



*Digitizing the ocean space*

## Argeo Q2 company presentation

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# Disclaimer

- This presentation includes and is based on, among other things, forward-looking information and statements
- Such forward-looking information and statements are based on the current expectations, estimates and projections of Argeo or assumptions based on information available to the company
- Such forward-looking information and statements reflect current views with respect to future events and are subject to risks, uncertainties and assumptions
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# Agenda

- Highlights
- Introduction to Argeo
- Operational update
- Commercial & business development
- Technology
- Financials
- Outlook

# Agenda

## ► **Highlights**

Introduction to Argeo

Operational update

Commercial & business development

Technology

Financials

Outlook

# Highlights

## Q2 Highlights

- Strong revenue growth – up 173% from NOK 9.3 million in Q2 22' to NOK 25.4 million in Q2 23'
- Strong order book of NOK 130 million secured year to date 2023
- Awarded NOK 37 million deep-sea survey contract with Norwegian Petroleum Directorate
- 6-month option confirmed for Hugin 6000 - extension for minimum USD 2 million
- Completion of Mid-Atlantic massive sulphides exploration project for the Republic of Poland
- Multi-client mid-Atlantic survey started – to be completed in Q4
- New patent granted for electromagnetic method for tracking & detection of pipelines & power cables
- Private placement with gross receipts of approx. NOK 43 million

## Subsequent events

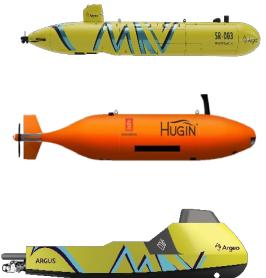
- Stromar project with increased scope of work
- Subsequent offering with gross proceeds of approx. NOK 7.3 million
- New patent granted for electromagnetic method for detection of buried objects

