

Quarterly
Report

Q4
2023



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CEO Letter

First of all, I would like to thank our hard-working team for their dedicated contribution in 2023 whose efforts are integral to our success. The positive feedback from our client underscores the value we bring to their business and our focus for the next quarters includes profitability, further increasing performance and continued growth of our backlog. Our continued dedication to HSEQ and institutionalising a zero harm to people safety culture is giving results and being noticed by our clients. I'm very happy to report that we had no accidents to people during the quarter.

During the quarter we started two very ambitious upgrade programs for both Argeo Searcher and Argeo Venture. Argeo Searcher was upgraded to take on a string of complex subsea and survey projects for the coming years. We closed the purchase deal for Argeo Venture and immediately started the reactivation and upgrade program. We took delivery of our first Hugin Superior, efficiently mobilised for a major client, completed the work in record time, and have established a backlog of NOK 550 million for 2024.

Revenue for the quarter was affected by the extended yard stay of Argeo Searcher, causing a delay in commencing the Shell/SNEPCo project. Nevertheless, we witnessed steady growth compared to the previous year. Notably, our client engagement and tender conversion rates have seen a significant uptick, contributing to a robust backlog. This position us for sustained growth across all our market segments in 2024 and beyond.

We have reached significant milestones in the Subsea Inspection sector by showcasing the effectiveness of our innovative technology, Argeo LISTEN, integrated into the new Hugin Superior. Our dedication to addressing intricate projects for our clients, coupled with the exceptional efficiency derived from our proven sensor technology and software, has sparked worldwide demand for Argeo's inspection services. This success has brought about noteworthy enhancements, solidifying our position for ongoing achievements.

In the dynamic offshore landscape, we continue to monitor and adapt to emerging trends. Our analysis of the competitive landscape indicates that we are well-positioned to capitalise on opportunities and has clearly carved out a significant niche for Argeo where competition is limited and more importantly controlled by technological barriers and advancements in our own solutions. Our goal is to retain this competitive advantage and to be a technology leader the field in subsea services.

Looking ahead, we are optimistic about the future, with a strong contract backlog at the start of the year and good potential for continued growth for 2024 and following years.

In closing, I want to express my appreciation for our shareholders trust and patience in Argeo. Together, we are building a future of success and sustainability. Thank you for being an integral part of our journey.

Trond Figenachou Crantz

Operational update



Argeo Searcher

Argeo Searcher has completed a significant upgrade in Norway before departing for its project in Nigeria. The work took three weeks longer than anticipated, but the vessel is now fully setup for any subsea scope of work. Argeo Searcher arrived in Nigeria late December and commenced production after a very efficient mobilisation in field and went on to complete the Bonga field project 20th of January. Following departure from Nigeria, Argeo Searcher is currently mobilising for the NCPOR project which has an estimated



Argeo Venture

The upgrades for Argeo Venture scheduled for completion in mid-March and the vessel will start to mobilize for the announced project immediately following commissioning and sea trials. The vessel is now fully reactivated and moving parts serviced or renewed. The computer systems have been upgraded to facilitated full onboard data processing and equipped with a fully integrated Hugin Superior management system. The vessel is now equipped with an Active Heave Compensated subsea crane which currently facilitates operations at 4000m with option



Hugin Superior

The new Hugin Superior have proven itself as a reliable high-capacity production unit producing quality data for all scopes of work that Argeo engages in. The performance and quality of the new system have impressed our customers, giving us great confidence in its capabilities. To prepare for the projects the system was upgraded with Argeo LISTEN which has been a great success and a major value driver for every subsea inspection and marine mineral projects in our backlog





ESG

Our commitment to ESG principles remains steadfast. Argeo utilises vessels and subsea equipment (robots) to keep our oceans clean and inspect and maintain for example production equipment for O&G. Argeo also engages in the identification of older production equipment for removal in DECOM. We accomplish this with self-developed patented technology that allows us to conduct these inspection surveys up 8x more efficiently than alternative older solutions. We have fuel-efficient vessels and robotic equipment, further giving the company and our services a significant green profile.

Argeo is a growing player in the green transition. The company is a leader in surveying, identification, and analysis of potential deposits of marine minerals and environmental data. Our aim is to become a leading service provider in the offshore wind segment, particularly as this market further develops towards floating production systems in deeper waters. Self-developed and patented technology for Inspection, Maintenance, and Repair for electrical subsea production systems such as electrical cables, greenfield development, and routes are typical examples of missions Argeo performs.

