

Quarterly Report
Q2 2023



Argeo

Digitizing the ocean space



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CEO Letter

The second quarter of the year started by successfully wrapping up all technical and integration tasks for Argeo Searcher, culminated in a final shallow-water verification test that confirmed the successful conversion of the vessel and setting the stage for our upcoming marine minerals project for the Polish Geological Institute (PGI) along the Mid-Atlantic Ridge. The project, a seabed mapping initiative conducted at depths ranging between 4000 to 5000 meters, aimed to uncover valuable insights into potential mineral resources, geological formations, and environmental conditions.

The completion of the acquisition phase of 28 days overrun our estimate due to unforeseen technical challenges. Despite this, very good data result for the customer. Additionally, signifying a noteworthy achievement, this marked the initial commercial deployment of Argeo SCOPE – our state-of-the-art digital data management and interpretation platform. This played an indispensable role in guaranteeing the uninterrupted and seamless delivery of the data collected onboard the vessel to the customer. The positive outcomes of these efforts were evident in the success of the PGI project.

Acknowledging the strategic location and nearby marine mineral licenses, we capitalized on these assets to launch a Multi-Client (MC) data acquisition project, our Mid-Atlantic Ridge campaign. This was made possible through collaboration with a reputable MC company, reflecting our commitment to harnessing industry expertise. Commenced during the quarter, the project reached a notable milestone by partially completing the planned survey area before transiting to Tromsø for the Knipovich marine minerals project for the Norwegian Petroleum Directorate (NPD).

While the remainder of the MC project is slated for completion in the fourth quarter of 2023, the quarter ended with our focus

shifting towards mobilization for the NPD project scheduled for a mid-July start. This project signifies our dedication to delivering results within set timelines. Additionally, the scope of the Hugin 6000 project expanded further, now projected for completion by March 2024. This extension underscores our commitment to refining and enhancing our offerings, solidifying our position at the forefront of marine exploration and data acquisition.

Vehicle status

Argeo's operational framework is designed to execute high-efficiency data acquisition across expansive subsea areas and topography, a task that places considerable demands on the functionality of our Autonomous Underwater Vehicles (AUVs). In this setting we have experienced certain technical challenges resulting in the unfortunate loss of several days' worth of production in the quarter. That said, for the projects already completed and those ongoing, our clients are expressed satisfaction with the data quality and the delivery. The final results revealing new details and contributing to long sought after knowledge of the deep oceans, which will firmly set new standards for projects of this nature going forward.

Projects and contracts

Pressing forward with our commitment to expansion, our foremost objective revolves around increasing an already robust order book. Secured revenue for 2023 is currently valued at NOK 130 million. This task, however, involves complex resource planning and constraints posed by our limited fleet of vessels and other resources. Concurrently, we are engaged in several significant tenders that bear the potential for favourable outcomes. Results of these are anticipated to materialize in the latter part of Q3 and early Q4. These tender results will play a pivotal role in shaping our operational trajectory not only for the remainder of 2023 but also potentially setting the course for the

years to come. During the quarter both the Hugin 6000 project and the Ørsted project was expanded, the latter will be completed during Q3.

Finances

Revenues and EBITDA for the second quarter is in line with our guidance given in our Company Update presentation of June 29th. For Q3 our revenue is expected to be in line with our presentation, but EBITDA for the quarter will be negatively

impacted by operational and technical execution taking longer to completed than estimated.