# Proven strategic adjustment

TO MEET GLOBAL DEMAND IN THE SUBSEA SECTOR

Containerized focused strategy

► Complete package strategy



AUV-based (containerized) operations with vessel-of-opportunity

REVENUE

2021

2022

2023

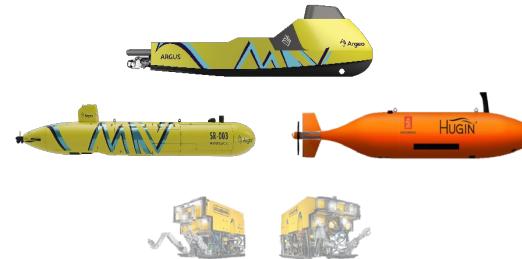
**173%**  
Revenue increase



Complete package of vessels and assets for the global market

Full scale subsea services

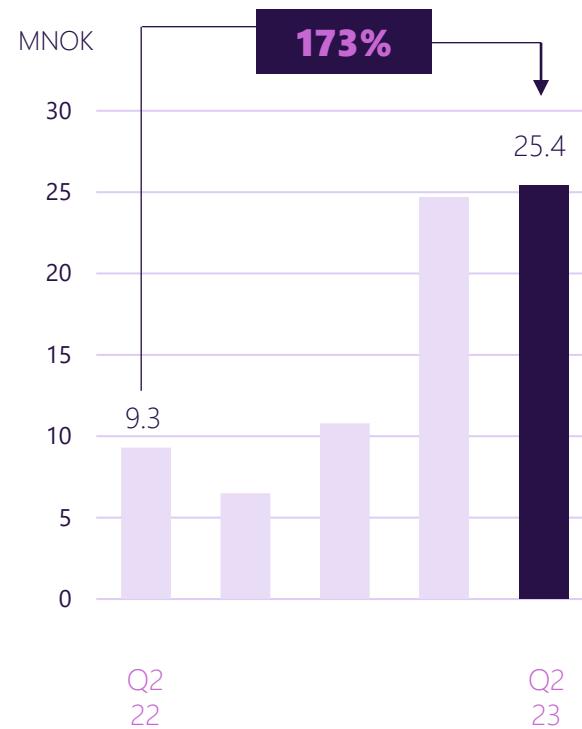
Larger scope-of-work for clients



# Strong revenue growth and record order book

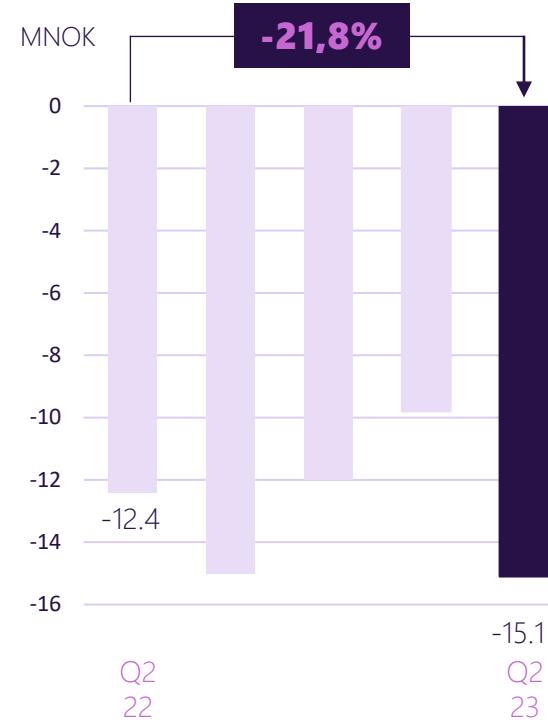
## REVENUES

**25.4**



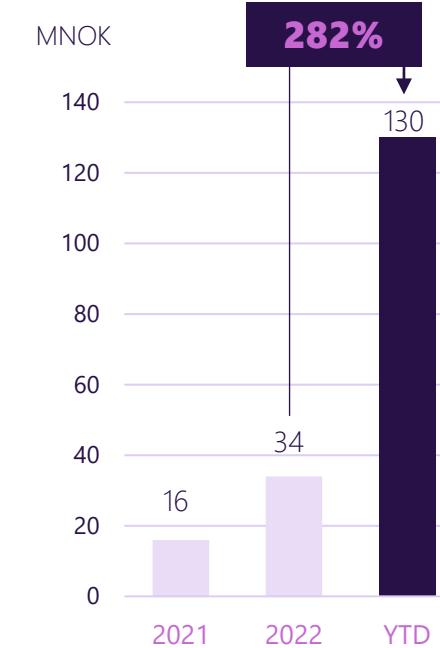
## EBITDA

**-15.1**

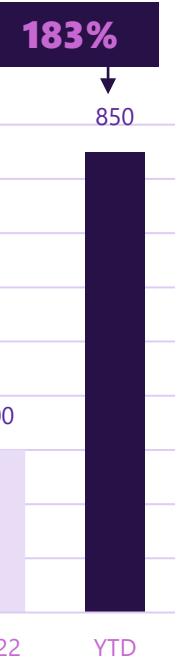


## ORDER BOOK

**130**



## TENDER PIPELINE YTD



Numbers are in MNOK

► Close to our customers

# Argeo in brief

Argeo is an Offshore Service company with a mission to transform the ocean surveying and inspection industry by utilizing autonomous surface and underwater robotics solutions.

## Services



SURVEY



INSPECTION



MAINTENANCE & REPAIR



MULTI CLIENT / DAAS

## Markets



OIL & GAS



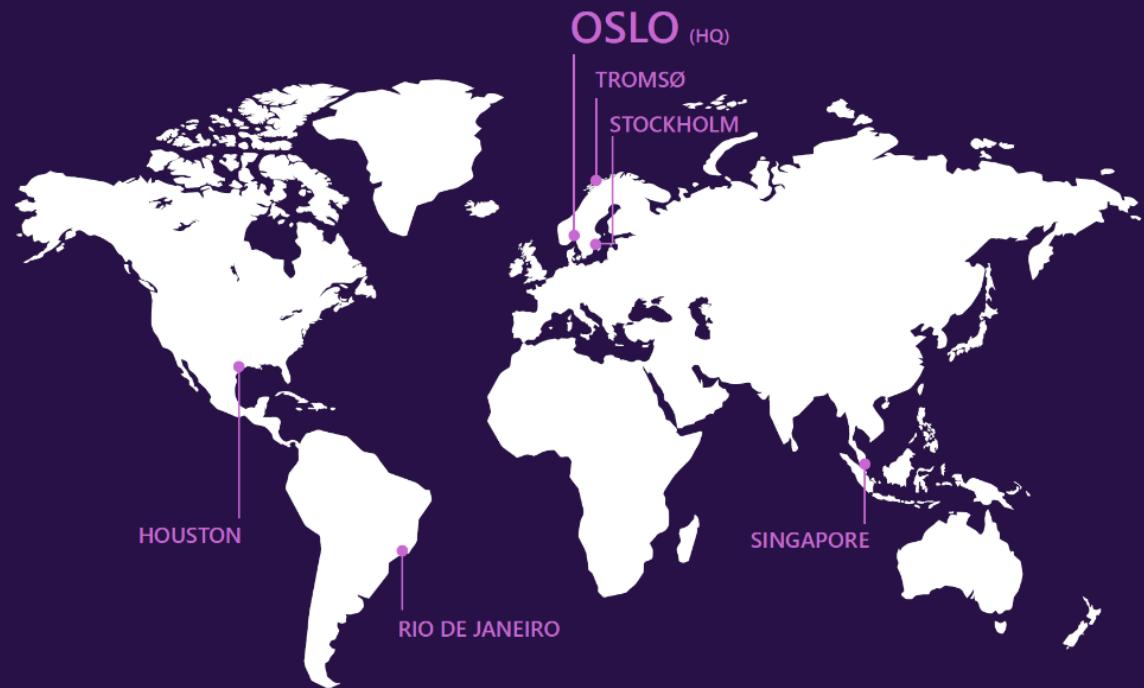
RENEWABLES



OFFSHORE  
INSTALLATIONS



MARINE  
MINERALS



LISTED  
ON EUREONEXT GROWTH



Argeo

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# High-capability valuable assets with complimentary abilities

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## SeaRaptor AUV

- Depth rated to 6,000m
- Up to 50 hours battery capacity
- Light and very scalable
- Autonomous
- Low CO2 footprint

## Hugin AUV

- Depth rated 1000 - 6,000m
- 18-60 hours battery capacity
- Wide range of available sensor integrations
- Custom sensor integration possible
- Navigation sensors and acoustic aiding

## Argeo Argus USV

- Flexible aft deck for multiple payloads
- Configurable moonpools (2x)
- Independent propulsion systems (2x)
- Integrated geophysical / hydrographical sensors
- Stabilizer for improved data and communication quality
- Remote operated from Onshore Mission Control