Highlights

Q4 Highlights

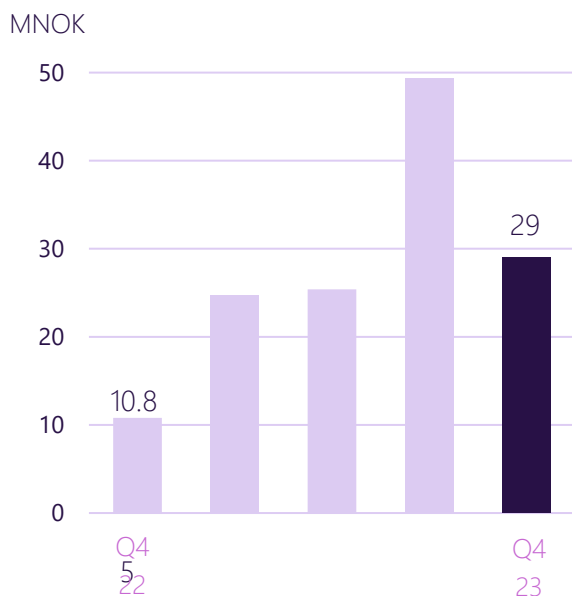
- Revenue NOK 29.0 million in Q4 23'
- Backlog of NOK 550 million secured for 2024
- Awarded NOK 55 million Subsea Inspection Contract with Shell SNEPCo on Bonga field in Nigeria
- Successful startup for Argeo Searcher for the Bonga field
- First Hugin Superior AUV, delivered and entered into a leasing 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

Subsequent events

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

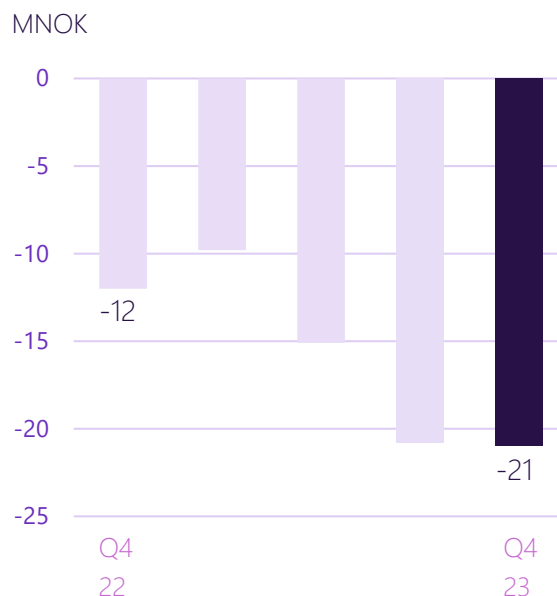
REVENUES

29.0



EBITDA

-21.0



CURRENT
BACKLOG

MNOK
550

Robotics and digital solutions for the ocean space – three attractive key target markets

The Company specialises in construction and designing of highly accurate digital models based on geophysical, hydrographic, and geological methods, as well as sensors and robot / autonomous technology and is targeting companies and developers within the following main business verticals:

Renewables and offshore wind: Argeo help developers assess area attractiveness of wind farms and to get input to wind farm design, including design and location of foundations, substations etc. in addition to investigation of routes for power cables, assessing impact on the environment and inspection of existing infrastructure over its life cycle.

Oil & gas: Argeo provides oil & gas companies with survey and inspection services as input to offshore field design, including design and location of platform and subsea infrastructure, investigation of routes for pipelines, assessing impact on environment and inspection of existing pipeline and infrastructure.

Marine Minerals: Argeo provides companies, developers and governments with exploration and characterization of marine minerals by use of their fleet of AUV's equipped with state-of-the-art sensors delivering valuable high-quality data with applications across the deep-sea minerals value chain from Environmental Impact Assessment and early Exploration to Reserves Estimation and Extraction Monitoring. The company's enabling technology and sensors are amongst the most advanced AUV systems commercially available on the market today, equipped with 3rd party and deep-sea minerals tailored Argeo sensors and applications.

Geomarket update

Europe & Africa

Argeo has in January completed an AUV acquisition program for Shell on the Bonga field in Nigeria, demonstrating the full lifecycle value chain for our services in the O&G offshore business, which consisted of geophysical investigations as well as asset inspections. For the pipeline inspection, Argeo LISTEN was utilised for contactless inspection of the cathodic protection system - with excellent results.

The region is interesting for Argeo with its combination of deep-water development areas, which require high resolution AUV data for safe construction phase, and mature fields which require high quality inspection data for safe production.

