

# Annual Report 2021



**Argeo**

Digitizing the ocean space



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“Prudent ramp-up of activities with several key milestones achieved”

## CEO Letter

2021 has been an important year for Argeo in terms of growth and development. 2021 took us to a new level completing many crucial milestones set out in our strategy.

In April 2021 Argeo became listed on the EuroNext Growth stock exchange, raising NOK 175 million through the issue of new shares. This raised both important capital for Argeo's next journey as well as awareness and trust about our services and technology in addition to buy-in from investors in Norway and abroad.

### Ramped up our teams

Following the listing we were able to recruit key commercial roles and scale the operational department as well as hiring 3 AUV crews. I am proud to say we have recruited an industry skilled and highly experienced group of people, with great industry knowledge, who are working hard to achieve Argeo's goals, developing our unique technology, creating global and local commercial opportunities, and keeping our operations safe and smooth. By the end of the year Argeo had grown to 35 employees. 2021 was also a year for focusing on HSEQ and to start our journey to become ISO certified. We have implemented a company Integrated Management System covering Health, Safety, Environment and Quality, and is implemented in line with the company's global expansion plan.

### Built our base fleet of robotic systems

During 2021 Argeo acquired our first Hugin AUV and ordered two identical deep-water AUVs called SeaRaptor 6000 which are highly mobile with the highest instrumentation specification available in the market today. To service the shallow water market Argeo built our USV, “Argus” making it ready for operations in early 2022. You can

read more about our fleet inside this report.

Subsequently, in early 2022, Argeo also secured a brand new Hugin 6000 from Kongsberg, growing our fleet and revenue potential.

### Commercial

On the commercial side our services and technology have been successfully presented to clients in the EMEA and the NSA region. We are experiencing strong interest in our target industries and geomarkets. The progress of our commercial expansion is exceeding our original plan developing the North & South America geomarket. Argeo is already established with an office in Houston, focusing on business development for the North America region and the GOM. We are well underway in the process of establishing Argeo in Brazil for the purpose of driving business development, project management and operations there.

Another positive news this quarter was confirmation of our first project in Brazil. Building strong partnerships has been the key focus of our sales team in Brazil and the results shows by converting leads to project tenders. We are continuing to build an increasingly strong pipeline of projects in our O&G and Offshore Wind market verticals enabled by bringing out new business models globally coupled with our technology and operational excellence. These initiatives underpin our plan to build a high-quality data library which we believe will bring long-term revenues over the next years.

### Technology & Engineering

During 2021 Argeo has worked hard on building unique in-house abilities to generate valuable data output with Argeo Robotics. For the year, the Argeo Robotics team has

submitted 5 patent applications for AUV related technology which consist of both sensor hardware and accompanying data processing techniques. The team has completed our first EM product, the Argeo Listen Cathodic Protection (CP) measurement system for AUV, now ready for integration into our SeaRaptor "Alpha" and planned sea trials in Q1 & 2. This

excellent asset integrity tool used for pipeline inspection, electric cable verification and tracking will find its way into the Hugin systems and will be followed by our active EM system Whisper used for inspection and monitoring services in Q3/4 and Discover used for Deep Sea Mineral characterization in Q1-23.

*Trond Figenschou Crantz*

Trond Figenschou Crantz

CEO of Argeo

# Main events

## Main events 2021

- Acquired the first Hugin system
- Signed strategic cooperation agreement with Multiconsult in January 2021
- NOK 175 million private placement in April 2021
- Listed on Euronext Growth in Oslo in April 2021
- Ordered two SeaRaptor AUV's from Teledyne, secured 50% financing for one of these
- Mobilised Hugin AUV for an O&G electrification project at the west-coast of Norway
- Received a NOK 12 million grant from Innovation Norway and the Norwegian Research Council in September 2021
- In December 2021, awarded a contract for AUV work in Brazil, to commence in 2022
- In December 2021, awarded a contract for ultra-deep-water work, to commence in 2022
- Established offices in Houston and Singapore, and started process to establish one in Rio

## Main events 2022

- The Hugin 1000 system moved to Brazil in January to commence operations on reported contract
- First SeaRaptor Alpha delivered in February
- Ordered a new Hugin 6000 AUV system from Kongsberg
- Signed 12-month project for newly purchased Hugin 6000
- In March 2022, awarded a NOK 8.5 million contract from Statens Vegvesen for the SeaRaptor "Alpha"
- Commenced Multi-Client offshore wind project at Utsira Nord
- NOK 75 million private placement in April 2022



Argeo aims to transform the ocean space survey and inspection industry through robotics, sensor, and imaging technology. This is expected to provide an increase in data accuracy, detail, and collection efficiency, as well as a reduced CO2 footprint by reducing the need for large surface vessels. Argeo's markets are in infrastructure, offshore wind, oil & gas inspection as well as deep-water mineral exploration.

## Argeo at a glance



**42**

EMPLOYEES



**3**

AUV CREWS

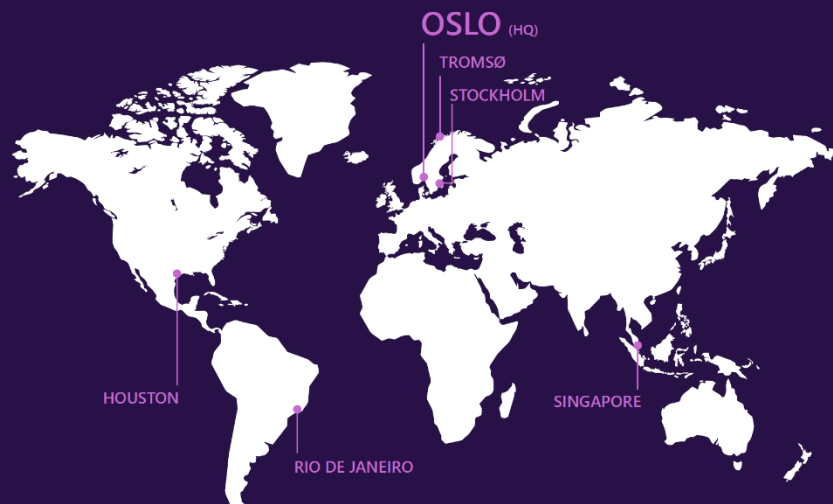


**6**

ASSETS



**Close to our customers**



Note: Per 31.12.2021 Argeo counted 35 employees, 1 asset and four ordered.



# About Argeo

## What we do

Argeo aims to transform the ocean space survey and inspection industry through robotics, sensor, and imaging technology. This is expected to provide an increase in data accuracy, detail, and collection efficiency, as well as a reduced CO2 footprint by reducing the need for large surface vessels. Argeo's markets are in infrastructure, offshore wind, oil & gas inspection as well as deep-water mineral exploration.

