Argeo

Digitizing the ocean space

Second Quarter Presentation

25th of August, 2021

Strictly private and confidential

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.

Key message

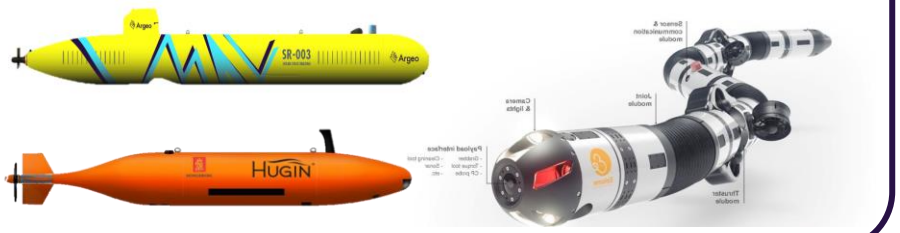
Transforming the ocean surveying and inspection industry

..by utilizing autonomous underwater and surface vehicles and unique sensor and imaging technology

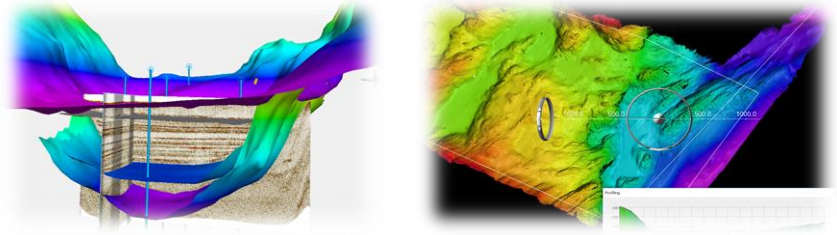
..to significantly increase efficiency and quality

..and to substantially reduce the CO2 footprint for the industry

High capability AUVs



Unique imaging and modelling technology



"Faster, better, greener and at a lower cost"

Argeo

Transforming the ocean surveying and inspection industry

Dedicated survey vessel

Day rate: High

CO2-emission: High

Data Quality: Low

Productivity: Medium

Dedicated ROV vessel

Day rate: High

CO2-emission: High

Data Quality: Medium

Productivity: Low

Traditional players delivering high-cost and time consuming services, applying large vessels and expensive equipment

