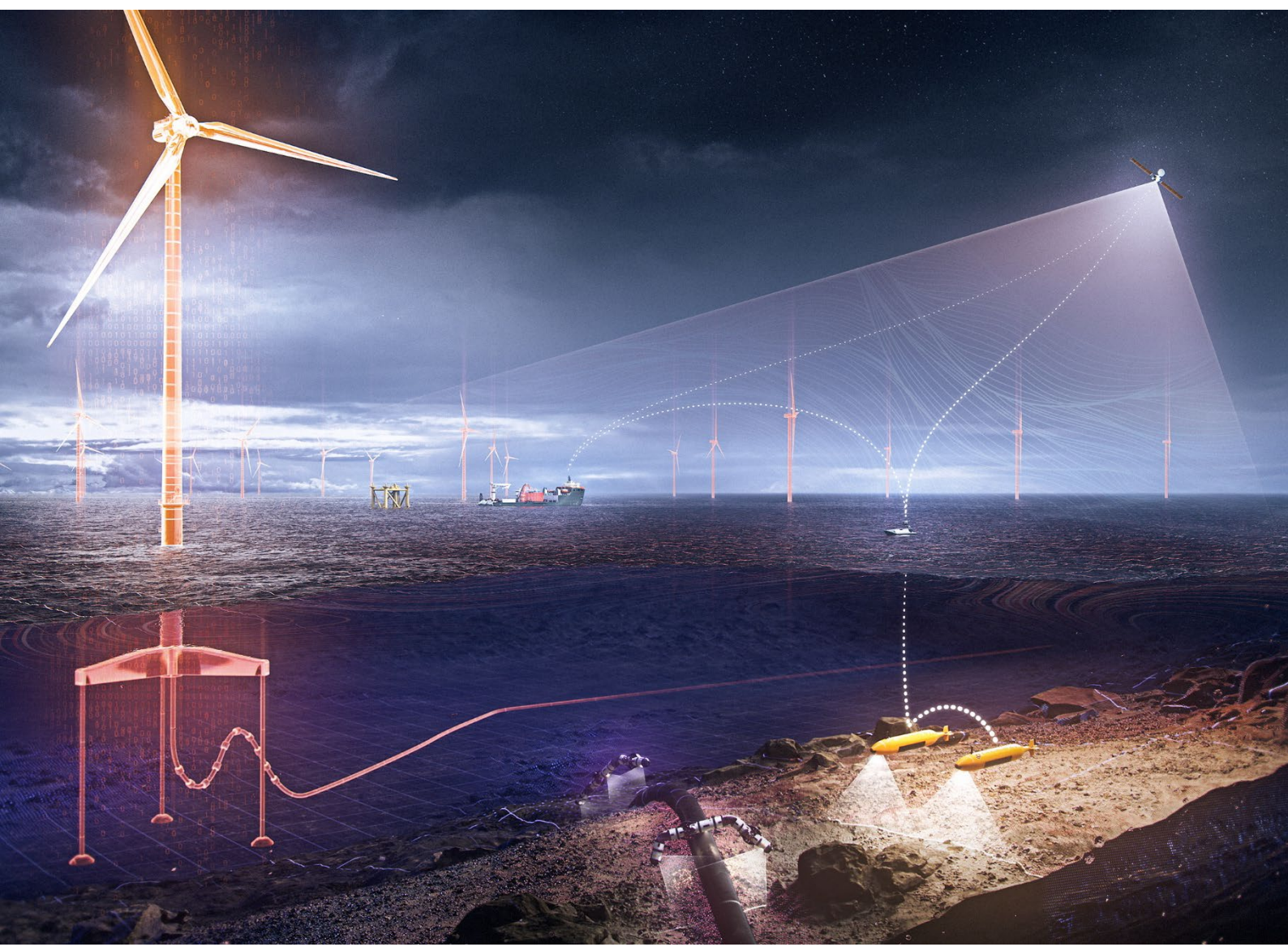


Quarterly Report

Q1 2022



Digitizing the ocean space



Contents

Letter from CEO.....	3
Q1 Highlights	4
Q1 Subsequent events	4
Argeo at a Glance.....	5
About Argeo	6
Market review	8
Company update	8
Financial Review	10
Notes	17



"The first quarter of the year proves that we are on the right course, continuously building our fleet and services to provide growth for our clients."

