Argeo

# ANNUAL REPORT

2023


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# CEO LETTER


# CEO LETTER


I would like to express my gratitude and appreciation for the hard work and dedication shown by everyone at Argeo during a year of significant scaling breakthroughs for the company. This upswing was initiated by a strategic turnaround in late 2022 when we successfully converted and operationalized the Argeo Searcher. Equipped with the Hugin Superior, this solution has met client expectations and paved the way for our plans to acquire the Argeo Venture. Throughout 2023, we completed several challenging projects using this platform, continually improving it and positioning the company for substantial growth in 2024. In addition to these achievements, we reached several other important technology milestones. Most notably, we commercialized the Argeo LISTEN sensor systems, demonstrating their unique performance to major clients in both the O&G and Marine Minerals sectors. Recognizing the need for larger capacity AUVs to handle larger contracts and projects, we introduced the new Hugin Superior class to our asset pool, and their performance has been outstanding.

## Market

There is significant growth in the traditional offshore segment for O&G but increasingly supported by activities in the marine minerals market. We are witnessing continued strengthening in the O&G deep water market, with rising rates across all sectors, bolstered by our company's ability to provide turnkey solutions. Our in-house technology has proven to be a gamechanger across all three verticals. A continued focus on the deep to ultra-deep water market is expected, with more acreage and projects being sanctioned, along with new greenfield projects anticipated for deep-water development. Lately we see an uptick in tenders in the global Offshore Wind (OWS) segment, in particular the floating OWS which requires Argeo's turnkey AUV solution.

Trond E. Figenschou Crantz
CEO

# Main events


## Main events 2023

### Q1

- Argeo Searcher conversion and rigging completed
- Ultra-deep water AUV survey work in the North Atlantic has started
- Mid-Atlantic 2023 deep-water campaign firms up to 30 million NOK
- Argeo signs survey contract with Stromar Offshore Wind Farm

### Q2

- Argeo awarded NOK 37 million deep-sea survey contract with Norwegian Petroleum Directorate
- Argeo confirms contract extension to March 2024 for Hugin 6000 AUV
- Argeo granted new patent for electromagnetic method for tracking and detection of pipelines and power cables

### Q3

- Argeo AS: Argeo granted new patent for an electromagnetic method for detection of buried objects
- Argeo AS: Argeo granted a patent on a high energy electromagnetic system
- Argeo AS: Argeo with comprehensive AUV fleet expansion
- Argeo and Shearwater forges strategic alliance to transform subsea and ocean bottom seismic markets

### Q4

- Argeo AS: Argeo has in principle agreed with a Supermajor O&G company on a 3-month subsea Inspection program
- Argeo AS: Argeo confirms NOK 55 million contract with Shell- SNEPCo
- Argeo AS: Argeo awarded NOK 154 million contract with India’s National Centre for Polar and Ocean Research (NCPOR)

# A complete subsea service provider

## from acquisition to actionable data

Argeo is a complete subsea service provider operating in three major verticals, oil & gas, marine minerals, and the renewables sector. We offer a unique package combining **robust vessels**, **superior AUV's, advanced sensors** and digital imaging technology and an **intuitive digital platform** that collects complex data and brings this to life. With our own vessels and superior AUV's we are fast, flexible and in a unique position to offer full lifecycle services. Our services include survey, inspection, maintenance, and repair, increasing efficiency and reducing carbon footprint for our customers.

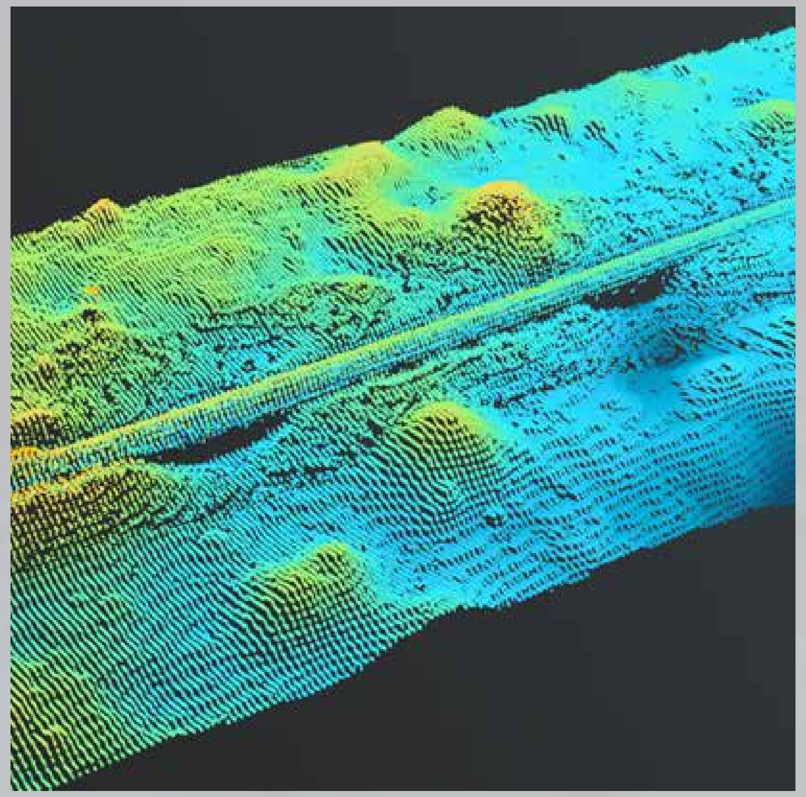
# Bringing complex data to life

## in three key verticals

Argeo conducts ocean surveys & inspections using autonomous robotic solutions for three key markets, Oil & Gas, Marine Minerals and Renewables

**More cost-efficient survey and inspection giving our clients**
- Faster inspections
- Faster project turnaround
- Lower $CO_2$ footprint
- Safer operations with lower HSE risk

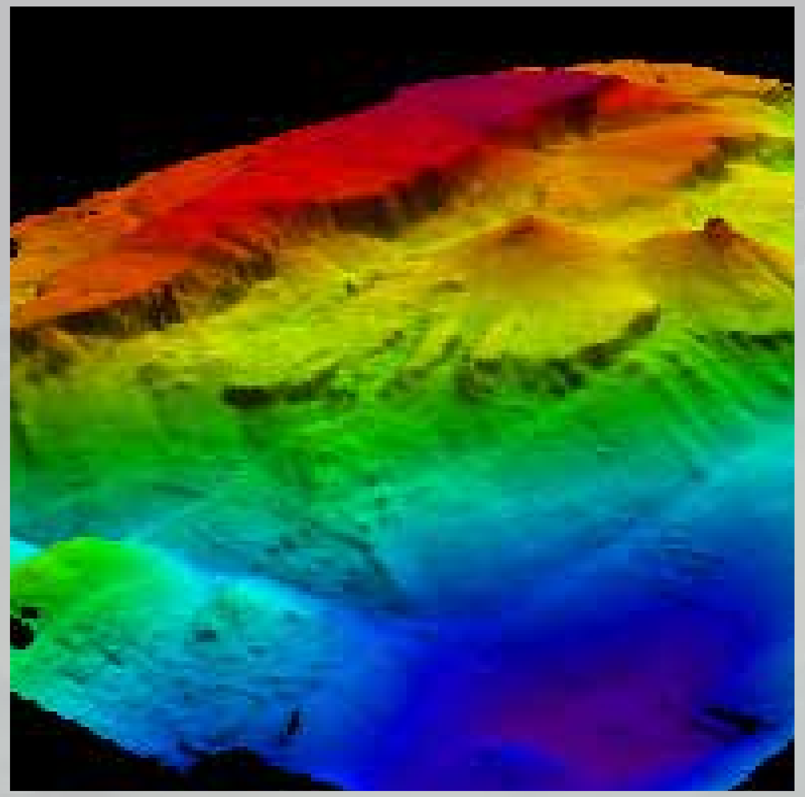
**Easy access to actionable data**
- Rapid decision ready data to clients during mission and project lifecycle
- Intuitive visualizations of complex data



### Oil & Gas

Argeo provides comprehensive services for the oil and gas industries, specializing in Inspection, Maintenance, Repair, and Survey (IRMS).

Our offerings include greenfield development, route survey connections with the installation of Floating Production Storage and Offloading units (FPSOs), and the inspection of existing pipelines, power cables, and subsea infrastructure. We conduct detailed subsea inspection programs and handle general maintenance activities. Additionally, we offer seismic support operations for Ocean Bottom Node (OBN) in collaboration with Shearwater Geo.



### Marine Minerals

Argeo work with marine minerals companies and geological institutions to conduct exploration surveys for new licenses and resource estimation. They also perform environmental assessments before and after exploration and extraction activities.

### Renewables

Argeo provides advanced survey and inspection services to the offshore wind industry using cutting-edge technology.

Our offerings include pre-installation and route surveys (IRMS), cable burial inspection, and underwater data collection for new areas. Argeo supports wind farm construction, infrastructure inspections, and offers multi-client services for greenfield acreage. These solutions ensure efficient and safe installation of wind turbines, promoting sustainable ocean wind energy.

# Board of Directors

Jan P. Grimnes

**CHAIRMAN**

Chairman of the board of Geoteric and board member of Adrega AS. Board experience from Magseis Fairfield ASA, Fara AS, Q-Free ASA and SPT Group AS. Founded Technoguide in 1996, the company that developed and commercialized the world's leading E&P software Petrel as Chairman and CEO.

Jim Dåtland

**MEMBER OF THE BOARD**

Experienced executive with vast background from corporate and capital markets. Previously CFO and Investment Director of the family office T.D. Veen AS. Experience from several listed offshore drilling companies including Seadrill Ltd. Currently board member of Quantafuel and Aquarobotics.

Heidi Gryteland Holm

**MEMBER OF THE BOARD**

More than ten years of experience with digital solutions in the Oil and Gas industry, primarily supporting drilling operations. Holds an M.Sc in Mechanical Engineering from NTNU

Geir Kaasen

**MEMBER OF THE BOARD**

30 years experience from Investment Banking and Corporate Finance. Currently working as investor and independent financial advisor. Experience from capital markets including M&A transactions, IPOs and capital raising for 50+ energy and tech companies. Previously partner in ABG Sundal Collier, SEB Enskilda and Hagstrøm & Qviberg.

Lars Petter Utseth

**MEMBER OF THE BOARD**

Lars Petter Utseth joined Kistefos in 2019. Prior to joining Kistefos, Mr. Utseth worked in the Investment Banking Division at SpareBank1 Markets, focusing on M&A and ECM transactions. Mr. Utseth holds a MSc in Finance from the Norwegian School of Economics (NHH).