Argeo

AUV/Robotics

Day rate: Low

CO2-emission: Low

Data Quality: High

Productivity: High

✓ **The most efficient data acquisition robots in the world**

✓ **Acquisition speed > 3.5x ROV**

Argeo

Source: Arkwright research, Company

2Q Highlights and Outlook

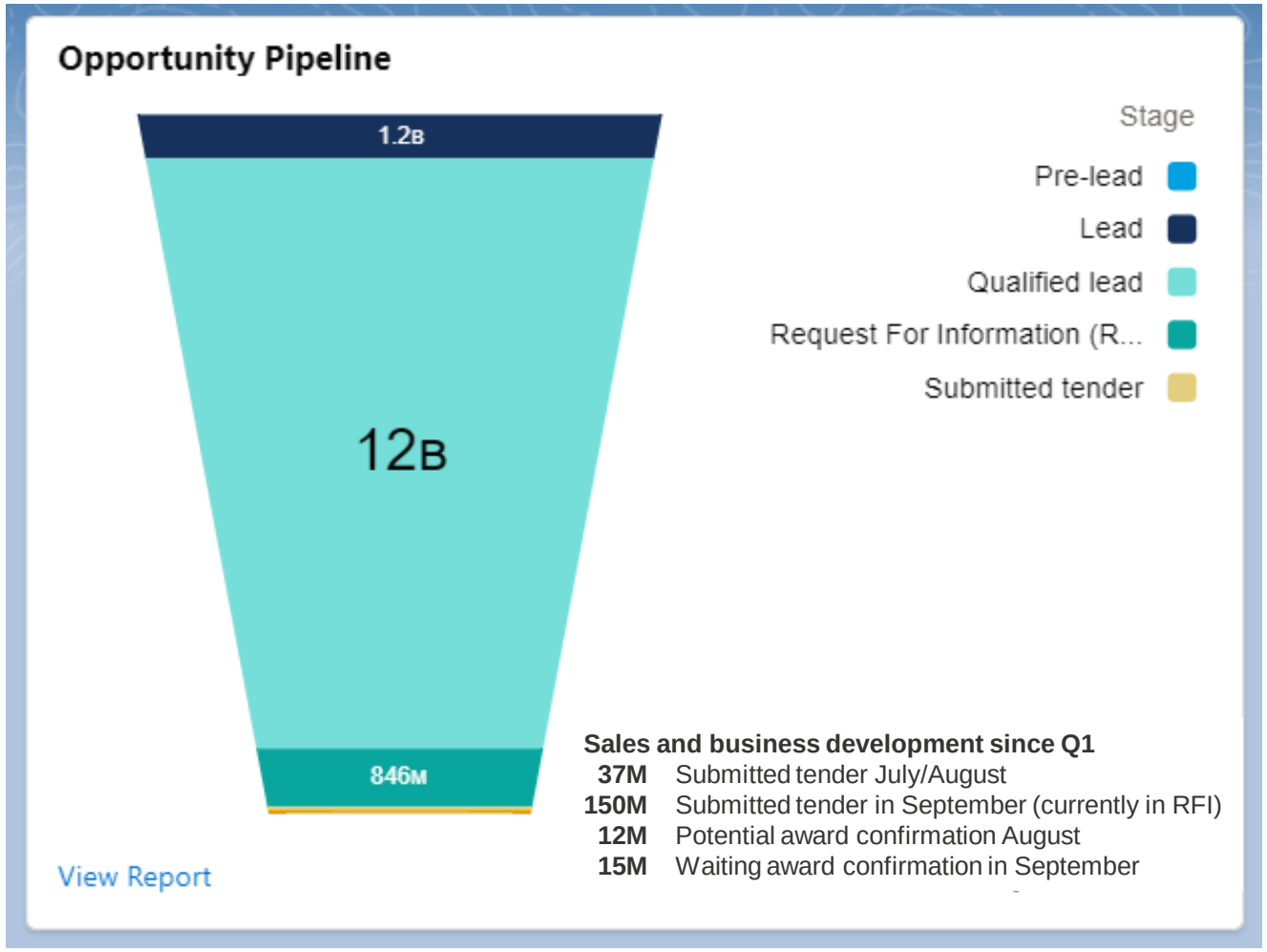
Highlights and Subsequent Events

- Argeo has successfully completed several key milestone projects involving all our robotics solutions and data analysis methods for clients
- Demonstrated the services based on our robotics platform (ASV) for EPCI clients in Aquaculture (Fjordmax) and Oil & Gas (AkerBP)
- All three robotics systems, the two Autonomous Surface Vehicle and the Hugin AUV are occupied from late August with potential for extension in September
- Building of both SeaRaptor (SR6K) systems going according to the earlier communicated plan with the first delivery in Q4-2021 and the second delivery in Q1-2022
- Revenue NOK 11 million in Q2 2021

Outlook

- Argeo sees significant demand for its services within three areas, Offshore Wind installations, Oil & Gas and an increasing activity in Deep Sea Minerals
- In-house technology and solutions in combination with our robotics systems are perfectly positioned to capture market share and to become a significant operator in the offshore wind market
- Argeo sees strong demand building for its services and expects increased activity going forward.
- Some planned projects are delayed hence the revenue expectations for the full year 2021 is reduced.
- Several projects are now in the final tendering stages, and an updated guidance for the remainder of the year cannot be provided now