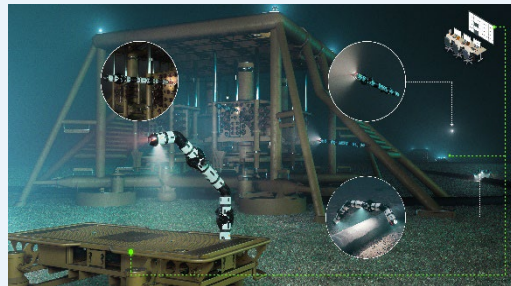
### Robotics and digital solutions for the ocean space - four attractive key target markets



#### CABLE INSTALLATION & VERIFICATION

Increase in offshore electrification projects and inter-continental power distribution.

This in turn drives new markets for inspection and maintenance using new and more efficient technologies.



#### O&G SURVEY & INSPECTION

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



#### OFFSHORE WIND

Increase investments in renewable sources of energy and favorable government policies:



#### DEEP SEA MINERALS

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

## Our mission, concept, and strategy

Argeo's mission is to transform the ocean surveying and inspection industry utilizing autonomous underwater and surface vehicles and unique sensor and imaging technology to significantly increase efficiency and quality, and substantially reduce the industry CO2 footprint.

### ARGEО'S MISSION

**Transforming** the ocean surveying and inspection industry

**utilizing autonomous** underwater and surface vehicles and unique sensor and imaging technology

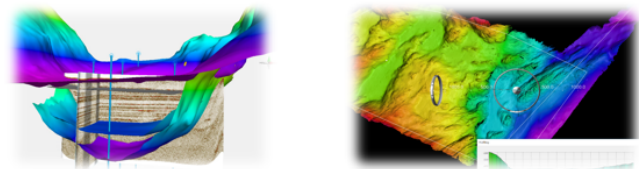
to significantly **increase efficiency and quality**

and substantially **reduce the industry CO2 footprint**

#### HIGH CAPABILITY ROBOTICS SOLUTIONS



#### UNIQUE IMAGING AND MODELLING TECHNOLOGY

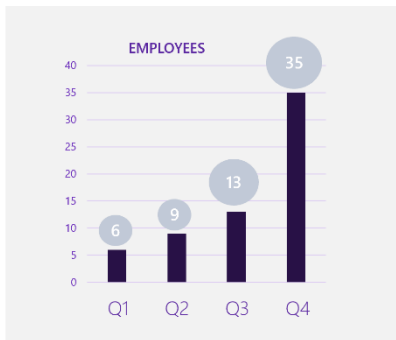


Argeo is continuing its strategy of staying close to the customer, driving business development, project management and operations where our clients are based.



# Highlights - development & growth

## WORKFORCE X 5.8

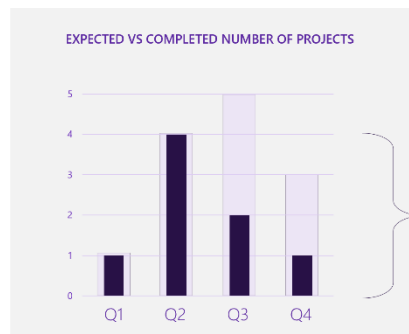


accumulated number of employees end of each quarter

## 3 NEW OFFICES IN NSA, EMEA & APAC



## 8 COMMERCIAL PROJECTS



Expected projects  
Realised projects

Two projects in 2021 were delayed  
One project in 2021 was deferred due to technology scope creep

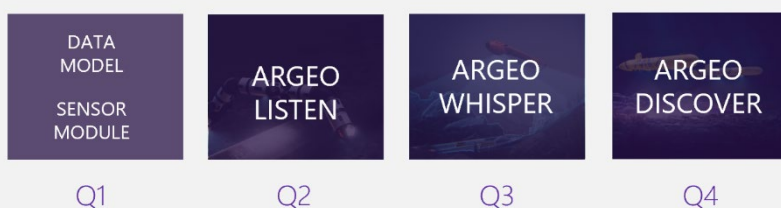
Although we expect to pick up one of the delayed projects in Q1-22 it represents lost 2021 revenue of 40 MNOK which we guided at the beginning of the year.

Available revenue generating assets

## 6 NEW VEHICLES ORDERED

	HUGIN 1000 AUV	SEARAPTOR AUV	SEARAPTOR AUV	ARGUS USV	EELUME AUV	HUGIN 6000 AUV
PLANNED TO ACQUIRE						
ORDERED	✓	✓	✓	✓	✓	✓
PLANNED DELIVERY	FEB 21	FEB 22	MAY 22	MAY 22	MAY 22 rental	H2 22
ACTUAL OPERATIONS	MAY 21	MAR 22	MAY 22	MAY 22	TBC	H2 22

## NEW ROBOTIC SOLUTIONS



## IP PATENT APPLICATIONS SUBMITTED

Argeo applied for a total of 5 IP patents in 2021



# Company update

## HSEQ

2021 was the year when Argeo's operational focus changed from primarily land based seismic operations to a more marine related survey business, operating AUVs and USVs.

Consequently, the organisation entered a phase of rapid growth and expansion. With the increased exposure to potential hazards and risks it was decided to start on a path towards alignment and eventually certification to the most relevant HSEQ related ISO standards, ISO 9001, 14001 and 45001.

Part of this process includes a full roll out of a new, integrated management system – SIMPLI/QM365 as well as introducing a dedicated HSEQ Management resource into the organisation. The process towards certification is still ongoing, with a defined roadmap to ensure alignment before the end of the year.

Being a "young" company provides us with a few challenges but also a lot of opportunities when it comes to building a sustainable HSE culture. It has all along been a clear focus on employee engagement and contribution when building our management system. An approach like this governs a "to the point" content of our system while also supporting a strong ownership to our HSEQ efforts.

### Argeo HSEQ Goals and Objectives

- We strive to achieve zero harm to people and an Lost Time Incident Frequency (LTIF) of zero
- Our focus is to prevent accidents and promote a safety culture where this is achievable
- Our Management system is built upon the principles of continual improvements



**Bjørn Jensen**  
HSEQ Manager  
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## Operations

Argeo's operational team has grown from an initial 1-crew setup consisting of 4 people early 2021 to 3 AUV crews EOY. Through this period Argeo has delivered services for customers within our Construction & Engineering, Oil and Gas verticals, entirely through use of autonomous surface vessels (USV) and autonomous underwater vehicles (AUV) coupled with our unique data processing, modelling, and visualization techniques.

### Goals for 2022

Building on the fast growth in 2021 we now look to stabilize operations and expand our services internationally. We have several key technology systems being delivered early 2022 and the organisation is preparing to successfully commercialize the new AUV's and our USV to bring high quality data for improved decision making for our customers.