## Argeo Searcher

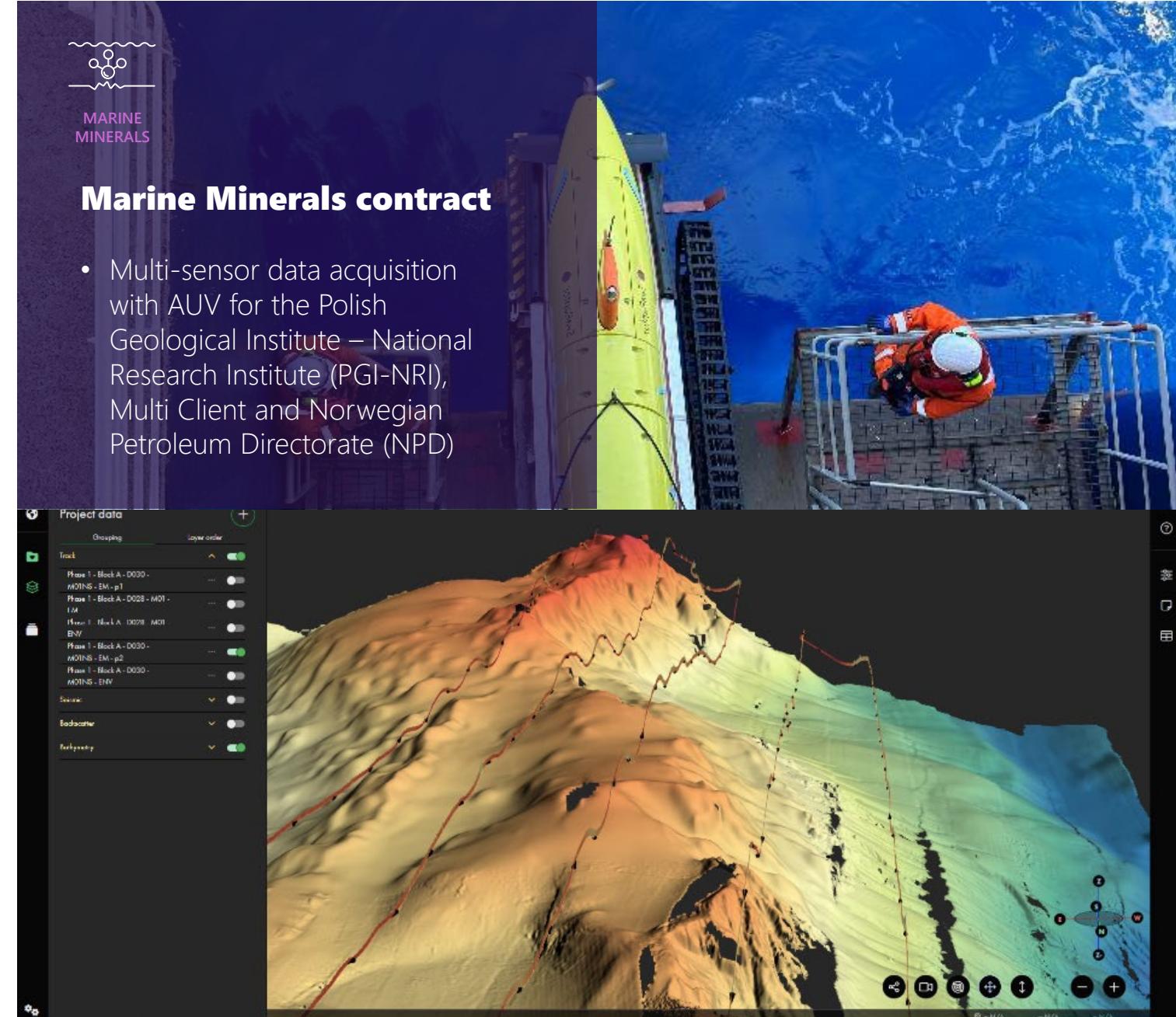
- AUV's Up to 2x SeaRaptor 6000
- ROV: 1x WROV/Observation/Survey (option)
- Instrumentation and acoustic positioning (SON/HIPAP)
- Dedicated instrument/operations room
- Computerized onboard data processing center
- MarlinkVSAT/Starlink communication

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# Marine Minerals project for PGI completed

Great client satisfaction on a very complex ultra deep-water project which included Argeo SCOPE for the first time in commercial use.



# Continuous contract growth

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## Hugin 6000 contract

- 6-month option confirmed with extension for minimum USD 2 million for Hugin 6000



## Survey contract with Stromar Offshore Farm

- Contract value in **Q2 NOK 20 million**.
- Further increase in Q3 – total contract value of NOK 38 million.



# Norwegian Petroleum Directorate operational update

Multi-sensor data acquisition with AUV to further evaluate mineral resource potential in the northern part of the Mid-Atlantic Ridge (Knipovich Ridge).

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- 8 weeks duration in total
- Argeo Searcher VESSEL
- SeaRaptor AUVs
- State- of-the-art SENSORS
- Argeo SCOPE delivery
- Potential expansion



***“Advanced sensor technology  
delivering actionable data is key for  
enabling the development of the  
emerging marine minerals industry.***

CEO Trond Crantz

# Launch and Recovery

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Permanent system on Argeo Searcher with two SeaRaptors

- SeaRaptor launch and recovery from a customized Henriksen Stinger system installed on a purpose-built rail system
- Climate controlled AUV hangar for storage, maintenance and repair.
- Operational sea state: 5



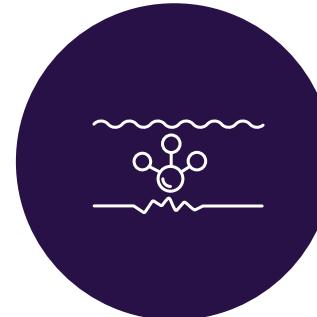
## Argeo Searcher

- DP (Dynamic Positioning) II vessel
- 200 days endurance
- ROV: 1x WROV/Observation/Survey (option)
- 65 person Pax
- Certified helicopter deck, ICE 1A1 class
- Instrumentation and acoustic positioning (Sonardyne Ranger2/Gyro USBL)
- Dedicated instrument/operations room
- Onboard data processing center
- VSAT/Starlink communication



# Strong tender pipeline

Total tender pipeline of USD 84m with major decisions expected late Q3 and early Q4. Commencement expected from October onwards.