Peter Hooper

**MEMBER OF THE BOARD**

Peter, CCO at Shearwater, has 20+ years experience in offshore seismic, subsea survey, and marine operations. Co-founded Wavefield AS in 2006, later becoming Senior VP of Marine Operations at CGGVeritas. He then joined Dolphin Geophysical as VP Operations and later COO. Peter holds a BSc (Hons) from the University of Aberdeen and a Postgraduate Diploma in Hydrographic Surveying from the University of Plymouth.

# Meet the Management Team

Trond F. Crantz:

**CEO**

20+ years experience from global technical, operational and commercial leadership roles in Schlumberger and PGS and founder of Argeo. Holds a degree in robotics and cybernetics and an MBA from BI Norwegian Business School.

Odd Erik Rudshaug

**CFO**

35+ years experience from shipping and oil & gas. Co-founder & CFO for RXT, experience from PGS and EMGS and hold a M.Sc. Business & Economics.

Thorbjørn Rekdal

**CTO**

20+ years experience with global leadership roles in PGS among others: President Research, VP Global Data Processing, Interim head of Data Processing, Senior VP Commercialization and President Marine Contract for Europe, Middle-East. He holds a PhD in geophysics from University of Oslo.

Ruben Kornmo Janssen

**VP Sales**

Elisabeth Andenæs

**Marketing & Communications Manager**

Dave Gentle

**VP North & South America**

Joost Hendrik Bakker

**VP Operations**

Anna Lim

**Manager Marine Minerals**

Anne Havsgård

**Global HR Manager**

Christian Halvorsen

**Global Tender Manager**

Harald Blaauw

**General Counsel**

# BOARD OF DIRECTOR's REPORT

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. Equipped with unique sensors and advanced digital imaging technology, the Autonomous Underwater Vehicles (AUV's) will significantly increase efficiency and imaging quality in addition to contributing 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 Oil & Gas, Renewables, Marine Minerals and Offshore Installations.

Argeo was established in 2017 and has offices in Asker (Oslo), Tromsø, Stockholm, Rio de Janeiro, Houston, Singapore, and Edinburgh. Since its incorporation, Argeo has carried out complex projects for some of Norway's largest companies in the field.

## Operations

Argeo signed a 5-year bareboat charter for the vessel Argeo Searcher in October 2022. The vessel came on charter in January 2023, and a conversion and rigging program was completed in February 2023. Both SeaRaptors were integrated into the vessel. A deep-water marine mineral project for the Polish Geological Institute (PGI) along the Mid-Atlantic Ridge was completed in Q2 2023, and a nearby Multi-Client (MC) data acquisition project also commenced during the quarter in collaboration with a reputable MC company. In June 2023, the vessel transited to Tromsø for the Knipovich marine minerals project for the Norwegian Offshore Directorate which was completed late Q3 2023. Argeo Searcher completed a significant upgrade in Norway before departing for its project in Nigeria. The vessel is now fully setup for any subsea scope work. Argeo Searcher arrived in Nigeria late December and completed the Bonga field project 20th of January 2024. A new 5-year bareboat was entered into effective January 1, 2024, with an option buyout clause of USD 8 million.

On November 7, Argeo took delivery of the vessel SW Bell from Shearwater and renamed it Argeo Venture. A reactivation and conversion program was initiated, which completed in early April 2024 when the vessel sailed to Namibia for a 9 months contract with Total. In addition to the vessel purchase, Argeo and Shearwater entered into a strategic alliance for innovating and pioneering new technology and products across the subsea and marine seismic markets.

In March 2022 Argeo signed an agreement with Kongsberg Maritime for the purchase of a Hugin 6000 AUV (Autonomous Underwater Vehicle) which was delivered in September 2022. The AUV commenced immediately a long-term contract and was delivered back to Argeo late April 2024.

A comprehensive fleet expansion initiative was launched in Q2 2023, for the lease of three new Kongsberg Hugin AUV's. The first Hugin Superior was delivered in November 2023, and is currently being used onboard Argeo Searcher.

In Q3 2023, Argeo completed a survey contract with Stromar, a consortium made up of Ørsted, Renantis and BlueFloat Energy, over the Stromar offshore wind farm of the coast of Scotland.

Argeo Robotics has now been granted five patents from the Norwegian Industrial Patent office (Patentstyret) for subsea electromagnetic remote-sensing systems. The Argeo Robotics team has submitted another four patent applications for AUV related technology which consists of both sensor hardware and sensor applications.

Argeo Robotics has developed Argeo Listen, a unique electromagnetic sensor technology, enabling the use of AUVs for cathodic protection inspection of subsea infrastructure and has also become a key tool in marine mineral exploration. This technology has been a requirement for all marine mineral exploration and pipeline inspection projects performed by Argeo and has become a strong differentiator and competitive advantage for the company.

Argeo has also developed Argeo Whisper, a unique electromagnetic source system, that can be used for mandatory surveys to detect unexploded ordnances (UXO) and metal debris. It can also be used to determine the position and burial depth of power cables with an accuracy that can significantly reduce cable installation and maintenance costs for offshore wind power cables.

Argeo SCOPE, our proprietary digital platform for subsea data, incorporates all types of data from our projects, and enables fast, efficient, and informed decision for subsea field developments, inspections and required maintenance for Offshore Wind, Marine Mineral Exploration and Oil&Gas.

The Argeo organization has grown from 49 to 55 employees during 2023.

## Changes to accounting principles

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards® ("IFRS") as adopted by The European Union ("EU"), and represent the first financial statements of the Group in accordance with IFRS. See note 7.3 for information related to first time adoption.

## Net income, investments, financing, and liquidity

Revenues for the Group increased from USD 3.5 million in 2022 to USD 10.1 million in 2023. Net loss for the Group in 2023 was USD 16.9 million, compared to a net loss of USD 8.9 million in 2022. Net loss for the Group in 2023 is mainly due to market entry and commercialisation of Argeo's new vessel and AUV setup. Loss in 2023 also includes a write down on two assets currently in layup amounting to USD 2.7 million and a USD 1.4 million currency exchange loss.

Parent company Argeo AS had a minor intercompany revenue in 2023 amounting to NOK 19 thousand, compared to no revenue in 2022. Net profit for 2023 was NOK 3.6 million, compared to a net profit of NOK 4.2 million in 2022. Net income for both years is mainly due to interest income on intercompany loans, and income tax benefit.

Total assets at year-end 2023 for the Group amounted to USD 71.6 million, compared to USD 32.8 million at year-end 2022.

Total assets at year-end 2023 for Parent amounted to NOK 648.4 million , compared to NOK 296.8 million at year-end 2022.

The Group invested USD 21.1 million in property, plant, and equipment (PPE), USD 1.5 million in intangible assets and USD 0.3 million in multi-client library in 2023. Investments in PPE is mainly related to purchase and upgrade of the vessel Argeo Venture. In 2022, the Group invested USD 24.4 million in property, plant, and equipment, USD 1.9 million in intangible assets and USD 0.4 million in multi-client library. Argeo also had additions to Right of use assets in 2023 mainly related to the charter of Argeo Searcher and rental of the first Hugin Superior AUV.

Investments in intangible assets are mainly related to development of electromagnetic sensor solutions used on the Company's AUV's, and Argeo's digital twin solution "Argeo Scope". All development cost related to these projects are capitalised, and includes the cost of materials, direct labour and overhead cost.

Cash and cash equivalents as of 31 December 2023 for the Group was USD 5.3 million, compared to USD 2.2 million on 31 December 2022.

Cash and cash equivalents as of 31 December 2023 for the Parent amounts to NOK 23.6 million, compared to NOK 14.5 million on 31 December 2022.

Equity was USD 35.0 million at the end of 2023 for the Group, compared to USD 14.6 million at the end of 2022.

Equity was NOK 647.4 million at the end of 2023 for the Parent, compared to NOK 293.2 million at the end of 2022. A private placement of 15 576 168 new shares was made in June 2023 at NOK 2.75 per share, raising gross proceeds of approximately NOK 43 million. A private placement of 78 125 000 new shares at NOK 3.20 per share was completed in October 2023, raising gross proceeds of NOK 250 million. Furthermore, the Company issued 20 123 625 new consideration shares to Shearwater as part settlement for the Vessel acquisition.

Total liabilities for the Group increased from USD 18.2 million in 2022 to USD 36.6 million in 2023. Proceeds from new long-term debt were USD 2.6 million and includes a USD 2 million loan from Innovation Norway. There are certain covenants related to this loan, see note 6.2. New leases amounted to USD 19.6 million in 2023.

Total current interest-bearing liabilities and lease liabilities were USD 7.1 million at the end of 2023. Total non-current interest-bearing liabilities and lease liabilities were USD 18.1 million at the end of 2023. Ageing of financial liabilities is presented in note 6.3.
Net cash from operating activities for the Group in 2023 amounts to minus USD 4.2 million, compared to USD 4.2 million in 2022.

## Outlook
Our dedication to addressing intricate projects for our clients, coupled with the exceptional efficiency derived from our proven sensor technology and software, has sparked worldwide demand for Argeo's inspection services. This success has brought about noteworthy enhancements, solidifying our position for ongoing achievements.

In the dynamic offshore landscape, we continue to monitor and adapt to emerging trends. Our analysis of the competitive landscape indicates that we are well-positioned to capitalise on opportunities and has clearly carved out a significant niche for Argeo where competition is limited and more importantly controlled by technological barriers and advancements in our own solutions. Our goal is to retain this competitive advantage and to be a technology leader the field of subsea services.

Looking ahead, we are optimistic about the future, with a strong contract backlog at the start of the year and good potential for continued growth for 2024 and following years.

## Financial risk
The Group is exposed to a range of risks affecting its financial performance, including market risk, interest rate risk, credit risk and liquidity risk. The Group seeks to minimize potential adverse risks through sound business practice and risk management.

## Market risk
Financial instruments affected by market risk include interest-bearing debt (loans from Innovation Norway), cash and cash equivalents, trade and other receivables, lease liabilities and trade payables.

## Interest rate risk
The Group's exposure to the risk of changes in interest rates relates primarily to the below-market interest loans from Innovation Norway. Management therefore considers the interest rate risk to be low.

## Foreign currency risk
The Group is exposed to currency fluctuations due to the international nature of its operations. A significant portion of the Group's revenues and operating costs are denominated in USD, in addition to some exposure to NOK, EUR and GBP. The Group does not currently hedge currency exposure with the use of financial instruments but monitors the net exposure over time.

## Liquidity risk
Management of liquidity risk is given high priority. The Group manages liquidity risk by maintaining sufficient cash and cash equivalents, seeking the availability of equity funding and debt funding, and by continuously monitoring forecasts and actual cash flows.
To further improve its liquidity position, the Group secured a NOK 20 million loan from Innovation Norway in December 2022. The loan was drawn with NOK 10 million in April 2023 and NOK 10 million in May 2023. The Group also raised gross proceeds of NOK 250 million through a private placement in October 2023. The liquidity risk is hence considered to be at a reasonable level.