- Incident free operations and development of strong QHSE culture onshore and offshore
- Verification and operationalization of new vehicles (AUVs and USV)
- Further recruitment, training and development of field crew and the onshore operations team
- Plan and execute commercial / MC projects according to or better than plan
- Further develop robust and state-of-the-art QA, data handling and processing routines
- Measure performance - with a continuous improvement mindset
- Agile operations able to adapt to different locations and contractual setups world-wide
- Enable and support geo-market growth



**Ronny Bøhn**  
COO  
ronny.bohn@argeo.no

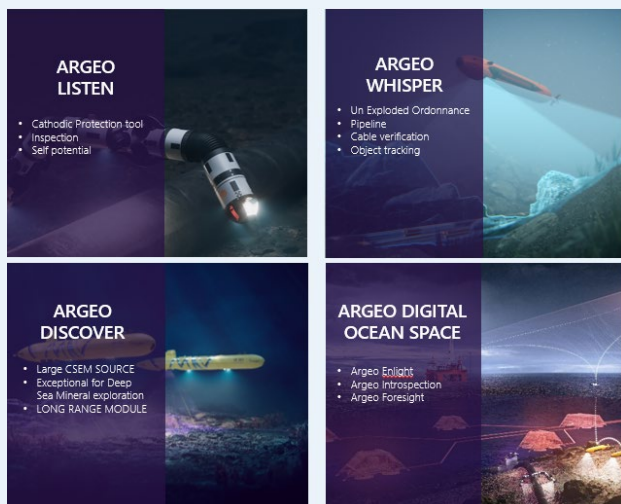
## Technology

Argeo Technology & Engineering develops proprietary sensor technology, autonomous survey- and inspection technology, as well as digital solutions delivering decision ready data in a digital ocean space solution for our customers. Proprietary technology that provides our customers with needed and required measurements that no one else can deliver with autonomous surface or underwater vehicles gives Argeo a strong competitive edge.

## Patents

Argeo submitted 5 patent applications to Patentstyret in 2021 on the topics listed below. During 2022 we expect these patents to be granted and we will soon start to apply for global extensions of these patents. We also expect to submit more patent applications during 2022.

- An acoustic method for steering an Autonomous Underwater Vehicle along a buried object.
- Active EM source implemented on AUV
- An electromagnetic method of tracking an object that is at least partially buried
- A system and method of measuring electric and/or magnetic field of an object
- An electromagnetic measurement system on a flexible underwater inspection/intervention drone
- A method of detection and delineation of an object that is at least partly buried in seabed



Argeo started to improve our Digital Ocean Space solution in 2021. This is a project partially funded by Innovation Norway and the Norwegian Research Council (Skattefunn). The solution will give customers access to their asset survey and inspection data in the cloud through an advanced and flexible 3D visualization and analysis tool. The first version "Argeo Enlight" will be delivered in 2022, and will provide visualization of survey data and other objects. The project will continue in 2023 and be enhanced with "Argeo Introspection" for subsea inspection data analysis and with "Argeo Foresight" for analysis of structures and bathymetry over the lifetime of the subsea assets.

Argeo has successfully developed proprietary technology for measuring Electrical fields "Argeo Listen" in the water column during a mission. This is a crucial technology for enabling AUVs for pipeline inspection as well as positioning buried power cables. Argeo Listen is implemented and tested on our first Searaptor and will be implemented on our other AUVs.

Argeo is currently developing unique and proprietary technologies enabling an CSEM source on AUV: "Argeo Whisper" for detecting unexploded ordnances and buried pipelines and "Argeo Discover" with a high energy source designed for Deep Sea Mineral exploration



**Thorbjørn Rekdal**

CTO

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## Commercial

Strong leads built throughout Q4 have materialised into several large tenders in our most important geomarkets and business verticals. In general business and commercial expansion is exceeding expectations.

The trend is larger projects in particular for the South American region. As the company brings in several new high-capacity vehicles we experience project size exceeding previous tenders with some in the range of up to 12 months and others for several years.

Innovating on new business models has been the focus of Argeo from the start, as a result we are the first company bringing in a sustainable Multi Client and Data As a Service business model for the renewable sector.

## Outlook

We already see significant growth in activities for the Oil & Gas market with E&P spending rising (17% in 2022) and a good growth in project sanctioning (8% in 2022) undoubtable make O&G our largest vertical and where we experience the largest tender activity.

The renewable sector, in particular the offshore wind market shows clear signs of being the largest growth market in terms of sanctioning for 2022 with several large licencing rounds announced globally, fitting well with Argeo's new MC/DAAS business model and good possibility for us to capitalize on.

## Good ramp-up of activities with several key milestones achieved



**Trond Crantz**  
CEO  
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## Marketing and communications

In H2 2021 Argeo appointed a Marketing & Communications Manager to develop Argeo's brand and take the lead on scaling up Argeo's international marketing efforts. Argeo's marketing mission going forward is to build a strong, global industry presence in Argeo's focus geomarkets.

### Growing international reach

In October 2021, Argeo participated in their first international tradeshow, Ocean Business in the UK. Argeo's goal with the exhibition was to extend our international reach in the EMEA region, create awareness about Argeo's offerings and meet with potential clients and partners.

### Building a marketing machine

Q4 2021 was the start-up of an on-going effort to create a "marketing machine" fuelling Argeo's commercial team with leads and prospects through automated marketing, targeted content, knowledge sharing and events.



**Elisabeth Andenaes**  
Marketing & Coms. Manager  
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## People & Culture

2021 was the build-up year for Argeo in all areas, including HR.

### Strong focus on recruitment

In order to gear up for activities, an HR consultant was hired in. The necessary HR processes were kick started for Argeo to be compliant and grow. Recruitment was a focus area resulting in our headcount growing to 24 in Argeo Survey, 6 in Argeo Robotics and 5 based in the newly started Argeo Singapore office.

### Building culture

A permanent People & Culture manager was recruited in Q4 with the goal of continuing to improve our HR processes but also to focus on building our culture. Argeo is now concentrating on developing a culture where our employees are motivated and passionate about our mission.



**Kari Christiansen**  
People & Culture Manager  
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## Board of Director's Report



Argeo Group ("Argeo") aims to transform the ocean space survey and inspection industry through robotics, sensor, and imaging technology. This is expected to provide an increase in data accuracy, detail, and collection efficiency, as well as a reduced CO2 footprint by reducing the need for large surface vessels. Argeo's markets are in infrastructure, offshore wind, oil & gas inspection as well as deep-water mineral exploration.

The Company was established in 2017 and is located in Norway with offices in Asker and Tromsø. Argeo has also offices in Houston and Singapore, and an office is under establishment in Brazil.

In April 2021, the Company completed a private placement of NOK 175 million. Argeo listed on Euronext Growth in Oslo (ticker: ARGEO) on 26 April 2021.

### Operations:

In January 2021, Argeo entered into a strategic cooperation with Multiconsult to significantly improve quality marine surveys and increase construction insight of the seabed conditions for large coastal development projects and offshore structures. The two parties also invested in a Hugin AUV.

In February 2021, the Company ordered a SeaRaptor AUV from Teledyne. The Company has also signed a rental agreement with Teledyne, where the latter will rent the AUV for a certain number of days during a three-year period from the date of delivery.

In April 2021, the Company ordered a second SeaRaptor AUV from Teledyne, with 50% of the purchase price to be paid over 8 quarterly instalments after delivery.

Argeo's operational team has grown from an initial 1-crew setup consisting of 4 people early 2021 to 2 AUV crews in the end of 2021. Through this period Argeo has delivered services for customers within our Construction & Engineering, Aquaculture & Oil and Gas verticals, entirely through use of autonomous surface vessels (USV) and autonomous underwater vehicles (AUV) coupled with Argeo's data processing, modelling, and visualization techniques.

