



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
- Argeo cannot give any assurance as to the correctness of such information and statements

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Highlights

Introduction to Argeo

Operational update

Commercial & business development

Technology

Financials

Outlook

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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

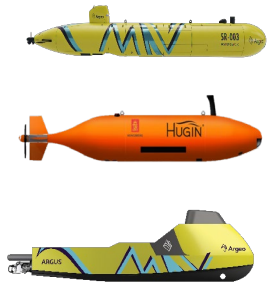
Proven strategic adjustment

TO MEET GLOBAL DEMAND IN THE SUBSEA SECTOR

Containerized focused strategy



Complete package strategy



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

REVENUE

2021

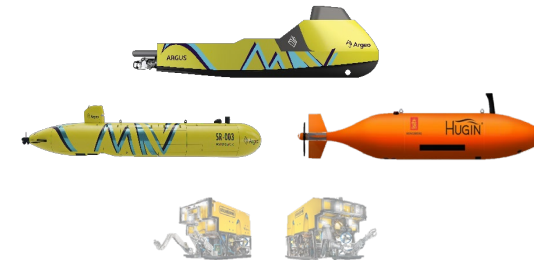
2022

2023

173%
Revenue
increase

Complete package of vessels and assets for the global market

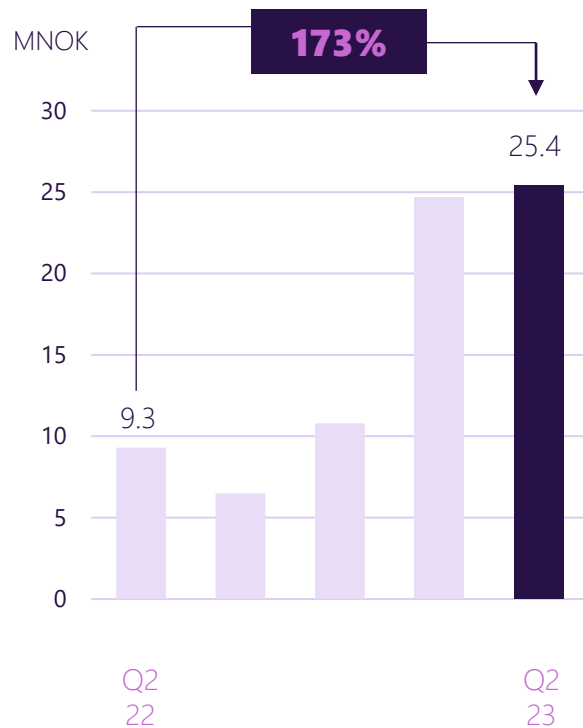
Full scale subsea services
Larger scope-of-work for clients