South America

Argeo are continuously engaging in the Brazil and South America markets, and several leads are being developed for deep-water O&G AUV & ROV work. Argeo is actively participating in tendering processes, as well as engaging in business development discussions with local companies. Also, countries outside Brazil are experiencing increased activity due to significant O&G discoveries in deep waters.

North America

The requirement for subsea survey for offshore wind energy projects remains strong. We see the emergence of floating offshore wind projects, on the West Coast USA as a very good fit for Argeo capabilities, and Argeo is actively engaging with the developers in this segment. We continue to monitor demand for AUV surveying work for O&G related subsea inspection in the Gulf of Mexico and continue to work with partner companies to address opportunities.

Key market segments

Oil & Gas

Oil & gas companies' investment levels in exploration and production activity will be a key driver for the demand for survey and inspection services related to offshore field design, location of platform and subsea infrastructure as well as investigation of existing infrastructure. Argeo's recent success with its proprietary EM technology, Argeo LISTEN, is opening opportunities on a global scale for contactless cathodic protection inspections. The E&P spending budgets for companies within the oil & gas sector are, in turn, dependent on the development of the oil price as a key factor for the economic attractiveness of oil & gas exploration and production activity.

Marine Minerals

The global energy transition is fuelling the growth for new value chains, such as batteries, wind-power, solar-power and electrical infrastructure. Developing these value chains are likely to require a significantly higher supply of minerals. A low carbon future calls for additional supply of metals, which can to some extent be met by marine minerals extraction, primarily in deep waters from 3000-6000 meters. Norway, being the Company's "home market" is in a strong position to become one of the first movers for DSM extraction, as this is a good overlap with oil & gas technologies and competence gives Norway a competitive advantage over its peers. With the establishment of a Norwegian marine minerals legislation in 2019, in addition to the 2018-2019 NCS impact studies performed by the Norwegian Petroleum Directorate, Norway is assumed to be well positioned for the next and crucial steps towards a marine minerals industry with both great export and domestic value creation potential, as furthered strengthened by the recent announcement by the Norwegian Government to open up for extraction of minerals from the seabed on the Norwegian Continental Shelf.



Renewables

Energy companies' investment levels in developing offshore wind farms will be key driver of demand for exploring seabed conditions and location of foundations, substations etc., which are, in turn, dependent on energy prices and the competitiveness of developing offshore wind projects. The long-term prospect of the offshore wind business is largely driven by the competitiveness of offshore wind as an energy source compared to other sources of energy. Hence, the ordinated cost measure, the Levelised Cost of Energy (LCOE) term, which combines all the relevant cost elements in offshore wind projects, is a key element for the future market of offshore wind. The LCOE includes capital costs, offshore transmission costs, operation and maintenance, cost of financing and capacity factors. Commercial banks' willingness finance, better financing terms and lower cost of equity are key elements for lowering the LCOE for offshore wind developments. The LCOE is also influenced by the quality of the wind resources and the water depths in the areas that are available for offshore wind developments. Other factors such as distance from shore, technological advancements and digitalisation are key factors for transmission costs, maintenance, and capacity factors on the turbines, which in turn, are key for the LCOE calculation.

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



OCEAN BOTTOM
NODE (OBN)



MARINE
MINERALS



About Argeo

Argeo is an Offshore Service company with technology to transforming the ocean space survey and inspection industry utilising 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.

Argeo's specialty is providing survey, inspection and light intervention subsea services to industries installing, constructing, or maintaining infrastructure or equipment in the oceans. Argeo provides these services primarily by acquiring data using advanced AUVs, USVs and robotics systems for then to apply advanced integrated processing and interpretation creating a high-resolution digital representation of the seafloor and the sub-seafloor. The digital representation is based upon geophysical, hydrographic, and geological sensor data to be used by the customers in business segments such as renewables,

oil and gas, and offshore installations. The Group also provides exploration services using the same robots, but with specialized sensors to characterise the deep ocean space seafloor for high value deep sea minerals used in the electronics and renewables industry. A specialised integrated approach including deep sea rated AUVs (6000m) with sensors adapted to image deposits combined with highly skilled professionals with experience in processing and interpreting the results will provide end-clients exceptional results in their exploration efforts.