Highlighting some examples was the AkerBP NOAKA/KRAFLA electrification project where 2 USV's was used to analyse the seabed conditions for electric cable landfall all the way out to Utsira. The entire cable route from the 12 nm Norwegian territorial boarder and into and through the Samnangerfjord was mapped and investigated using the Hugin 1000 AUV, passing several topographical and geological obstacles, moored fish farms and difficult to navigate routes.

In December 2021, Argeo signed an agreement for AUV service work in Brazil to commence in Q1 2022. The H1000 system was serviced and prepared at Kongsberg facilities during the latter half of Q4 prior to packing and transit to Rio. The contract is expected to be completed in May 2022.

In December 2021, Argeo signed an agreement for ultra-deep AUV service work to commence in Q2 2022. Duration is estimated to approximately one month.

The Argeo organization has grown from 5 to 35 employees during 2021, preparing for increased activity in 2022 after delivery of the new assets ordered in 2021.

Offices were established in Houston and Singapore during 2021, focusing on business development in these regions.

In September 2021, Argeo received a NOK 12 million grant from Innovation Norway and the Norwegian Research Council for Argeo's "Digital Twin" project. Argeo's Digital Twin solution is a ground-breaking virtual and digital representation of the subsea installations, their space in the ocean and their conditions at all times from planning to decommission as well as a digital simulation of acquiring the data for the digital representation. The representation is made up of 3-dimensional digital visualization of objects and sensor data that directly or indirectly provides information about the physical world.

During 2021, the Argeo Robotics team submitted 5 patent applications for AUV related technology which consist of both sensor hardware and accompanying data processing techniques.

## **Net income, investments, financing, and liquidity**

Revenues for the Group increased from NOK 12.8 million in 2020 to NOK 15.8 million in 2021. Net loss for the Group in 2021 was NOK 18.1, compared to a net profit of NOK 2.0 million in 2020. Net loss for the Group in 2021 is mainly due to a ramp up of the organisation and preparation for the activities in 2022 after delivery of new assets ordered in 2021.

Parent company Argeo AS did not have any revenue in 2021 or 2020. Net income for 2021 was NOK 3.4 million, mainly due to interest income on intercompany loans, and income tax benefit. Net loss for Parent in 2020 was NOK 0.1 million.

Total assets at year-end 2021 for the Group amounted to NOK 167.3 million, compared to NOK 28.0 million at year-end 2020.

Total assets at year-end 2021 for Parent amounted to NOK 170.4 million, compared to NOK 7.0 million at year-end 2020.

The Group invested NOK 3.7 million in property, plant and equipment and NOK 7.1 million in intangible assets in 2021. In addition, Argeo paid NOK 65.2 million in prepayments on assets ordered in 2021 for delivery in 2022. Argeo received Governmental funding from "Skattefunn" (R&D tax incentive scheme) and Innovation Norway amounting to NOK 2.2 million in 2021.

Cash and cash equivalents as of 31 December 2021 for the Group amounts to NOK 65.9 million, compared to NOK 7.8 million on 31 December 2020.

Cash and cash equivalents as of 31 December 2021 for the Parent amounts to NOK 52.6 million, compared to NOK 0.1 million on 31 December 2020.

Equity was NOK 148.1 million at the end of 2021 for the Group, compared to NOK 6.2 million at the end of 2020.

Equity was NOK 170.3 million at the end of 2021 for the Parent, compared to NOK 7.0 million at the end of 2020.

Net cash from operating activities for the Group in 2021 amounts to minus NOK 97.1 million, compared to NOK 13.6 million in 2020. In 2021, NOK 65.2 million is related to prepayment on assets ordered for delivery in 2022.

Remaining Capex in 2022 for ordered equipment is approximately NOK 91 million. Financing for these assets amounts to NOK 54 million. This includes two SeaRaptors, USV and Eelume.

## Outlook

Strong leads in the previous quarter have materialised into several tenders in our most important geomarkets. Some of these are subsequently in final negotiation stage. As the company brings in several new high-capacity vehicles we experience project size exceeding previous tenders with some in the range of up to 12 months and others for several years.

Demand for our services is evident. Our dialogs with major players in important verticals tell us that our solution and how we implement it very attractive which also shows in how leads now evolve into tenders, an indicator of our service offering is welcomed by the market. Argeo experiences an increasing demand over time and expects good demand for our services. As a result, we continue to expand our fleet to meet demand and to deliver on projects. Integration of our unique technology designed and built by Argeo Robotics will make a major impact on our "data that matters" strategy. Coupled with Argeo's Digital Ocean Space platform this will provide our customers with new insights into the current and future state of their ocean space assets.

We see a significant market potential for the Argeo Robotics products where Argeo Survey is not actively pursuing. Examples such as the naval and defence market are obvious, where our products can be used for countermeasures, explosives detection and scouting to name a few. The defence and military market are where the majority of AUV sales has taken place over the last decade and Argeo Robotics will start to explore commercial opportunities for our sensors and software products throughout 2022.

Our USV (Unmanned Surface Vessel) project is going according to plan and will be ready for commercial operations in May 2022 and may later in the year also be equipped with an Eelume Launch & Recovery System (LARS) designed for light intervention and monitoring for the offshore wind and general inspection services market. Marketing of the new USV "Argus" is going well with good interest from clients, in particular for the Offshore Wind market.

## Financial risk

### Interest rate

The company's debt was in NOK. The company's debt ratio is low, hence low risk.

### Foreign currency

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

### Credit risk

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

### Liquidity risk

Management of liquidity risk is given high priority. The company has ordered assets for delivery in 2022. And in March 2022, Argeo ordered a Hugin 6000 AUV for delivery in H2 2022. In April 2022, Argeo completed a private placement of NOK 75 million. After this placement, Argeo has significant liquid assets (bank deposits) and as such the liquidity risk is deemed to be low.

## Going concern

In accordance with Norwegian accounting legislation, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern.

## Allocation of net loss and dividends

Argeo Group had a net loss of NOK 18.1 million in 2021. The parent company Argeo AS had a net profit of NOK 3.4 million in 2021. The Board of Directors has proposed the net profit in Argeo AS to be allocated to other equity, and that no dividend is distributed.

## The working environment

At year-end 2021, the Argeo Group had 35 employees.

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

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

Leave of absence due to illness in 2021 was 2%. Argeo unfortunately experience one lost time injury (LTI) during 2021. The injured person was contracted personnel and was scheduled to sign off the day after the incident. The injured person has fully recovered and was able to sign on for his next assignment without any further days off from work.

## Environment

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

For Argeo, sustainable development goals are an integral part of our philosophy. By replacing traditional vessels with autonomous remote controlled robotics solutions significantly reduce CO2 emissions and by placing inspection robots on resident hibernating in-field subsea platforms the Company will be able to carry out light intervention and inspection remotely from shore, worldwide operations centres. Reducing activity offshore is paramount in the Group's strategy, by providing clients a Solutions-as-a-Service (SaaS) based Digital Twin solution data from our operations will enable better decision making and enable an ocean-space "time-machine" of installation data. In other words, the Company's mission is focused on low-impact, environment friendly operation while at the same time acquiring high quality data supported by digital models providing its customers with high-end project value.

