is signed electronically)

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

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

Anders Ivar Nereng
Statsautorisert revisor
På vegne av: RSM Norge AS
Serienummer: 9578-5999-4-1194192
IP: 62.249.xxx.xxx
2023-05-09 19:53:23 UTC

bankID

Financial calendar 2023

11th May 2023: Q1 2023 Report

24th August 2023: Q2 2023 Report

16th November 2023: Q3 2023 Report

Contacts:

Trond Figenschou Crantz, CEO
Email: trond.crantz@argeo.no
Phone: +47 976 37 273

Argeo is an Offshore Service company with technology to transforming the ocean space survey and inspection industry 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 reductions in CO2 emissions from operations for the global industry in which Argeo operates.

With the recent subsea vessel expansion adding Argeo Searcher to the fleet, Argeo is now offering an independent and complete long endurance solution to our customers. The vessel is well equipped to support IMR operations with Argeo’s unique SeaRaptor AUV’s and available hangar for several work-class ROV (WROV) systems. Argeo's markets are in Oil & Gas, Renewables, Marine Minerals and Offshore Installations.

www.argeo.no