



# ARGEO Q4 PRESENTATION

23 February, 2023

TROND FIGENSCHOU CRANTZ, CEO ARGEO  
ODD ERIK RUDSHAUG, CFO ARGEO



# Disclaimer

- This presentation includes and is based on, among other things, forward-looking information and statements
- Such forward-looking information and statements are based on the current expectations, estimates and projections of Argeo or assumptions based on information available to the company
- Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions
- Argeo cannot give any assurance as to the correctness of such information and statements

# Agenda

Highlights

Backlog & tender status

Operational update

Technology

Financials

Outlook

# Agenda

## ► Highlights

Introduction to Argeo

Backlog & tender status

Operational update

Technology

Financials

Outlook

# Highlights

## Q4 Highlights

- Revenue NOK 29.0 million in Q4 23'
- Backlog of NOK 550 million secured for 2024
- Awarded NOK 55 million Subsea Inspection Contract with Shell SNEPCo on Bonga field in Nigeria
- Successful startup for Argeo Searcher for the Bonga field
- First Hugin Superior AUV, delivered and entered into a leasing agreement
- Conversion of vessel Argeo Searcher completed late November
- Delivery of vessel Argeo Venture 7 November
- Private placement with gross proceeds of NOK 250 million completed
- Secured equipment leasing agreement of NOK 275 million

# Highlights

## Subsequent events

- Conditional letter of award with an International Energy company for a project with expected duration of 9 months
- Contemplating a sale and leaseback arrangement for vessel Argeo Venture
- Agreed delivery of second Hugin Superior for Argeo Venture

# Agenda

Highlights

▶ **Introduction to Argeo**

Backlog & tender status

Operational update

Technology

Financials

Outlook

# Argeo conducts ocean surveys & inspections using autonomous robotic solutions

Argeo uses autonomous and underwater robotics solutions, including Autonomous Underwater Vessels (AUVs) and Work-Class ROVs, to conduct ocean surveys & inspections

## CLIENTS INCLUDE:



### **Oil & Gas companies**

Inspection, Maintenance, Repair and Survey (IRMS)

Greenfield development, route survey connection with installation of FPSOs, inspection of existing pipelines, power cables and subsea infrastructure. Subsea inspection programs and general maintenance activities. Seismic support operation for Ocean Bottom Node (OBN) in cooperation with Shearwater Geo.



### **Offshore wind companies (OWS)**

Pre-installation and route Survey (IRMS), cable burial inspection and verification

Survey of new areas prior to installation and inspection relating to building of offshore wind farms in connection with installation of offshore wind parks, installation of power cables and fibre cables and inspections of infrastructure. Multi-Client (MC) for greenfield acreage prior to concession rounds



### **Marine minerals companies / Geological institutions**

Exploration surveys related to new licenses and Resource estimation. Environmental assessments prior and after exploration and extraction activities

## More cost-efficient survey and inspection giving our clients

- ✓ Faster inspections
- ✓ Faster project turnaround
- ✓ Lower CO2 footprint
- ✓ Safer operations with lower HSE risk

## Easy access to actionable data

- ✓ Rapid decision ready data to clients during mission and project lifecycle
- ✓ Intuitive visualizations of complex data