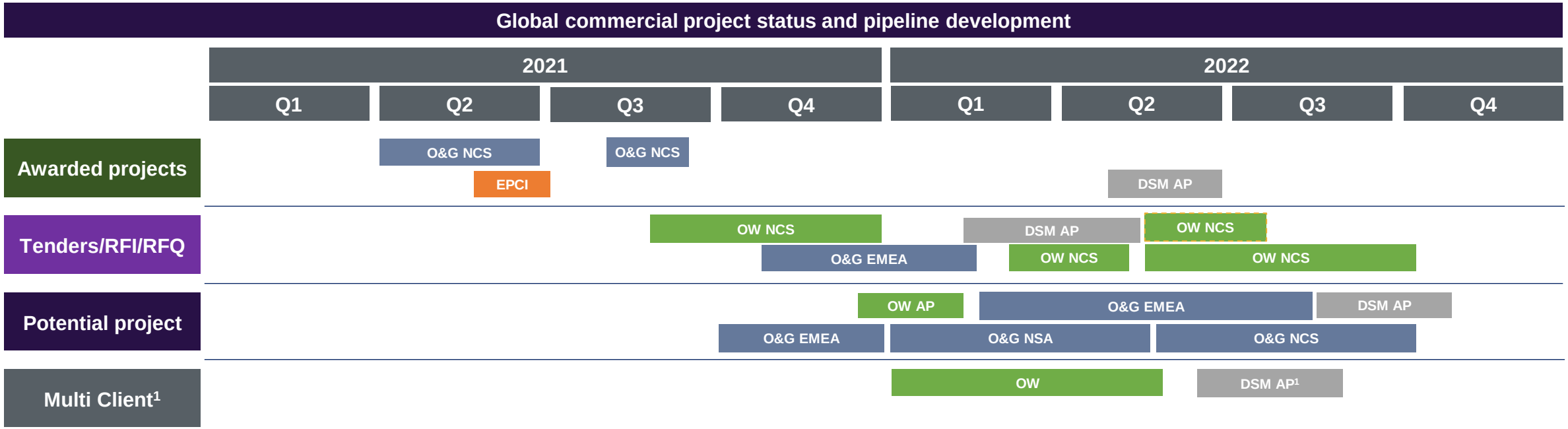
Project pipeline (NOK)



Segment	Distribution	Weighted
EPCI	0	0
Offshore wind	7,020M	724M
Deep Sea Minerals	220M	73M
O&G	6,845M	687M
Multiclient	330M	33M
TOTAL	14,415M	1,517M

Contract and tender activity

Good global interest and tender activity



Note 1: Multi-Client project development relating to Deep Sea Mineral exploration projects in international waters

Robotics and Digital solutions for the ocean space

EPCI

- Data acquisition, imaging and underground modelling for large infrastructure projects
- High accuracy imaging reducing project risk and construction costs

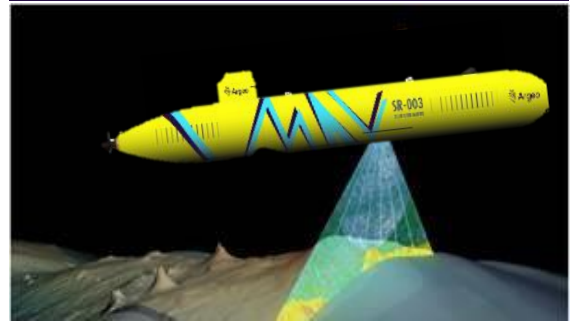
Offshore wind

- Wind farm design of foundations, substations etc.
- Investigation of routes for power cable
- Inspection of existing infrastructure

O&G Survey & Inspection

- Offshore field design, location of platform and subsea infrastructure
- Investigation of routes for pipelines
- Detection og damage and erosion on existing installations

Deep Sea Minerals



- Exploration for Deep-Sea Minerals (DSM)
- Wide use of sensors and in-house technology for mineral deposits characterization, a system under development by Argeo Robotics