Competing for significant **Marine Minerals contracts**

**25m**  
USD



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

**53m**  
USD



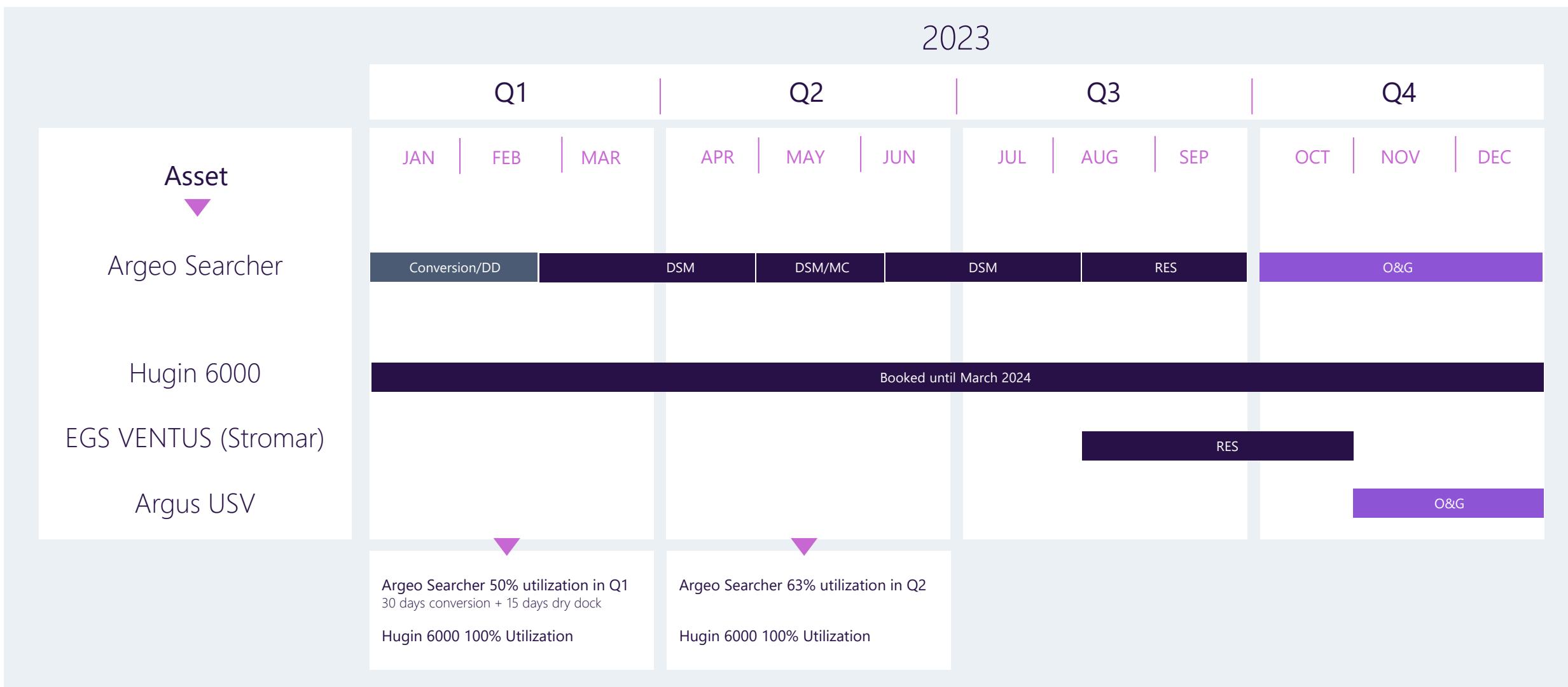
Increased activity as **Argeo proprietary technology** is addressing major issues for offshore wind development

**6m**  
USD

Estimated numbers of current tender pipeline

CURRENT ORDER BOOK VALUE NOK 120 MILLION PER Q1

# Project backlog secured order book for 2023



Technical preparation



Confirmed work



Potential work based in current tender portfolio

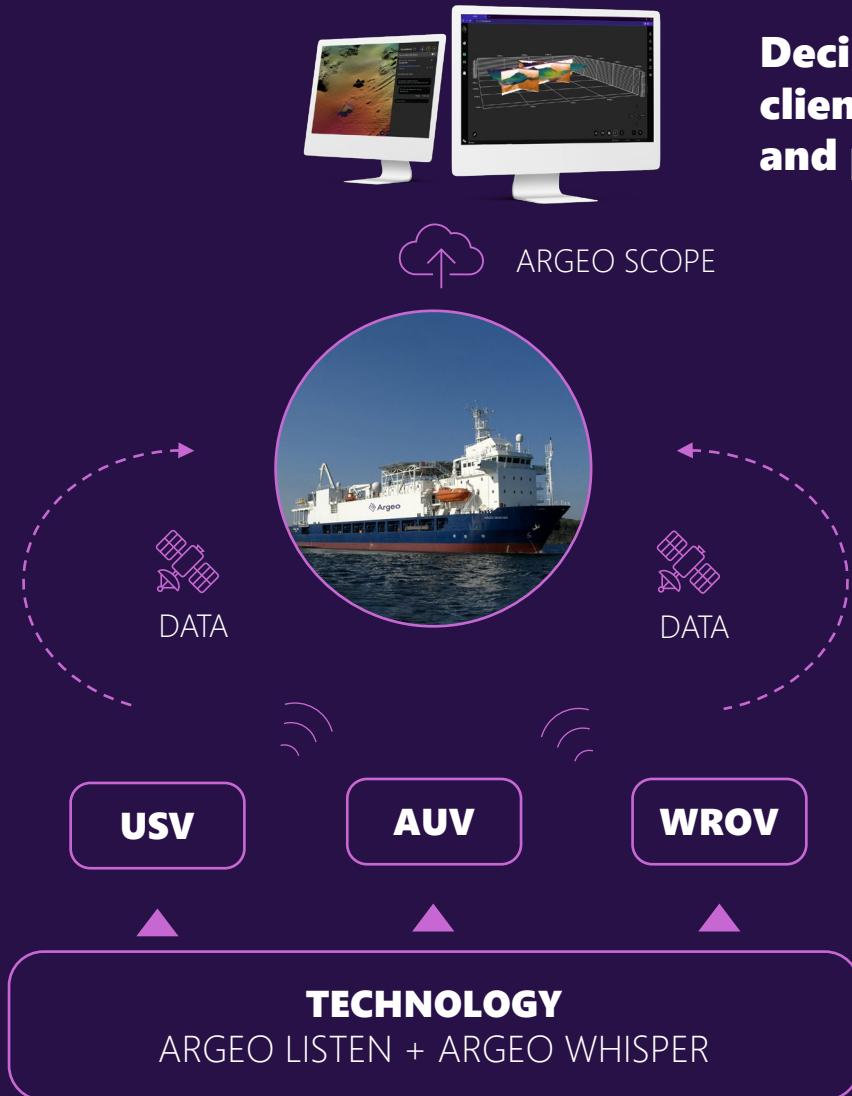
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# Going forward