## Other market risks
War in Ukraine and Israel/Gaza: the ongoing wars do not currently impact the Group directly, as it has no operating presence in either Russia, Belarus, Ukraine, Israel or Gaza. Indirect effects however, such as financial market volatility, sanctions related knock-on-effects, general economic market conditions and other future responses of international governments, might have an impact on the Group's financial results and financial position. The Group's management continues to monitor the situation and has an ongoing assessment of potential impact on the Group's financial results and financial position.

## Credit risk
The Group is mainly exposed to credit risk from its operating activities. The risk is minimized through trading with creditworthy third parties and monitoring of receivable balances on an ongoing basis. The Group has not yet experienced any losses on receivables. However, the increased operations of the Group outside the home market exposes the Group to different credit risk environments. Management deems the Group's credit risk to be at an acceptable level given the current operational circumstances and the outlook of the Group.

## 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. The assumption is based on estimates and expectations for 2024 and the Group's long-term strategy.

## The working environment
At year-end 2023, the Argeo Group had 55 employees. Of which 50 men and 5 women. Argeo had one temporary employee in 2023 (man).

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.

Equality applies to all practices and guidelines relating to the recruitment process and hiring of all workers. We respect and protect the fundamental human and workers' rights in a manner consistent with laws and regulations.

The Group promotes a healthy workplace by prohibiting discrimination due to gender, race, age, ethnicity, disability, sexual orientation, or religion and provides fair compensation for employees' work.

Leave of absence due to illness in 2023 was 2.7% and remains at a low and manageable level. Argeo had two minor first aid incidents onboard vessels in 2023. Two minor accidents remedied by first aid onboard vessels in 2023 (mild injury on chest and pinched middle finger).

Paternity leave was two weeks in 2023 (man).

## 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.

Our commitment to ESG principles remains steadfast. Argeo utilises vessels and subsea equipment (robots) to keep our oceans clean and inspect and maintain for example production equipment for O&G. Argeo also engages in the identification of older production equipment for removal in DECOM. We accomplish this with self-developed patented technology that allows us to conduct these inspection surveys up 8x more efficiently than alternative older solutions. We have fuel-efficient vessels and robotic equipment, further giving the company and our services a significant green profile.

## 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.

## The Transparency Act

The statement for 2023 will be published by 30 June 2024 on Argeo's website.

## Subsequent events

In January 2024, a total number of 7,750,000 share options were granted under a new incentive plan, and the options will vest 1/3 each year over a total vesting period of 3 years. Each option will, when exercised, give the right to receive one share in the Company at a fixed strike price of NOK 3.20. Options granted under the share option program will expire five years after grant date. The grant replaces 555,000 outstanding share options from the grant in December 2021, 36 000 of the "Tranche 1" warrants and 2 581 063 of the "Tranche 2" warrants.

In February 2024, Argeo signed a sale-and-leaseback contract involving the Company's vessel Argeo Venture. The net proceeds from the transaction will replace the offer for a USD 10 million bank loan and a USD 2 million credit facility in financing previously announced on 2 October 2023.

In February 2024, Argeo signed a NOK 154 million contract with India's National Centre for Polar and Ocean Research (NCPOR). The contract comprises of near-seabed exploration survey and data analysis. The data acquisition commenced by Argeo Searcher in February 2024 and is estimated to be completed in late May 2024.

In March 2024, Argeo signed a USD 39 million contract with the international energy company TotalEnergies. The work will be carried out by Argeo Venture which started the transit from Norway to West-Africa on the 7th of April. The project has an expected duration of 9 months.

In March 2024, Argeo, CSI Nordics and Kongsberg Discovery signed a three-party Certificate of Delivery and Acceptance for a new Hugin Superior AUV. CSI Nordics, a subsidiary of CSI Leasing, will purchase the unit from Kongsberg Discovery, entering into a long-term leasing agreement with Argeo.

In March 2024, Argeo completed a private placement of 18,181,818 new shares at NOK 2.75 per share, raising gross proceeds of approximately NOK 50 million. The private placement was followed by a Subsequent Offering with non-tradeable subscription rights of 11,000,000 new shares in the Company, raising gross proceeds of NOK 30,250,000. The new share capital of the Company after the registration of the shares is NOK 22,208,174.20, divided into 222,081,742 shares, each with a nominal value of NOK 0.10.

In April 2024, Argeo signed a contract with Woodside Energy to execute the 2024 AUV geophysical survey for the deepwater Calypso field in Trinidad and Tobago. The work will be carried out by Argeo Searcher with commencement in Q3 2024. The project duration is approximately 60 days.

## 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.

## Allocation of net loss and dividends

Argeo Group had a net loss of USD 16.9 million in 2023. The parent company Argeo AS had a net profit of NOK 3.6 million in 2023. The Board of Directors has proposed the net profit in Argeo AS to be allocated to other equity, and that no dividend is distributed.

## 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, 2023 (Annual Report 2023).

To the best of our knowledge:

- The Annual Financial Statements for 2023 have been prepared in compliance with applicable accounting standards.
- 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, 2023.
- The Director's Report gives a true and fair view of:
  - The development, result, and position of the company.
  - The principal risks and uncertainties faced by the company.

Jan P. Grimnes
**Chairman**

Geir Kaasen
**Board Member**

Jim Dåtland
**Board Member**

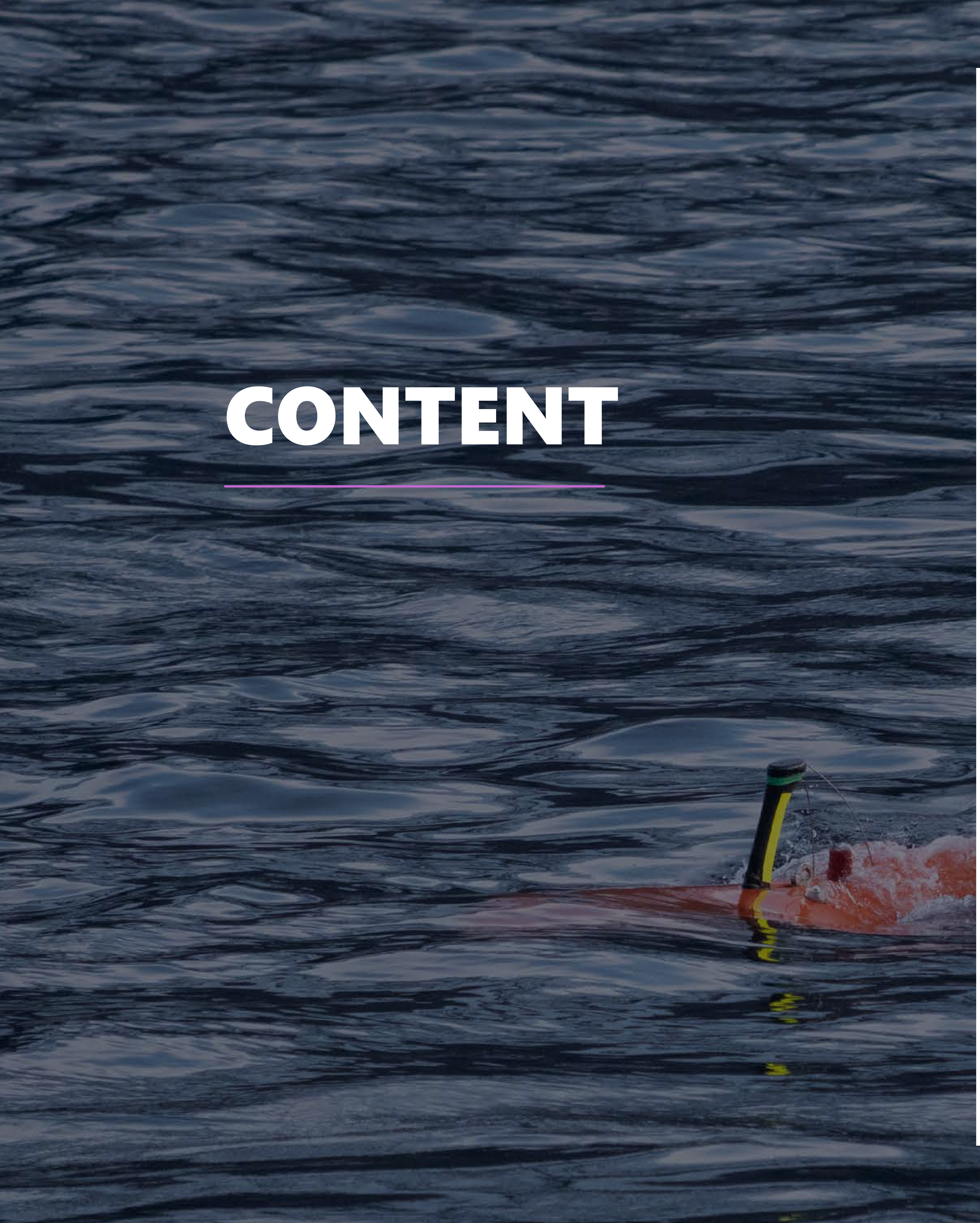
Lars Petter Utseth
**Board Member**

Heidi G. Holm
**Board Member**

Peter Hooper
**Board Member**

Trond F. Crantz
**CEO Argeo**

# CONSOLIDATED STATEMENTS & NOTES



# CONTENT

## Content

# Consolidated statement of comprehensive income

For the years ended 31 December

| All amounts in USD 1,000 | Note | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Revenues | 2.1 | 10,126 | 3,476 | 1,787 |
| Other income | 2.2 | - | 9 | 55 |
| **Total revenues and other income** | | **10,126** | **3,485** | **1,842** |
| Cost of sales | 2.3 | 14,541 | 5,666 | 3,147 |
| **Gross profit** | | **-4,415** | **-2,181** | **-1,305** |
| Selling, general and administrative expenses | 2.4 | 1,859 | 2,970 | 1,747 |
| Impairment | 5.2 | 2,700 | - | - |
| Depreciation and amortisation | 2.6 | 4,689 | 1,431 | 227 |
| **Total operating expenses** | | **9,248** | **4,401** | **1,973** |
| **Operating profit (loss)/EBIT** | | **-13,663** | **-6,582** | **-3,279** |
| Share of results from joint venture | 4.1 | -81 | -326 | -53 |
| Finance income | 2.7 | 56 | 208 | 135 |
| Finance expense | 2.7 | 3,168 | 1,117 | 107 |
| **Net financial items** | | -3,193 | -1,234 | -25 |
| **Profit (loss) before tax** | | **-16,856** | **-7,816** | **-3,304** |
| Income tax expense | 2.8 | -79 | -1,109 | 1,148 |
| **Net profit (loss) for the year** | | **-16,935** | **-8,926** | **-2,156** |
| | | | | |
| **Other comprehensive income** | | | | |
| *Items which may subsequently be reclassified to profit or loss:* | | | | |
| Exchange differences on translation of foreign operations | | 1,074 | -1,756 | -435 |
| **Other comprehensive income for the year** | | **1,074** | **-1,756** | **-435** |
| **Total comprehensive income for the year** | | **-15,861** | **-10,682** | **-2,591** |
| | | | | |
| **Earnings per share** | | | | |
| Basic EPS - profit or loss attributable to equity holders (USD) | 6.9 | -0.16 | -0.23 | -0.10 |
| Diluted EPS - profit or loss attributable to equity holders (USD) | 6.9 | -0.16 | -0.23 | -0.10 |
| | | | | |
| **Net profit/loss for the year attributable to:** | | | | |
| Equity holders of the parent company | | -16,935 | -8,926 | -2,156 |
| | | | | |
| **Total comprehensive income attributable to:** | | | | |
| Equity holders of the parent company | | -15,861 | -10,682 | -2,591 |