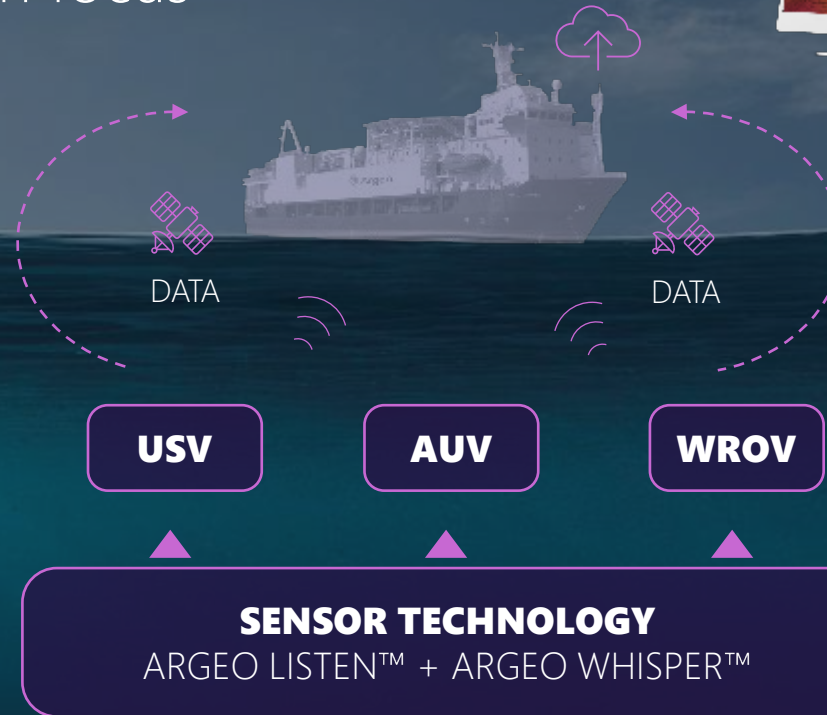
# Complete service solution

Technology supported growth focus

## DIGITAL PLATFORM

ARGEO SCOPE™

**Decision ready data to clients during mission and project lifecycle**



Rapid data transfer from ship to shore via Argeo SCOPE

Argeo use novel technology protected by strong IP to provide its customers with a unique service solution in all market verticals. Sentral to the complete subsea solution is:

- Cost efficient subsea vessels
- Embedded robotics tools (AUV/ROV/USV)
- Integrated patented sensor technology
- Ship-to-Shore digital data management platform Argeo SCOPE™