Strong revenue growth and record order book

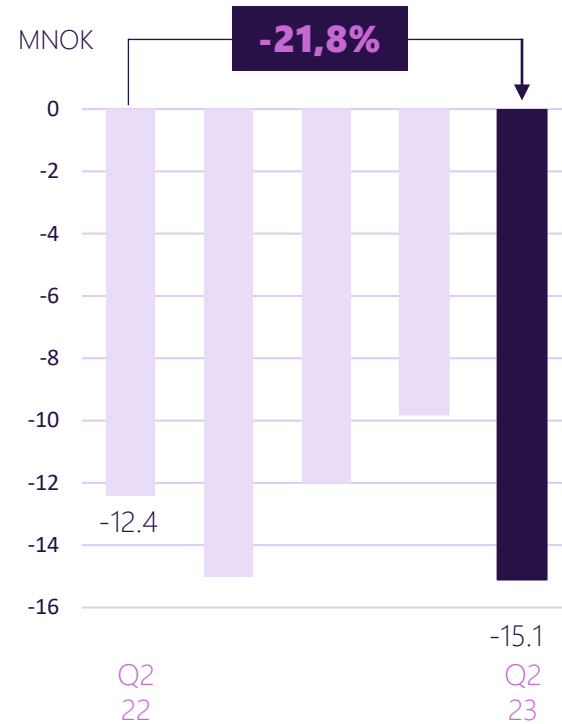
REVENUES

25.4



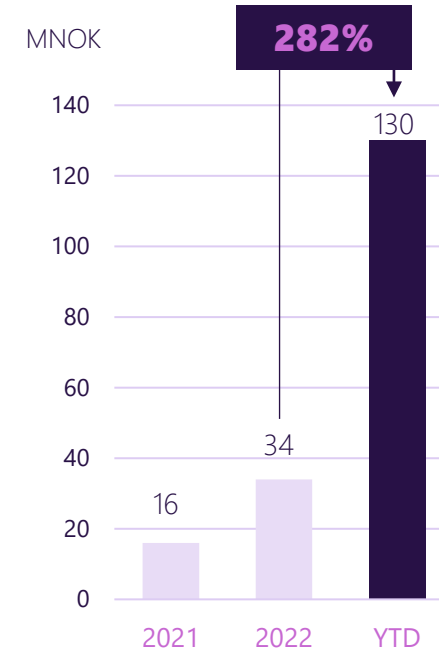
EBITDA

-15.1

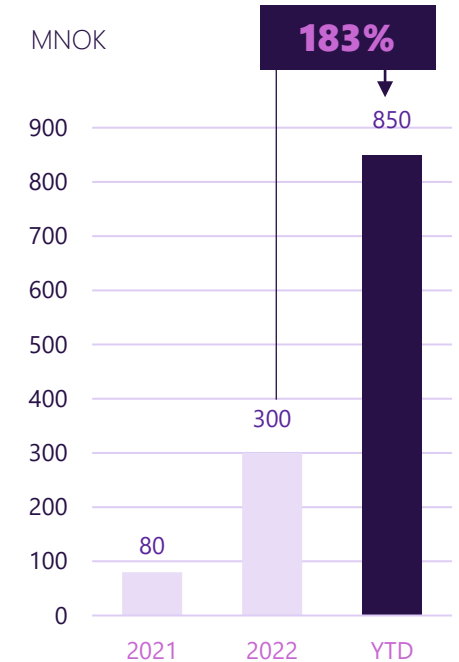


ORDER BOOK

130



TENDER PIPELINE YTD



Numbers are in MNOK

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

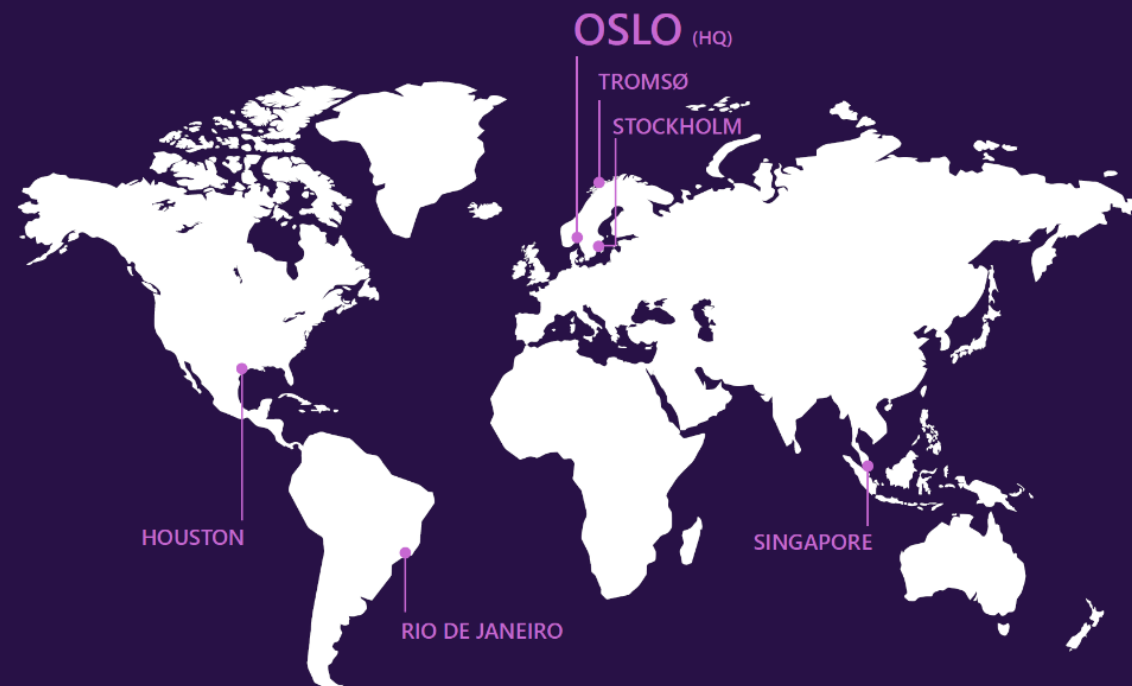


OFFSHORE
INSTALLATIONS



MARINE
MINERALS

► Close to our customers



LISTED
ON Euronext Growth



Argeo

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High-capability valuable assets with complimentary abilities



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: 1 x 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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Commercial & business development