Trond Figenschou Crantz

Trond Figenschou Crantz, CEO of Argeo

Highlights

Q2 Highlights

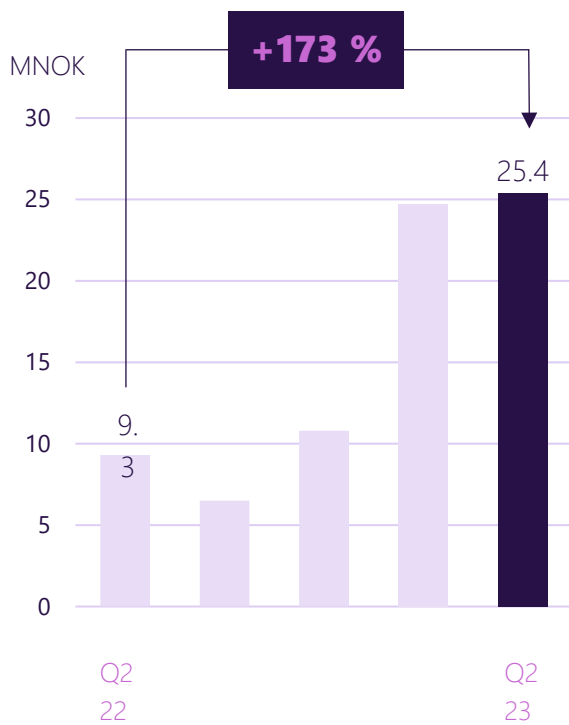
- Strong revenue growth – up 173% from NOK 9.3 million in Q2 22' to NOK 25.4 million in Q2 23'
- Strong order book of NOK 130 million secured year to date 2023
- Awarded NOK 37 million deep-sea survey contract with Norwegian Petroleum Directorate
- 6-month option confirmed for Hugin 6000 - extension for minimum USD 2 million
- Completion of Mid-Atlantic massive sulphides exploration project for the Republic of Poland
- Multi-client mid-Atlantic survey started – to be completed in Q4
- New patent granted for electromagnetic method for tracking and detection of pipelines and power cables
- Private placement with gross receipts of approx. NOK 43 million

Subsequent events

- Stromar project with increased scope of work
- Subsequent offering with gross proceeds of approx. NOK 7.3 million
- New patent granted for electromagnetic method for detection of buried objects