All assets are to have Argeo sensor technology embedded



# ROBUST STRATEGY

with growth in three major markets



**Oil & Gas**



**Marine Minerals**



**Renewables**



SURVEY



INSPECTION



MAINTENANCE  
& REPAIR



MULTI CLIENT  
/ DAAS



# SUPERIOR CAPACITY

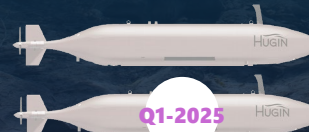
WITH THE MOST ADVANCED AUV FLEET AVAILABLE



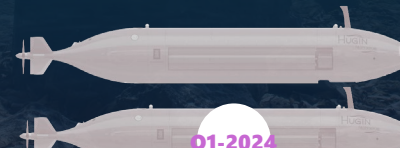
Hugin 1000



SeaRaptor 6000



Hugin 6000



Hugin Superior

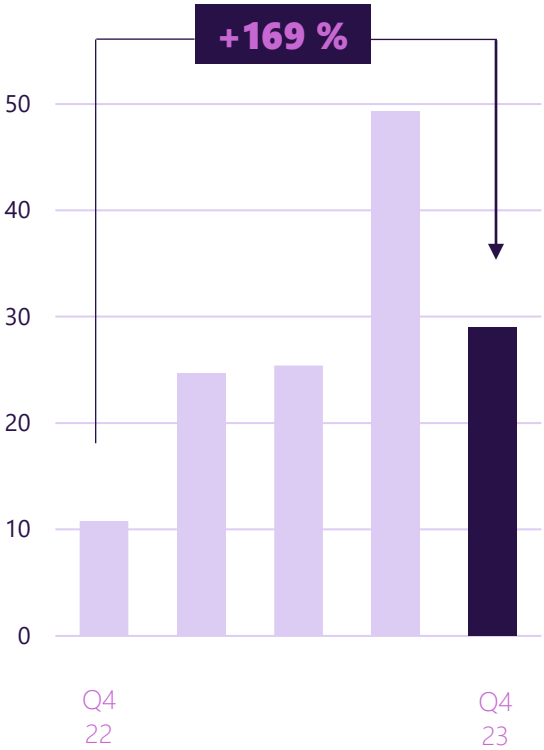


# Expansion for continuous growth

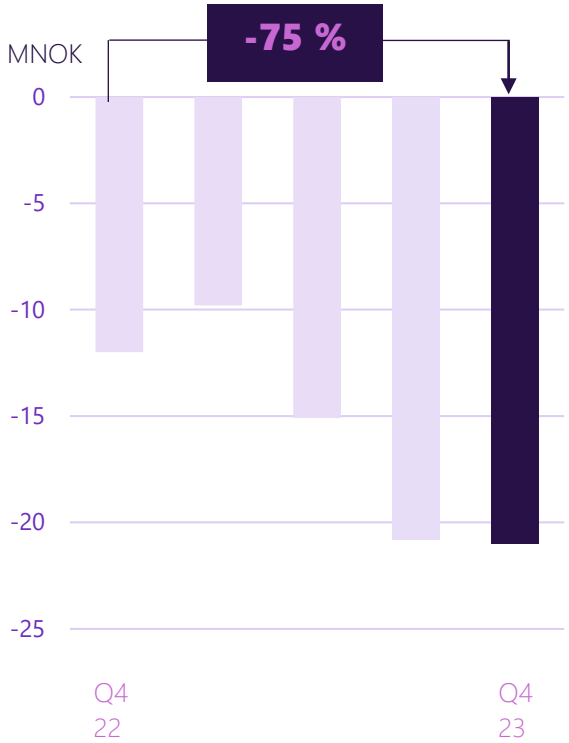


# Record order book and continued revenue growth

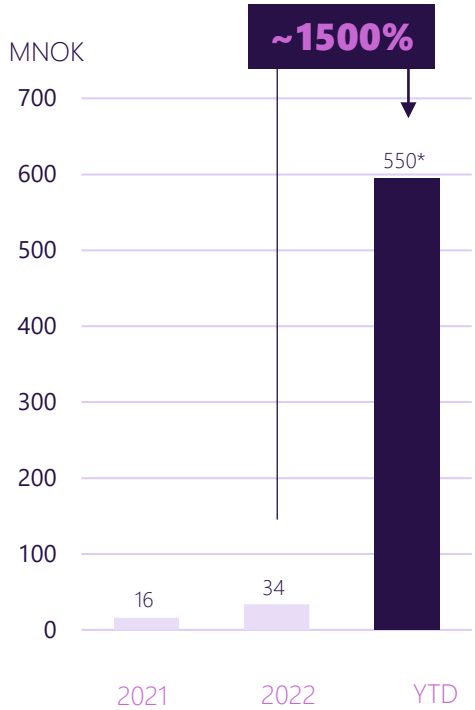
## REVENUES 29.0



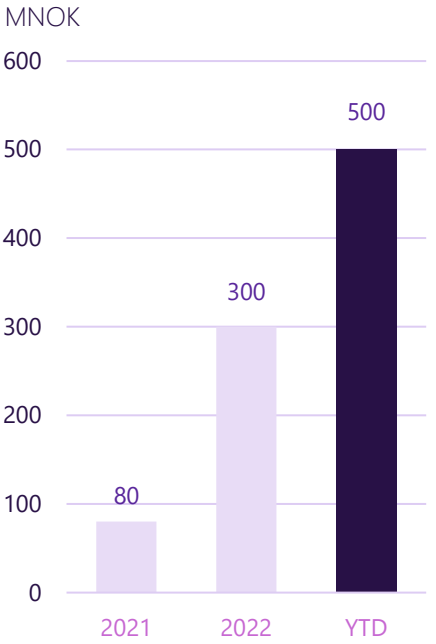
## EBITDA -21



## BACKLOG 550



## SUBMITTED TENDERS 500



NOK 350 million converted to backlog since Q3

Numbers are in MNOK

# Agenda

Highlights

Introduction to Argeo

▶ **Backlog & tender status**

Operational update

Technology

Financials

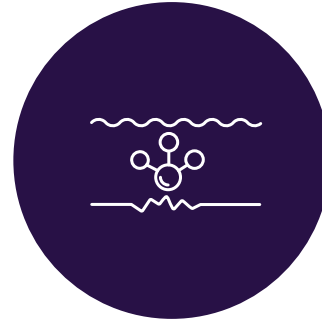
Outlook

# Continued strong volume of submitted tenders

During the quarter we have converted an additional NOK 350 million in tenders to secured backlog