CEO Letter

Argeo is on a mission to transform the ocean surveying and inspection industry through robotization and providing data driven decisions for our customers. As last year was largely spent building the company commercially and developing our core technology, we start 2022 with a more developed fleet, at work on contracted business. The first quarter of the year proves that we are on the right course, continuously building our fleet and services to provide growth for our clients.

Steadily developing our fleet to meet market demand

During the first quarter we ordered our first Hugin 6000 from Kongsberg, which will be strategically placed in Argeo's main geomarkets for rapid deployment serving the company's deep-water customers with state-of-the-art technology and data, growing our revenue potential. This is in addition to SeaRaptor 6000 AUV's procured in 2021.

We are also pleased to communicate that our USV, "Argus" is in its final stages of testing and will be commercially launched on May 24th.

Commercial

The first quarter has provided important work contracts for our AUV's. Firstly, the acquisition work for Statens Vegvesen at the Bjørnafjorden crossing, exemplified the need for AUV's in our Engineering and Construction market segments. The

project was a success delivering the data scoped, on time in a safely manner. Secondly, the newly purchased Hugin 6000 will be going straight to work after it is delivered in the second half of 2022 for a guaranteed duration of 6 months and potentially another 6 months extension. The project in Brazil has been put on hold for about 45 days waiting for a new vessel to be available with expected commencement in late May.

The overall market outlook is strengthening, and we see strong interest and opportunity in the energy markets globally. Frequency and size in tender activity in the Americas, Europe and Africa is rising sharply proving Argeo's commercial expansion and our plan for developing the North & South America geomarket as the right move at the right time. Our plan to establish regional offices to facilitate close operations in key industrial areas has been implemented giving the company strategic advantages along with in-depth local industry know-how with our key customers.

Trond Figenschou Crantz

Trond Figenschou Crantz

CEO of Argeo

Highlights

Q1 Highlights

- Ordered a new Hugin 6000 AUV system from Kongsberg
- Signed 12-month project for the new Hugin 6000 AUV
- Awarded a NOK 8.5 million contract from Statens Vegvesen for the SeaRaptor "Alpha"
- Completed Sea Acceptance Testing (SAT) for the SeaRaptor "Alpha" in the North-Sea
- First SeaRaptor Alpha delivered in February
- Remaining work for the Hugin project in Brazil given new startup in late May

Subsequent events

- NOK 75 million private placement in April 2022
- AUV work for Statens Vegvesen successfully completed
- Commenced Multi-Client offshore wind project at Utsira Nord
- Deep-water SeaRaptor project moved to early July

Highlights of the quarter

In March Argeo signed an agreement with Kongsberg Maritime for the purchase of a Hugin 6000 AUV (Autonomous Underwater Vehicle) for delivery early H2 2022. The Hugin 6000 is Argeo's second Hugin system and will be commercially available from the beginning of H2 2022. The system is scheduled to commence work directly after completing delivery to Argeo. The Hugin 6000 is a state-of-the-art ultra-deep water autonomous vehicle with an advanced payload system. The Hugin 6000 AUV system can be strategically placed in Argeo's main geo-markets for rapid deployment serving the company's global customers with state-of-the-art technology and data.

Following the purchase Argeo secured a 12-month contract for AUV work using the Hugin 6000 AUV with immediate contract start after AUV delivery to Argeo. The project will commence early H2 2022 with a minimum guaranteed duration of 6-months and a potential 6-month extension, with estimated completion in H2 2023. The total net value contribution (EBITDA) for the full 12 months is 4.5 MUSD.