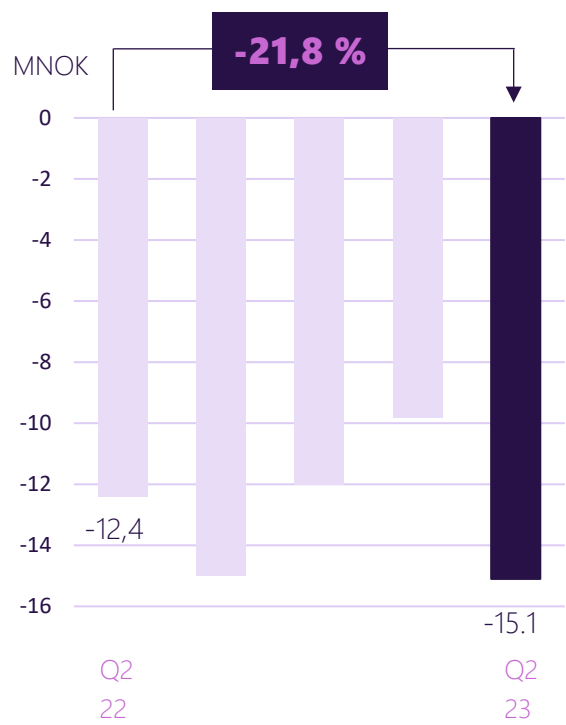
REVENUES

25.4

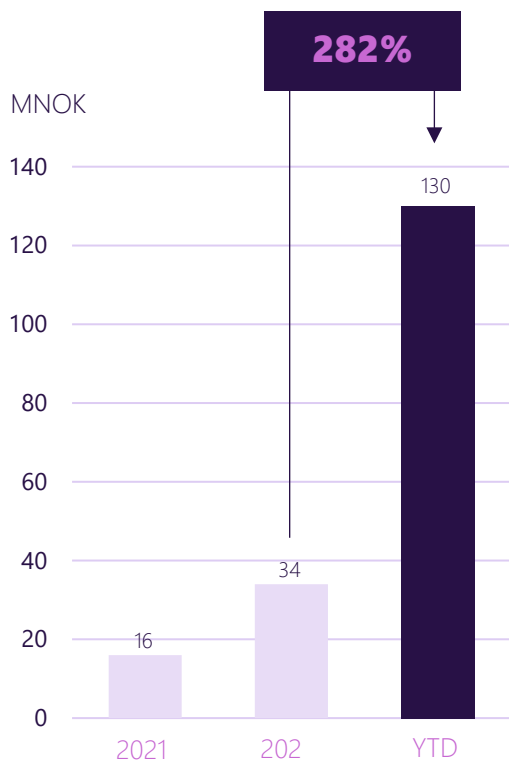


EBITDA

-15.1



SECURED ORDER BOOK



Geomarket update

Europe & Africa

Argeo Searcher completed the PGI project and has commenced commercial work for NPD in the marine minerals market. The work will continue well into Q3, and we are evaluating additional work in the region directly at the back of this job. Several leads for next season have already been identified, confirming that Europe has proved to be an important market for us.

West Africa is an area where we have identified and developed several leads. These can lead to commercial work in Q4 onwards. West Africa has a mix of deepwater Oil & Gas development projects and mature infrastructure fields, making it highly relevant for AUV survey and inspection work. Our goal is to establish a strong foothold in this key geomarket and build long-term relationships with clients by providing high-quality services and innovative solutions.

South America

South America, particularly Brazil, represents a substantial market for deep-water Oil & Gas AUV & ROV services. To capture the opportunities in this region, Argeo has established a local entity and set up an office in Brazil and is actively participating in tendering processes both as main supplier and as a sub-supplier to local companies. Our focus is on securing longer-term projects for Argeo Searcher, given the significant potential demand in this market. Opportunities in this region are seen from Q4 onwards.

North America

Argeo is closely monitoring the maturing deep water survey market for floating offshore wind along the west coast of North America. As the demand for AUV surveying work is expected to increase, we are evaluating opportunities with AUV's in this region. On the east coast, the focus is mostly on O&G related subsea inspection and brownfield survey work. In order to expand our reach and capabilities in the region, we are exploring partnerships to rig containerized AUV systems on local vessels. These efforts will help us to better serve our clients in both regions, while positioning us for further growth in the future.

Key market segments

Oil & Gas

The Oil and Gas market remains strong, and vessel capacity in the most significant markets is scarce. Argeo are adapting to client requests and market trends by increasing the service offering from Argeo Searcher. In addition to AUV survey and inspections, ROV is now introduced through partnership with reputable partner. This partner is a highly experienced and technologically advanced company which will make Argeo's offering a complete subsea survey and IMR package.

Marine Minerals

The Marine Minerals market is in development, but with high exploration activity on a global basis, as governmental institutions backed by national interests are actively exploring their own EEZ's as well as ISA regulated licenses in international waters. For the state the industry is in now, environmental mapping is of equal interest as resource exploration, hence Argeo's approach with AUV's near the seafloor is of great interest to the clients. Countries like Norway are leading the way towards possible commercialization with a legislative framework opening up for licensing of acreage. Argeo already have specialized technology in place for improved exploration workflows for marine minerals and have also placed key patents before launching active electromagnetic systems for increased capabilities when it comes to further understanding of the deposits.

Renewables

Renewables, with Offshore Wind as the most important for Argeo, is delivering projects across the globe. AUV's are seen as key for the greater water depths of floating offshore wind. Significant projects are being sanctioned, hence need to be surveyed before installation takes place. Going forward, Argeo see increased activity in this segment, as Argeo proprietary technology is addressing some of the major issues for offshore wind development, like efficient mapping of UXO's and positioning of buried cables. Our technology is also a differentiator for inspection of infrastructure in offshore wind farms.

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 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.

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.