To deliver these services and products, Argeo has a portfolio of tools:



In general, all ocean space construction and installation activities require surveys and inspections. Typically, a given project follows certain stages of main activity or lifecycle:

1. **Greenfield/Initial survey:** to evaluation of an area of interest, risk analysis, environmental and marine life studies, prospecting evaluation, etc.
2. **Early planning and design survey:** Detailed / focused investigation and mapping for environmental effects, cable routes, anchor locations and sedimentary analysis.
3. **Construction and installation survey:** Focused 3D survey for increased level of detail, analysis, and testing.
4. **Operations and maintenance:** Inspection investigations, after cables/pipelines/infrastructure has been laid onto seabed/trenched, look for potential cable break, cathodic protection/anti corrosion, and general installation integrity.

Argeo Robotics Engineering

Argeo performs in-house sensor engineering of new sensor technology for autonomous data acquisition. Argeo will systematically strengthen their IP portfolio and apply for patent protection when applicable. See examples of such below:

- Argeo LISTEN (O&G, OWS and DSM (as defined below) markets)
- Argeo WHISPER (O&G, OWS and DSM markets)
- Argeo DISCOVER (DSM market)

Argeo Robotics has been granted the following patents from the Norwegian Patent Office (Patentstyret):

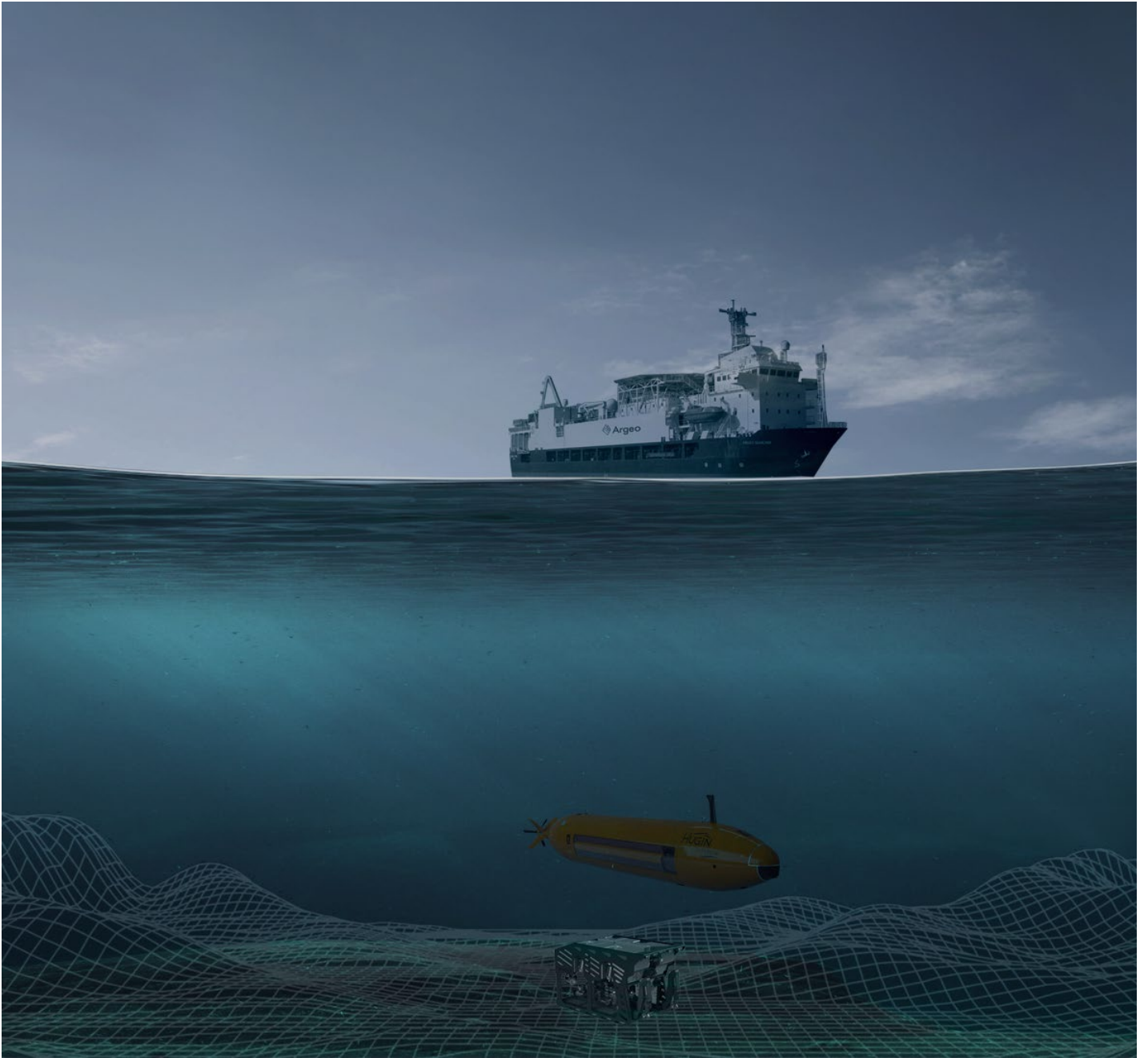
- **"A system and a method of detection and delineation of conductive bodies situated on or beneath the seafloor."** An electromagnetic method for exploration and detection of deep-sea minerals.
- **"A system for detection and tracking a subsea object."** An electromagnetic method for detection, tracking and positioning power cables or pipelines situated on or below the seafloor.
- **"An electromagnetic method for detection of buried objects."** A subsea electromagnetic remote-sensing system for detecting buried objects below the seafloor.
- **"Argeo Discover: a high energy electromagnetic system"** Argeo Discover" – a marine mineral resource exploration solution that enables high-energy electromagnetic signals through an ingenious integration with the energy bank within the AUV.