Also, in March, Argeo won a contract comprising of AUV work for Statens Vegvesen (Norwegian Public Roads Administration) on the Bjørnafjorden E36 crossing with a contract value of 8.5 MNOK. The work commenced in March 2022. Subsequent to the quarter, the work was successfully completed end of April as scheduled.

In February, the first of two ordered SeaRaptor AUV's was delivered and has subsequent to the quarter commenced work at Utsira Nord for the MultiClient offshore wind project.

Our technical team successfully completed Sea Acceptance Testing (SAT) for the Sea Raptor "Alpha" in the North-Sea in February 2022 and directly started the work for Statens Vegvesen, a project which was completed ahead of time with very good data quality.

The deep-water SeaRaptor project had to be moved to early July due to vessel availability related to drydocking and will now be carried out using the SeaRaptor Bravo.



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



47

EMPLOYEES



3

AUV CREWS

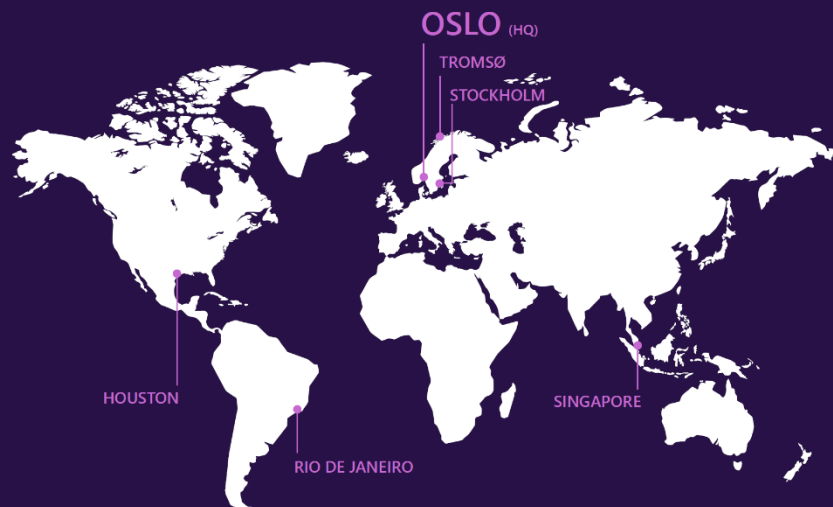


6

ASSETS



Close to our customers



Note: Per 31.03.2022 Argeo counted 37 employees, 2 assets 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.

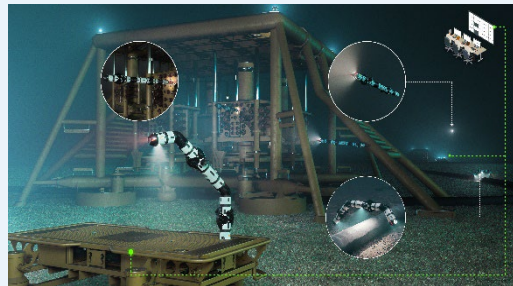
Robotics and digital solutions for the ocean space - four attractive key target markets



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.



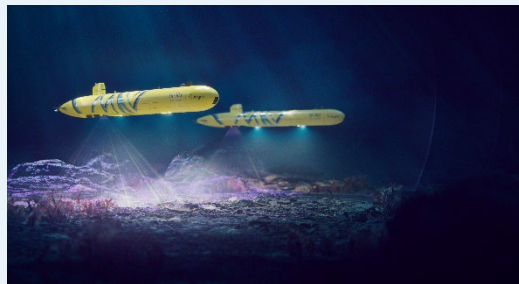
O&G SURVEY & INSPECTION

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

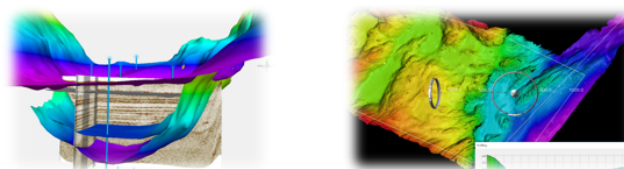
to significantly **increase efficiency and quality**

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.