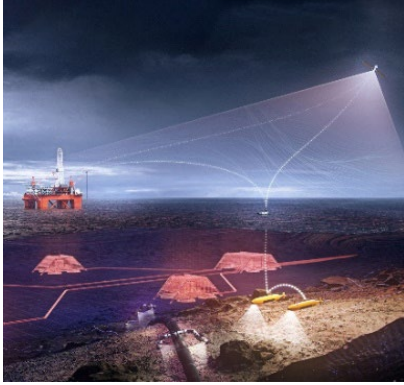
HOUSTON RIO DE JANEIRO SINGAPORE

OSLO (HQ)
TROMSØ
STOCKHOLM

► **Close to our customers**

Services		Markets	
 SURVEY	 INSPECTION	 OIL & GAS	 RENEWABLES
 MAINTENANCE & REPAIR	 MULTI CLIENT / DAAS	 OFFSHORE INSTALLATIONS	 MARINE MINERALS

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



Oil & Gas

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



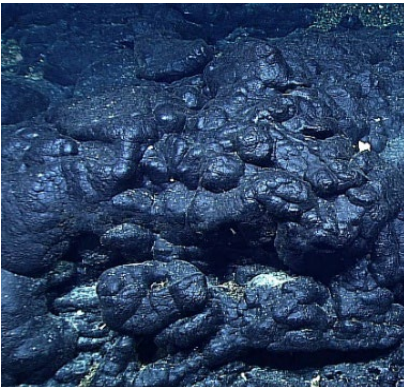
Renewables

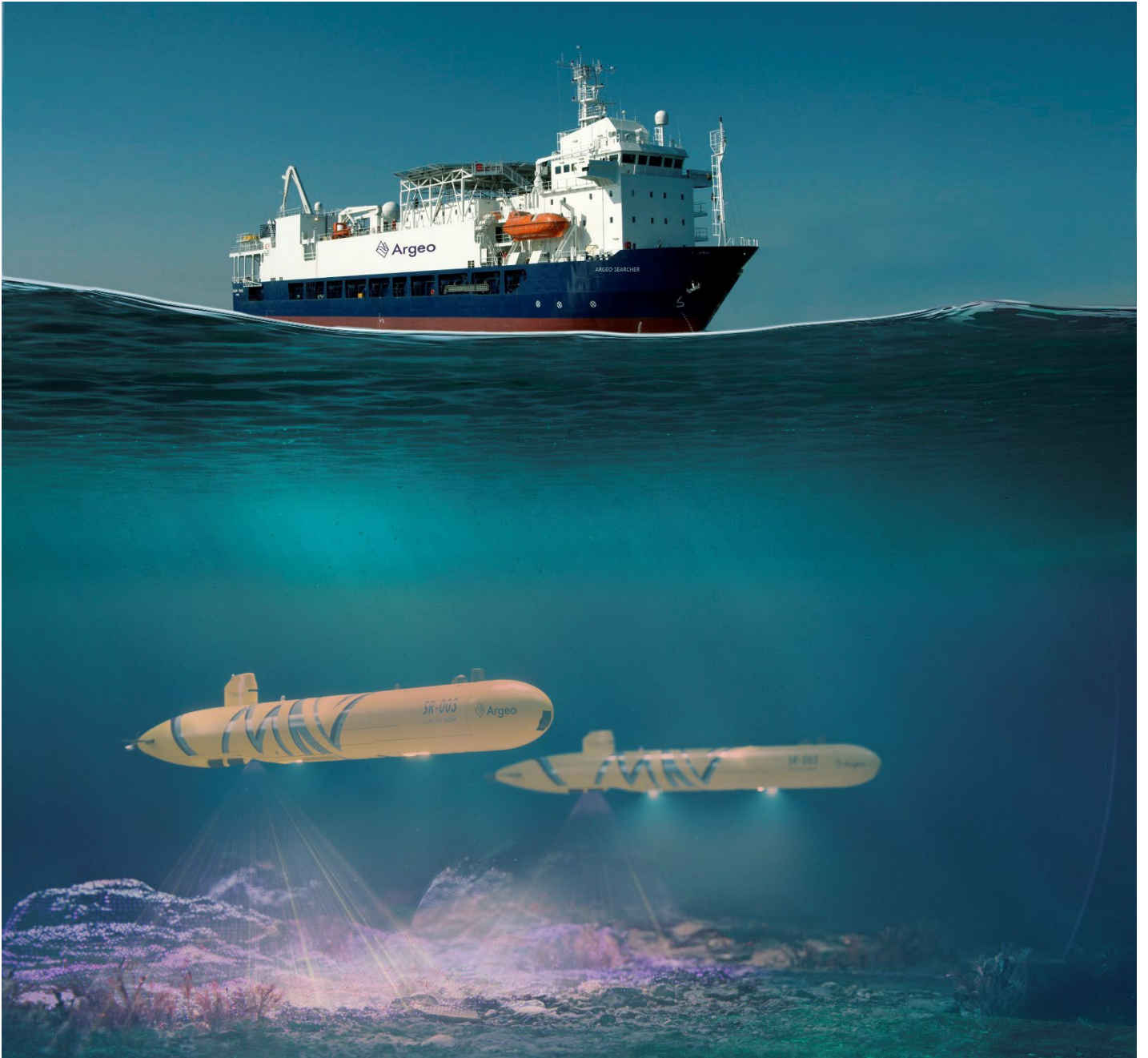
- Initial survey
- Early planning & design survey
- Construction and installation survey
- Operations & maintenance