---

Total remaining tender pipeline of NOK 500m with decisions expected late Q1 and Q2



Competing for more **Marine Minerals contracts**

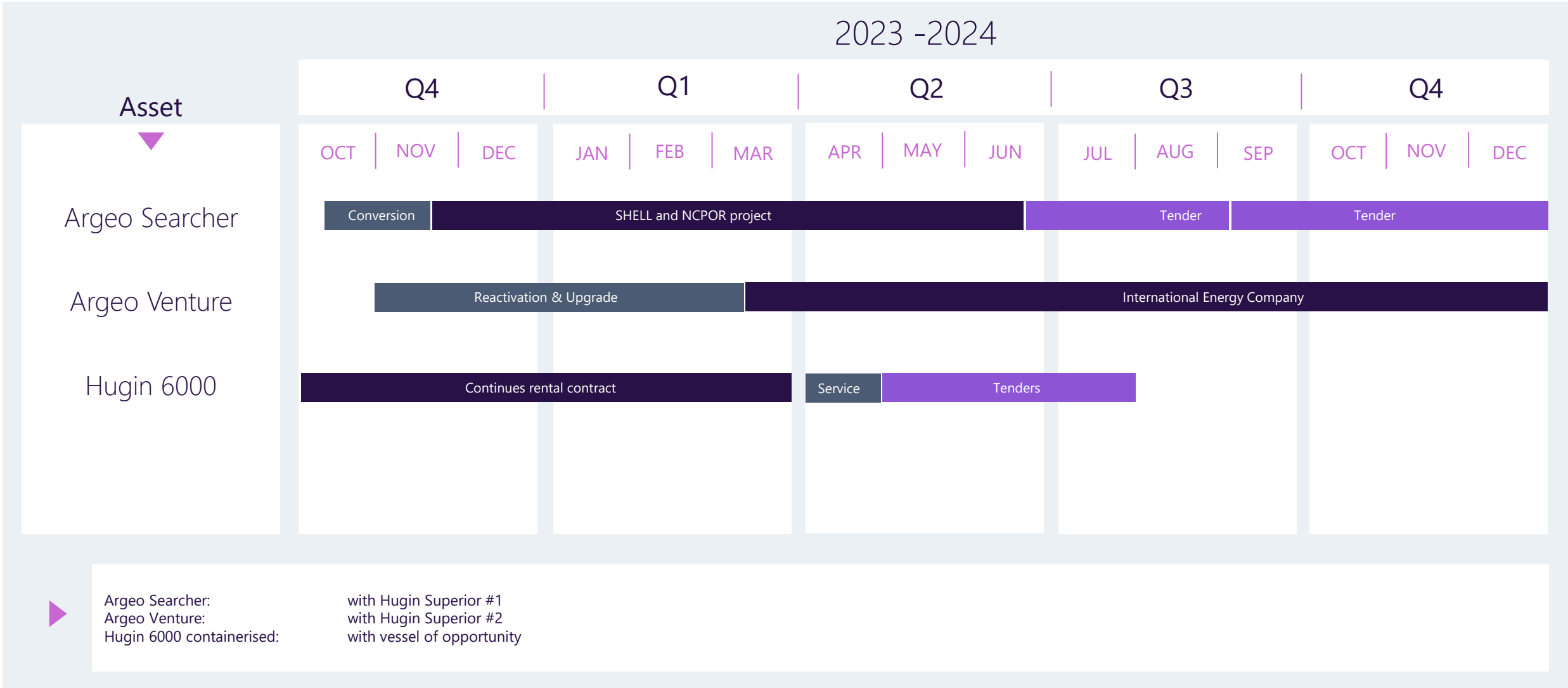


Proceedings with **Oil & Gas majors and IOCs** on both sides of the Atlantic for survey and IMR work