Market review

Strong market expectations

There are strong indications that market segments Argeo is involved in are expected to grow substantially in the years to come. With the rising number of maturing onshore oilfields in recent years, there has been growth in offshore exploration and production (E&P) activities. Additionally, an increasing demand for energy is boosting installation of windfarms, supported, and propelled by increased focus on decarbonization. This strengthens the demand for cost-effective and low-emission inspection, repair, and maintenance services as well as surveying and seabed mapping services, Argeo offers. The global offshore inspection, repair, and maintenance market is anticipated to grow from \$9.64 billion in 2021 to \$18.04 billion by 2028, at a CAGR of 9.4% ¹

South America an attractive geo-market

As a part of our geo-market strategy, Argeo has established offices in Houston and Singapore and is in the final stages of opening an office in Rio de Janeiro in Brazil. South America is expected to be the largest and fastest-growing market for subsea systems in the years to come and the majority of the demand comes from Brazil due to its recent activities in deep-water and ultra-deep water. ² Argeo believes in having regional offices to facilitate close operations in key industrial areas. This builds strategic and long-term relationships, as well as in depth local industry know-how with our key customers.

Company update

HSEQ

During the quarter Argeo completed its rollout for the integrated management system SIMPLI/QM365, along with system training for relevant staff members. The department also started the process of becoming ISO 45001 certified (Quality standard). The process towards certification is an ongoing operation with a defined roadmap to ensure alignment within year end. Safety representatives were also elected early in the quarter.

Operational update

Data acquisition on anchor locations for Statens Vegvesen at Bjørnafjorden has been completed, and that the data they received was of a very high quality, and that the operations was executed in an efficient and safe manner without any HSE incidents. The Utsira Nord project will commence directly after.

- Zero recordable operational HSE incidents
- Ramp up of offshore crew and onshore support teams
- First commercial project in Brazil
- *Searaptor* delivery and sea trials
- Mobilisation and planning for Bjørnafjorden and Utsira Nord projects (subsequent events)

1) Market Research Report; Fortune Business Insights: [Offshore, inspection, repair, maintenance market \(2021 – 2028\)](#)

2) Mordor Intelligence: [Subsea Systems Market - growth, trends, covid-19 impact, and forecasts \(2022 – 2027\)](#)

Commercial update

Continued strengthening of our ongoing tenders coupled with new tenders received in the Americas (NSA) and Europe/Africa (EAME) geo-markets. The frequency of new tenders and increasing price points globally, supports current analytics reports of increased global sanctioning and general offshore activity is on the rise in the energy markets giving clear indication of major operators securing assets for projects over the coming years. Argeo's largest tenders are progressing according to plan, some with ongoing negotiations others with clarifications. We expect conclusion for several of our tenders to be received in Q2.

Marketing

During the first quarter Argeo grew its international reach and emphasized our industry presence through participation in the Oceanology International trade show in London in March. We have also continued to develop our "marketing machine" fuelling Argeo's commercial team with new leads from activities such as external presentations sharing our knowledge through publishing articles.

People & Culture

Recruitment is a continuous focus area for Argeo, and during the third quarter 3 new people joined Argeo filling crucial positions such as People & Culture Manager, Survey Manager and Financial Controller. Per 31.12.2022 Argeo counted 37 employees.

Technology update

During Q1 Argeo's EM product, the Argeo Listen Cathodic Protection (CP) measurement system for AUV was completed and integrated into our SeaRaptor "Alpha". This asset integrity tool, used for pipeline inspection, electric cable verification and tracking, will be integrated in the Hugin systems for deep-water work at a later stage.