Marine Minerals

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





 Financial review

Financial review

Revenue:

Revenue for Q2 2023 was NOK 25.4 million, compared to NOK 9.3 million in Q2 2022. Revenue in Q2 2023 is from Argeo Searcher, equipped with both SeaRaptors, from the deep-sea mineral surveys for PGI and NPD, and from the Hugin 6000 which started commercial work on a long-term contract in September 2022.

Operating expenses:

Operating cost in Q2 2023 was NOK 29.5 million, compared to NOK 13.1 million in Q2 2022. Employee expenses for Q2 2023 was NOK 14.8 million, compared to NOK 14.7 million in Q2 2022. Other operating expenses in Q2 2023 was NOK 5.9 million, compared to NOK 5.1 million in Q2 2022.

The increase in operating expenses from 2022 is mostly due to vessel cost for Argeo Searcher, which started on a 5-year bareboat contract in January 2023. Argeo has an option to purchase the vessel for USD 2 million after January 2024 and USD 1 million after April 2025.

Argeo capitalised NOK 9.7 million as development cost in Q2, compared to NOK 11.3 million in Q2 2022.

Depreciation was NOK 9.5 million in Q2 2023, compared to NOK 2.6 million in Q2 2022.

Financial items

Net financial loss for Q2 2023 was NOK 3.0 million, of which NOK 2.8 million is unrealised currency exchange loss on debt nominated in USD. Net financial loss in Q2 2022 was NOK 4.0 million.

Financial loss in Q2 2023 includes a loss of NOK 0.2 million (50% share) in the JV with Multiconsult.

Net Profit/ Loss

Net loss for Q2 2023 was NOK 27.8 million, compared to a net loss of NOK 14.8 million in Q2 2022.

Balance Sheet

Total non-current assets at the end of the period amounted to NOK 258.9 million. This includes NOK 33.8 million in intangible assets, NOK 3.9 million in deferred tax assets and NOK 212.2 million in Property, plant and equipment. Property, plant and equipment includes two SeaRaptor AUV's, one Hugin AUV, and the Argus USV.

Other current assets amounted to NOK 55.9 million at the end of the quarter and includes NOK 42.8 million unpaid share capital from the share issue made in June 2023.

Cash and cash equivalents balance was NOK 12.4 million at the end of the quarter, compared to NOK 66.0 million at the end of Q2 2022 and 21.3 million at year end 2022.

Long term debt was NOK 101.1 million at the of Q2 2023, up from NOK 88.5 million at the end of Q1 2023. Proceeds from new debt was NOK 20.0 million, repayment NOK 10.1 million, and NOK 2.8 million was increase due to change in exchange rate USD/NOK.

Total liabilities at the end of the quarter were NOK 168.4 million, of which NOK 23.9 million is interest bearing.

Shares

A private placement of 15 576 168 new shares was made 29 June 2023 at NOK 2.75 per share, raising gross proceeds of approximately NOK 43 million. The shares were issued 30 June 2023 pursuant to an earlier authorization granted to the board. After this issuance, Argeo had 91 720 673 shares outstanding at the end of Q2 2023.