# Consolidated statement of financial position

| All amounts in USD 1,000 | Note | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|---|
| Intangible assets | 5.1 | 3,790 | 2,466 | 867 | 418 |
| Deferred tax asset | 2.8 | - | - | 1,166 | 40 |
| Right-of-use assets | 5.3 | 18,456 | 377 | 685 | - |
| Property, plant and equipment | 5.2 | 36,250 | 20,865 | 450 | 1,355 |
| Multi-client inventory | | 699 | 406 | - | - |
| Investment in joint venture | 4.1 | 152 | 233 | 621 | - |
| **Total non-current assets** | | **59,347** | **24,347** | **3,789** | **1,814** |
| Trade receivables | 3.1 | 219 | 1,726 | 532 | 518 |
| Other receivables | 3.1 | 4,071 | 4,570 | 7,873 | 34 |
| Cash and cash equivalents | 6.5 | 5,340 | 2,163 | 7,468 | 912 |
| Contract assets | 3.3 | 552 | - | 74 | - |
| Other current assets | 2.1 | 2,073 | - | - | - |
| **Total current assets** | | **12,254** | **8,458** | **15,947** | **1,464** |
| **Total assets** | | **71,601** | **32,805** | **19,735** | **3,277** |

| All amounts in USD 1,000 | Note | | | | |
|---|---|---|---|---|---|
| Share capital | 6.6 | 1,890 | 565 | 320 | 71 |
| Share premium | | 62,204 | 27,356 | 19,143 | 795 |
| Other capital reserves | | 1,734 | 1,640 | 1,507 | 38 |
| Other equity | | -30,818 | -14,957 | -4,275 | -266 |
| **Total equity** | | **35,010** | **14,604** | **16,694** | **638** |
| Non-current interest-bearing liabilities | 6.2 | 4,940 | 4,608 | 519 | 695 |
| Non-current lease liabilities | 5.3 | 13,112 | 150 | 410 | - |
| Non-current provisions | 3.4 | 2 | 9 | 75 | 89 |
| **Total non-current liabilities** | | **18,053** | **4,766** | **1,004** | **785** |
| Current interest-bearing liabilities | 6.2 | 2,394 | 4,432 | 154 | 89 |
| Trade payables | 3.1 | 6,456 | 2,410 | 711 | 1,447 |
| Current lease liabilities | 5.3 | 4,751 | 267 | 297 | - |
| Current provisions | 3.4 | 432 | 810 | 358 | - |
| Income tax payable | 2.8 | - | - | 11 | - |
| Contract liabilities | 3.3 | 2,225 | - | - | - |
| Other current liabilities | 3.2 | 2,280 | 5,515 | 506 | 319 |
| **Total current liabilities** | | **18,537** | **13,435** | **2,038** | **1,855** |
| **Total liabilities** | | **36,590** | **18,201** | **3,041** | **2,639** |
| **Total equity and liabilities** | | **71,601** | **32,805** | **19,735** | **3,277** |

Oslo, 22 May 2024

Jan P. Grimnes
Chair of the Board

Geir Kaasen
Board member

Heidi G. Holm
Board member

Jim Dåtland
Board member

Lars Petter Utseth
Board member

Peter A. Hooper
Board member

Trond F. Crantz
CEO

# Consolidated statement of changes in equity

| All amounts in USD 1,000 | | Paid-in equity | | | Other equity | | |
|---|---|---|---|---|---|---|---|
| **2021** | **Note** | **Share capital** | **Share premium** | **Other capital reserves** | **Cumulative translation differences** | **Retained earnings** | **Total equity** |
| **Equity as at 1 Jan 2021 NGAAP** | | **71** | **795** | **-** | **-** | **-139** | **727** |
| IFRS transition effects | | - | - | 38 | - | -127 | **-89** |
| **Equity as at 1 Jan 2021 IFRS** | | **71** | **795** | **38** | **-** | **-266** | **638** |
| Net profit or loss for the year | | - | - | - | - | -2,156 | **-2,156** |
| Other comprehensive income | | - | - | - | -435 | - | **-435** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **-435** | **-2,156** | **-2,591** |
| Issue of share capital (Note 6.6) | | 248 | 18,348 | - | - | - | **18,596** |
| Other | | - | - | - | - | 6 | **6** |
| Share-based payments (Note 6.8) | | - | - | 1,469 | - | -1,424 | **45** |
| **Equity as at 31 December 2021** | | **320** | **19,143** | **1,507** | **-435** | **-3,840** | **16,694** |

| | | Paid-in equity | | | Other equity | | |
|---|---|---|---|---|---|---|---|
| **2022** | **Note** | **Share capital** | **Share premium** | **Other capital reserves** | **Cumulative translation differences** | **Retained earnings** | **Total equity** |
| **Equity as at 1 January 2022** | | **320** | **19,143** | **1,507** | **-435** | **-3,840** | **16,694** |
| Net profit or loss for the year | | - | - | - | - | -8,926 | **-8,926** |
| Other comprehensive income | | - | - | - | -1,756 | - | **-1,756** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **-1,756** | **-8,926** | **-10,682** |
| Issue of share capital (Note 6.6) | | 246 | 8,213 | - | - | - | **8,459** |
| Share-based payments (Note 6.8) | | - | - | 134 | - | - | **134** |
| **Equity as at 31 December 2022** | | **565** | **27,356** | **1,640** | **-2,191** | **-12,766** | **14,604** |

| | | Paid-in equity | | | Other equity | | |
|---|---|---|---|---|---|---|---|
| **2023** | **Note** | **Share capital** | **Share premium** | **Other capital reserves** | **Cumulative translation differences** | **Retained earnings** | **Total equity** |
| **Equity as at 1 January 2023** | | **565** | **27,356** | **1,640** | **-2,191** | **-12,766** | **14,604** |
| Net profit or loss for the year | | - | - | - | - | -16,935 | **-16,935** |
| Other comprehensive income | | - | - | - | 1,074 | - | **1,074** |
| **Total comprehensive income for the year** | | **-** | **-** | **-** | **1,074** | **-16,935** | **-15,861** |
| Issue of share capital (Note 6.6) | | 1,112 | 35,062 | - | - | - | **36,174** |
| Registration of shares from December 2022 | | 213 | -213 | - | - | - | **-** |
| Share-based payments (Note 6.8) | | - | - | 93 | - | - | **93** |
| **Equity as at 31 December 2023** | | **1,890** | **62,204** | **1,734** | **-1,117** | **-29,701** | **35,010** |

# Consolidated statement of cash flows

| **All amounts in USD 1,000** | **Note** | **2023** | **2022** | **2021** |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit/loss before tax | | -16,856 | -7,816 | -3,304 |
| *Adjustments to reconcile loss before tax to net cash flow* | | | | |
| Net financial items | 2.7 | 3,193 | 1,234 | 25 |
| Depreciation, amortisation and impairment | 2.6 | 7,389 | 1,431 | 227 |
| Share-based payment expense | 6.8 | 13 | 129 | 45 |
| *Working capital adjustments* | | | | |
| Changes in trade and other receivables | 3.1 | 2,006 | 2,109 | -7,853 |
| Changes in contract assets and other current assets | 3.3 | -2,624 | 74 | -74 |
| Changes in trade payables | 3.2 | 4,046 | 1,699 | -735 |
| Changes in provisions | 3.4 | -385 | 387 | 343 |
| Changes in contract liabilities and other current liabilities | 3.3, 3.2 | -1,010 | 5,009 | 187 |
| *Other items* | | | | |
| Tax paid | 2.8 | - | -11 | - |
| **Net cash flows from operating activities** | | **-4,229** | **4,243** | **-11,139** |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | 5.2 | -21,064 | -24,374 | -429 |
| Investment in joint venture | | - | - | -680 |
| Proceeds from disposals of property, plant and equipment | | - | - | 1,270 |
| Investment in Multi-client | | -293 | -416 | - |
| Development expenditures | 5.1 | -1,524 | -1,876 | -570 |
| Interest received | 2.7 | 53 | 31 | 10 |
| **Net cash flows from investing activities** | | **-22,828** | **-26,635** | **-399** |
| **Cash flow from financing activities** | | | | |
| Proceeds from issuance of equity | 6.6 | 36,174 | 8,459 | 18,596 |
| Repayments of long term debt | 6.3 | -5,271 | -2,598 | -88 |
| Proceeds from long term debt | 6.3 | 2,602 | 12,653 | - |
| Payments for principal for the lease liability | 5.3 | -2,155 | -230 | -56 |
| Payments for interest for the lease liability | 5.3 | -750 | -60 | -24 |
| Interest paid | 2.7 | -336 | -76 | -50 |
| **Net cash flows from financing activities** | | **30,264** | **18,148** | **18,377** |
| **Net change in cash and cash equivalents** | | **3,207** | **-4,243** | **6,839** |
| Cash and cash equivalents at beginning of the year | | 2,163 | 7,468 | 912 |
| Net foreign exchange difference | | -30 | -1,062 | -283 |
| **Cash and cash equivalents at 31 December** | | **5,340** | **2,163** | **7,468** |

# Notes

## Note 1.1 General information

Argeo AS ("the Company") is listed on Oslo Euronext Growth, with the ticker symbol ARGEO. The Company is incorporated and domiciled in Norway with principal offices located at Nye Vakås vei 14, 1395 Hvalstad, Norway.

Argeo AS and its subsidiaries (collectively "the Group" or "Argeo") offers services and technical solutions to the surveying and inspection industry.

The consolidated financial statements of the Group for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 22 May 2024.

## Note 1.2 Basis of preparation

The consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidates statement of cash flows, consolidated statement of changes in equity and related notes.