Robotics for every offshore service requirements

Ultra Deep-Water Survey

Argeo

TELEDYNE GAVIA ehf.
Everywhereyoulook™

Key features

- Up to 40 hours battery capacity
- Depth rated to 6,000m
- Wide range of available sensor integrations
- Custom sensor integrations available

Benefits

- ✓ **Container based (40”) LARS integrated**
- ✓ **Fully modularized design for easy transport**
- ✓ **Argeo Sensor Applications**

Ultra Deep-Water Survey

Argeo

KONGSBERG

- Up to 50 hours battery capacity
- Depth rated to 6,000m
- Great maneuverability and stability
- Visual, bathymetric and sonar survey data

- ✓ **Container based (40”) LARS integrated**
- ✓ **Argeo Sensor Applications**
- ✓ **Long endurance and autonomous navigation**

Inspection, Maintenance and Repair (IMR)

Argeo

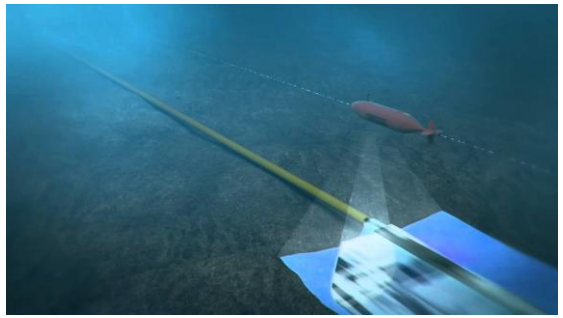
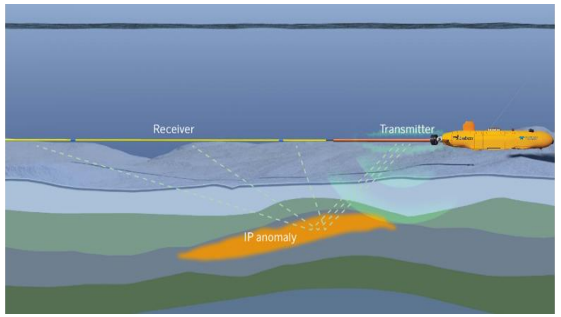
Eelume
SUBSEA INTERVENTION

- Modular combination of joints, thrusters and payload modules
- Disruptive technology for subsea inspection, maintenance and repair (IMR)
- Engineered to live permanently under water

- ✓ **Ultra-flexible and slender body that can operate in restricted areas subsea**
- ✓ **Modular system that can be tailor made for various operations**
- ✓ **Perfectly placed for DSM monitoring tasks**

Source: Kongsberg Gruppen, Eelume, Teledyne Technologies, Company

Technology & Engineering (T&E) – project development

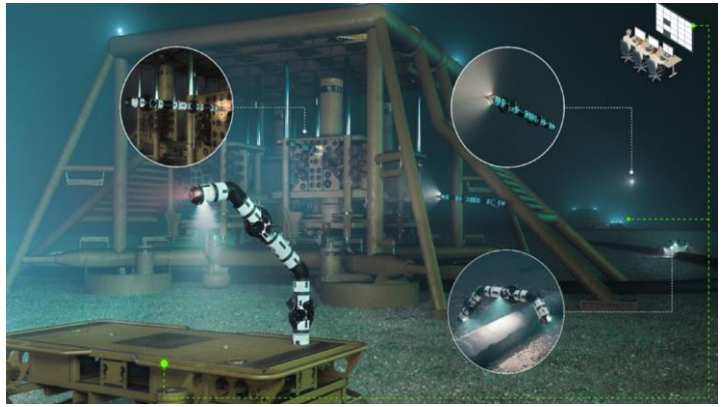
	Sensor development	Mineral Hunter	Mariner LE	Argeo Digital Twin
				