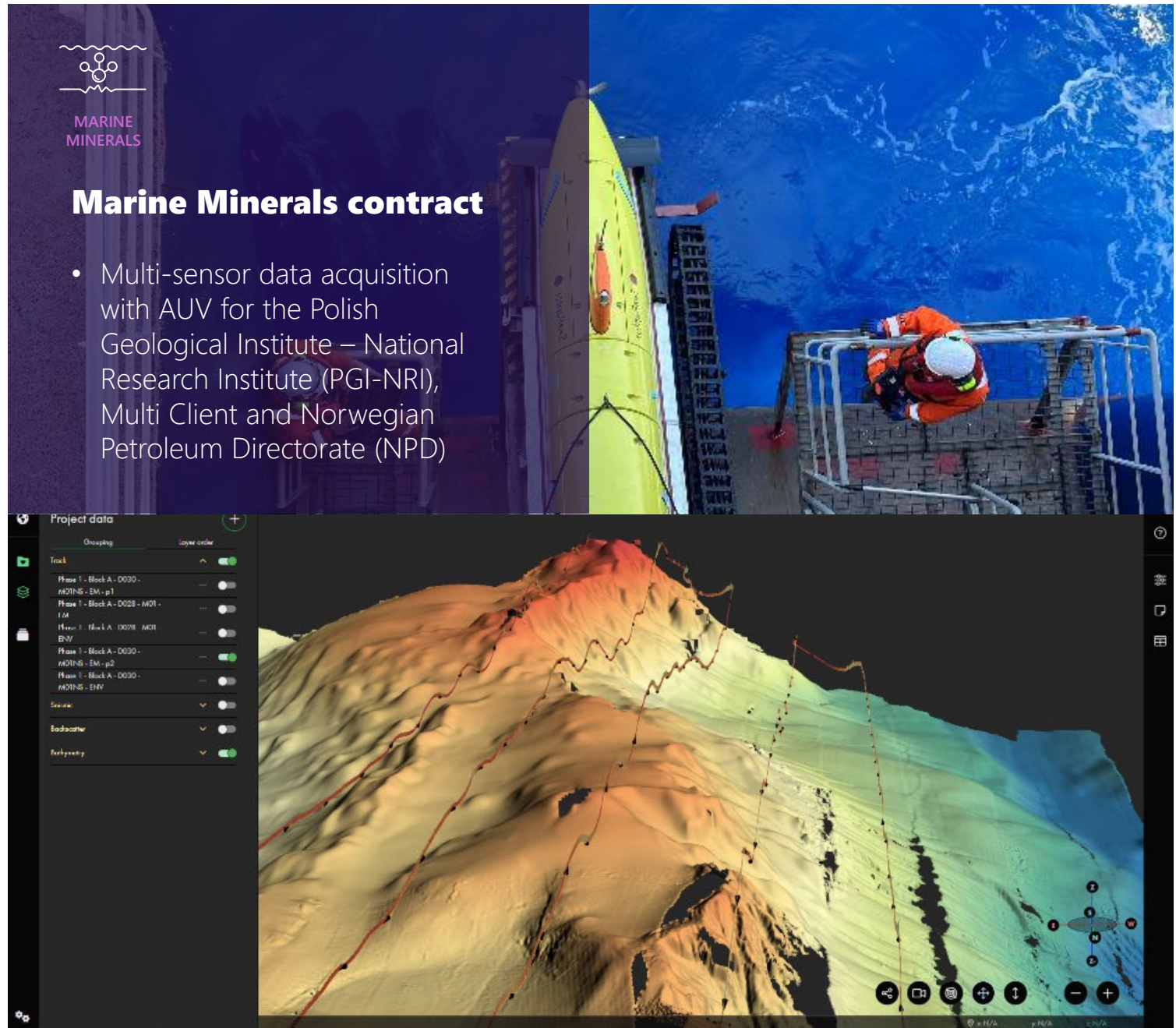
Technology

Financials

Outlook

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.



The slide features a background image of a yellow autonomous underwater vehicle (AUV) being deployed from a ship's deck. A diver in an orange suit is visible on the right side of the image.

MARINE MINERALS

Marine Minerals contract

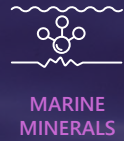
- Multi-sensor data acquisition with AUV for the Polish Geological Institute – National Research Institute (PGI-NRI), Multi Client and Norwegian Petroleum Directorate (NPD)

Project data

Grouping	Layer order
Track	
Phase 1 - Block A - D030 -	
MOTING - EM - p1	
Phase 1 - Block A - D028 - M01 -	
EM	
Phase 1 - Block A - D028 - M01 -	
ENV	
Phase 1 - Block A - D030 -	
MOTING - EM - p2	
Phase 1 - Block A - D030 -	
MOTING - ENV	
Source	
Backscatter	
Depthmap	

The main visualization area displays a 3D bathymetric map of the seafloor, color-coded from orange (shallow) to green (deep). A red line indicates the AUV's track across the terrain. The interface includes a sidebar with project data, a top navigation bar, and a bottom toolbar with various controls.

Continuous contract growth



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).