Argeo SCOPE digital solutions

Argeo has developed a cloud based Digital Platform (Argeo Scope) to allow our customers a performant 3D solution to visualise all data for a given offshore project, from planning to decommission. Argeo Scope will have data from satellite space to sub seafloor and can be extended with new sensor data as they are implemented for the installation. Argeo Scope is an instrumental part of Argeo's data management and final delivery services.

Processing of every sensor data types as well as an integrated interpretation of a 3D model allows the Group to deliver a model that can be directly imported into our customers' design tools for easy use.





Financial review

Financial review

Revenue:

Revenues for Q4 2023 amounted to NOK 29.0 million, compared to NOK 10.8 million in Q4 2022 and down from NOK 49.3 million in Q3 2023. Revenues in Q4 2023 came mainly from the contract with Shell in Nigeria and from the long-term contract we have for the Hugin 6000 AUV.

Revenues for the full year 2023 amounted to 128.5 million, compared to NOK 33.6 million in 2022.

Operating expenses:

Operating cost in Q4 2023 was NOK 40.4 million, compared to NOK 8.0 million in Q4 2022 and down from NOK 53.9 million in Q3 2023. Operating cost for the full year 2023 was NOK 139.8 million compared to NOK 31.3 million in 2022.

Employee expenses for Q4 2023 was NOK 18.4 million, compared to NOK 18.3 million in Q4 2022. Employee expenses for the full year 2023 amounted to NOK 68.8 million compared to NOK 62.4 million in 2022.

Other operating expenses in Q4 2023 was NOK 7.1 million, compared to NOK 5.0 million in Q4 2022. Other operating expenses for the full year 2023 was NOK 22.0 million compared to NOK 17.9 million in 2022.

The reduction in Operating cost in Q4 2023 from Q3 2023 is mainly due to operating an additional vessel for the Stromar project in Q3 2023.

Argeo capitalised NOK 15.8 million as development and vessel rigging cost in Q4 2023, compared to NOK 8.5 million in Q4 2022. Capitalisation for the full year 2023 was NOK 34.9 million compared to NOK 26.3 million in 2022.

Depreciation was NOK 13.8 million in Q4 2023, compared to NOK 6.2 million in Q4 2022. For the full year 2023, depreciation was NOK 40.5 million, compared to NOK 13.2 million in 2022.

EBITDA

EBITDA in Q4 2023 was minus NOK 21.1 million, compared to minus NOK 20.8 million in Q3 2023 and minus NOK 12.0 million in Q4 2022.

Financial items

Net financial gain for Q4 2023 was NOK 6.4 million, of which NOK 12.4 million is unrealised exchange gain on debt nominated in USD. Net financial gain in Q4 2022 was NOK 7.4 million, of which NOK 10.8 million was unrealised exchange loss on debt nominated in USD. Net financial loss for full year 2023 was NOK 3.7 million, compared to NOK 5.8 million loss in 2022.

Net Profit/ Loss

Net loss for Q4 2023 was NOK 25.1 million, compared to a net loss of NOK 30.2 million in Q4 2022. Loss for full year 2023 was NOK 109.1 million, compared to a loss of NOK 77.1 million in 2022.

Balance Sheet

Total non-current assets at the end of the period amounted to NOK 596.4 million. This includes NOK 38.3 million in intangible assets, NOK 6.7 million in deferred tax assets and NOK 542.8 million in Property, plant and equipment. Property, plant, and equipment includes mainly Argeo Venture, investments in Argeo Searcher, two Hugin AUV's, two SeaRaptor AUV's and the Argus USV. Non-current assets in the end of 2022 were NOK 261.7 million.