Financial review

Financial review

Revenue:

Revenue for Q1 2022 was NOK 6.9 million, compared to NOK 1.1 million in Q1 2021. Revenue in Q1 2022 is mainly from the AUV-project in Brazil. The Hugin 1000 system moved to Brazil in January and operated from early February on a pipeline route survey.

Operating expenses:

Operating cost in Q1 2022 was NOK 4.7 million, compared to NOK 0.5 million in Q1 2021.

Employee expenses for Q1 2022 was NOK 13.8 million, compared to NOK 1.6 million in Q1 2021. Other operating expenses was NOK 4.4 million, up from NOK 1.1 million in Q1 2021.

Argeo capitalised NOK 3.7 million as development cost on the digital twin- and sensor solutions in the quarter. There was no capitalisation in Q1 2021.

Depreciation was NOK 0.6 million in Q1 2022, compared to NOK 0.3 million in Q1 2021.

Financial items

Net financial income for Q1 2022 was NOK 0.4 million, compared to minus NOK 62 thousand in financial expense in Q1 2021.

Financial income in Q1 2022 includes NOK 35 thousand (50% share) income in the JV with Multiconsult, and NOK 0.5 million in net foreign exchange gain.

Net Profit/ Loss

Net loss for Q1 2022 was NOK 9.8 million compared to a net loss of NOK 1.9 million in Q1 2021.

Balance Sheet

Total assets at the end of the period amounted to NOK 190.7 million. This includes NOK 12.5 million in intangible assets, and NOK 65.1 million in Property, plant and equipment. Argeo has also made NOK 49.4 million in prepayments for assets to be delivered later in the year, which is included in Other current assets.

Investments amounted to NOK 66.6 million in Q1 2022, which is mainly for the SeaRaptor AUV delivered in the quarter.

Cash and cash equivalents balance was NOK 32.9 million at the end of the quarter, compared to NOK 0.9 million at year end 2021.

Long term debt increased with NOK 30.0 million in Q1 2022, being sellers credit related to the SeaRaptor AUV delivered in the quarter. The loan is repaid over 8 quarters at no interest.

Total liabilities at the end of the quarter were NOK 52.5 million, of which NOK 5.6 million is interest bearing.

Shares

Total outstanding shares on 31 March 2022 were 27 441 461.

As per 31 March 2022, a total of 1 619 772 options, are outstanding in connection with the Company's share option program. 624 772 of these are formalised as warrants ("Tranche 1 Warrants"). Exercise price for these is in average NOK 1.46, and the warrants expires at various intervals from 10 February 2024 to 23 December 2025. 995 000 options were granted to Board of Directors and employees in 2021. These options will vest over 3 years and mature after 5 years. Strike price is NOK 8.20.

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

Recent events

A private placement of NOK 75 million was completed in April 2022. 15 000 000 new shares were issued at NOK 5.00 per share.

In April 2022, the Company issued 139 337 new shares to CEO Trond F. Crantz, related to exercise of warrants under the "Tranche 1 Warrants" plan as described above. The exercise price for each of the warrants was NOK 0.282 per share.

After the private placement and warrants exercise, Argeo has 42 580 800 shares outstanding.