- 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

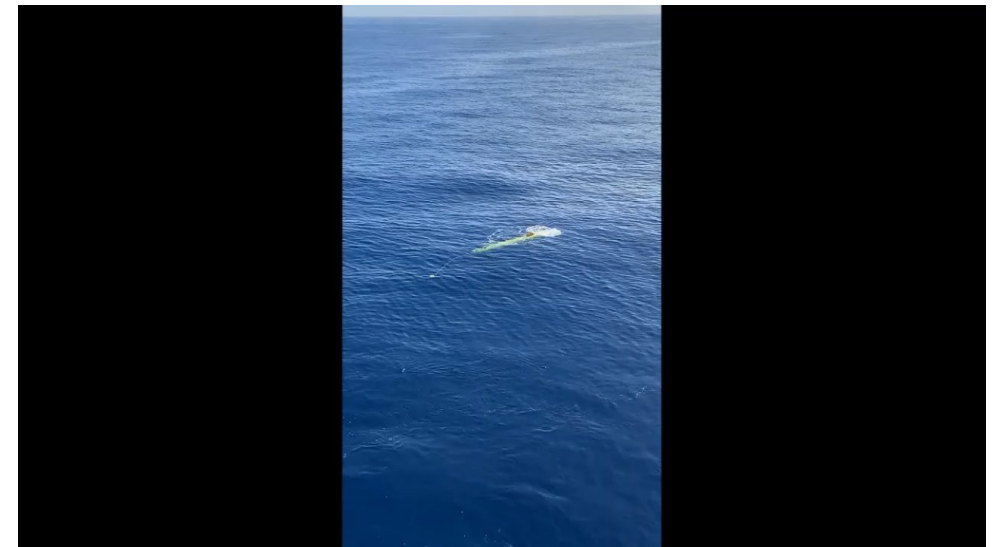
Permanent system on Argeo Searcher with two SeaRaptors

- 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: 1 x 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



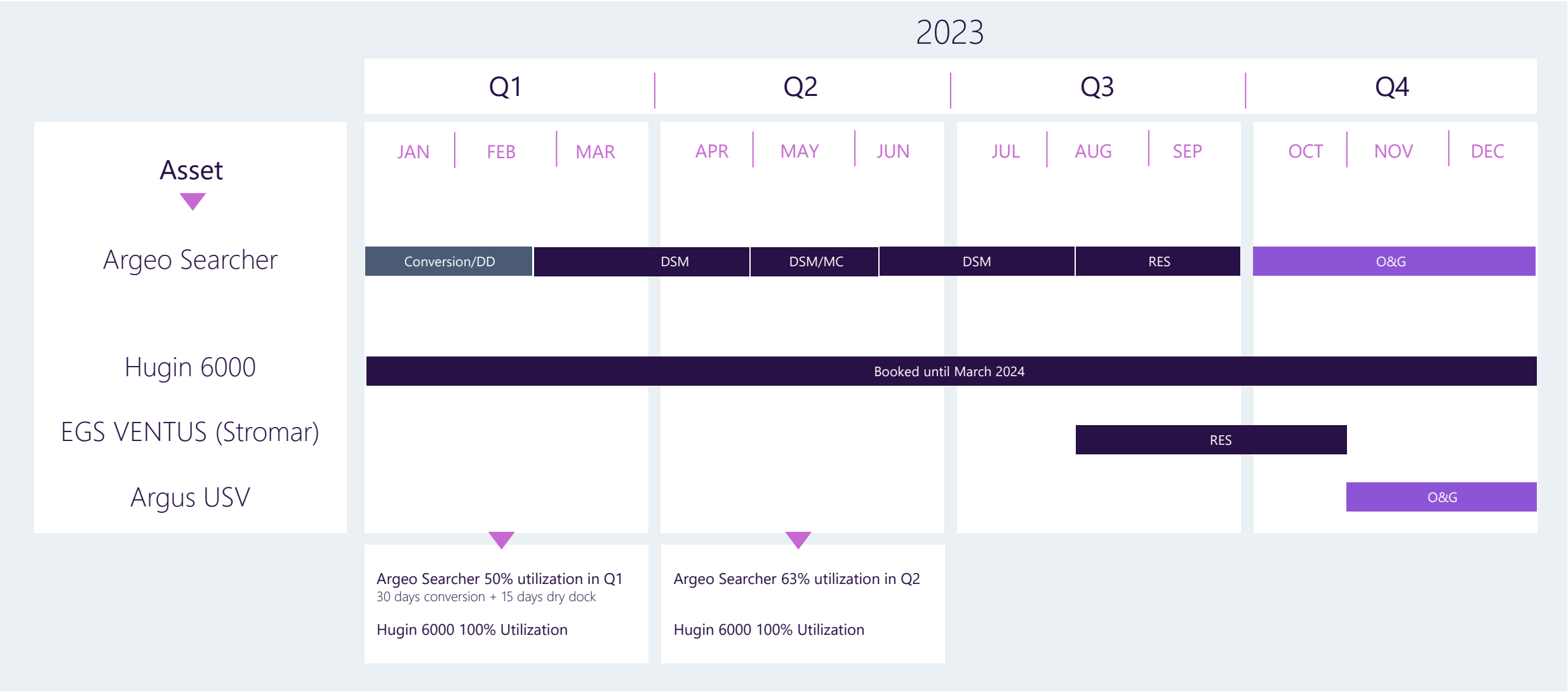
Increased activity as **Argeo proprietary technology** is addressing major issues for offshore wind development