Investments amounted to NOK 145.1 million in Q4 2023, and NOK 166.2 million for the full year 2023. This is mainly related to the purchase of SW Bell (renamed Argeo Venture) from Shearwater in November 2023, and includes both cash payment for the vessel plus reactivation and upgrade cost in 2023.

Spare parts for two SeaRaptor AUV's amounting to NOK 15.6 million has earlier been reported under current assets. These spare parts are now reclassified to non-current assets, and historical numbers have been restated to reflect this change.

Cash and cash equivalents balance was NOK 53.9 million at the end of the quarter, compared to NOK 21.3 million at the end of Q4 2022.

Long term debt and leases were NOK 182.6 million at the of Q4 2023, up from NOK 94.1 million at the end of Q3 2023. Repayment of debt was NOK 23.4 million in Q4 2023, and NOK 12.4 million was reduction due to change in exchange rate USD/NOK.

Total liabilities at the end of the quarter were NOK 279.0 million, of which NOK 120.3 million is interest bearing.

Shares

A private placement of 78 125 000 new shares at NOK 3.20 per share was completed on 19 October 2023, raising gross proceeds of NOK 250 million. 18 002 309 shares were issued on 23 October 2023 pursuant to an earlier authorization granted to the board, and issuance of 60 122 691 shares were approved in an extraordinary general meeting on 3 November 2023 and issued on 6 November 2023.

The extraordinary general meeting on 3 November 2023 also approved the issuance of 20 123 625 shares to Shearwater GeoServices Holding AS ("Shearwater") at a subscription price of NOK 3.20 per share. The shares were issued to Shearwater on 9 November 2023.

In December 2023, the Company issued 260 095 new shares related to exercise of warrants under the "Tranche 1 Warrants" plan as described below. The exercise price for each of the warrants was NOK 0.282 per shares.

After these issuances, Argeo has 192 899 924 shares outstanding.

As per 31 December 2023, a total of 781 000 options are outstanding in connection with the Company's share option program. 86 000 of these are formalised as warrants ("Tranche 1 Warrants"). Exercise price for these is in average NOK 8.85, and the warrants expires at various intervals until 23 December 2025. 695 000 options were granted to Board of Directors and employees in 2021. These options vest over 3 years and mature after 5 years. Strike price is NOK 8.20.

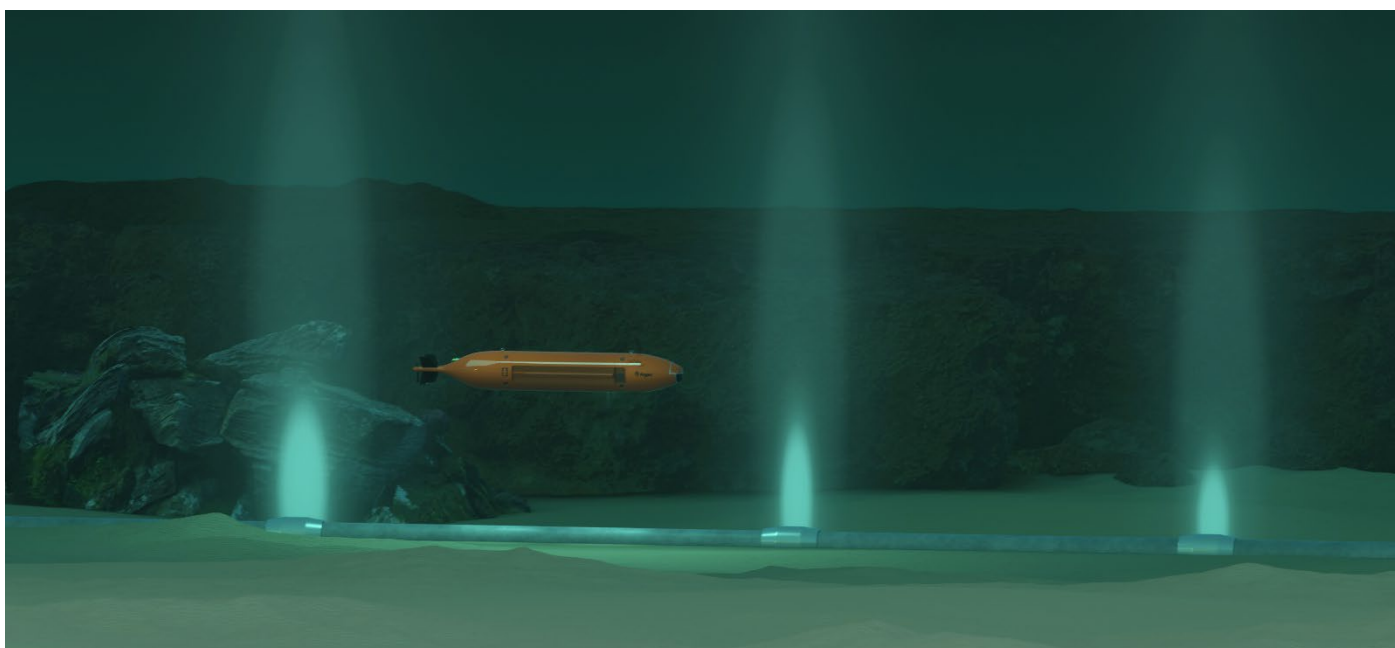
In connection with the private placement in April 2021, the Company's general meeting approved the issuance of 3,750,000 new warrants to the existing shareholders of the Company before the private placement ("Tranche 2 Warrants"). 1,875,000 of these Tranche 2 Warrants expired in April 2023. The remaining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