Technology focus

All assets are to have  
Argeo sensor technology  
embedded



# Why did we adjust our strategy

## AUV/ROBOTICS

### Argeo 2021

No ships



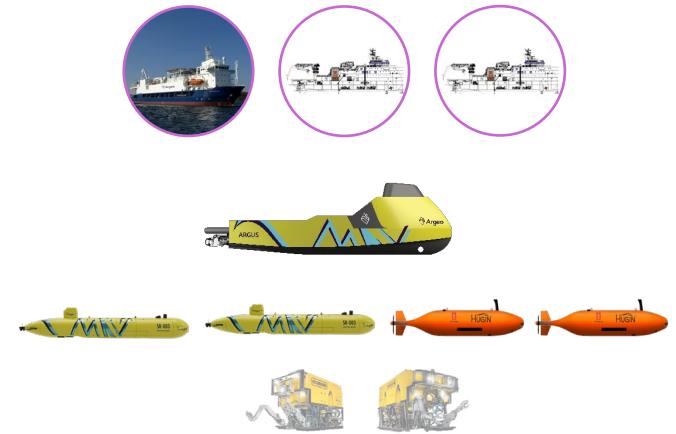
## What has changed ?

HIGH DEMAND  
UNDER SUPPLY  
HIGHER RATES

## FULL SCALE SUBSEA SERVICES

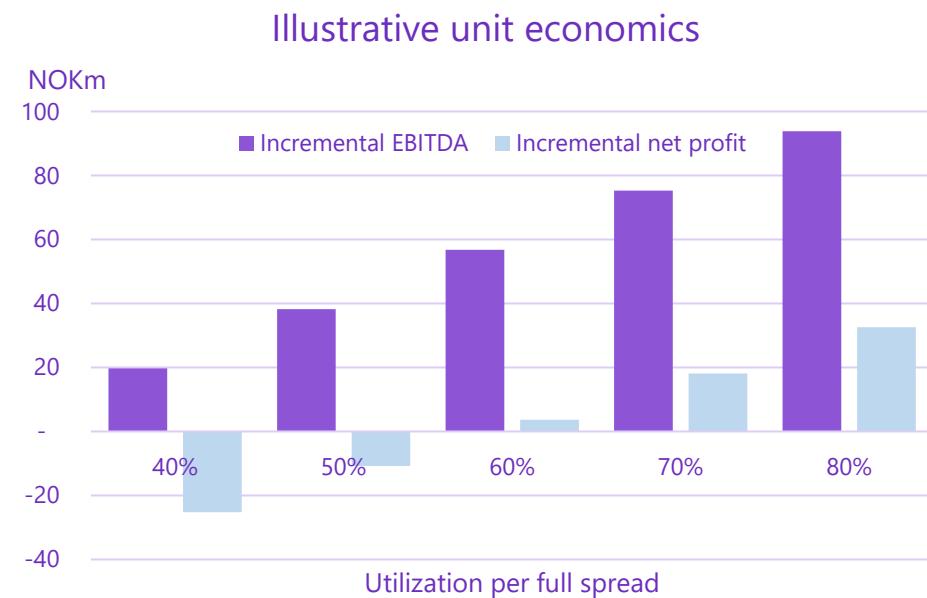
### Argeo 2023 onwards

Several spreads & Subsea vessels



# Attractive unit economics

- Argeo targets 80% commercial utilization for full spreads
- This implies EBITDA of NOK +100 million per spread per year  
*(depending on financial structure for next vessel)*
- We are reviewing expansion opportunities with indicative capex requirement of NOK 250-300 million per full spread
- EV/EBITDA less than 3x at 80% utilization
- Net profit impact above NOK 30 million per additional spread assuming 50% debt



## Key assumptions:

- NOK 270 million capex
- Financed 50% by debt at 8%
- Depreciated over 7 years
- 22% tax

# Scale is key to profitability

- Argeo currently has one full spread operational
  - In addition to two stand-alone AUVs and one temporary second spread expected to start operations in 2H 2023
- Target of 80% utilization implies annual EBITDA per full spread of close to NOK 100 million per year\*
- Implies unit-level net profit contribution of more than NOK 30 million (before SG&A and fixed costs)\*
- Current SG&A cost budget of NOK ~32 million is expected to increase with 20% for additional unit
- One unit can cover the full SG&A
- Additional units are required to obtain the desired profitability