## Corporate governance

Argeo considers good corporate governance to be a prerequisite for trustworthiness, value creation, and access to capital. To secure strong and sustainable corporate governance, it is important that Argeo ensures good and healthy business practices, reliable financial reporting, and an environment of compliance with legislation and regulations. The Company is incorporated and registered in Norway and is subject to

Norwegian law. The shares of Argeo are listed on Euronext Growth. As a Norwegian public limited liability company, Argeo must comply with the Norwegian Securities Trading Act, the Continuing obligations for companies listed on Euronext Growth, the Norwegian Public Limited Liability Companies Act and all other applicable laws and regulations. In accordance with the Company's adopted Code of Conduct we strive to operate our business in a way that will provide lasting benefits to all stakeholders, customers, partners, shareholders, employees and suppliers in addition to the communities in which we operate.

### **Corporate Social Responsibility Statement**

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

### **Subsequent events**

Argeo signed in March 2022 an agreement with Kongsberg Maritime for the purchase of a Hugin 6000 AUV for delivery in early H2 2022. At the same time, a 12-month contract was signed for AUV work with this unit, with a minimum guaranteed duration of 6 months, and a 6 month's extension. EBITDA contribution for the contract is USD 4.5m for the full 12 months period.

Argeo signed in March 2022 an agreement with Statens Vegvesen for AUV work with a contract value of NOK 8.5 million.

Argeo completed a private placement of NOK 75 million in April 2021. 15 million new shares were issued at NOK 5 per share.

### **Insurance for board members and executive management**

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

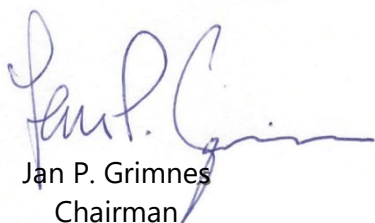
## Statement of the Board and CEO

The Board and CEO have today considered and approved the Director's Report and Annual Financial Statements for Argeo AS as of December 31, 2021 (Annual Report 2021).

To the best of our knowledge:

- The Annual Financial Statements for 2021 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice for small entities in Norway (NRS 8).
- The information in the Annual Financial Statements gives a true and fair view of the assets, liabilities, financial position, and overall results as of December 31, 2021.
- The Director's Report gives a true and fair view of:
  - o The development, result and position of the company.
  - o The principal risks and uncertainties faced by the company

The Board of Directors and CEO of Argeo AS  
Asker, 29<sup>th</sup> April 2022



Jan P. Grimnes  
Chairman



Geir Kaasen  
Board Member



Arne Kjørsvik  
Board Member



Jim Dåtland  
Board Member



Trond F. Crantz  
CEO



**Argeo AS**  
**Consolidated Income Statement**

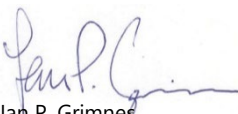
Amounts in NOK	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
<b>Operating revenues:</b>					
Sales revenue	3	15 371 933	11 904 387	0	0
Governmental grants	3, 4	470 000	930 000	0	0
<b>Total revenues</b>		<b>15 841 933</b>	<b>12 834 387</b>	<b>0</b>	<b>0</b>
<b>Operating expenses:</b>					
Operating Cost		17 439 402	0	0	0
Employee expenses	5	22 661 612	3 652 576	770 175	0
Other operating expenses		8 755 430	7 551 750	1 397 219	62 470
Capitalisation of cost		-6 367 084	-1 951 483	0	0
Depreciation	8, 9	1 276 144	972 321	0	0
<b>Total operating expenses</b>		<b>43 765 504</b>	<b>10 225 164</b>	<b>2 167 394</b>	<b>62 470</b>
<b>Operating profit/(loss)</b>		<b>-27 923 571</b>	<b>2 609 224</b>	<b>-2 167 394</b>	<b>-62 470</b>
<b>Financial income and expenses:</b>					
Income/ (loss) equity investments		-471 136	0	0	0
Financial income	6	89 449	1 395	2 402 207	1 227
Financial expenses	6	-432 934	-106 509	-165 968	0
Net foreign exchange gain (loss)		776 333	7 896	-117	0
<b>Net financial items</b>		<b>-38 288</b>	<b>-97 218</b>	<b>2 236 123</b>	<b>1 227</b>
<b>Income/(loss) before income taxes</b>		<b>-27 961 859</b>	<b>2 512 006</b>	<b>68 728</b>	<b>-61 243</b>
Income tax expense (benefit)	7	9 848 396	-506 495	3 304 465	13 473
<b>Income/(loss) for the year</b>		<b>-18 113 463</b>	<b>2 005 511</b>	<b>3 373 193</b>	<b>-47 770</b>

# Argeo AS

## Consolidated Statement of Financial Position as of 31 December

Amounts in NOK	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
<b>ASSETS</b>					
<b>Non-current assets</b>					
Other intangible assets	4, 8	7 647 152	3 570 598	0	0
Deferred tax asset	7	10 259 439	339 014	3 406 205	101 740
Property, plant and equipment	9	3 964 613	11 564 582	0	0
Shares in associated companies	17	5 478 556	0	0	0
Shares in subsidiaries	16	0	0	55 676 096	5 676 096
<b>Total non-current assets</b>		<b>27 349 760</b>	<b>15 474 193</b>	<b>59 082 301</b>	<b>5 777 836</b>
<b>Current assets</b>					
Trade receivables		6 164 055	4 419 219	0	0
Other receivables	18	67 963 861	288 786	58 695 202	1 205 000
Cash and cash equivalents	14	65 862 065	7 779 692	52 623 225	54 092
<b>Total current assets</b>		<b>139 989 981</b>	<b>12 487 697</b>	<b>111 318 428</b>	<b>1 259 092</b>
<b>Total assets</b>		<b>167 339 740</b>	<b>27 961 890</b>	<b>170 400 728</b>	<b>7 036 928</b>
<b>EQUITY</b>					
Share capital	10	2 744 146	610 000	2 744 146	610 000
Additional paid-in capital		164 557 508	6 780 680	164 557 508	6 780 680
Other equity		-19 251 036	-1 187 574	3 026 429	-346 763
<b>Total equity</b>	11	<b>148 050 618</b>	<b>6 203 106</b>	<b>170 328 084</b>	<b>7 043 917</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Long term debt	13	5 933 333	6 693 333	0	0
<b>Total non-current liabilities</b>		<b>5 933 333</b>	<b>6 693 333</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>					
Trade payables		6 287 642	12 345 080	24 423	-6 989
Taxes payable	7	100 322	0	0	0
Public taxes		1 878 704	0	48 221	0
Other current liabilities		5 089 122	2 720 371	0	0
<b>Total current liabilities</b>		<b>13 355 790</b>	<b>15 065 451</b>	<b>72 644</b>	<b>-6 989</b>
<b>Total liabilities</b>		<b>19 289 123</b>	<b>21 758 784</b>	<b>72 644</b>	<b>-6 989</b>
<b>Total equity and liabilities</b>		<b>167 339 740</b>	<b>27 961 890</b>	<b>170 400 728</b>	<b>7 036 928</b>