At the extraordinary general meeting held on 3 November 2023, the Board was granted an authorisation to increase the share capital by up to NOK 963,199.15 (9 631 991 shares) in connection with the Company's incentive programs, including the Company's option programs, through one or more share capital increases by issuance of new shares.

Recent events

On 23 January 2024, a total number of 7,750,000 share options were granted under a new incentive plan, and the options will vest 1/3 each year over a total vesting period of 3 years. Each option will, when exercised, give the right to receive one share in the Company at a fixed strike price of NOK 3.20. Options granted under the share option program will expire five years after grant date. The grant replaces 555 000 outstanding share options from the grant in December 2021, 36 000 of the "Tranche 1" warrants and 2 581 063 of the "Tranche 2" warrants. After this grant, the following share options and warrants are outstanding, subject to the new grants being accepted: 7 890 000 share options, 50 000 "Tranche 1" warrants and 1 168 937 "Tranche 2" warrants.



Argeo AS
Interim consolidated profit and loss

<u>Amounts in NOK 1 000</u>	Note	<u>Q4-2023</u> <u>(unaudited)</u>	<u>Q4-2022</u> <u>(unaudited)</u>	<u>2023</u> <u>(unaudited)</u>	<u>2022</u> <u>Audited</u>
Operating revenues:					
Sales revenue		29 033	10 813	128 455	33 497
Governmental grants		0	26	0	86
Total operating revenues		29 033	10 840	128 455	33 583
Operating expenses:					
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
Depreciation	1, 2	13 718	6 180	40 527	13 249
Total operating expenses		63 802	29 021	236 171	98 568
Operating profit/(loss)		-34 769	-18 181	-107 716	-64 984
Financial income and expenses:					
Income/ (loss) equity investments		-217	-2 796	-861	-3 183
Financial income		468	238	587	296
Financial expenses		-2 278	-290	-3 416	-733
Net foreign exchange gain (loss)		8 443	10 285	1	-2 149
Net financial items		6 415	7 437	-3 690	-5 770
Profit/(loss) before tax		-28 353	-10 745	-111 406	-70 754
Income tax (expense)		3 283	-19 432	2 333	-6 309
Profit/ (loss) for the period		-25 070	-30 177	-109 072	-77 063

Argeo AS

Interim consolidated statement of Financial Position

Amounts in NOK 1 000	Note	December 31, 2023 (unaudited)	December 31, 2022 (audited)
ASSETS			
Non-current assets			
Intangible assets	1	38 266	24 304
Deferred tax asset		6 693	4 349
Property, plant and equipment	2	542 812	226 702
Shares in associated companies		1 434	2 295
Multi-client library		7 150	4 000
Total non-current assets		596 355	261 650
Current assets			
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
Total current assets		112 305	83 363
Total assets		708 661	345 013
EQUITY			
Share capital		19 290	5 110
Share premium		615 788	279 545
Other equity		-205 387	-96 314
Total equity		429 691	188 341
LIABILITIES			
Non-current liabilities			
Long term debt and leases	3	182 602	106 482
Total non-current liabilities		182 602	106 482
Current liabilities			
Trade payables		66 532	23 784
Taxes payable		0	0
Public duties		5 152	3 335
Other current liabilities		24 684	23 072
Total current liabilities		96 368	50 190
Total liabilities		278 970	156 672
Total equity and liabilities		708 661	345 013