Argeo AS

Interim Consolidated Income Statement

Amounts in NOK	Note	Q1-2022 (unaudited)	Q1-2021 (unaudited)	Full year 2021 (audited)
Operating revenues:				
Sales revenue		6 913 301	845 898	15 371 933
Governmental grants		0	295 000	470 000
Total operating revenues		6 913 301	1 140 898	15 841 933
Operating expenses:				
Operating cost		4 676 349	497 070	17 439 402
Employee expenses		13 842 936	1 592 821	22 661 612
Other operating expenses		4 397 915	1 102 571	8 755 430
Capitalisation of cost		-3 658 689	0	-6 367 084
Depreciation	1, 2	630 107	307 212	1 276 144
Total operating expenses		19 888 618	3 499 674	43 765 504
Operating profit/(loss)		-12 975 317	-2 358 776	-27 923 571
Financial income and expenses:				
Income/ (loss) equity investments		35 238	-86 714	-471 136
Financial income		0	0	89 449
Financial expenses		-167 066	-56 124	-432 934
Net foreign exchange gain (loss)		517 772	81 151	776 333
Net financial items		385 944	-61 688	-38 288
Profit/(loss) before tax		-12 589 373	-2 420 463	-27 961 859
Income tax (expense)		2 776 647	513 425	9 848 396
Profit/ (loss) for the period		-9 812 726	-1 907 039	-18 113 463

Argeo AS
Interim Consolidated Statement of Financial Position

Amounts in NOK	Note	March 31, 2022 (unaudited)	March 31, 2021 (unaudited)	December 31, 2021 (audited)
ASSETS				
Non-current assets				
Intangible assets	1	12 463 110	3 363 934	7 647 152
Deferred tax asset		13 036 078	824 146	10 259 439
Property, plant and equipment	2	65 072 246	1 220 120	3 964 613
Shares in associated companies	3	5 513 794	5 862 978	5 478 556
Total non-current assets		96 085 229	11 271 177	27 349 760
Current assets				
Trade receivables		9 141 962	1 023 685	6 164 055
Other current assets		52 601 599	445 221	67 963 861
Cash and cash equivalents		32 898 064	948 735	65 862 065
Total current assets		94 641 625	2 417 641	139 989 981
Total assets		190 726 854	13 688 818	167 339 740
EQUITY				
Share capital		2 744 146	610 000	2 744 146
Share premium		179 437 619	6 780 680	164 557 508
Other equity		-43 943 874	-3 044 615	-19 251 036
Total equity		138 237 892	4 346 065	148 050 618
LIABILITIES				
Non-current liabilities				
Long term debt	4	35 632 981	6 653 333	5 933 333
Total non-current liabilities		35 632 981	6 653 333	5 933 333
Current liabilities				
Trade payables		10 561 895	1 357 329	6 287 642
Taxes payable		100 322	0	100 322
Public duties		1 273 361	565 026	1 878 704
Other current liabilities		4 920 404	767 065	5 089 122
Total current liabilities		16 855 982	2 689 420	13 355 790
Total liabilities		52 488 963	9 342 753	19 289 123
Total equity and liabilities		190 726 854	13 688 818	167 339 740

Argeo AS
Consolidated statement of changes in equity

Amounts in NOK	Share capital	Additional paid-in capital	Accumulated earnings	Total equity
Balance as of 1.1.2022	2 744 146	164 557 508	-19 251 036	148 050 618
Profit/(loss) for the period	0	0	-9 812 726	-9 812 726
Net proceeds from new equity	0	0	0	0
Balance as of 31.3.2022	2 744 146	164 557 508	-29 063 762	138 237 892
Balance as of 1.1.2021	610 000	6 780 680	-1 187 574	6 203 106
Profit/(loss) for the period	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
Balance as of 31.12.2021	2 744 146	164 557 508	-19 251 036	148 050 618