Key features	• Next Gen. pipeline and electric cable tracker for integrity inspection • Ensure correct tracking of buried assets • Allows for 3x speed over ROV • Can be implemented in all our AUV robotics solutions	• Deep Sea Mineral exploration and characterization system • Autonomous implementation allowing for acquisition • Allows for 3x speed over ROV • Can be implemented in all our AUV robotics solutions	• Low carbon footprint • Uninterrupted shore-to-shore operations • Multi sensor installation for shallow water survey • Link and Dock with Hugin and Eelume system	• Autonomous & robotics digital acquisition simulator • Real-time sensor data processing • Project data “Time Machine” • AI/Analytic sensor data interpretation and integration
Benefits	✓ **3x efficiency over ROV** ✓ **Integrates in all ARGEO AUV solutions** ✓ **Future continent to continent autonomous inspection** ✓ **Integrates with all other payload sensors in AUV**	✓ **6000-meter depth rated** ✓ **Integrates in SeaRaptor AUV** ✓ **Seabed & Deep target mineral Characterization system** ✓ **Integrate with all other payload sensors in AUV**	✓ **Full onshore Mission Control** ✓ **30-day endurance ~ 5000 km of autonomous data collection** ✓ **Integrates all payload sensors and Mission Control communication**	✓ **Digital representation of any physical Ocean Space EPCI project** ✓ **Integrates all ARGEO AUV/Robotics solutions** ✓ **Project lifecycle time-laps monitoring**

Source: Company

Significant benefits to clients within O&G and Offshore Wind

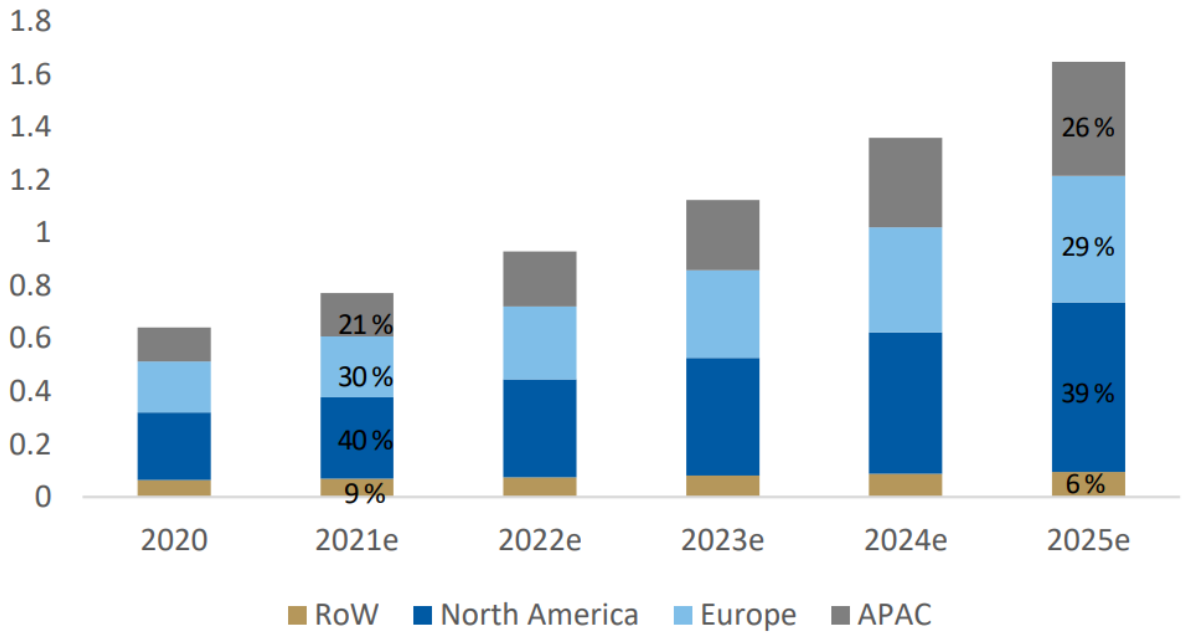
Benefits to Clients, >50% Cost Reduction	
Significant direct cost reduction	✓ Potential for up to 200-day reduction of IMR vessel use annually ✓ Hibernating solution provide significant reduction mob/demob cost
Operational benefits	✓ Extremely versatile and customizable design using modular payload ✓ Ultra-flexible and slender body that can operate in restricted subsea areas ✓ Robotic arms that can operate tools and carry out intervention tasks ✓ Fully mission controlled (supervised) tasks
Human and environmental benefits	✓ Climate neutral operation with nearly neutral CO2 footprint ✓ On-shore remote operation will substantially reduce HSEQ exposure