Increased activity as **Argeo proprietary technology** is addressing major issues for offshore wind development

# Backlog for 2024 now totals NOK 550 million



■ Tender

■ Technical preparation

■ Confirmed work



# Agenda

Highlights

Introduction to Argeo

▶ **Operational update**

Commercial & business development

Technology

Financials

Outlook

# OPERATIONAL UPDATE



## Argeo Searcher

- Completed a significant upgrade
- 3-week delay
- **Fully set up for any subsea work**
- Commenced work in Nigeria late December
- Work completed January 20<sup>th</sup>
- Currently working on the NCPOR project estimated completion late May 2024.



## Argeo Venture

- Upgrades to be completed by mid-March
- Mobilisation for announced project after commissioning and sea trials
- **Vessel fully reactivated**
- Upgraded computer system for full onboard data processing
- Equip. with Hugin Superior
- Equip. with active heave compensated subsea crane



## Hugin Superior

- Reliable high-capacity production unit
- Producing quality data for all scopes of work that Argeo engages in
- **High customer quality satisfaction**
- Upgraded with Argeo LISTEN
  - O&G projects
  - Marine Mineral projects
  - Offshore Wind projects



# Successfully completed the Shell/SNEPCo Bonga subsea inspection and survey program

Bonga is the **first deep-water project for the Shell Nigeria Exploration and Production Company (SNEPCO)** and for Nigeria

**Field operated by SNEPCO on behalf of the Nigerian National Petroleum Corporation (NNPC)** and its partners under a production sharing contract. The partners in the field include Shell (55%), Exxon Mobil (20%), Total (12.5%) and ENI (12.5%).

It can produce **200,000 barrels of oil per day and 150 million standard cubic feet of gas per day**. The cost of the full field development was \$3.6bn.

## PROJECT IN NUMBERS

**Project water depth**  
1000 – 1300 meters

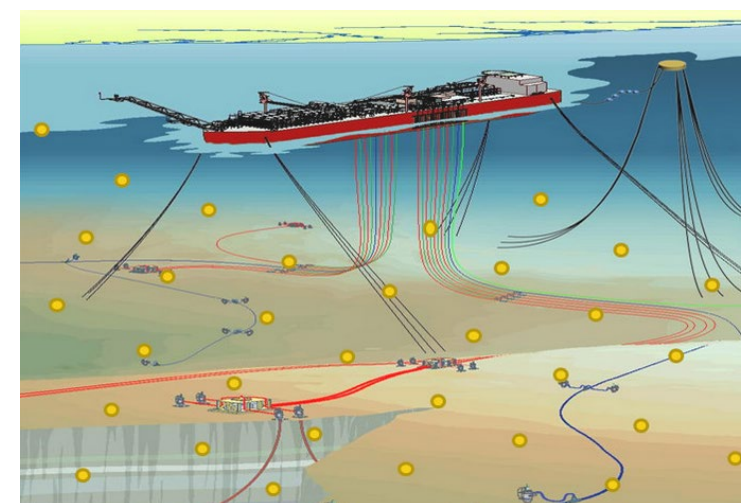
**Scope of Work (SOW)**  
Pipe, flowline inspection and geophysical survey

**Project performance**  
20 days infield acquisition

**Inspection line km**  
500

**Geophysical line km**  
1100

**Argeo technology used**  
Argeo LISTEN & Argeo Scope



# Argeo supporting Indian flagship project to carry out multi-sensor high-resolution exploration survey in the Indian Ocean

NCPOR Survey 2024 is the first **comprehensive multi-sensor AUV exploration survey (GEO+ENV) with Argeo LISTEN and Argeo SCOPE technology** setting the new industry benchmark

The project reinforces Argeo's position as a leading service provider in Marine Minerals exploration