Illustrative economies of scale



\* Key assumptions:

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# STRONG POSITION

## WITH A COMPETITIVE EDGE

### PATENT 1

for subsea **electromagnetic remote-sensing system**, Argeo Whisper & Argeo Discover

### PATENT 2

for electromagnetic method for **tracking and detection** of pipelines and power cables

### PATENT 3

for electromagnetic method for detection of **buried objects**

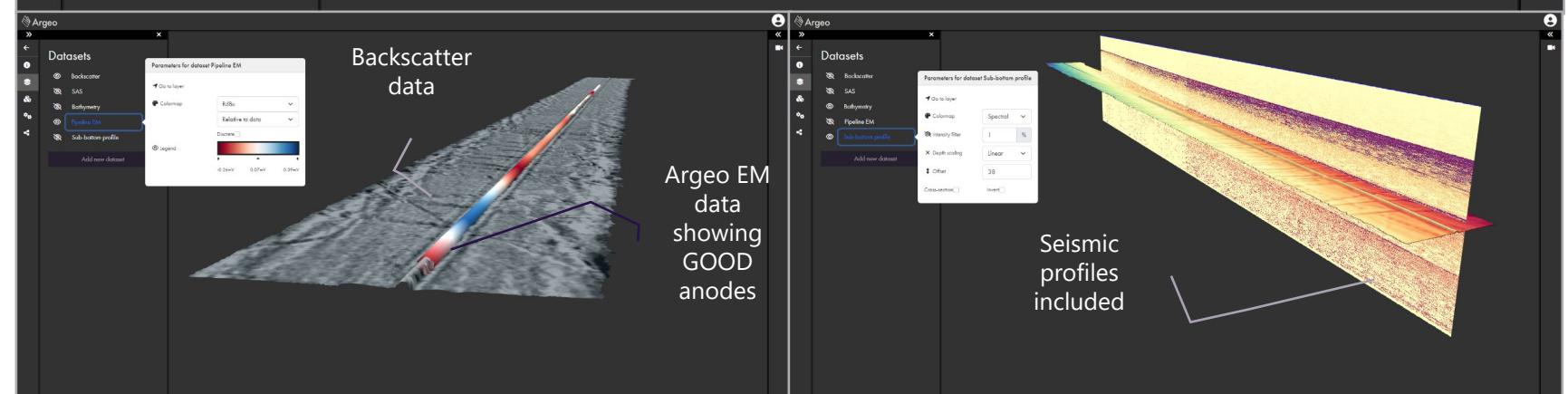
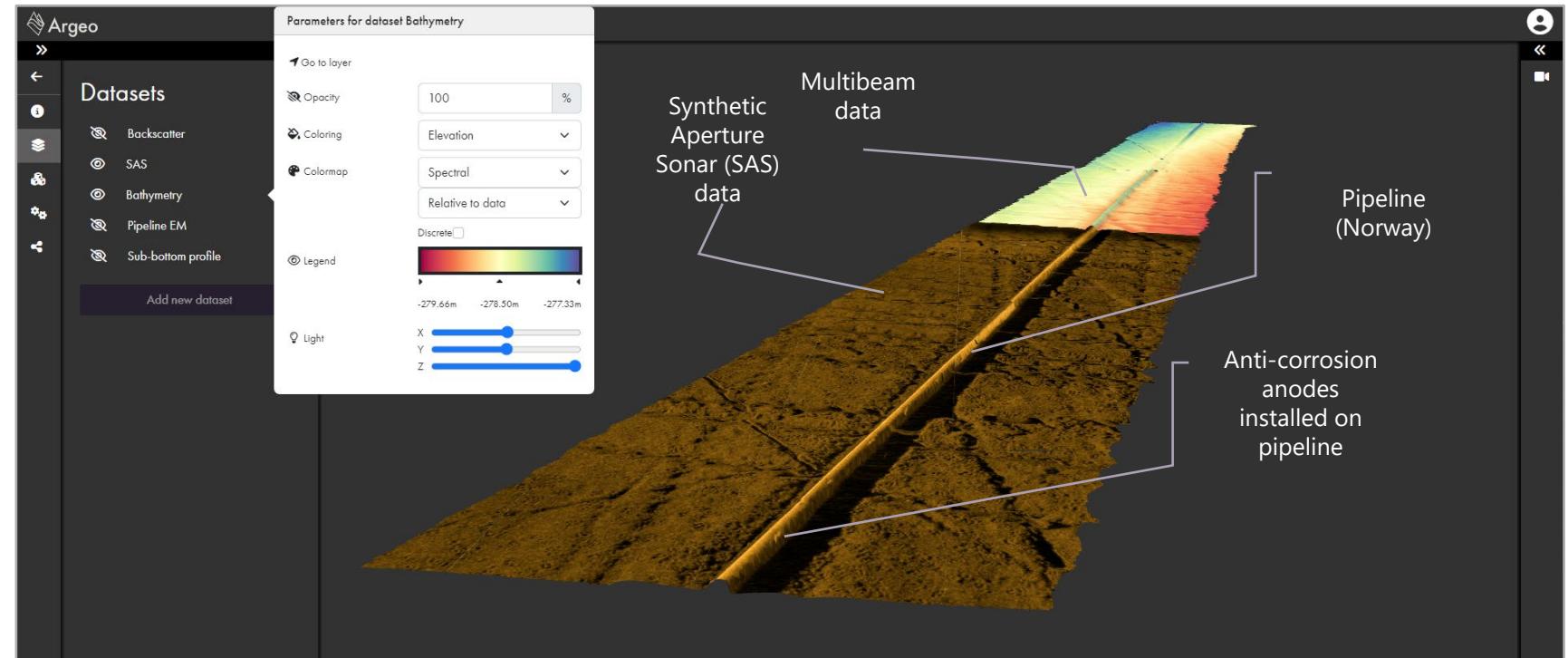
### PATENT 4