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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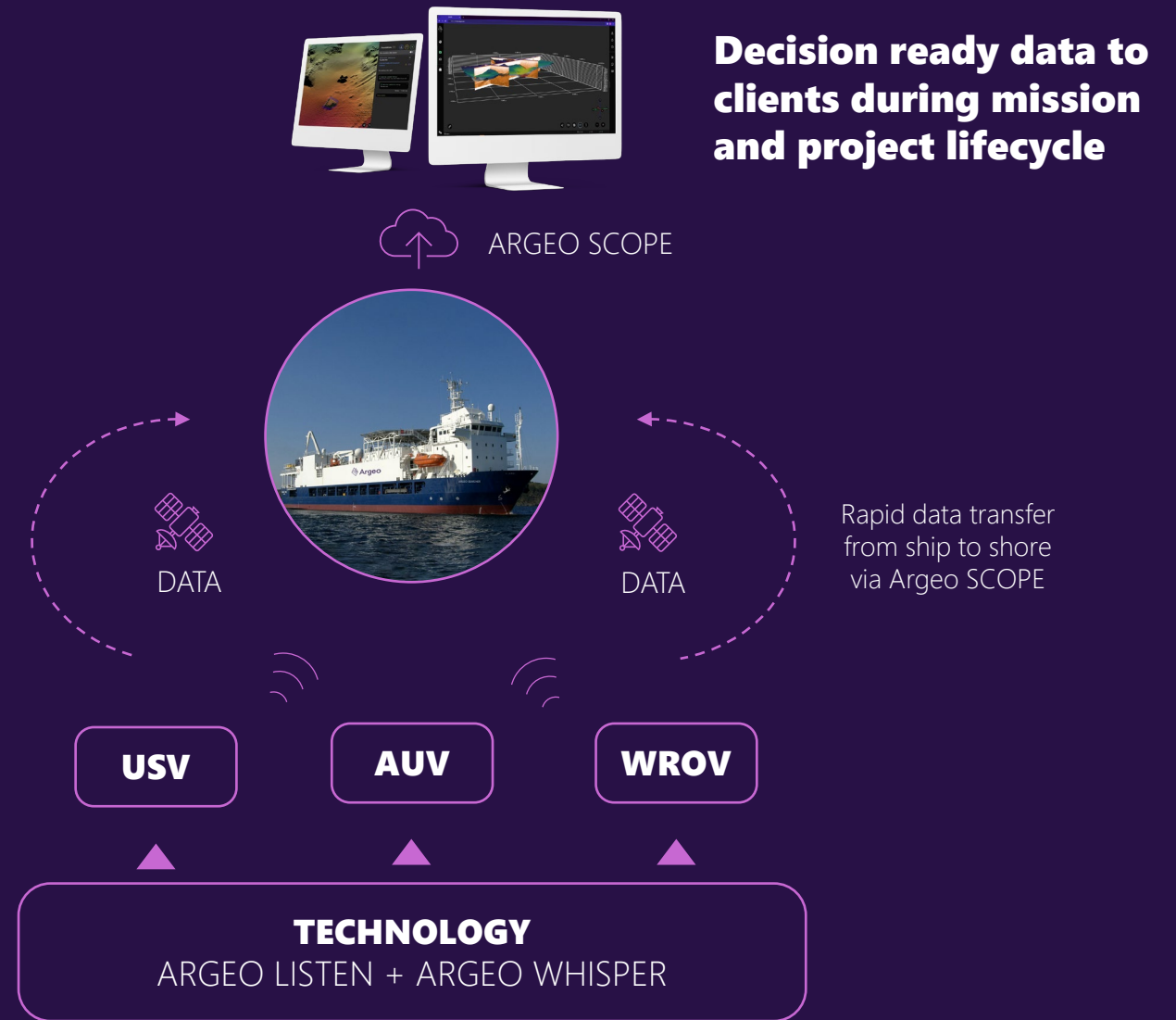
Financials

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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



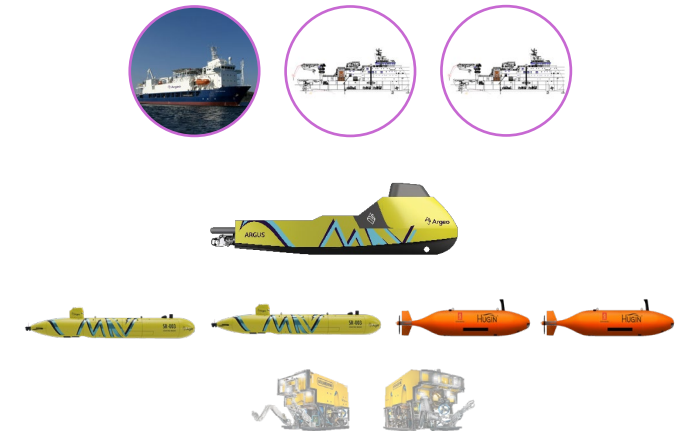
What has changed ?