The Board of Directors and CEO of Argeo AS  
Asker, 29<sup>th</sup> April 2022

  
Jan P. Grimnes  
Chairman

  
Geir Kaasen  
Board Member

  
Arne Kjörsvik  
Board Member

  
Trond F. Crantz

CEO

  
Jim Dattand  
Board Member

**Argeo AS**  
**Consolidated statement of changes in equity**

<b>Amounts in NOK</b>	<b>Share capital</b>	<b>Additional paid-in capital</b>	<b>Accumulated earnings</b>	<b>Total equity</b>
<b>Balance as of 1.1.2021</b>	<b>610 000</b>	<b>6 780 680</b>	<b>-1 187 574</b>	<b>6 203 106</b>
Profit/(loss) for the period	0	0	-18 113 463	-18 113 463
Effect of establish associated company	0	0	50 000	50 000
Net proceeds from new equity	2 134 146	157 776 828	0	159 910 974
<b>Balance as of 31.12.2021</b>	<b>2 744 146</b>	<b>164 557 508</b>	<b>-19 251 036</b>	<b>148 050 618</b>
<b>Balance as of 1.1.2020</b>	<b>610 000</b>	<b>6 780 680</b>	<b>-3 193 084</b>	<b>4 197 596</b>
Profit/(loss) for the period	0	0	2 005 511	2 005 511
<b>Balance as of 31.12.2020</b>	<b>610 000</b>	<b>6 780 680</b>	<b>-1 187 574</b>	<b>6 203 106</b>

**Argeo AS**  
**Consolidated statement of cash flow**

Amounts in NOK	Note	Group 2021	Group 2020	Parent 2021	Parent 2020
<b>Cash flow from operating activities</b>					
Profit/(loss) before tax		-27 961 859	2 512 006	68 728	-61 243
Depreciation	8, 9	1 276 144	972 321	0	0
Financial income	6	-89 449	-1 395	2 402 207	1 227
Financial expense	6	432 934	106 509	-165 968	0
Gain/Loss equity investments		471 136	0	0	0
Change in current assets		-69 419 911	-4 312 009	-57 490 202	-861 117
Change current liabilities		-1 809 979	14 345 865	79 633	-10 612
<b>Net cash from operating activities</b>		<b>-97 100 984</b>	<b>13 623 297</b>	<b>-55 105 601</b>	<b>-931 745</b>
<b>Cash flow from investing activities</b>					
Investment in property, plant and equipment	2	-3 687 020	-11 071 483	0	0
Capitalisation of development cost	8	-4 903 211	-1 951 483	0	0
Investment in subsidiary		0	0	-50 000 000	0
Net investment in associated companies		-5 871 402	0	0	0
Sale AUV to associated company	9	10 837 500	0	0	0
<b>Net cash from investing activities</b>		<b>-3 624 132</b>	<b>-13 022 966</b>	<b>-50 000 000</b>	<b>0</b>
<b>Cash flow from financing activities</b>					
Net proceeds from new equity	11	159 910 974	0	159 910 974	0
Proceeds from interest-bearing debt	13	0	6 000 000	0	0
Repayment of interest-bearing debt	13	-760 000	-106 667	0	0
Financial income	6	89 449	1 395	-2 402 207	-1 227
Financial expense	6	-432 934	-106 509	165 968	0
<b>Net cash flow from financial activities</b>		<b>158 807 489</b>	<b>5 788 219</b>	<b>157 674 734</b>	<b>-1 227</b>
Net change in cash and cash equivalents		58 082 373	6 388 550	52 569 133	-932 972
Cash and cash equivalents begin. of period		7 779 692	1 391 142	54 092	987 064
<b>Cash and cash equivalents end of the period</b>		<b>65 862 065</b>	<b>7 779 692</b>	<b>52 623 225</b>	<b>54 092</b>



 Notes

# Notes to the consolidated financial statements

## Note 1. Introduction

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

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

These financial statements have been approved by the Board of Directors and the Chief Executive Officer on 29 April 2022.

## Note 2. Summary of significant accounting policies

### 2.1 Basis for preparation

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

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

### 2.2 Basis of consolidation

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

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

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

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

### 2.3 Current versus non-current classification

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

### 2.4 Cash and cash equivalents

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

### 2.5 Trade receivables

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



## 2.6 Governmental grants

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

## 2.7 Property, plant and equipment

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

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

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

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

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

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

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

## 2.8 Subsidiaries

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

## 2.9 Intangible assets

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

## 2.10 Operating leases

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

## **2.11 Provisions**

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

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

## **2.12 Equity**

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

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

## **2.13 Revenue**

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

Revenues from construction contracts are recognised according to the project's stage of completion, provided the outcome of the project can be estimated reliably. When the outcome of the project cannot be estimated reliably, only revenues equal to the project costs that have been incurred are recognise. The total estimated loss on a contract will be recognised in the income statement when the loss has been identified. The stage of completion is calculated as accrued production cost in relation to expected total production costs. Expected total production costs are estimated based on a combination of experience of numbers, systematic estimation procedures, follow-up of performance measurements and follow up of efficiency measurements and best estimates.

## **2.14 Employee benefits**

### Defined contribution pensions

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

## **2.15 Taxation**

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax assets or liabilities are calculated with 22% on all taxable temporary differences as per 31.12.21.

## **2.16 Foreign currency**

Currency transactions are translated at the rate applicable on the transaction date. Foreign exchange gain/losses that arise as a result of changes in the exchange rate between the transaction date and the payment

date are recognised in the income statement. At the balance sheet date balances not being reflected in NOK are translated to NOK at the rate of exchange applicable on the balance sheet date.

## 2.17 Significant accounting judgements and estimates

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

## Note 3. Sales revenue

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Parent 2021</b>	<b>Parent 2020</b>
External revenue	15 371 933	11 904 387	0	0
Governmental grants	470 000	930 000	0	0
<b>Total</b>	<b>15 841 933</b>	<b>12 834 387</b>	<b>0</b>	<b>0</b>

## Note 4. Governmental grants

The Group received Governmental grants amounting to NOK 2 668 395 in 2021. 470 000 was booked as income, 2 198 395 was booked as reduction in other intangible assets.

## Note 5. Employee expenses, number of employees and remuneration to auditor

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Parent 2021</b>	<b>Parent 2020</b>
<b>Employee expenses:</b>				
Salaries	19 002 741	3 164 935	675 000	0
Payroll tax	2 193 790	403 593	95 175	0
Pension	1 005 685	66 246	0	0
Other payments	459 396	17 802	0	0
<b>Total</b>	<b>22 661 612</b>	<b>3 652 576</b>	<b>770 175</b>	<b>0</b>

The Group had 35 employees at year-end 2021. The Group is obliged to offer its employees an occupational pension scheme according to Norwegian law. The Group has a defined contribution plan for all its employees which fulfil all governmental requirements. The amount per employee in 2021 was 5% of ordinary salary up to 7.1G, and 9.1% of ordinary salary between 7.1 and 12G.