O&G and Offshore Wind



AUV

Global market size (BNOK)



Source: SB1 Markets, Marketsandmarkets, AUV market

Market opportunity

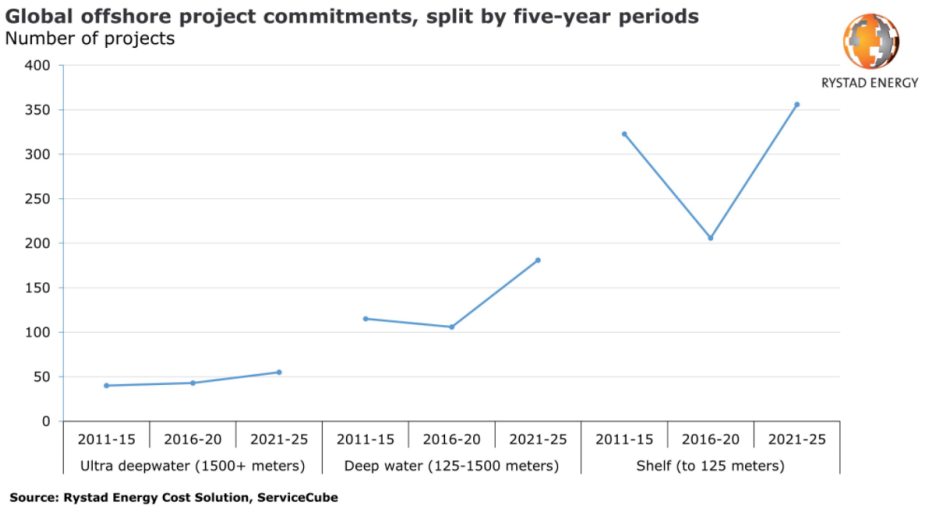
- AUV market will overtake ROV market size in 2030
- Military & Defense is the largest AUV segment currently, while the commercial segment is expected to see the highest growth.
- AUV upside compared to ROV for cable inspection:
  - 52% time saving
  - 62% cost reduction
  - 68% reduction in fuel
- The high expectations to the AUV market growth is based on
  - A rising number of deep-water offshore activities within Oil & Gas,Offshore wind and maritime security will increase demand for both ROVs and AUVs,
  - AUV's can replace several of the work tasks that are currently carried out by ROVs and vessels
  - Increased interest in greener technology and lower CO2 emissions.

Argeo

Market opportunity

SEGMENT: Oil & Gas

- Inspection, Maintenance and Repair of existing infrastructure:
  - 180,000 km pipelines offshore
  - 6,000 offshore platforms
- Commission of new projects:
  - Commitments are expected to not only recover going forward, but also set to reach a new record in the five-year period towards 2025:
    - 600 projects
    - 480 BUSD in greenfield expenditure