on **Argeo Discover**, a high energy electromagnetic system

LONG TERM IP STRATEGY

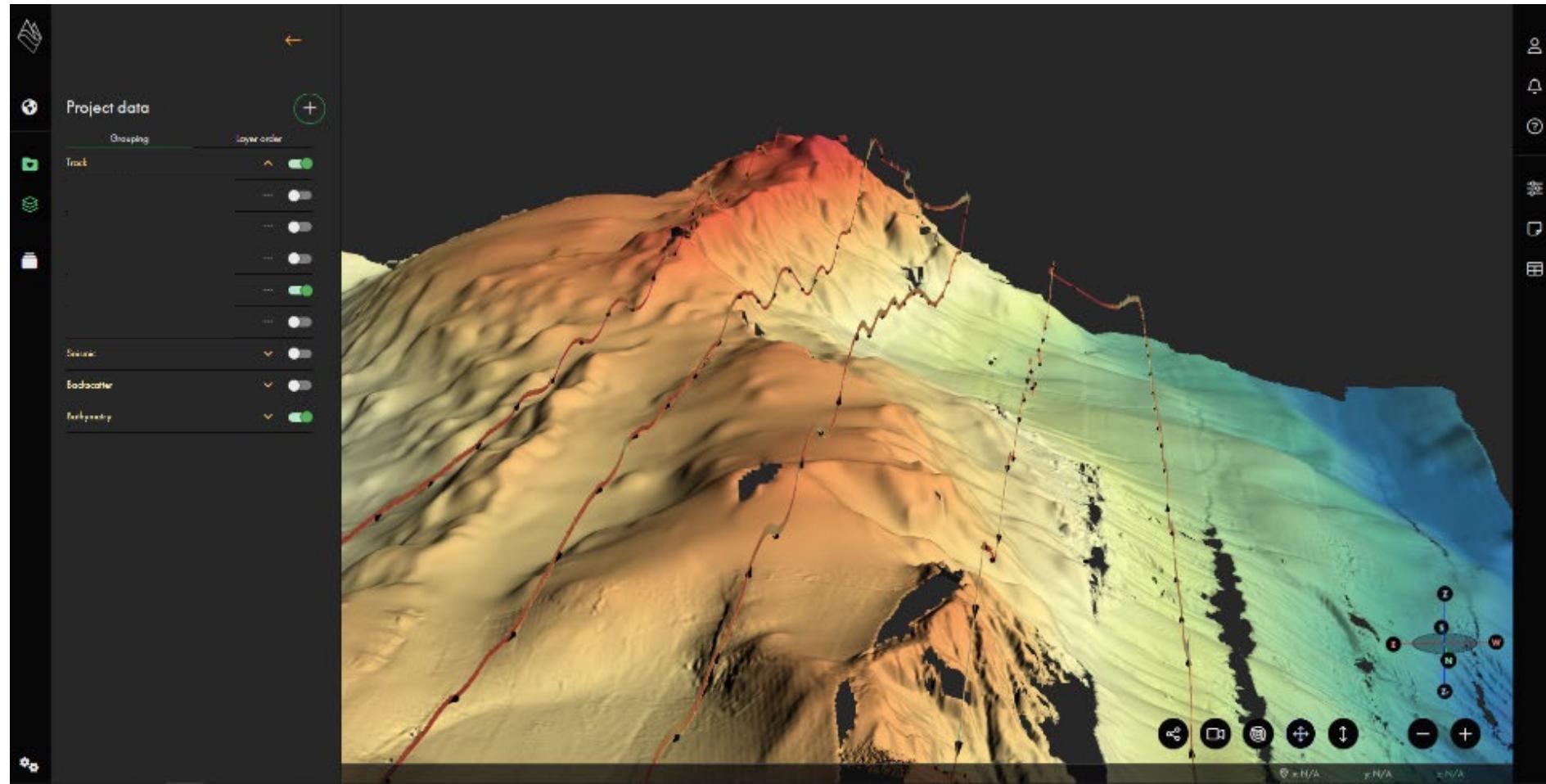
# Oil & Gas

Argeo SCOPE  
in full use



# Deep Sea Minerals

Argeo SCOPE  
in full use



*200m altitude (flight height above seafloor) track lines and Argeo Electromagnetic sensor data in very rough terrain at 3000-4000 meter water depth visualized and managed through Argeo SCOPE data platform (ship-to-shore)*

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# Income Statement

Amounts in NOK 1 000	Q2-2023	Q2-2022	YTD 2023	YTD 2022	2022
<b>Operating revenue</b>	<b>25 394</b>	<b>9 295</b>	<b>50 077</b>	<b>16 208</b>	<b>33 583</b>
Operating cost	29 530	13 136	45 493	17 812	31 266
Employee expenses	14 766	14 711	33 623	28 554	62 425
Other operating expenses	5 875	5 124	10 571	9 522	17 954
Capitalisation of cost	-9 713	-11 277	-14 697	-14 936	-26 326
<b>EBITDA</b>	<b>-15 063</b>	<b>-12 400</b>	<b>-24 912</b>	<b>-24 745</b>	<b>-51 736</b>
Depreciation	9 517	2 551	15 535	3 181	12 481
<b>EBIT</b>	<b>-24 580</b>	<b>-14 950</b>	<b>-40 448</b>	<b>-27 925</b>	<b>-64 217</b>
Net financial items	-2 961	-3 984	-9 645	-3 598	-5 770
<b>Profit/(loss) before tax</b>	<b>-27 541</b>	<b>-18 934</b>	<b>-50 093</b>	<b>-31 523</b>	<b>-69 986</b>
Income tax (expense)	-247	4 137	-456	6 914	-6 309
<b>Profit/ (loss) for the period</b>	<b>-27 789</b>	<b>-14 797</b>	<b>-50 549</b>	<b>-24 610</b>	<b>-76 296</b>