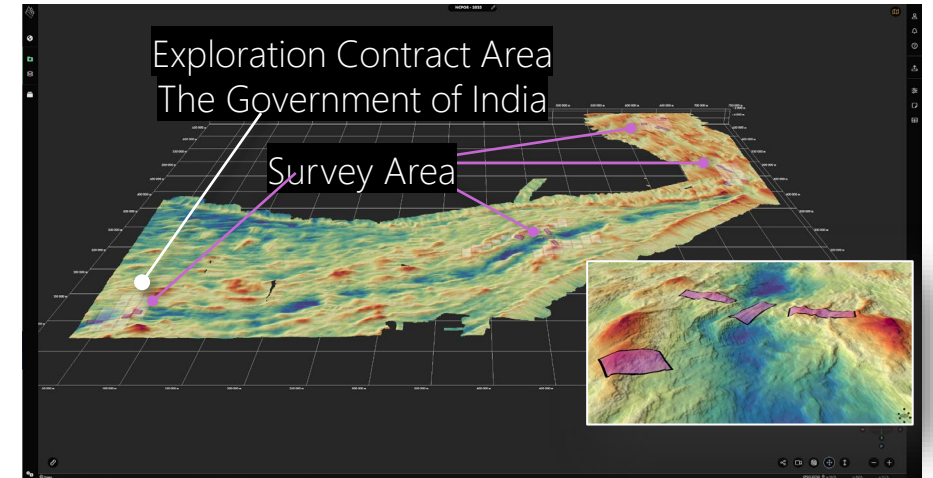
1st AUV survey in the Indian Exploration Contract Area

## PROJECT IN NUMBERS

**Project water depth**  
1,900 to 5,600 m

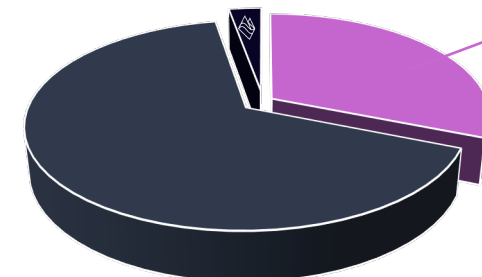
**Total coverage**  
15 Areas of Interest & 750 sq. km

**Hours of seabed photography**  
150



## Strategic Context:

India's Deep Ocean Mission (DOM) Budget



Substantial Budget (over 300 MEUR) dedicated to Deep-Sea Exploration in the next 3 years

■ DOM Budget 2024-2026 ■ DOM Budget 2021-2024 ■ Argeo Survey - 2024

# Agenda

Highlights

Introduction to Argeo

Backlog & tender status

Operational update

▶ **Technology**

Financials

Outlook



# ADVANCED ROBOTICS

## ARGEO ELECTROMAGNETIC SENSOR SYSTEM

### ARGEO LISTEN

- ✓ Positioning and burial depth of active power cables
- ✓ Inspection of subsea cathodic protection systems
- ✓ Marine Mineral exploration
- ✓ General site survey

### ARGEO WHISPER

- ✓ Tracking/burial depth of "dead" power cables
- ✓ Tracking buried pipelines
- ✓ Detection of Unexploded Ordnance (UXO)
- ✓ Marine Minerals exploration

### ARGEO DISCOVER

- ✓ Marine Minerals exploration

# Argeo **SCOPE** digital solution



Cloud-based solution for management, analysis,  
and interpretation of Ocean Space data

Enables **efficient 3D visualization** of Ocean Space Data in a user-friendly **browser-based interface**, supporting a **collaborative data** sharing and a smoother interpretation workflow.