Argeo AS

Interim consolidated statement of changes in equity

<u>Amounts in NOK 1 000</u>	<u>Share capital</u>	<u>Additional paid-in capital</u>	<u>Accumulated earnings</u>	<u>Total equity</u>
Balance as of 1.1.2023	5 110	279 545	-96 314	188 341
Profit/(loss) for the period	0	0	-109 072	-109 072
Net proceeds from new equity	14 180	336 243	0	350 423
Balance as of 31.12.2023	19 290	615 788	-205 387	429 691
Balance as of 1.1.2022	2 744	164 558	-19 251	148 051
Profit/(loss) for the period	0	0	-77 063	-77 063
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	-96 314	188 341

Argeo AS
Interim consolidated statement of cash flow

Amounts in NOK 1 000	Note	Q4-2023 (unaudited)	Q4-2022 (unaudited)	2023 (unaudited)	2022 (audited)
Cash flow from operating activities					
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
Net cash from operating activities		-11 516	-50 893	-22 224	-2 556
Cash flow from investing activities					
Investment in property, plant and equipment	2	-145 067	-10 086	-166 214	-234 591
Capitalisation of development cost	1	-2 055	-2 578	-16 041	-18 052
Investment in Multi-client library		0	0	-3 150	-4 000
Proceeds from sale of equipment		650	0	650	0
Net cash from investing activities		-146 472	-12 664	-184 755	-256 643
Cash flow from financing activities					
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
Net cash flow from financial activities		210 712	42 413	239 612	214 650
Net change in cash and cash equivalents		52 724	-21 144	32 632	-44 549
Cash and cash equivalents begin. of period		1 222	42 458	21 313	65 862
Cash and cash equivalents end of the period		53 945	21 313	53 945	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 31 December 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 1 January 2023	23 682	1 999	1 408	27 089
Additions	19 353	144	5	19 502
Governmental grants	-3 461	0	0	-3 461
Cost 31 December 2023	39 574	2 143	1 413	43 130
Accumulated depreciation 1 January	2 421	342	21	2 784
Depreciation	1 371	426	282	2 079
Accumulated depreciation 31 December 2023	3 791	769	304	4 864
Net book 31 December 2023	35 783	1 374	1 109	38 266
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	Vessels	AUV lease	AUV, USV	Sum
Cost 1 January 2023	3 547	5 515	8 317	0	222 603	239 981
Disposals	0	-1 833	0	0	0	-1 833
Additions	1 525	3 931	218 756	124 566	6 174	354 952
Cost 31 December 2023	5 071	7 612	227 073	124 566	228 777	593 100
Accumulated depreciation 1 January 2023	1 285	2 069	0	0	9 925	13 279
Disposals	0	-1 438	0	0	0	-1 438
Depreciation	1 215	1 321	3 662	2 966	29 283	38 447
Accumulated depreciation 31 December 2023	2 500	1 951	3 662	2 966	39 209	50 288
Net book value 31 December 2023	2 571	5 661	223 410	121 600	189 568	542 812
Useful life	3 years	3-5 years	5-10 years	7 years	7 years	
Depreciation method	Linear	Linear	Linear	Linear	Linear	

Additions in 2023 includes the purchase of the vessel SW Bell (renamed Argeo Venture) from Shearwater in November 2023, reactivation and upgrading cost for Argeo Venture, and a new Hugin Superior from Kongsberg in November 2023 financed with a lease.

Note 3 Long-term liabilities

Amounts in NOK 1 000

	December 31, 2023	December 31, 2022
Seller credits	62 289	101 909
Leases	97 099	0
Loans	23 213	4 573
Total long-term debt and leases	182 602	106 482

Seller credits

Argeo has NOK 62.3 million in interest free seller credits related to purchases of AUV's.

Leases

Argeo entered in November 2023 into a financial lease agreement for a Hugin Superior AUV. The Company is committed to maintenance and insurance of the asset, Lease term is 4 years.

Overview of future minimum lease:

Within 1 year	25 310
1 to 5 years	94 498
After 5 years	0
Future minimum lease	119 808
<hr/>	
Interest rate	10,05 %
<hr/>	
Present value of future minimum lease	97 099
of this:	
- current liabilities	24 232
- long-term liabilities	72 867

Loans

Argeo has three loans from Innovation Norway, bearing an interest at 7.95% as per end December 2023. Interest increased to 8.20% from 2 February 2024. All three loans are secured.

Financial calendar

Annual Report: 23 April 2024

Annual General Meeting: 14 May 2024

Q1-24: 23 May 2024

Q2-24: 29 August 2024

Q3-24: 21 November 2024

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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