The consolidated financial statements of the Group for the year ended 31 December 2023 have been prepared in accordance with International Financial Reporting Standards® ("IFRS") as adopted by The European Union ("EU"), and represent the first financial statements of the Group in accordance with IFRS. See note 7.3 for information related to first time adoption.

The consolidated financial statements have been prepared on a historical cost basis, the Group has no assets or liabilities measured at fair value. Further, the financial statements are prepared based on the going concern assumption. All figures are presented in USD thousands (USD 1,000), except when otherwise stated.

Comparative financial information is provided for 2022 and 2021 in the statement of comprehensive income, statement of financial position and statement of cash flows. An additional statement of financial position as at 1 January 2021 is presented in these financial statements due to the first time adoption of IFRS.

*Presentation and functional currency*
The financial statements are presented in United States dollar (USD) to provide the users of the financial statements with more convenient information.

Argeo AS has Norwegian krone (NOK) as its functional currency and its subsidiaries have NOK, USD or Brazilian real (BRL) as their functional currencies. From 1 January 2023 the functional currency of Argeo Survey AS is assessed to be USD based on an assessment of the currency of the primary economic environment in which it operates (NOK prior to 2023).

For presentation purposes, items in the statement of financial position are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within the statement of comprehensive income are translated from functional currency to presentation currency by applying yearly average exchange rates. The resulting translation differences are recognised in other comprehensive income.

*Climate risk*
Climate-related risks to the Group include market effects from reduced demand from oil and gas, potential physical effects of climate change and new or changed environmental regulations.

Demand for our services within the oil and gas segment in the long-term is uncertain due to the global clean energy transition. The effect is expected to be partially mitigated by a correspondingly increased demand for our services within renewable energy.

The Group is exposed to changing weather conditions caused by climate change as a result of its operation activities offshore. Impact of severe climate change could cause damage to assets, disrupt operational activities and result in significant costs increase.

New or changed environmental regulations may impact the valuation of the Group's vessels operating on marine gas oil, and environmental regulations are continuously considered in assessing whether assets may be impaired.

## 1.3 General accounting policies

Argeo has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgemental considerations are disclosed in the notes to which the policies relate. A summary of the Group's general accounting policies are presented below:

**Statement of cash flows**
The consolidated statement of cash flows is prepared using the indirect method.

**Changes in accounting policies**

*Standards issued but not yet effective*
The Group has not early adopted any standards or amendments that have been issued but are not yet effective.

## Note 1.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

**Estimates and assumptions**
- Recognition and measurement of deferred tax assets (note 2.8)
- Estimating fair value for share-based payments transactions (note 6.8)

The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

**Accounting judgements**
- Combined contracts under IFRS 16 (note 5.3)

# Notes

## Note 2.1 Revenue and segment information

The Group is organised as one operating segment focused on the delivery of subsea services.

The Group's revenue from contracts with customers arise primarily from the performance of subsea services in accordance with customer specifications.

### ACCOUNTING POLICIES

**Subsea services**
Contracts related to subsea services generally comprise services such as subsea data collection and data processing and interpretation. These elements are highly related and comprise integrated services negotiated as a whole with the customer. As such, contracts related to subsea services are considered to contain one performance obligation. Revenue is recognised over time because the Group performs the services based on customer specifications, the resultant data is owned by the customer and the Group has no right to otherwise use or benefit from the data. Depending on the nature of the contract, progress for the subsea data collection is measured either based on square kilometres or time progressed (day-rate), while process for data processing and interpretation is measured based on both working hours and data processing. Payment is generally due upon defined project milestones.

*Contract fulfilment costs*
The Group incurs significant costs when moving personnel, equipment and supplies to the relevant location based on contract specifications. These costs are incurred to ensure that the Group is able to fulfil its promise to the customer, rather than transferring a good or service. The Group's costs that are directly related to a customer contract are recognised as an asset and amortised with the expense recognised on a basis that is consistent with the transfer of services to the customer.

*Contract assets and liabilities*
Reference is made to note 3.3 for information about the Group's contract assets and liabilities.

**Rental income**
Rental income is derived from rental of AUVs (sale and leaseback agreements). Rental income is accounted for on a straight-line basis over the lease term and is presented as revenues in the consolidated statement of comprehensive income. Reference is made to note 5.3 for further information about the Group as a lessor.

| **Specification of revenue (USD 1,000):** | **2023** | **2022** | **2021** |
|---|---|---|---|
| Revenue from contracts with customers | 5,652 | 1,915 | 1,787 |
| Rental income | 4,473 | 1,561 | - |
| **Total revenues** | **10,126** | **3,476** | **1,787** |

| ***Geographical markets (USD 1,000)*** | **2023** | **2022** | **2021** |
|---|---|---|---|
| Norway | 3,297 | 1,261 | 1,787 |
| South America | - | 654 | - |
| Europe | 2,356 | - | - |
| **Total revenue from contracts with customers** | **5,652** | **1,915** | **1,787** |

The revenue information above is based on the locations of the customers.

## Note 2.1 Revenue from contracts with customers (continued)

The revenue information above is based on the locations of the customers.

**Major customers**
In 2023, the majority of the Group's revenue was generated by three customers accounting for respectively 56%, 27% and 14% of total revenues from contracts with customers.

In 2022, the majority of the Group's revenue was generated by three customers accounting for respectively 47%, 34%, 16% of total revenues from contracts with customers.

In 2021, the majority of the Group's revenue was generated by one customer accounting for 96% of total revenues from contracts with customers.

| **Contract fulfilment assets (USD 1,000)** | **12/31/2023** | **12/31/2022** | **12/31/2021** | **1/1/2021** |
|---|---|---|---|---|
| **At 1 January** | - | - | - | - |
| Additions | 1,505 | - | - | - |
| Utilised during the year | 434 | - | - | - |
| **At 31 December** | **1,071** | **-** | **-** | **-** |

Contract fulfilment assets are presented as a part of other current assets in the consolidated statement of financial position.

## 2.2 Government grants

*Governmental funding from Innovation Norway and SkatteFUNN*
The Group received governmental funding from SkatteFUNN (R&D tax incentive scheme) and Innovation Norway amounting to USD 340 thousand in 2023, USD 665 thousand in 2022 and USD 256 thousand in 2021. The grants are mainly related to development projects and presented in the statement of financial position as a reduction in intangible assets. The grants are further recognised in the statement of comprehensive income over the life of the intangible assets to which it relates as a reduced amortisation expense.

A small portion of the grants received are related to the Group's operating expenses. These have been recognised as income in the same period to which the related expenses incurred and are presented in the table below.

**Total other income**

| **Other income (USD 1,000)** | **2023** | **2022** | **2021** |
|---|---|---|---|
| Government grants | - | 9 | 55 |
| **Total other income** | **-** | **9** | **55** |

The Group's government grants receivables are related to SkatteFUNN and presented in note 3.1.

# Notes

## Note 2.3 Cost of sales

| Cost of sales (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Salaries and social expenses | 3,236 | 3,133 | 1,517 |
| Office operations | 478 | 262 | 183 |
| Operating costs | 13,907 | 4,786 | 2,028 |
| Travel expenses | 58 | 93 | 75 |
| Capitalisation of costs | -3,263 | -2,735 | -740 |
| Other cost of sales | 125 | 127 | 84 |
| **Cost of sales** | **14,541** | **5,666** | **3,147** |

## Note 2.4 Selling, general and administrative expenses

| Selling, general and administrative expenses (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Salaries and social expenses | 781 | 1,878 | 932 |
| Office operations | 118 | 182 | 102 |
| Travel expenses | 40 | 57 | 15 |
| Other selling, general and administrative expenses | 920 | 854 | 697 |
| **Total selling, general and administrative expenses** | **1,859** | **2,970** | **1,747** |

## Note 2.5 Employee benefit expenses and remuneration to auditor

Employee benefit expenses comprise of all types of remuneration to personnel employed by the Group and are expensed when incurred. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis.

Shared-based payment expenses are related to the Group's option program (see note 6.8). Other employee expenses consist of other benefits such as insurance, telephones and remuneration to the Board of Directors.

**Pension**

The Group has a defined contribution pension plan for its employees in Norway which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

Contributions are paid to pension insurance plans and recognised in the statement of comprehensive income in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

Employee benefit expenses that are included in Cost of sales and Selling, general and administrative expenses consist of:

| Employee benefit expenses (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Salaries | 5,133 | 5,435 | 2,206 |
| Social security expenses | 541 | 500 | 233 |
| Pension | 278 | 248 | 117 |
| Share-based payment expense | 13 | 129 | 45 |
| Capitalised cost | -2,262 | -1,537 | -219 |
| Other employee expenses | 323 | 249 | 74 |
| **Total employee benefit expenses** | **4,028** | **5,023** | **2,456** |
| Average number of full time employees (FTEs) | 49 | 49 | 35 |

| Remuneration to the auditor (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Statutory audit fee | 66 | 52 | 17 |
| Other Services | 20 | 8 | 5 |
| **Total remuneration to the auditor (excl. VAT)** | **86** | **60** | **22** |

# Notes

## Note 2.6 Depreciation and amortisation

| Depreciation and amortisation expenses (USD 1000) | Note | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Amortisation of Intangible assets | 5.1 | 170 | 143 | 96 |
| Depreciation of Property, plant and equipment | 5.2 | 3,022 | 1,038 | 52 |
| Depreciation of Right-of-use assets | 5.3 | 1,498 | 251 | 78 |
| **Total depreciation and amortisation expenses** | | **4,689** | **1,431** | **227** |

## Note 2.7 Finance income and expenses

| Finance income (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Interest income | 55 | 28 | 10 |
| Other finance income | 2 | 3 | - |
| Foreign exchange gains | - | 177 | 124 |
| **Total financial income** | **56** | **208** | **135** |

| Finance expenses (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Interest expenses | 950 | 607 | - |
| Interest expense on lease liabilities | 750 | 60 | 24 |
| Foreign exchange losses | 1,417 | 401 | 33 |
| Other finance expenses | 52 | 50 | 50 |
| **Total financial expenses** | **3,168** | **1,117** | **107** |

Interest income mainly represents income on cash deposits, and interest expenses are mainly related to the Group's seller credits and the Innovation Norway loans measured at amortised cost in the statement of financial position.

## Note 2.8 Income tax

**ACCOUNTING POLICIES**

*Current income tax*
Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

*Deferred tax*
Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

**SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

As of 31 December 2021, the Group fully recognised tax losses carried forward as Argeo considered it to be probable that these taxable losses may be utilised in the near future. Further the Group had sufficient evidence to support recognition of deferred tax assets and thus the 50% probability threshold (“more likely than not”) is considered as passed.