## Seamless data fusion from seabed measurements such as:

- Synthetic aperture sonar (SAS)
- Sub-bottom profiler (SBP)
- Backscatter
- Bathymetry
- Subsea camera and snapshots
- Environmental data
- Laser measurements
- Geo-taggable documents
- WMS Services
- Interpreted surfaces and horizons from legacy platforms
- Electromagnetic field data

# Agenda

Highlights

Introduction to Argeo

Backlog & tender status

Operational update

Technology

▶ **Financials**

Outlook



# Income Statement

| <b>Amounts in NOK 1 000</b>          | <b>Q4-2023</b> | <b>Q4-2022</b> | <b>2023</b>     | <b>2022</b>    |
|--------------------------------------|----------------|----------------|-----------------|----------------|
| <b>Operating revenue</b>             | <b>29 033</b>  | <b>10 840</b>  | <b>128 455</b>  | <b>33 583</b>  |
| Operating cost                       | 40 415         | 8 026          | 139 772         | 31 266         |
| Employee expenses                    | 18 388         | 18 259         | 68 802          | 62 425         |
| Other operating expenses             | 7 062          | 5 006          | 21 969          | 17 954         |
| Capitalisation of cost               | -15 782        | -8 450         | -34 900         | -26 326        |
| <b>EBITDA</b>                        | <b>-21 051</b> | <b>-12 001</b> | <b>-67 189</b>  | <b>-51 736</b> |
| Depreciation                         | 13 718         | 6 180          | 40 527          | 13 249         |
| <b>EBIT</b>                          | <b>-34 769</b> | <b>-18 181</b> | <b>-107 716</b> | <b>-64 984</b> |
| Net financial items                  | 6 415          | 7 437          | -3 690          | -5 770         |
| <b>Profit/(loss) before tax</b>      | <b>-28 353</b> | <b>-10 745</b> | <b>-111 406</b> | <b>-70 754</b> |
| Income tax (expense)                 | 3 283          | -19 432        | 2 333           | -6 309         |
| <b>Profit/ (loss) for the period</b> | <b>-25 070</b> | <b>-30 177</b> | <b>-109 072</b> | <b>-77 063</b> |

- Revenue in Q4 2023 is from the contract with Shell in Nigeria and from Hugin 6000.
- Reduction in Operating cost from Q3 2023 due to additional vessel for the Stromar survey in Q3 2023.
- Capitalisation of development cost and vessel upgrade.
- EBITDA minus NOK 21.1m in Q4 2023, vs minus NOK 12.0m in Q4 2022 and minus NOK 20.8m in Q3 2023.

# Balance Sheet

| <u>Amounts in NOK 1 000</u>          | <u>31.12.2023</u> | <u>31.12.2022</u> |
|--------------------------------------|-------------------|-------------------|
| <b>ASSETS</b>                        |                   |                   |
| Intangible assets                    | 38 266            | 24 304            |
| Deferred tax asset                   | 6 693             | 4 349             |
| Multi-client library                 | 7 150             | 4 000             |
| Property, plant and equipment        | 542 812           | 226 702           |
| Shares in associated companies       | 1 434             | 2 295             |
| <b>Total non-current assets</b>      | <b>596 355</b>    | <b>261 650</b>    |
| Trade receivables                    | 11 274            | 17 582            |
| Inventory                            | 9 061             | 0                 |
| Other current assets                 | 38 024            | 44 468            |
| Cash and cash equivalents            | 53 946            | 21 313            |
| <b>Total current assets</b>          | <b>112 305</b>    | <b>83 363</b>     |
| <b>Total assets</b>                  | <b>708 661</b>    | <b>345 013</b>    |
| <b>EQUITY AND LIABILITIES</b>        |                   |                   |
| Equity                               | 429 691           | 188 341           |
| Long term debt and leases            | 182 602           | 106 482           |
| <b>Total non-current liabilities</b> | <b>182 602</b>    | <b>106 482</b>    |
| Trade payables                       | 66 532            | 23 784            |
| Other current liabilities            | 29 836            | 26 406            |
| <b>Total current liabilities</b>     | <b>96 368</b>     | <b>50 190</b>     |
| <b>Total liabilities</b>             | <b>278 970</b>    | <b>156 672</b>    |
| <b>Total equity and liabilities</b>  | <b>708 661</b>    | <b>345 013</b>    |