HIGH DEMAND
UNDER SUPPLY
HIGHER RATES

FULL SCALE SUBSEA SERVICES

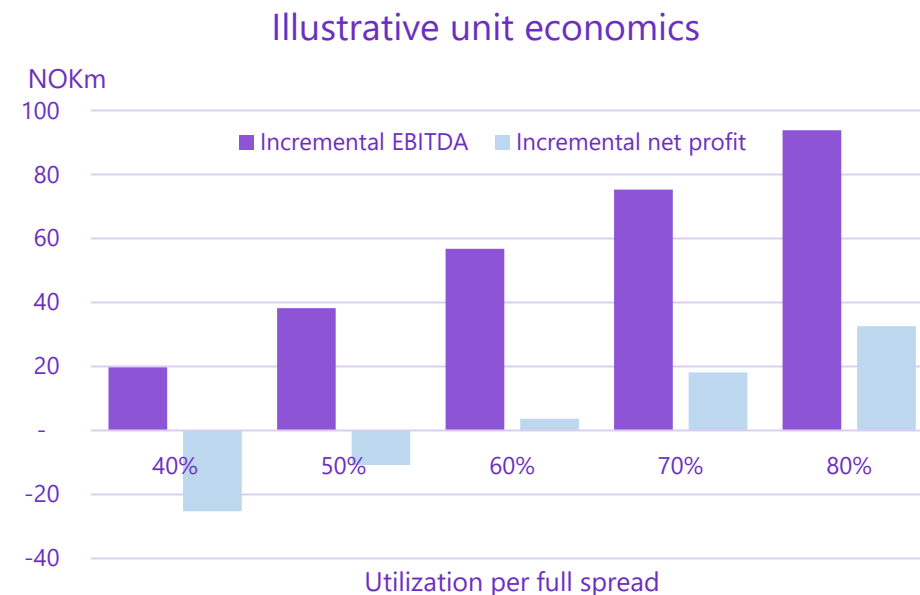
Argeo 2023 onwards

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



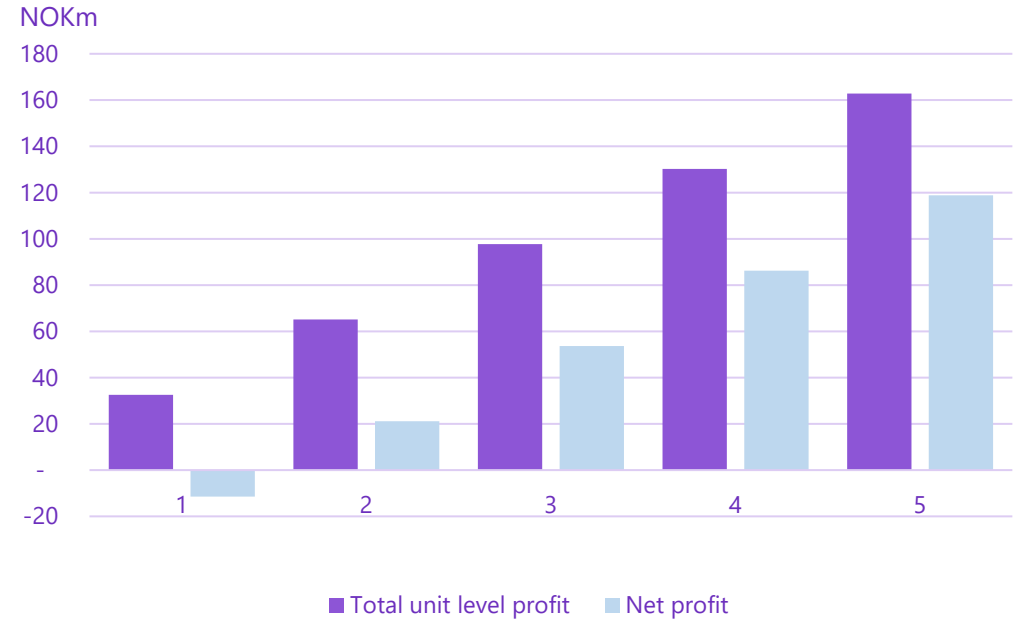
Key assumptions:

- 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:

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

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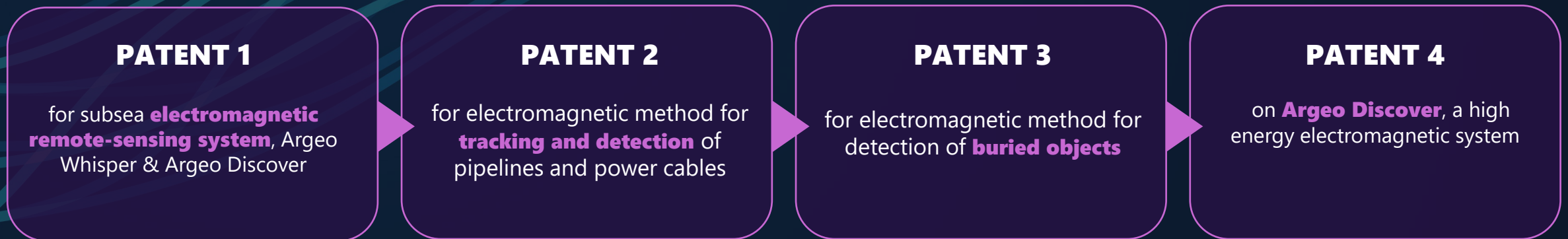
► **Technology**