Argeo AS
Consolidated statement of cash flow

Amounts in NOK	Not e	Q1-2022 (unaudited)	Q1-2021 (unaudited)	Full year 2021 (audited)
Cash flow from operating activities				
Profit/(loss) before tax		-12 589 373	-2 420 463	-27 961 859
Depreciation		630 107	307 212	1 276 144
Financial income		0	0	-89 449
Financial expense		167 066	56 124	432 934
Gain/Loss equity investments		-35 238	86 714	471 136
Change in current assets		12 384 354	3 239 098	-69 419 911
Change current liabilities		3 500 196	-12 376 031	-1 809 979
Net cash from operating activities		4 057 112	-11 107 345	-97 100 984
Cash flow from investing activities				
Investment in property, plant and equipment	2	-61 483 986	-593 586	-3 687 020
Investment in intangibles		-5 069 713	0	-4 903 211
Net investment in associated companies		0	-5 871 402	-5 871 402
Sale AUV to JV		0	10 837 500	10 837 500
Net cash from investing activities		-66 553 699	4 372 512	-3 624 132
Cash flow from financing activities				
Net proceeds from new equity		0	0	159 910 974
Proceeds from new debt		30 039 647	0	0
Repayment of interest-bearing debt		-340 000	-40 000	-760 000
Financial income		0	0	89 449
Financial expense		-167 066	-56 124	-432 934
Net cash flow from financial activities		29 532 582	-96 124	158 807 489
Net change in cash and cash equivalents		-32 964 004	-6 830 958	58 082 373
Cash and cash equivalents begin. of period		65 862 065	7 779 692	7 779 692
Cash and cash equivalents end of the period		32 898 061	948 734	65 862 065



 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 ARGEQ. 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 first quarter ended 31 March 2022 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 2021. These condensed consolidated interim financial statements are unaudited for 2022.

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 2021.

Note 1. Intangible assets

Amounts in NOK	March 31, 2022	March 31, 2021	December 31, 2021
Cost as of 1.1	9 036 518	4 133 307	4 133 307
Additions	5 069 713	0	7 102 146
Governmental grants	0	0	-2 198 935
Cost as of 31.3/ 31.12	14 106 231	4 133 307	9 036 518
Accumulated depreciation 1.1	1 389 365	562 709	562 709
Depreciation	253 755	206 664	826 656
Accumulated depreciation 31.3/ 31.12	1 643 120	769 373	1 389 365
Net book value 31.3/ 31.12	12 463 110	3 363 934	7 647 152

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

Note 2. Property, plant and equipment

Amounts in NOK	March 31, 2022	March 31, 2021	December 31, 2021
Cost as of 1.1	5 395 629	12 546 109	12 546 109
Additions	61 483 986	593 586	3 687 020
Sale AUV to JV	0	-10 837 500	-10 837 500
Cost as of 31.3/ 31.12	66 879 615	2 302 195	5 395 629
Accumulated depreciation 1.1	1 431 016	981 528	981 528
Depreciation	376 352	100 548	449 488
Accumulated depreciation 31.3/ 31.12	1 807 368	1 082 076	1 431 016
Net book value 31.3/ 31.12	65 072 247	1 220 120	3 964 613

Additions in 2022 is mainly related to delivery of the first SeaRaptor AUV from Teledyne.

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

Note 3 Investment in JV

Argeo signed in January 2021 an agreement with Multiconsult for strategic cooperation to significantly improve quality for marine surveys and increase construction insight of the seabed conditions for large coastal development projects and offshore structure. As a part of the agreement, the parties have established H1000 JV AS, owned 50/50 by Argeo and Multiconsult. The Hugin AUV purchased by Argeo in 2020 was transferred to this JV in January 2021.

Note 4 Long-term liabilities

Amounts in NOK	Nominal interest	March 31, 2022	March 31, 2021	December 31, 2021
USD 3.4 million loan	0	30 039 647	0	0
NOK 0.8 million loan	4.95%	493 333	653 333	533 333
NOK 6 million loan	3.95%	5 100 000	6 000 000	5 400 000
Total long term debt		35 632 981	6 653 333	5 933 333

USD 3.4 million loan

The Group secured in Q1 2022 a USD 3.4 million sellers' credit from Teledyne related to purchase of a SeaRaptor AUV. The loan is repaid over 8 quarters, at no interest.

NOK 0.8 million loan

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.

NOK 6 million loan

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.

Financial calendar 2022

18th August 2022: Q2 2022 Report

10th November 2022: Q3 2022 Report

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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