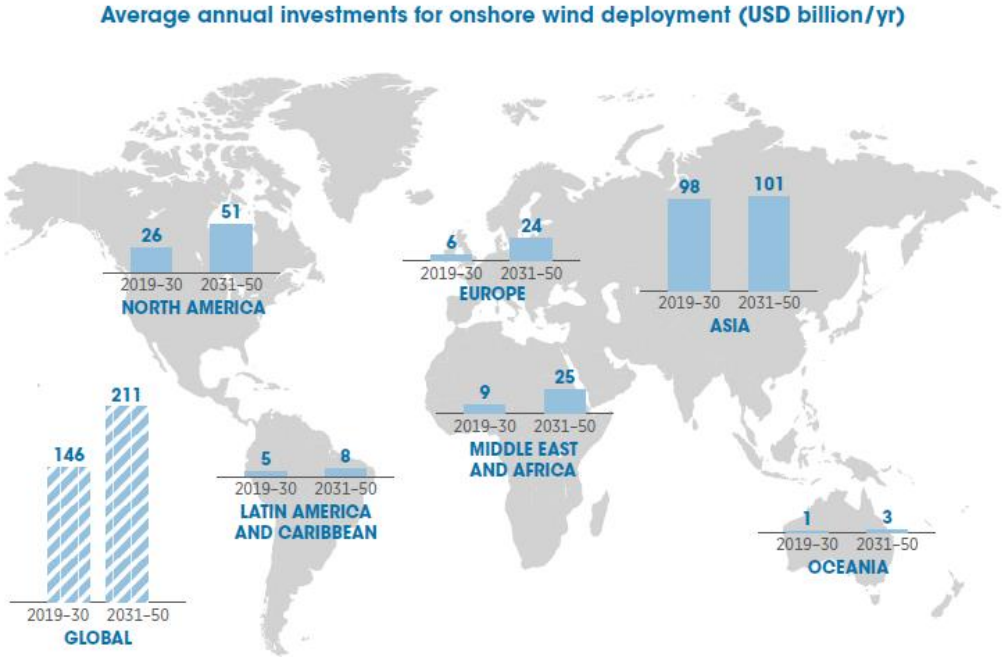


Source: Rystad Energy Cost Solution, ServiceCube

SEGMENT: Offshore wind

- On average 1% of offshore wind CAPEX are used for Consulting/Environmental surveys/Metocean/G&G studies
- AUV business opportunity:
  - 2019-2030: 1,450 MUSD/annually
  - 2030-2051: 2,120 MUSD/annually

Figure 17: total investments in global onshore annual wind power deployment, including new capacity installations and replacement of end-of-lifetime capacities.



Value proposition to customers

Fastest and most cost-effective survey solutions	• A significantly more flexible and faster pure-play provider not dependent on the shipping model • More than 50% time savings and 60% cost reduction compared to traditional ROV survey solutions
Significantly reduced emissions	• Minimized need for vessel infrastructure and up to 60% reduction in CO2 emissions from operations
AUVs provide more effective data acquisition	• Lowers the number of operators and allows for smaller support/”mother” vessels • Allows for higher speed and more effective data acquisition than by using ROVs
Improved data quality	• AUVs improve the image resolution and data quality by bringing the sensors closer to their targets

Income Statement

Amounts in NOK	Q2-2021	Q2-2020	First half 2021	First half 2020	Full Year 2020
Operating revenue	**10 863 902**	**3 719 166**	**12 004 800**	**4 863 717**	**12 834 387**
Employee expenses	4 189 645	227 424	5 782 466	853 129	2 902 341
Other operating expenses	8 857 135	1 845 206	10 456 775	2 592 033	6 350 502
EBITDA	**-2 182 877**	**1 646 535**	**-4 234 441**	**1 418 555**	**3 581 544**
Depreciation	299 753	244 693	606 965	434 679	972 321
EBIT	**-2 482 630**	**1 401 843**	**-4 841 406**	**983 876**	**2 609 224**
Net financial items	83 342	6 445	21 654	-15 572	-97 218
Profit/(loss) before tax	**-2 399 289**	**1 408 287**	**-4 819 752**	**968 304**	**2 512 006**
Income tax (expense)	536 665	-309 823	1 050 090	-213 027	-506 495
Profit/ (loss) for the period	**-1 862 624**	**1 098 464**	**-3 769 662**	**755 277**	**2 005 511**