As of 31 December 2022, and 31 December 2023, the Group has not recognised deferred tax assets. Unrecognised tax benefit will be utilized when the Group becomes profitable. There is no expiry on losses carried forward.

| Current income tax expense (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Tax payable | - | - | 11 |
| Change deferred tax/deferred tax assets (ex. OCI effects) | 79 | 1,109 | -1,159 |
| **Total income tax expense** | **79** | **1,109** | **-1,148** |

| Deferred tax assets (USD 1,000) | 31.12.2023 | 31.12.2022 | 31.12.2021 | 1/1/2021 |
|---|---|---|---|---|
| Property, plant and equipment | -188 | 255 | -257 | -14 |
| Right-of-use assets (IFRS 16) | 582 | -40 | -22 | - |
| Liabilities | -2,084 | -1,111 | -347 | - |
| Losses carried forward (including tax credit) | -28,033 | -12,547 | -4,672 | -168 |
| **Basis for deferred tax assets** | **-29,724** | **-13,442** | **-5,297** | **-182** |
| | | | | |
| **Calculated deferred tax assets** | **-6,539** | **-2,957** | **-1,165** | **-40** |
| Deferred tax assets not recognised | -6,539 | -2,957 | - | - |
| **Net deferred tax assets recognised in balance sheet** | **-** | **-** | **-1,165** | **-40** |

| Reconciliation of income tax expense (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| **Profit or loss before tax** | **-16,856** | **-7,816** | **-3,304** |
| Income tax expense 22% (Norwegian tax rate) | -3,708 | -1,720 | -727 |
| Permanent differences* | -177 | -213 | -404 |
| Effect of foreign tax rates | -11 | - | - |
| Deferred tax assets not recognised current year | 3,582 | 2,957 | - |
| Currency effects | 394 | 85 | -16 |
| **Recognised income tax expense** | **79** | **1,109** | **-1,148** |

*The permanent differences are related to Skattefunn, IFRS adjustments and non-deductible representation.

# Notes

## Note 3.1 Trade and other receivables

**ACCOUNTING POLICIES**
**Expected credit losses**
The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases the allowance of its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Conditions and policies for considering financial assets as in default and when they are written off are further described in note 6.1.

Trade receivables are generally on terms of 14 days.

| Trade receivables (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|
| Trade receivables from customers at nominal value | 219 | 1,726 | 532 | 518 |
| **Total trade receivables** | **219** | **1,726** | **532** | **518** |

| Other receivables (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|
| Government grants | 119 | 58 | 93 | - |
| Prepaid expenses | 1,943 | 711 | 7,706 | 4 |
| Other | 251 | 153 | 74 | 30 |
| Unpaid share capital | 1,758 | 3,646 | - | - |
| **Total other receivables** | **4,071** | **4,570** | **7,873** | **34** |

As at 31 December the ageing analysis of trade receivables is as follows:

| | | Days past due | | | |
|---|---|---|---|---|---|
| **12/31/2023** | **Not due** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 26 | 172 | - | 21 | **219** |

| | | Days past due | | | |
|---|---|---|---|---|---|
| **12/31/2022** | **Not due** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 1,726 | - | - | - | **1,726** |

| | | Days past due | | | |
|---|---|---|---|---|---|
| **12/31/2021** | **Not due** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 503 | 29 | - | - | **532** |

| | | Days past due | | | |
|---|---|---|---|---|---|
| **1/1/2021** | **Not due** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 518 | - | - | - | **518** |

For details regarding the Group's procedures on managing credit risk, reference is made to note 6.7.

## Note 3.2 Other current liabilities

| Trade and other payables (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|
| Withholding payroll taxes | 293 | 197 | 172 | 22 |
| Salary related costs | 1,116 | 582 | 291 | 53 |
| Other accrued expenses | 870 | 1,090 | 43 | 243 |
| Unpaid share capital | - | 3,646 | - | - |
| **Total other current liabilities** | **2,280** | **5,515** | **506** | **319** |

## Note 3.3 Contract assets and liabilities

**ACCOUNTING POLICIES**
*Contract assets*
A contract asset is recognised when the Group has earned the right to consideration from a customer by transferring subsea services. The contract asset is reclassified to a receivable when the Group has unconditional right to receive payment.

*Contract liabilities*
A contract liability is recognised when the Group receives payment from a customer prior to delivering subsea services (prepayments). Contract liabilities are recognised as revenue as the Group performs under the contract.

| Contract assets (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **As of 1 January** | **-** | **74** | **-** |
| Additions | 1,916 | 336 | 76 |
| Transferred to receivables during the year | 1,364 | 404 | - |
| Translation differences | - | -6 | -2 |
| **Total contract assets** | **552** | **-** | **74** |

| Contract liabilities (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **At 1 January** | **-** | **-** | **-** |
| Additions | 3,428 | - | - |
| Recognised as revenue during the year | 1,203 | - | - |
| **Total contract liabilities** | **2,225** | **-** | **-** |

# Notes

## Note 3.3 Contract assets and liabilities

**ACCOUNTING POLICIES**

*Contract assets*

A contract asset is recognised when the Group has earned the right to consideration from a customer by transferring subsea services. The contract asset is reclassified to a receivable when the Group has unconditional right to receive payment.

*Contract liabilities*

A contract liability is recognised when the Group receives payment from a customer prior to delivering subsea services (prepayments). Contract liabilities are recognised as revenue as the Group performs under the contract.

| Contract assets (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **As of 1 January** | **-** | **74** | **-** |
| Additions | 1,916 | 336 | 76 |
| Transferred to receivables during the year | 1,364 | 404 | - |
| Translation differences | - | -6 | -2 |
| **Total contract assets** | **552** | **-** | **74** |

| Contract liabilities (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 |
|---|---|---|---|
| **At 1 January** | **-** | **-** | **-** |
| Additions | 3,428 | - | - |
| Recognised as revenue during the year | 1,203 | - | - |
| **Total contract liabilities** | **2,225** | **-** | **-** |

## Note 3.4 Provisions

**ACCOUNTING POLICIES**

Provisions are liabilities with uncertain timing or amount and are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, that is, the amount that an entity would rationally pay to settle the obligation at the end of the financial year or to transfer it to a third party.

The Group classifies provisions in the following categories:

- Social security for share-based payments: contains a provision for the accrued social security on share options and restrictive share units which will be paid when the options are exercised/fully vested.
- Accrued bonus: bonus is determined by Group management based on an assessment of achievements.

**Other commitments**

The Group has guaranteed for office rent in Asker. The guarantee is limited to 6 months rental.

| Provisions (USD 1,000) | Social security for share-based payments | Bonus | Total |
|---|---|---|---|
| **At 1 January 2021** | 89 | - | **89** |
| Additional provisions made | - | 367 | **367** |
| Unused amounts reversed | 12 | - | **12** |
| Translation difference | -3 | -9 | **-12** |
| **At 31 December 2021** | **75** | **358** | **456** |
| Current provisions | - | 358 | **358** |
| Non-current provisions | 75 | - | **75** |

| Provisions (USD 1,000) | Social security for share-based payments | Bonus | Total |
|---|---|---|---|
| **At 1 January 2022** | 75 | 358 | **432** |
| Additional provisions made | - | 830 | **830** |
| Amounts used | 16 | 212 | **228** |
| Unused amounts reversed | 44 | 116 | **160** |
| Translation difference | -6 | 50 | **43** |
| **At 31 December 2022** | **8** | **810** | **1,693** |
| Current provisions | - | 810 | **810** |
| Non-current provisions | 8 | - | **8** |

| Provisions (USD 1,000) | Social security for share-based payments | Bonus | Total |
|---|---|---|---|
| **At 1 January 2023** | 8 | 810 | **819** |
| Additional provisions made | 13 | 775 | **788** |
| Amounts used | 19 | 201 | **220** |
| Unused amounts reversed | - | 980 | **980** |
| Translation difference | - | 28 | **28** |
| **At 31 December 2023** | **2** | **432** | **2,834** |
| Current provisions | - | 432 | **432** |
| Non-current provisions | 2 | - | **2** |

# Notes

## Note 4.1 Overview of Group companies and associates

**ACCOUNTING POLICIES**

The consolidated financial statements comprise the financial statements of Argeo AS and its subsidiaries as at 31 December 2023. The subsidiaries are consolidated when control is achieved as defined by IFRS 10. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The following subsidiaries are included in the consolidated financial statements as of 31 December 2023:

| Consolidated entities 31.12.2023 | Location | Ownership | Establishment/ Acquisition |
|---|---|---|---|
| Argeo Survey AS | Norway | 100% | May 2014 |
| Argeo Robotics AS | Norway | 100% | July 2019 |
| Argeo Inc. | USA | 100% | May 2021 |
| Argeo Services PTE Ltd. | Singapore | 100% | October 2021 |
| Argeo do Brazil Ltda. | Brazil | 100% | April 2022 |
| Argeo Shipholding AS | Norway | 100% | December 2023 |

| Investments in joint ventures 31.12.2023 | | Ownership | Establishment/ acquisition |
|---|---|---|---|
| H1000 JV AS | Norway | 50% | December 2020 |

The Group 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 established H1000 JV AS, owned 50/50 by Argeo Survey AS and Multiconsult. The Group's interest in H1000 JV AS is accounted for using the equity method in the consolidated financial statements.

## Note 5.1 Intangible assets

**ACCOUNTING POLICIES**

**Intangible assets acquired**
Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses.

**Capitalisation of internal development costs**
Internal development costs are recognised as an intangible asset when the Group can demonstrate the technical feasibility, intention, ability, and resources to complete and utilise the asset, as well as the generation of future economic benefits and reliable measurement of the expenditure during development. 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 costs are expensed as incurred.