Financials

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STRONG POSITION

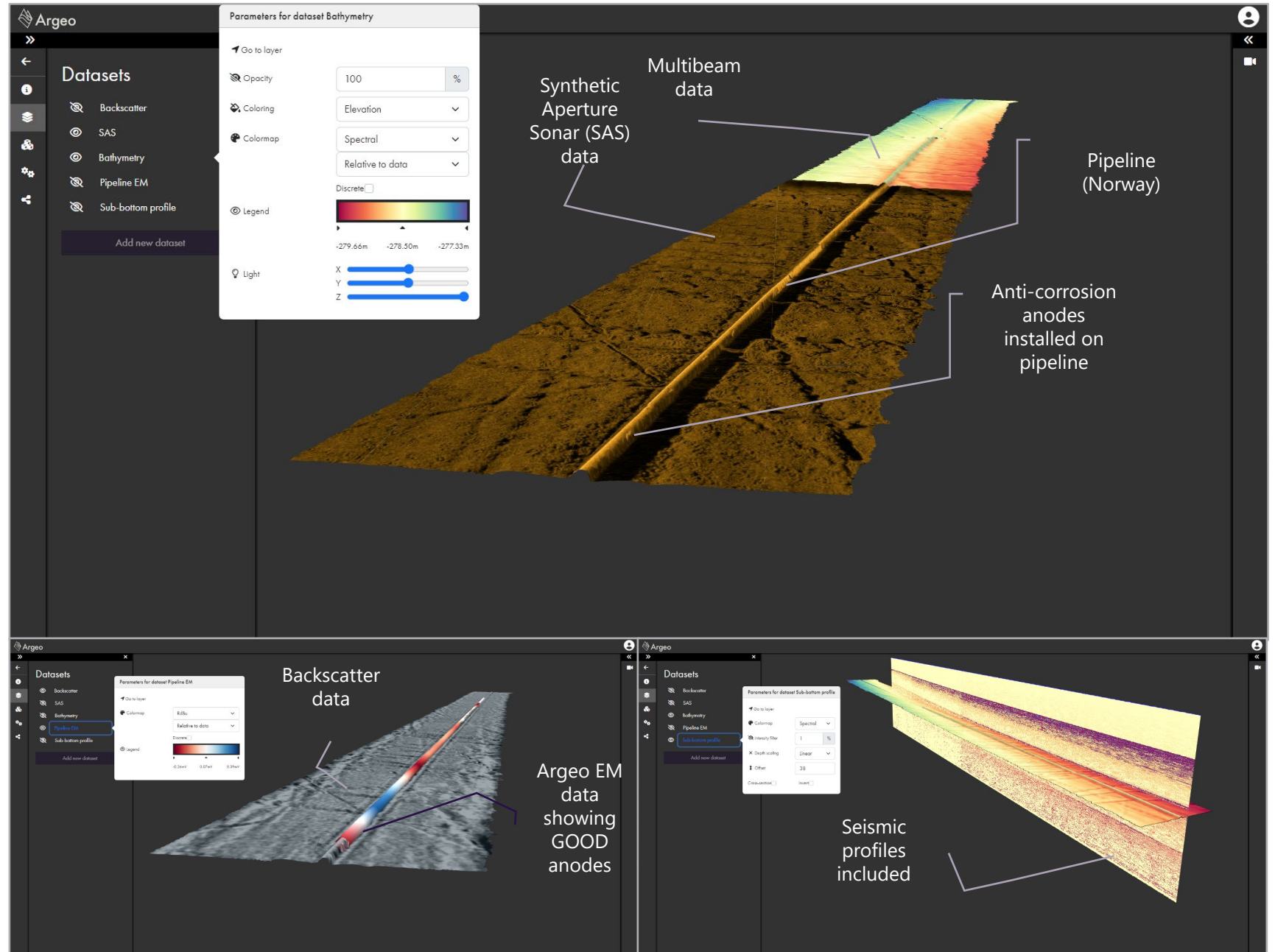
WITH A COMPETITIVE EDGE



LONG TERM IP STRATEGY

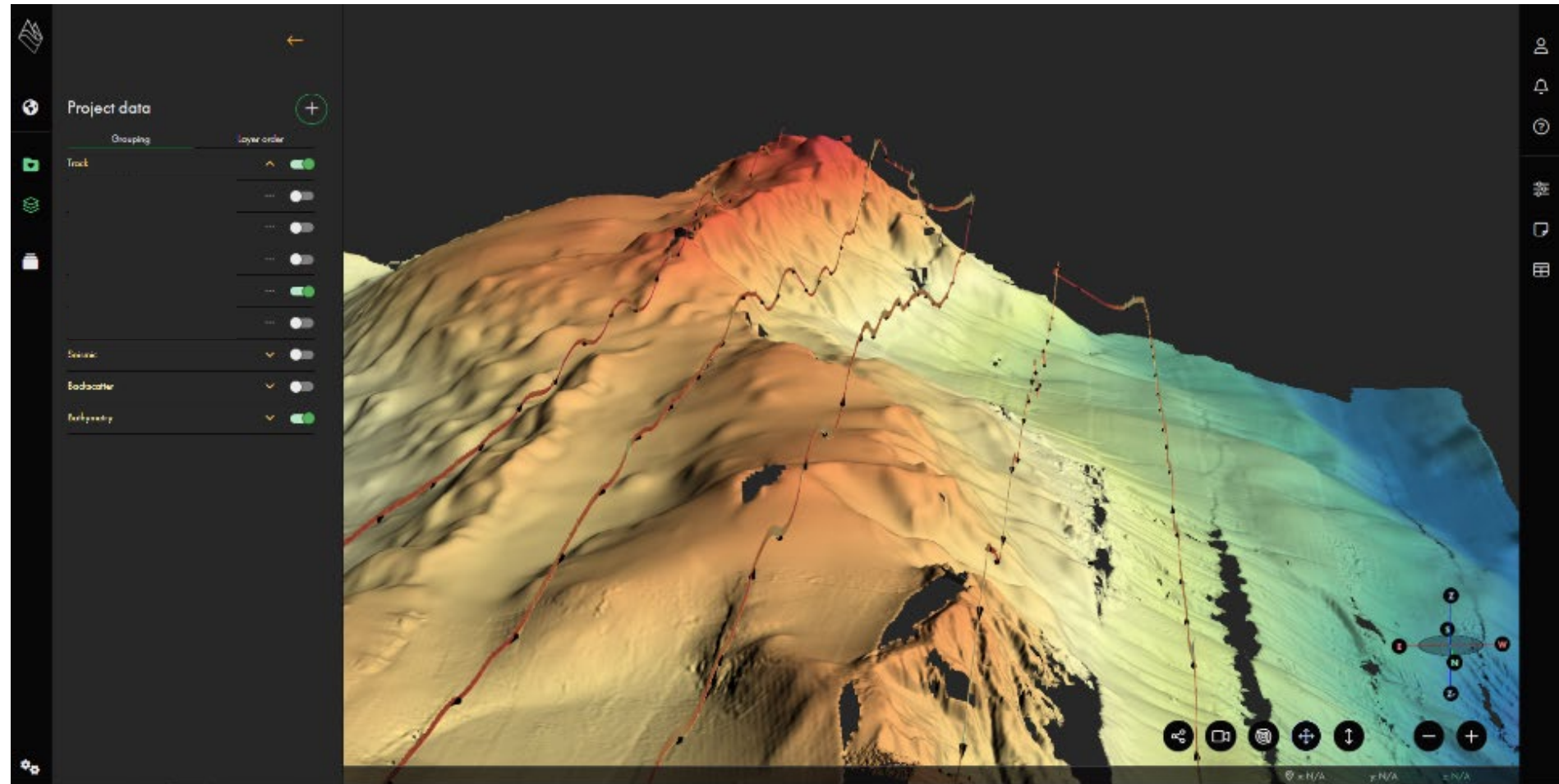
Oil & Gas

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
Operating revenue	25 394	9 295	50 077	16 208	33 583
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
EBITDA	-15 063	-12 400	-24 912	-24 745	-51 736
Depreciation	9 517	2 551	15 535	3 181	12 481
EBIT	-24 580	-14 950	-40 448	-27 925	-64 217
Net financial items	-2 961	-3 984	-9 645	-3 598	-5 770
Profit/(loss) before tax	-27 541	-18 934	-50 093	-31 523	-69 986
Income tax (expense)	-247	4 137	-456	6 914	-6 309
Profit/ (loss) for the period	-27 789	-14 797	-50 549	-24 610	-76 296

- 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
ASSETS			
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
Total non-current assets	258 941	105 829	246 788
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
Total current assets	91 600	138 549	98 992
Total assets	350 542	244 377	345 781
EQUITY AND LIABILITIES			
Equity	182 096	193 799	189 108
Long term debt	101 138	35 978	106 482
Total non-current liabilities	101 138	35 978	106 482
Trade payables	41 361	11 641	23 784
Other current liabilities	25 947	6 959	26 406
Total current liabilities	67 308	18 600	50 190
Total liabilities	168 445	54 578	156 672
Total equity and liabilities	350 542	248 377	345 781

- 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
Cash flow from operating activities					
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
Net cash from operating activities	-38 827	-21 304	-9 334	-17 596	-18 185
Cash flow from investing activities					
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
Net cash from investing activities	-12 327	-12 286	-28 561	-78 840	-241 014
Cash flow from financing activities					
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
Net cash flow from financial activities	49 459	66 650	28 959	96 532	214 650
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
Cash and cash equivalents end of the period	12 377	65 958	12 378	65 958	21 313

- 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**