- Revenue affected by some minor technical issues that have been resolved.
- Full operating cost during period with technical issues

Balance Sheet

Amounts in NOK	30.6.2021	30.6.2020	31.12.2020
ASSETS			
Intangible assets	4 394 394	2 388 449	3 570 598
Deferred tax asset	1 360 811	632 482	339 014
Property, plant and equipment	31 038 852	816 204	11 564 582
Investment in JV	5 903 075	0	0
Total non-current assets	**42 697 132**	**3 837 135**	**15 474 193**
Trade receivables	12 262 205	103 125	4 419 219
Other current assets	411 882	1 602 816	288 786
Cash and cash equivalents	124 699 191	1 192 256	7 779 692
Total current assets	**137 373 278**	**2 898 197**	**12 487 697**
Total assets	**180 070 410**	**6 735 332**	**27 961 890**
EQUITY AND LIABILITIES			
Equity	162 394 416	4 952 872	6 203 106
Long term debt	6 613 333	800 000	6 693 333
Total non-current liabilities	**6 613 333**	**800 000**	**6 693 333**
Trade payables	9 149 599	536 454	12 345 080
Other current liabilities	1 913 062	446 006	2 720 371
Total current liabilities	**11 062 661**	**982 460**	**15 065 451**
Total liabilities	**17 675 994**	**1 782 460**	**21 758 784**
Total equity and liabilities	**180 070 410**	**6 735 332**	**27 961 890**

- Intangible assets includes data modelling software and the Digital Twin project.
- PPE is mainly payments on the two SeaRaptors
- Trade receivables and payables high due to high activity in the end of the quarter

Cash flow statement

Amounts in NOK	Q2-2021	Q2-2020	First half 2021	First half 2020	Full Year 2020
Cash flow from operating activities					
Profit/(loss) before tax	-2 399 289	1 408 287	-4 819 752	968 304	2 512 006
Depreciation	299 753	244 693	606 965	434 679	972 321
Interest expense	82 167	266	138 291	22 283	106 509
Loss equity investments	-40 098	0	46 617	0	0
Change in current assets	-11 205 180	-657 855	-7 966 082	-1 309 945	-4 312 009
Change current liabilities	8 373 241	256 857	-4 002 790	262 874	14 345 865
Net cash from operating activities	**-4 889 406**	**1 252 249**	**-15 996 751**	**378 195**	**13 624 692**
Cash flow from investing activities					
Investment in property, plant and equipment	-30 309 605	0	-30 903 191	-117 335	-11 071 483
Capitalisation of development cost	-839 340	-327 443	-839 340	-437 463	-1 951 483
Net investment in Joint Venture	0	0	-5 871 402	0	0
Sale AUV to JV	0	0	10 837 500	0	0
Net cash from investing activities	**-31 148 944**	**-327 443**	**-26 776 432**	**-554 798**	**-13 022 966**
Cash flow from financing activities					
Net proceeds from new equity	159 910 974	0	159 910 974	0	0
Proceeds from interest-bearing debt	0	0	0	0	6 000 000
Repayment of interest-bearing debt	-40 000	0	-80 000	0	-106 667
Interest paid	-82 167	-266	-138 291	-22 283	-106 509
Net cash flow from financial activities	**159 788 807**	**-266**	**159 692 683**	**-22 283**	**5 786 824**
Net change in cash and cash equivalents	123 750 457	924 539	116 919 499	-198 886	6 388 550
Cash and cash equivalents beginning of period	948 734	267 717	7 779 692	1 391 142	1 391 142
Cash and cash equivalents end of the period	**124 699 191**	**1 192 256**	**124 699 191**	**1 192 256**	**7 779 692**

- Invested NOK 30.3m in assets, mainly related to the two SeaRaptors
- Capitalized NOK 0.8m as development cost for the Digital Twin project
- Net proceeds from share issue in April was NOK 159.9m

Argeo