*Useful lives and subsequent measurement*
Intangible assets with finite useful lives are amortised over their economic life and assessed for impairment when indicators arise. In making the estimates of useful lives, the Group considers historical data, useful lives applied by comparable entities within the same industry as well as contractual terms of any entity-specific arrangements.

| USD 1,000 | Development | Software | Patents and licenses | Total |
|---|---|---|---|---|
| **Acquisition cost 1 January 2021** | **-** | **484** | **-** | **484** |
| Additions | 485 | 22 | 64 | **570** |
| Currency translation effects | -12 | -16 | -2 | **-30** |
| **Acquisition cost 31 December 2021** | **473** | **490** | **62** | **1,025** |
| Additions | 1,598 | 127 | 151 | **1,876** |
| Move from development to software | -308 | 308 | - | **-** |
| Currency translation effects | -88 | -55 | -10 | **-152** |
| **Acquisition cost 31 December 2022** | **1,675** | **871** | **203** | **2,748** |
| Additions | 1,509 | 1 | 14 | **1,524** |
| Currency translation effects | 9 | -10 | - | **-1** |
| **Acquisition cost 31 December 2023** | **3,192** | **862** | **217** | **4,271** |

| USD 1,000 | | | | |
|---|---|---|---|---|
| **Accumulated amortisation 1 January 2021** | **-** | **66** | **-** | **66** |
| Amortisation charge for the year | - | 96 | - | **96** |
| Currency translation effects | - | -5 | - | **-5** |
| **Accumulated amortisation 31 December 2021** | **-** | **158** | **-** | **158** |
| Amortisation charge for the year | - | 107 | 36 | **143** |
| Currency translation effects | - | -17 | -1 | **-18** |
| **Accumulated amortisation 31 December 2022** | **-** | **248** | **35** | **282** |
| Amortisation charge for the year | - | 130 | 40 | **170** |
| Currency translation effects | - | 28 | 0 | **29** |
| **Accumulated amortisation 31 December 2023** | **-** | **406** | **75** | **481** |
| | | | | |
| **Carrying amount 01.01.2021** | **-** | **418** | **-** | **418** |
| **Carrying amount 31.12.2021** | **473** | **332** | **62** | **867** |
| **Carrying amount 31.12.2022** | **1,675** | **623** | **168** | **2,466** |
| **Carrying amount 31.12.2023** | **3,192** | **456** | **142** | **3,790** |
| Economic life | N/A | 5 years | 5 years | |
| Depreciation method | N/A | Linear | Linear | |

The capitalised development costs in 2023, 2022 and 2021 are mainly related to development of a 3D Geological modelling system, Argeo's digital twin solution "Argeo Scope", and various sensor solutions.

No indicators for impairment of intangible assets were identified in 2023, 2022 or 2021.

# Notes

## Note 5.2 Property, plant and equipment

**ACCOUNTING POLICIES**

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred.

The Group assesses, at each reporting date, whether there is an indication that Property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's recoverable amount which is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

| USD 1,000 | Vessels | AUV, USV | Misc. Equipment | Office equipment | Total |
|---|---|---|---|---|---|
| **Acquisition cost 1 January 2021** | **-** | **1,270** | **152** | **47** | **1,470** |
| Additions | - | 16 | 268 | 144 | **429** |
| Sale AUV | - | -1,270 | - | - | **-1,270** |
| Currency translation effects | - | - | -12 | -5 | **-17** |
| **Acquisition cost 31 December 2021** | **-** | **16** | **409** | **186** | **611** |
| Additions | 864 | 20,777 | 197 | 199 | **22,037** |
| Currency translation effects | -20 | -492 | -48 | -24 | **-585** |
| **Acquisition cost 31 December 2022** | **844** | **20,301** | **558** | **361** | **22,064** |
| Additions | 20,259 | 298 | 365 | 143 | **21,064** |
| Sale equipment | - | - | -169 | - | **-169** |
| **Acquisition cost 31 December 2023** | **21,102** | **20,598** | **754** | **504** | **42,959** |
| | | | | | |
| **Acc.dep. & impairment 1 January 2021** | **-** | **-** | **70** | **44** | **114** |
| Depreciation for the year | - | - | 34 | 18 | **52** |
| Currency translation effects | - | - | -3 | -2 | **-5** |
| **Acc.dep. & impairment 31 December 2021** | **-** | **-** | **101** | **61** | **162** |
| Depreciation for the year | - | 835 | 123 | 80 | **1,038** |
| Currency translation effects | - | 23 | -13 | -10 | **-1** |
| **Acc.dep. & impairment 31 December 2022** | **-** | **858** | **211** | **130** | **1,199** |
| Depreciation for the year | 344 | 2,411 | 125 | 142 | **3,022** |
| Impairment | - | 2,700 | - | - | **2,700** |
| Sale equipment | - | - | -133 | - | **-133** |
| Currency translation effects | - | -52 | - | -26 | **-78** |
| **Acc.dep. & impairment 31 December 2023** | **344** | **5,916** | **203** | **246** | **6,709** |
| | | | | | |
| **Carrying amount 01.01.2021** | **-** | **1,270** | **82** | **3** | **1,355** |
| **Carrying amount 31.12.2021** | **-** | **16** | **308** | **125** | **450** |
| **Carrying amount 31.12.2022** | **844** | **19,443** | **348** | **230** | **20,865** |
| **Carrying amount 31.12.2023** | **20,759** | **14,682** | **551** | **259** | **36,250** |
| | | | | | |
| Economic life | 5-10 years | 7 years | 3-5 years | 3 years | |
| Depreciation method | Linear | Linear | Linear | Linear | |

Additions in 2023 mainly reflects the purchase of the vessel SW Bell (renamed Argeo Venture) from Shearwater in November 2023, in addition to reactivation and upgrading cost for Argeo Venture.

An impairment indicator has been identified for two AUVs which are currently in lay-up and not in operational use. The AUVs do not have a foreseeable date for reactivation and an impairment test has been performed. An impairment charge of USD 2,7 million is based on a fair value approach. The impairment loss is presented on the line item "Impairment" in the statement of comprehensive income.

No indicators for impairment of property, plant and equipment were identified in 2022 or 2021.

## Note 5.3 Right-of-use assets and lease liabilities

**ACCOUNTING POLICIES**

**The Group as a lessee**

At the commencement date of a lease, the Group recognises a lease liability and a right-of-use asset in the statement of financial position, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than USD 5 thousands)

For these leases, the Group recognises the lease payments as Cost of sales or Selling, general and administrative expenses in the statement of comprehensive income.

The present value of the lease liability is calculated using the Group's incremental borrowing rate, which reflects the cost of borrowing assets of similar value.

**The Group as a lessor**

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included as revenue in the statement of comprehensive income due to its operating nature.

*Sale and leaseback transactions (the Group as the buyer-lessor)*

The Group applies the requirements in IFRS 15.31-34 to determine whether the transfer of an asset in a sale and leaseback transaction should be accounted for as a purchase. Where it is determined that control of the asset has passed from the seller-lessee to the Group, the transaction is accounted for as a purchase of the asset. The Group accounts for the purchase applying applicable standards (IAS 16 for property, plant and equipment) and for the lease applying the lessor accounting requirements in IFRS 16.

The Group acts as a buyer-lessor through the rental of AUVs. The Group's assets under these operating leases are included as property, plant and equipment (the "AUV, USV" category) in note 5.2. The rental income is specified in note 2.1.

**The Group's leased assets**

*Office buildings*

The Group leases office spaces in Norway (Asker and Tromsø), the US (Houston), Scotland (Edinburgh) and Brazil (Rio de Janeiro).

*Vessels*

The Group leases one vessel, Argeo Searcher, under a bareboat contract. The lease agreement includes a purchase option. The Group is currently reasonably certain that it will not exercise the option.

*AUV*

In 2023, the Group purchased one AUV; Hugin Superior 1 (delivered in Q4 2023). The purchase is financed through a lease agreement which has a lease term of 4 years. In addition, the Group has entered an agreement with the seller providing the Group the right to purchase the AUV at the end of the lease term.

**Significant accounting judgements**

Management has applied significant judgement when determining the accounting treatment of the Hugin Superior 1. The lease agreement and the purchase option agreement is accounted for in combination to best reflect the substance of the transaction. The Group is currently reasonably certain that it will exercise the option and the cash flows related to the option has therefore been included in the lease payments when calculating the lease liability and the right-of-use asset, in accordance with IFRS 16.27 (d).

# Notes

## Note 5.3 Right-of-use assets and lease liabilities (continued)

| Right-of-use assets (USD 1,000) | Office Buildings | Vessels | AUV | Total |
|---|---|---|---|---|
| **Balance as at 1 January 2021** | - | - | - | **-** |
| Additions | 781 | - | - | **781** |
| Depreciation | 78 | - | - | **78** |
| Currency translation effects | 18 | - | - | **18** |
| **Carrying amount 31 December 2021** | **685** | **-** | **-** | **685** |
| Additions | 9 | - | - | **9** |
| Depreciation | 251 | - | - | **251** |
| Currency translation effects | 67 | - | - | **67** |
| **Carrying amount 31 December 2022** | **377** | **-** | **-** | **377** |
| Additions and remeasurements | 826 | 8,317 | 10,428 | **19,571** |
| Depreciation | 276 | 965 | 257 | **1,498** |
| Currency translation effects | 5 | - | - | **5** |
| **Carrying amount 31 December 2023** | **931** | **7,353** | **10,172** | **18,456** |
| | | | | |
| Remaining lease term | 1-4 years | 5 years | 4 years | |
| Depreciation method | Straight-line | Straight-line | Straight-line | |

The Group's lease liabilities are presented in the table below:

| Change in the lease liabilities (USD 1,000) | | | | Total |
|---|---|---|---|---|
| **Balance as at 1 January 2021** | - | - | - | - |
| New leases recognised during the year | 781 | - | - | 781 |
| Cash payments | 80 | - | - | 80 |
| Accretion of interest | 24 | - | - | 24 |
| Currency translation effects | -18 | - | - | -18 |
| **Total lease liabilities at 31 December 2021** | **707** | - | - | **707** |
| New leases recognised during the year | 9 | - | - | 9 |
| Cash payments | 289 | - | - | 289 |
| Accretion of interest | 60 | - | - | 60 |
| Currency translation effects | -70 | - | - | -70 |
| **Total lease liabilities at 31 December 2022** | **417** | **-** | **-** | **417** |
| New and remeasured leases recognised during the year | 826 | 8,317 | 10,428 | 19,571 |
| Cash payments | 322 | 822 | 1,761 | 2,905 |
| Accretion of interest | 66 | 498 | 186 | 750 |
| Currency translation effects | 30 | - | - | 30 |
| **Total lease liabilities at 31 December 2023** | **1,017** | **7,993** | **8,853** | **17,863** |

| Classification non-current vs current (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|
| Current lease liabilities in the financial position | 4,751 | 267 | 297 | - |
| Non-current lease liabilities in the financial position | 13,112 | 150 | 410 | - |

The Group had lease expenses related to low-value assets of USD 2 thousand in 2023 (2022: USD 2 thousand, 2021: USD 1 thousand).

**Maturity of lease liabilities**
For undiscounted lease liabilities and maturity of cash outflows, see note 6.3.

## Note 6.1 Financial instruments

**ACCOUNTING POLICIES**

**Classification of financial instruments**
The Groups' financial instruments are grouped in the following categories:

**Financial assets**
The Group's financial assets mainly comprise trade and other receivables and cash and cash equivalents.

Reference is made to note 3.1 for information about the Group's policies related to estimating expected credit losses.

**Financial liabilities**
The Group's financial liabilities mainly comprise interest-bearing liabilities and trade payables.

**Initial recognition and subsequent measurement**
The Group's financial assets and liabilities are initially recognised at fair value, adjusted for directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in the statement of comprehensive income upon impairment, derecognition and through the EIR amortisation process. The EIR amortisation is included as finance expenses in the consolidated statement of comprehensive income.