- Intangible assets include capitalised cost to Argeo Scope and the other development projects
- PPE includes Argeo Venture, two Hugin AUV's, two SeaRaptor AUV's and Argus USV
- Long term debt and leases includes seller's credit on 3 AUV's, loan from Innovation Norway and lease for one Hugin Superior AUV

# Cash flow statement

| Amounts in NOK 1 000                               | Q4-2023         | Q4-2022        | 2023            | 2022            |
|--|-----------------|----------------|-----------------|-----------------|
| <b>Cash flow from operating activities</b>         |                 |                |                 |                 |
| Profit/(loss) before tax                           | -28 353         | -10 744        | -111 406        | -70 754         |
| Depreciation                                       | 13 718          | 6 181          | 40 527          | 13 249          |
| Financial income                                   | -468            | -209           | -587            | -267            |
| Financial expense                                  | -6 165          | -10 025        | 3 415           | 2 853           |
| Gain/loss equity investments                       | 217             | 2 796          | 861             | 3 183           |
| Gain sale equipment                                | -256            | 0              | -256            | 0               |
| Change in current assets                           | -7 876          | -56 752        | 3 690           | 12 078          |
| Change current liabilities                         | 17 667          | 17 860         | 41 531          | 37 101          |
| <b>Net cash from operating activities</b>          | <b>-11 516</b>  | <b>-50 893</b> | <b>-22 224</b>  | <b>-2 556</b>   |
| <b>Cash flow from investing activities</b>         |                 |                |                 |                 |
| Investment in property, plant and equipment        | -145 067        | -10 086        | -166 214        | -234 591        |
| Investment in intangibles                          | -2 055          | -2 578         | -16 041         | -18 052         |
| Investment in Multi-client                         | 0               | 0              | -3 150          | -4 000          |
| Proceeds from sale of equipment                    | 650             | 0              | 650             | 0               |
| <b>Net cash from investing activities</b>          | <b>-146 472</b> | <b>-12 664</b> | <b>-184 755</b> | <b>-256 643</b> |
| <b>Cash flow from financing activities</b>         |                 |                |                 |                 |
| Net proceeds from new equity                       | 235 954         | 46 995         | 286 027         | 117 353         |
| Proceeds from new debt                             | 0               | 0              | 29 286          | 122 743         |
| Repayment of debt and leases                       | -23 432         | -4 531         | -72 872         | -25 009         |
| Financial income                                   | 468             | 209            | 587             | 267             |
| Financial expense                                  | -2 278          | -260           | -3 416          | -704            |
| <b>Net cash flow from financial activities</b>     | <b>210 712</b>  | <b>42 413</b>  | <b>239 612</b>  | <b>214 650</b>  |
| Net change in cash and cash equivalents            | 52 723          | -21 144        | 32 632          | -44 549         |
| Cash and cash equivalents beginning of period      | 1 222           | 42 458         | 21 313          | 65 862          |
| <b>Cash and cash equivalents end of the period</b> | <b>53 946</b>   | <b>21 313</b>  | <b>53 945</b>   | <b>21 313</b>   |

- Investment in PP&E is mainly purchase of the vessel SW Bell (renamed Argeo Venture) in November 2023, and cost for reactivation/ upgrade
- NOK 236m net proceeds from new equity in October 2023
- Repayment of debt and leases NOK 23.4m in Q4 2023

# Agenda

Highlights

Introduction to Argeo

Backlog & tender status

Operational update

Technology

Financials

▶ **Outlook**

# Outlook

- Argeo Searcher consistently on projects with good performance until end-Q2-2024. Bid in tenders from Q3 ->
- Argeo Venture finalising upgrade program in medio-March 2024 and commencement of project directly after
- Strong O&G tender activity in deep-water markets EAME & NSA
- Starting to see an uptick in Offshore Wind tenders for 2024
- Focus on high vessel utilisation, project performance and overall profitability going forward
- Generally good margin in tenders reflecting activity levels in the deep-water subsea market
- Hugin Superior #2 confirmed delivery in Q1-2024

▶ **Thank you**