- Revenue in Q2 2023 is from the two deep-sea mineral projects for PGI and NPD in the Northern Atlantic, and from Hugin 6000.
- EBITDA minus NOK 15.1m in Q2 2023, vs minus NOK 12.4m in Q2 2022 and minus 9.8m in Q1 2023.
- Net financial items in Q2 2023 includes NOK 2.8m unrealized currency exchange loss on the seller's credit nominated in USD.

# Balance Sheet

Amounts in NOK 1 000	30.6.2023	30.6.2022	31.12.2022
<b>ASSETS</b>			
Intangible assets	33 805	19 932	24 304
Deferred tax asset	3 904	17 173	4 349
Multi-client library	7 150	0	4 000
Property, plant and equipment	212 215	63 340	211 840
Shares in associated companies	1 868	5 384	2 295
<b>Total non-current assets</b>	<b>258 941</b>	<b>105 829</b>	<b>246 788</b>
Trade receivables	1 571	12 701	17 582
Spares	21 737	0	15 630
Other current assets	55 915	59 890	44 468
Cash and cash equivalents	12 377	65 958	21 313
<b>Total current assets</b>	<b>91 600</b>	<b>138 549</b>	<b>98 992</b>
<b>Total assets</b>	<b>350 542</b>	<b>244 377</b>	<b>345 781</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	182 096	193 799	189 108
Long term debt	101 138	35 978	106 482
<b>Total non-current liabilities</b>	<b>101 138</b>	<b>35 978</b>	<b>106 482</b>
Trade payables	41 361	11 641	23 784
Other current liabilities	25 947	6 959	26 406
<b>Total current liabilities</b>	<b>67 308</b>	<b>18 600</b>	<b>50 190</b>
<b>Total liabilities</b>	<b>168 445</b>	<b>54 578</b>	<b>156 672</b>
<b>Total equity and liabilities</b>	<b>350 542</b>	<b>248 377</b>	<b>345 781</b>

- Intangible assets include capitalized cost to Argeo Scope and the other development projects.
- PPE includes two SeaRaptor's, one Hugin 6000 and Argus USV.
- NOK 43m proceeds from share issue in June was received in July. Booked as other current assets in Q2.
- Long term debt is seller's credit on 3 AUV's, and loan from Innovation Norway.

# Cash flow statement

Amounts in NOK 1 000	Q2-2023	Q2-2022	YTD 2023	YTD 2022	2022
<b>Cash flow from operating activities</b>					
Profit/(loss) before tax	-27 541	-18 934	-50 093	-31 523	-69 986
Depreciation	9 517	2 551	15 535	3 181	12 481
Financial income	-20	-3	-52	-3	-267
Financial expense	2 746	3 858	9 269	3 507	2 853
Gain/loss equity investments	235	129	427	94	3 183
Change in current assets	-38 482	-10 874	-1 544	1 537	-3 551
Change current liabilities	14 718	1 970	17 123	5 611	37 101
<b>Net cash from operating activities</b>	<b>-38 827</b>	<b>-21 304</b>	<b>-9 334</b>	<b>-17 596</b>	<b>-18 185</b>
<b>Cash flow from investing activities</b>					
Investment in property, plant and equipment	-3 323	-516	-14 871	-62 000	-218 962
Investment in intangibles	-5 854	-7 771	-10 539	-12 840	-18 052
Investment in Multi-client	-3 150	-4 000	-3 150	-4 000	-4 000
<b>Net cash from investing activities</b>	<b>-12 327</b>	<b>-12 286</b>	<b>-28 561</b>	<b>-78 840</b>	<b>-241 014</b>
<b>Cash flow from financing activities</b>					
Net proceeds from new equity	39 708	70 358	43 537	70 358	117 353
Proceeds from new debt	20 000	0	29 286	30 389	122 743
Repayment of debt	-10 095	-3 582	-43 517	-3 922	-25 009
Financial income	20	3	52	3	267
Financial expense	-173	-129	-399	-296	-704
<b>Net cash flow from financial activities</b>	<b>49 459</b>	<b>66 650</b>	<b>28 959</b>	<b>96 532</b>	<b>214 650</b>
Net change in cash and cash equivalents	-1 695	33 060	-8 935	96	-44 549
Cash and cash equivalents beginning of period	14 072	32 898	21 313	65 862	65 862
<b>Cash and cash equivalents end of the period</b>	<b>12 377</b>	<b>65 958</b>	<b>12 378</b>	<b>65 958</b>	<b>21 313</b>

- Negative change in current assets in Q2 2023 includes unpaid share capital from the share issue in June.
- Net proceeds from share issue NOK 39.7m.
- New debt NOK 20m.
- Repayment of debt NOK 10.1m in Q2 2023.

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# Outlook

- Finishing up our NPD project for Argeo Searcher and transit to next project
- Estimated project backlog for Argeo Searcher in Q4 of NOK 40-60 million
- Aggressive tender activity ongoing for longer-term projects
- Exploring options for scale through next spread (subsea vessel) with estimated closure late Q3-2023 - alternative funding sources being investigated including various debt arrangements

► **Thank you**