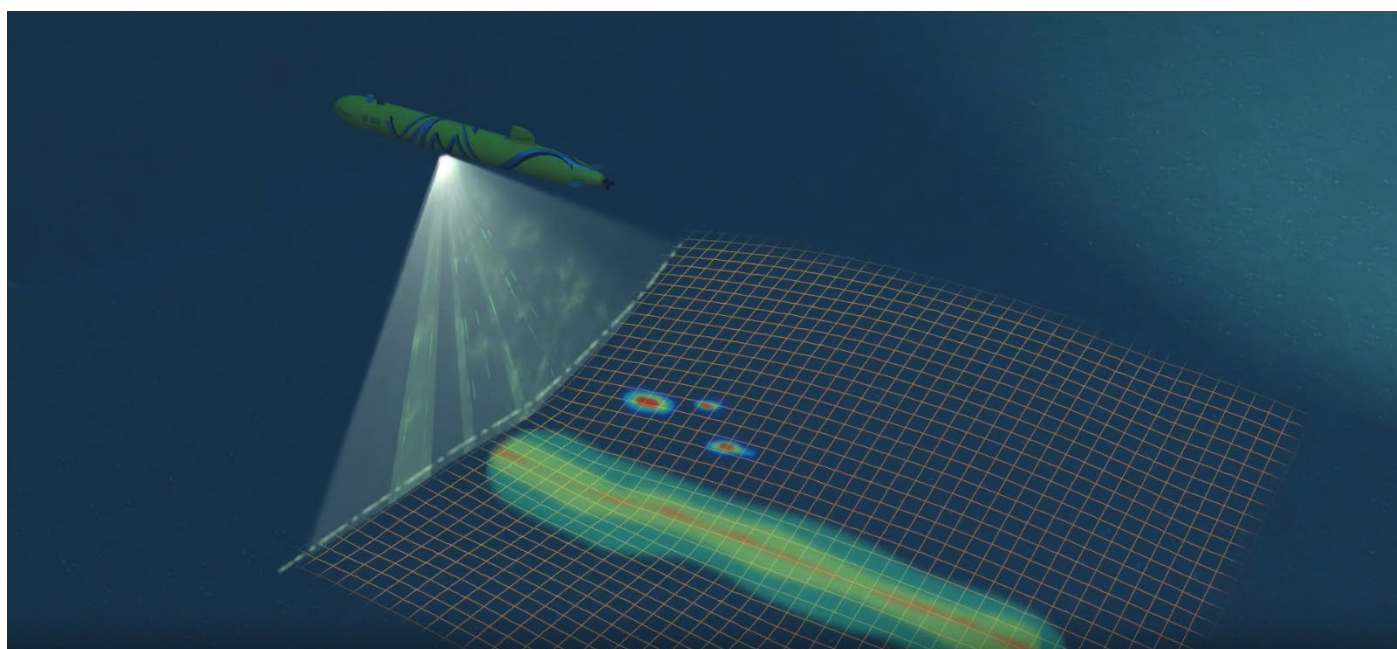
As per 30 June 2023, a total of 1 051 097 options are outstanding in connection with the Company's share option program. 346 097 of these are formalised as warrants ("Tranche 1 Warrants"). Exercise price for these is in average NOK 2.41, and the warrants expires at various intervals from 10 February 2024 to 23 December 2025. 705 000 options were granted to Board of Directors and employees in 2021. These options will vest over 3 years and mature after 5 years. Strike price is NOK 8.20.

In connection with the private placement in April 2021, the Company's general meeting approved the issuance of 3,750,000 new warrants to the existing shareholders of the Company before the private placement ("Tranche 2 Warrants"). 1,875,000 of these Tranche 2 Warrants expired in April 2023. 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. The Subscription Price in the private placement in April 2021 was NOK 8.20 per share.

Recent events

A subsequent offering of 2 670 531 new shares was made 28 July 2023 at NOK 2.75 per share, raising gross proceeds of approximately NOK 7.3 million.