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Parent 2021</b>	<b>Parent 2020</b>
<b>Compensation to auditors:</b>				
Statutory work	145 762	69 984	62 525	25 000
Other assurance services	45 104	10 838	16 304	0
<b>Total</b>	<b>190 866</b>	<b>80 822</b>	<b>78 829</b>	<b>25 000</b>

## Note 6. Financial income and expenses

	Group 2021	Group 2020	Parent 2021	Parent 2020
<b>Financial income:</b>				
Interest income	89 449	1 395	2 402 207	1 227
Other financial income	0	0	0	0
<b>Total</b>	<b>89 449</b>	<b>1 395</b>	<b>2 402 207</b>	<b>1 227</b>

	Group 2021	Group 2020	Parent 2021	Parent 2020
<b>Financial expenses:</b>				
Interest expense	265 715	76 515	0	0
Other financial expense	167 219	29 994	165 968	0
<b>Total</b>	<b>432 934</b>	<b>106 509</b>	<b>165 968</b>	<b>0</b>

## Note 7. Income tax

	Group 2021	Group 2020	Parent 2021	Parent 2020
<b>Income tax expense:</b>				
Taxes payable	100 322	0	0	0
Effect of establish associated company	-28 292	0	0	0
Change in deferred tax	-9 920 425	506 495	-3 304 465	-13 473
<b>Total income tax expense</b>	<b>-9 848 395</b>	<b>506 495</b>	<b>-3 304 465</b>	<b>-13 473</b>

	2021	2020	2021	2020
<b>Calculation of tax basis:</b>				
Result before tax	-27 961 859	2 512 006	68 728	-61 243
Permanent differences	-16 733 800	-64 537	-15 089 022	0
Change in temporary differences	45 151 668	-2 447 469	15 020 294	61 243
<b>Total tax basis</b>	<b>456 010</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Taxes payable 22%</b>	<b>100 322</b>	<b>0</b>	<b>0</b>	<b>0</b>

	2021	2020	2021	2020
<b>Temporary differences:</b>				
Fixed assets	-1 948 316	-123 224	0	0
Financial assets	-3 469 796	0	0	0
Losses to be carried forward	-41 200 451	-1 488 752	-15 482 750	-462 456
<b>Total temporary differences</b>	<b>-46 618 563</b>	<b>-1 611 976</b>	<b>-15 482 750</b>	<b>-462 456</b>

<b>Deferred tax benefit</b>	<b>-10 259 439</b>	<b>-354 635</b>	<b>-3 406 205</b>	<b>-101 740</b>
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Deferred tax benefit not recognized in balance sheet	0	15 621	0	0
<b>Deferred tax benefit recognized in balance sheet</b>	<b>-10 259 439</b>	<b>-339 014</b>	<b>-3 406 205</b>	<b>-101 740</b>

There is no expiry on losses carried forward.

## Note 8. Other intangible assets

	Group 2021	Group 2020	Parent 2021	Parent 2020
Cost as of 1 January	4 133 307	2 181 824	0	0
Additions	7 101 606	1 951 483	0	0
Governmental grants	-2 198 395	0	0	0
Cost as of 31 December	9 036 518	4 133 307	0	0
Accumulated depreciation as of 1 January	562 709	0	0	0
Depreciation	826 656	562 709	0	0
Accumulated depreciation as of 31 December	1 389 365	562 709	0	0
<b>Net book value at 31 December</b>	<b>7 647 154</b>	<b>3 570 599</b>	<b>0</b>	<b>0</b>

Intangible assets consist of capitalised cost related to development of a 3D Geological modelling system, Argeo's "Digital Twin", and various sensor solutions. Depreciation of the 3D Geological modelling system started in 2020 and is taken over 5 years.

## Note 9. Property, plant and equipment

	<b>Group 2021</b>	<b>Group 2020</b>	<b>Parent 2021</b>	<b>Parent 2020</b>
Cost as of 1 January	12 546 109	1 474 627	0	0
Additions	3 687 020	11 071 482	0	0
Sale AUV to associated company	-10 837 500	0	0	0
Cost as of 31 December	5 395 629	12 546 109	0	0
Accumulated depreciation as of 1 January	981 528	571 916	0	0
Depreciation	449 488	409 612	0	0
Accumulated depreciation as of 31 December	1 431 016	981 528	0	0
<b>Net book value at 31 December</b>	<b>3 964 613</b>	<b>11 564 581</b>	<b>0</b>	<b>0</b>

Additions in 2020 includes the purchase of one Hugin AUV, which was transferred to a joint owned company (50/50) with Multiconsult in January 2021.

Additions in 2021 and net book value on 31 December 2021 includes mainly investment in equipment for operations and office equipment.

Expected useful life is 3 years for office equipment and 3-7 years for field equipment.

## Note 10 Share capital and shareholders information

As of 31 December 2021, the Company had a share capital of NOK 2 744 146 divided on a total of 27 441 463 shares. The face value of each share is NOK 0.1. All shares have equal voting rights.

## Top 20 shareholders at 31.12.2021:

Shareholder	Shares	Ownership
SPAREBANK 1 MARKETS AS	2 654 403	9,7%
LANGEBRU AS	2 500 000	9,1%
ASCENT AS	2 067 898	7,5%
TROPTIMA AS	1 770 968	6,5%
KISTEFOS AS	1 768 292	6,4%
DNB BANK ASA	1 730 000	6,3%
Performa Consulting AS	1 630 968	5,9%
REDBACK AS	1 469 512	5,4%
PRO AS	1 280 487	4,7%
NORDNET LIVSFORSIKRING AS	749 288	2,7%
Nordnet Bank AB	684 577	2,5%
EKS AS	600 000	2,2%
LINDVARD INVEST AS	470 021	1,7%
SIRIUS AS	425 000	1,5%
WOLFF	365 620	1,3%
MP PENSJON PK	349 000	1,3%
Avanza Bank AB	331 455	1,2%
EMGANI AS	302 439	1,1%
STAVANGER KAPITALFORVALTNING AS	292 683	1,1%
SILVERCOIN INDUSTRIES AS	292 683	1,1%
<b>Total top 20</b>	<b>21 735 294</b>	<b>79,2%</b>
<b>Other</b>	<b>5 706 169</b>	<b>20,8%</b>
<b>Total</b>	<b>27 441 463</b>	<b>100,0%</b>

## Note 11 Equity

Group	Issued capital	Additional paid-in capital	Other equity	Total Equity
On 1 January 2021	610 000	6 780 680	-1 187 574	6 203 106
Profit/(loss) for the year	0	0	-18 113 463	-18 113 463
Effect of establish JV	0	0	50 000	50 000
Net proceeds from new equity	2 134 146	157 776 828	0	159 910 974
<b>At 31 December 2021</b>	<b>2 744 146</b>	<b>164 557 508</b>	<b>-19 251 036</b>	<b>148 050 618</b>

Parent	Issued capital	Additional paid-in capital	Other equity	Total Equity
At 1 January 2021	610 000	6 780 680	-346 764	7 043 916
Profit/(loss) for the year	0	0	3 373 193	3 373 193
Net proceeds from new equity	2 134 146	157 776 828	0	159 910 974
<b>At 31 December 2021</b>	<b>2 744 146</b>	<b>164 557 508</b>	<b>3 026 429</b>	<b>170 328 084</b>

The Company issued in April 2021 21 341 463 new shares at NOK 8.20 per share. Net proceeds were NOK 159 910 974.