After the subsequent offering, Argeo has 94 391 204 shares outstanding.



Interim consolidated profit and loss

Amounts in NOK 1 000	Note	Q2-2023 (unaudited)	Q2-2022 (unaudited)	First half 2023 (unaudited)	First half 2022 (unaudited)	Full year 2022 Audited
Operating revenues:						
Sales revenue		25 394	9 295	50 077	16 208	33 497
Governmental grants		0	0	0	0	86
Total operating revenues		25 394	9 295	50 077	16 208	33 583
Operating expenses:						
Operating cost		29 530	13 136	45 493	17 812	31 266
Employee expenses		14 766	14 711	33 623	28 554	62 425
Other operating expenses		5 875	5 124	10 571	9 522	17 954
Capitalisation of cost		-9 713	-11 277	-14 697	-14 936	-26 326
Depreciation	1, 2	9 517	2 551	15 535	3 181	12 481
Total operating expenses		49 974	24 245	90 525	44 134	97 800
Operating profit/(loss)		-24 580	-14 950	-40 448	-27 925	-64 217
Financial income and expenses:						
Income/ (loss) equity investments		-235	-129	-427	-94	-3 183
Financial income		20	3	52	3	296
Financial expenses		-173	-129	-399	-296	-733
Net foreign exchange gain (loss)		-2 573	-3 728	-8 870	-3 210	-2 149
Net financial items		-2 961	-3 984	-9 645	-3 598	-5 770
Profit/(loss) before tax		-27 541	-18 934	-50 093	-31 523	-69 986
Income tax (expense)		-247	4 137	-456	6 914	-6 309
Profit/ (loss) for the period		-27 789	-14 797	-50 549	-24 610	-76 296

Argeo Group
Interim consolidated statement of Financial Position

Amounts in NOK 1 000	Note	June 30, 2023 (unaudited)	June 30, 2022 (unaudited)	December 31, 2022 (audited)
ASSETS				
Non-current assets				
Intangible assets	1	33 805	19 932	24 304
Deferred tax asset		3 904	17 173	4 349
Property, plant and equipment	2	212 215	63 340	211 840
Shares in associated companies		1 868	5 384	2 295
Multi-client library		7 150	4 000	4 000
Total non-current assets		258 941	109 829	246 788
Current assets				
Trade receivables		1 571	12 701	17 582
Spare parts		21 737	0	15 630
Other current assets		55 915	59 890	44 468
Cash and cash equivalents		12 377	65 958	21 313
Total current assets		91 600	138 549	98 992
Total assets		350 542	248 377	345 781
EQUITY				
Share capital		9 172	4 258	5 110
Share premium		319 020	233 402	279 545
Other equity		-146 096	-43 861	-95 547
Total equity		182 096	193 799	189 108
LIABILITIES				
Non-current liabilities				
Long term debt	3	101 138	35 978	106 482
Total non-current liabilities		101 138	35 978	106 482
Current liabilities				
Trade payables		41 361	11 641	23 784
Taxes payable		0	100	0
Public duties		2 966	647	3 335
Other current liabilities		22 981	6 212	23 072
Total current liabilities		67 308	18 600	50 190
Total liabilities		168 445	54 578	156 672
Total equity and liabilities		350 542	248 377	345 781

Argeo Group
Interim consolidated statement of changes in equity

Amounts in NOK 1 000	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
Balance as of 1.1.2023	5 110	279 545	-95 547	189 108
Profit/(loss) for the period	0	0	-50 549	-50 549
Net proceeds from new equity	4 062	39 474	0	43 537
Balance as of 30.6.2023	9 172	319 020	-146 096	182 096
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