### Authorisations/ warrants:

The Company issued in December 2020 624 772 warrants (Tranche 1 Warrants), which replaced earlier authorisations to issue new shares under its share option program. The warrants may be exercised in relation to the Company's option program and are valid until December 2025. As of 31 December 2021, no warrants had been exercised.

3 750 000 new warrants (Tranche 2 Warrants) were issued in April 2020 to existing shareholders of the Company before the private placement. A total of 1,875,000 Tranche 2 Warrants can be exercised at NOK 0.10 given a demonstrated share market price appreciation of two times the Subscription Price within the



next two years and the remaining 1,875,000 Tranche 2 Warrants can be exercised at NOK 0.10 given a demonstrated share market price appreciation of three times the Subscription Price within a period of 4 years.

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

The Company's general meeting gave in December 2021 an authorisation to increase the Company's share capital with up to NOK 274 414.60, equal to an issuance of up to 2 744 146 new shares. The authorisation can be used in connection with acquisitions, mergers, investments or similar transactions, or for the purpose of strengthening the Company's financial position. As of 31 December 2021, there had not been issued any shares from this authorisation.

## Note 12 Share-based payments

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

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

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

### 2021:

As of 1 January 2021	624 772
Granted during the year	995 000
<b>As of 31 December 2021</b>	<b>1 619 772</b>

### 2020:

As of 1 January 2020	574 772
Granted during the year	50 000
<b>As of 31 December 2020</b>	<b>624 772</b>

Share options at the end of 2021 have the following expiry date and exercise prices:

Expiry date	Exercise price	Options
10.2.2024	20,000	6 000
10.2.2024	0,282	538 772
1.7.24	20,000	18 000
10.2.25	20,000	6 000
7.9.25	0,830	50 000
23.12.25	20,000	6 000
16.4.26	8,200	450 000
16.12.26	8,200	545 000
		<b>1 619 772</b>

624 772 of outstanding options at the end of 2021 are exercisable.

## Note 13 Long term debt

Group	Nominal rate of interest	Booked value	
		2021	2020
NOK 0.8 million loan	4,95 %	533 333	693 333
NOK 6 million loan	3.95%	5 400 000	6 000 000
<b>Total long term debt</b>		<b>5 933 333</b>	<b>6 693 333</b>

The Group secured in 2019 a NOK 0.8 million loan from Innovasjon Norge, bearing an interest at 4.95%. The loan is secured with machinery and plant in Argeo Survey AS, and is repaid over 6 years.

The Group secured in 2020 a NOK 6 million loan from Innovasjon Norge, bearing an interest at 3.95%. The loan is secured with machinery and plant in Argeo Survey AS, in the shares owned by Argeo Survey in its 50% ownership in H1000 JV AS, and by a parent guarantee from Argeo AS. The loan is repaid over 5.5 years with a 6 month's grace period.

## Note 14 Restricted cash

	Group 2021	Group 2020	Parent 2021	Parent 2020
Withholding taxes included in cash and cash equivalents	1 936 546	188 037	155 250	0

## Note 15 Related parties

### Group and Parent

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

Name		Shares		Share options / warrants	
		2021	2020	2021	2020
Trond F. Crantz <sup>1)</sup>	CEO	2 067 898	2 067 898	1 549 924	278 675
Jan P. Grimnes <sup>2)</sup>	Chairman	1 469 512	0	223 689	0
Geir Kaasen <sup>3)</sup>	Board member	109 662	109 662	187 415	50 000
Ann-Christin Andersen	Board member	0	0	70 000	0
Jim Dåtland	Board member	0	0	70 000	0
Arne Kjørsvik	Board member	0	0	70 000	0
<b>Total</b>		<b>3 647 072</b>	<b>2 177 560</b>	<b>2 101 028</b>	<b>328 675</b>

<sup>1)</sup> Trond F. Crantz is owner of Ascent AS.

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

<sup>2)</sup> in Redback AS.

<sup>3)</sup> Geir Kaasen is owner of Eurovest AS.

## Note 16 Investment in subsidiaries

Details of the subsidiaries which have been consolidated in the group financial statements on 31 December 2021 are as follows:

Subsidiaries	Jurisdiction	Cost price	Shares / Voting rights	Establishment/ Acquisition	Result 2021	Equity 2021
Argeo Survey AS	Norway	55 646 096	100 %	May 2014	-20 863 874	34 045 587
Argeo Robotics AS	Norway	30 000	100 %	July 2019	56 137	82 269

There are no non-controlling interests in the group.

## Note 17 Investment in associated companies

Subsidiaries	Jurisdiction	Cost price	Shares / Voting rights	Establishment/ Acquisition December 2020	Result 2021	Equity 2021
H1000 JV AS <sup>1)</sup>	Norway	6 000 000	50 %		-471 136	5 478 556

- <sup>1)</sup> H1000 JV AS is 50% owned by Argeo Survey AS  
Associated companies are recorded using equity method

## Note 18 Other receivables

Includes prepayment of NOK 65.2 million related to purchase of SeaRaptor AUV's and USV to be delivered in 2022.

## Note 19 Subsequent events

Argeo signed in March 2022 an agreement with Kongsberg Maritime for the purchase of a Hugin 6000 AUV for delivery in early H2 2022. At the same time, a 12-month contract was signed for AUV work with this unit, with a minimum guaranteed duration of 6 months, and a 6 months extension. EBITDA contribution for the contract is USD 4.5m for the full 12 months period.

Argeo signed in March 2022 and agreement with Statens Vegvesen for AUV work with a contract value of NOK 8.5 million.

Argeo completed a private placement of NOK 75 million in April 2021. 15 million new shares were issued at NOK 5 per share.

To the General Meeting of Argeo AS

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www.rsmnorge.no

*Opinion*

We have audited the financial statements of Argeo AS showing a profit of NOK 3 373 193 in the financial statements of the parent company and a loss of NOK 18 113 463 in the financial statements of the group. The financial statements comprise:

- The financial statements of the parent company Argeo AS (the Company), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Argeo AS and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the

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financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Oslo, 29 April 2022  
RSM Norge AS

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

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## Anders Ivar Nereng

Statsautorisert revisor

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# Financial calendar 2022

19th May 2022: Q1 2022 Report

18<sup>th</sup> August 2022: Q2 2022 Report

10<sup>th</sup> November 2022: Q3 2022 Report

## Contacts:

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Argeo is a 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 Infrastructure, Offshore Wind, Oil & Gas and Deep-Sea Minerals. Argeo was established in 2017 and has offices in Asker (Oslo), Tromsø, Stockholm, Houston, and Singapore. Since its incorporation, Argeo has carried out complex projects for some of Norway's largest companies in the field.

[www.argeo.no](http://www.argeo.no)