Argeo Group

Interim consolidated statement of cash flow

Amounts in NOK 1 000	Note	Q2-2023 (unaudited)	Q2-2022 (unaudited)	First half 2023 (unaudited)	First half 2022 (unaudited)	Full year 2022 (audited)
Cash flow from operating activities						
Profit/(loss) before tax		-27 541	-18 934	-50 093	-31 523	-69 986
Depreciation		9 517	2 551	15 535	3 181	12 481
Financial income		-20	-3	-52	-3	-267
Financial expense		2 746	3 858	9 269	3 507	2 853
Gain/Loss equity investments		235	129	427	94	3 183
Change in current assets		-38 482	-10 874	-1 544	1 537	-3 551
Change current liabilities		14 718	1 970	17 123	5 611	37 101
Net cash from operating activities		-38 827	-21 304	-9 334	-17 596	-18 185
Cash flow from investing activities						
Investment in property, plant, and equipment	2	-3 323	-516	-14 871	-62 000	-218 962
Capitalisation of development cost		-5 854	-7 771	-10 539	-12 840	-18 052
Investment in Multi-client library		-3 150	-4 000	-3 150	-4 000	-4 000
Net cash from investing activities		-12 327	-12 286	-28 561	-78 840	-241 014
Cash flow from financing activities						
Net proceeds from new equity		39 708	70 358	43 537	70 358	117 353
Proceeds from new debt		20 000	0	29 286	30 389	122 743
Repayment of debt		-10 095	-3 582	-43 517	-3 922	-25 009
Financial income		20	3	52	3	267
Financial expense		-173	-129	-399	-296	-704
Net cash flow from financial activities		49 460	66 650	28 959	96 532	214 650
Net change in cash and cash equivalents		-1 695	33 060	-8 935	96	-44 549
Cash and cash equivalents begin. of period		14 072	32 898	21 313	65 862	65 862
Cash and cash equivalents end of the period		12 377	65 958	12 378	65 958	21 313



 Notes

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 second quarter ended 30 June 2023 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 2022. These condensed consolidated interim financial statements are unaudited for 2023.

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 2022.

Note 1. Intangible assets

Amounts in NOK 1 000

	Development	Licenses	Software	Sum
Cost as of 1 January 2023	23 682	1 999	1 408	27 089
Additions	10 391	144	5	10 539
Governmental grants	0	0	0	0
Cost as of 30 June 2023	34 072	2 143	1 413	37 628
Accumulated depreciation as of 1 January	2 421	342	21	2 784
Depreciation	685	212	141	1 038
Accumulated depreciation as of 30 June 2023	3 106	554	163	3 823
Net book value at 30 June 2023	30 966	1 589	1 250	33 805
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 2. Property, plant, and equipment

Amounts in NOK 1 000

	Office equipment	Misc equipment	AUV, USV	Sum
Cost as of 1 January 2023	3 547	13 832	206 973	224 351
Additions	292	10 831	3 748	14 871
Cost as of 30 June 2023	3 839	24 663	210 721	239 222
Accumulated depreciation as of 1 January 2023	1 285	2 069	9 157	12 511
Depreciation	550	1 621	12 325	14 497
Accumulated depreciation as of 30 June 2023	1 835	3 690	21 483	27 008
Net book value at 30 June 2023	2 004	20 973	189 238	212 215
Useful life	3 years	3-5 years	7 years	
Depreciation method	Linear	Linear	Linear	

Note 3 Long-term liabilities

Amounts in NOK 1 000

	Nominal interest	June 30, 2023	June 30, 2022	December 31, 2022
Seller credits	0	77 244	30 725	101 909
Loans	6.70%	23 893	5 253	4 573
Total long-term debt		101 138	35 978	106 482

Seller credits

Argeo has NOK 77.2 million in seller credits related to purchases of AUV's.

Loans

Argeo has three loans from Innovation Norway, bearing an interest at 6.70% as per end June 2023. Interest increased to 6.95% from 1st July 2023, and to 7.45% from 11 August 2023. All three loans are secured.

Argeo was granted a new loan from Innovation Norway in December 2022. The loan was drawn with NOK 10 million in April 2023 and NOK 10 million in May 2023.

Financial calendar

16th November 2023: Q3 2023 Report

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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 ("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 Oil & Gas, Renewables, Marine Minerals and Offshore Installations. Argeo was established in 2017 and has offices in Asker (Oslo), Tromsø, Stockholm, Houston, and Singapore.

www.argeo.no