The carrying amounts of the Group's financial assets and liabilities are presented in the tables below:

| 31 December 2023 (USD 1,000) | Note | Financial instruments at amortised cost | Total |
|---|---|---|---|
| Trade receivables | 3.1 | 219 | **219** |
| Cash and cash equivalents | 6.5 | 5,340 | **5,340** |
| **Total financial assets** | | **5,559** | **5,559** |
| Non-current interest-bearing liabilities | 6.2 | 4,940 | **4,940** |
| Non-current lease liabilities | 5.3 | 13,112 | **13,112** |
| Current interest-bearing liabilities | 6.2 | 2,394 | **2,394** |
| Current lease liabilities | 5.3 | 4,751 | **4,751** |
| Trade payables | 3.2 | 6,456 | **6,456** |
| **Total financial liabilities** | | **31,652** | **31,652** |

| 31 December 2022 (USD 1,000) | Note | Financial instruments at amortised cost | Total |
|---|---|---|---|
| Trade receivables | 3.1 | 1,726 | **1,726** |
| Cash and cash equivalents | 6.5 | 2,163 | **2,163** |
| **Total financial assets** | | **3,889** | **3,889** |
| Non-current interest-bearing liabilities | 6.2 | 4,608 | **4,608** |
| Non-current lease liabilities | 5.3 | 150 | **150** |
| Current interest-bearing liabilities | 6.2 | 4,432 | **4,432** |
| Current lease liabilities | 5.3 | 267 | **267** |
| Trade payables | 3.2 | 2,410 | **2,410** |
| **Total financial liabilities** | | **11,867** | **11,867** |

# Notes

### Note 6.1 Financial instruments (continued)

| 31 December 2021 (USD 1,000) | Note | Financial instruments at amortised cost | Total |
|---|---|---|---|
| Trade receivables | 3.1 | 532 | **532** |
| Cash and cash equivalents | 6.5 | 7,468 | **7,468** |
| **Total financial assets** | | **8,000** | **8,000** |
| Non-current interest-bearing liabilities | 6.2 | 519 | **519** |
| Non-current lease liabilities | 5.3 | 410 | **410** |
| Current interest-bearing liabilities | 6.2 | 154 | **154** |
| Current lease liabilities | 5.3 | 297 | **297** |
| Trade payables | 3.2 | 711 | **711** |
| **Total financial liabilities** | | **2,091** | **2,091** |

| 1 January 2021 (USD 1,000) | Note | Financial instruments at amortised cost | Total |
|---|---|---|---|
| Trade receivables | 3.1 | 518 | **518** |
| Cash and cash equivalents | 6.5 | 912 | **912** |
| **Total financial assets** | | **1,430** | **1,430** |
| Non-current interest-bearing liabilities | 6.2 | 695 | **695** |
| Current interest-bearing liabilities | 6.2 | 89 | **89** |
| Trade payables | 3.2 | 1,447 | **1,447** |
| **Total financial liabilities** | | **2,231** | **2,231** |

### Note 6.2 Interest-bearing debt

**Loans from Innovation Norway**
The Group had three loans from Innovation Norway at the end of 2023 with floating rate, all currently bearing an interest at 7.95 %.

The Group was granted an NOK 20 million loan from Innovation Norway in December 2022. The loan was drawn with NOK 10 million in April 2023 and NOK 10 million in May 2023.

**Seller's credits**
The Group has been granted seller's credits related to purchases of AUVs. In accordance with IFRS 9, the Group has calculated and recognised the interest element implicit in the purchase price of the AUVs by calculating the net present value of future cash flows using a discount rate reflecting its incremental borrowing rate. Subsequently, the seller credit's are measured at their amortised cost using the effective interest rate method (EIR).

| liabilities (USD 1,000) | rate | Maturity | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|---|---|
| Seller's credit - A | 12.80% | 2026 | 1,971 | 1,768 | - | - |
| Seller's credit - B | 14.10% | 2026 | 691 | 590 | | |
| Seller's credit - C | 14.10% | 2025 | 293 | 1,924 | - | - |
| Loan Innovation Norway - A | 7.95%* | 2025 | 5 | 22 | 42 | 63 |
| Loan Innovation Norway - B | 7.95%* | 2026 | 177 | 304 | 476 | 633 |
| Loan Innovation Norway - C | 7.95%* | 2028 | 1,802 | - | - | - |
| **Non-current interest-bearing debt** | | | **4,940** | **4,608** | **519** | **695** |

| Current interest-bearing liabilities (USD 1,000) | Interest rate | Maturity | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|---|---|
| Seller's credit - B | 14.10% | 2026 | - | 644 | - | - |
| Seller's credit - C | 14.10% | 2025 | 2,096 | 3,650 | - | - |
| Loan Innovation Norway - A | 7.95%* | 2025 | 16 | 16 | 18 | 19 |
| Loan Innovation Norway - B | 7.95%* | 2026 | 118 | 122 | 136 | 70 |
| Loan Innovation Norway - C | 7.95%* | 2028 | 164 | - | - | - |
| **Current interest-bearing debt** | | | **2,394** | **4,432** | **154** | **89** |

**Interest-bearing debt: footnote, assets pledged as security and guarantees**

**Innovation Norway may adjust the interest rate with a six week notice upon changes in underlying market rates. The interest rate increased to 8.20% from 2 February 2024.*

The reconciliation of changes in liabilities incurred as a result of financing activities are presented in note 6.3.

The Group has covenants related to the Innovation Norway funding (Loan Innovation Norway – C).
The covenants are measured half-yearly based on the Group's ordinary financial reporting.

*Assets pledged as security for secured liabilities*
All three loans from Innovation Norway are secured with machinery and plant in Argeo Survey AS, Argeo AS and Argeo Robotics. Further, the loans are secured with the shares owned by Argeo Survey AS in its 50 % ownership in H1000 JV AS, a parent company guarantee from Argeo AS, and trade receivables in Argeo Survey AS.

| Assets pledged as security (USD 1,000) | 12/31/2023 | 12/31/2022 | 12/31/2021 | 1/1/2021 |
|---|---|---|---|---|
| **Secured balance sheet liabilities:** | | | | |
| Loan Innovation Norway - A | 21 | 38 | 60 | 81 |
| Loan Innovation Norway - B | 295 | 426 | 612 | 703 |
| Loan Innovation Norway - C | 1,966 | - | - | - |
| **Value of assets pledged as security for secured liabilities:** | | | | |
| Property, plant and equipment | 15,491 | 20,022 | 450 | 1,355 |
| Trade receivables | 166 | 1,722 | - | - |
| Shares H1000 JV AS | 152 | 233 | 621 | - |
| **Total assets pledged as security** | **15,810** | **21,977** | **1,071** | **1,355** |

The Group has not given any guarantees on behalf of third parties in the current or previous periods.

# Notes

## Note 6.3 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below:

| | | Remaining contractual maturity | | | | | |
|---|---|---|---|---|---|---|---|
| **31.12.2023 (USD 1,000)** | **Note** | **< 12 months** | **1-2 years** | **2-3 years** | **3-4 years** | **> 4 years** | **Total** |
| Seller's credit - A | 6.2 | 2,575 | - | - | - | - | **2,575** |
| Seller's credit - B | | 928 | - | - | - | - | **928** |
| Seller's credit - C | 6.2 | 2,096 | 524 | - | - | - | **2,620** |
| Loan Innovation Norway - A | 6.2 | 16 | 5 | - | - | - | **21** |
| Loan Innovation Norway - B | 6.2 | 118 | 118 | 59 | - | - | **295** |
| Loan Innovation Norway - C | 6.2 | 164 | 328 | 328 | 328 | 819 | **1,966** |
| Trade payables | 3.2 | 6,456 | - | - | - | - | **6,456** |
| Lease liabilities | 5.3 | 5,058 | 5,056 | 4,963 | 6,675 | 2,195 | **23,947** |
| **Total financial liabilities** | | **17,410** | **6,031** | **5,349** | **7,002** | **3,015** | **38,808** |

| **31.12.2022 (USD 1,000)** | **Note** | **< 12 months** | **1-2 years** | **2-3 years** | **3-4 years** | **> 4 years** | **Total** |
|---|---|---|---|---|---|---|---|
| Seller's credit - A | 6.2 | 1,716 | 859 | - | - | - | **2,575** |
| Seller's credit - B | | 781 | 779 | - | - | - | **1,560** |
| Seller's credit - C | 6.2 | 3,583 | 2,096 | 524 | - | - | **6,203** |
| Loan Innovation Norway - A | 6.2 | 16 | 16 | 5 | - | - | **38** |
| Loan Innovation Norway - B | 6.2 | 122 | 122 | 122 | 61 | - | **426** |
| Trade payables | 3.2 | 2,410 | - | - | - | | **2,410** |
| Lease liabilities | 5.3 | 3 | 3 | 1 | - | - | **8** |
| **Total financial liabilities** | | **8,632** | **3,876** | **652** | **61** | **-** | **13,220** |

| | | Remaining contractual maturity | | | | | |
|---|---|---|---|---|---|---|---|
| **31.12.2021 (USD 1,000)** | **Note** | **< 12 months** | **1-2 years** | **2-3 years** | **3-4 years** | **> 4 years** | **Total** |
| Loan Innovation Norway - A | 6.2 | 18 | 18 | 18 | 6 | - | **60** |
| Loan Innovation Norway - B | 6.2 | 136 | 136 | 136 | 136 | 68 | **612** |
| Trade payables | 3.2 | 711 | - | - | - | - | **711** |
| Lease liabilities | 5.3 | 320 | - | - | - | - | **320** |
| **Total financial liabilities** | | **1,186** | **154** | **154** | **142** | **68** | **1,704** |

| | | Remaining contractual maturity | | | | | |
|---|---|---|---|---|---|---|---|
| **01.01.2021 (USD 1,000)** | **Note** | **< 12 months** | **1-2 years** | **2-3 years** | **3-4 years** | **> 4 years** | **Total** |
| Loan Innovation Norway - A | 6.2 | 19 | 19 | 19 | 19 | 6 | **81** |
| Loan Innovation Norway - B | 6.2 | 70 | 141 | 141 | 141 | 211 | **703** |
| Trade payables | 3.2 | 1,447 | - | - | - | - | **1,447** |
| Lease liabilities | 5.3 | - | - | - | - | - | **-** |
| **Total financial liabilities** | | **1,536** | **159** | **159** | **159** | **217** | **2,231** |

## Note 6.3 Ageing of financial liabilities (continued)

Reconciliation of changes in liabilities incurred as a result of financing activities:

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| **USD 1,000** | **Note** | **01.01.2023** | **Cash flow effect** | **Foreign exchange movement** | **New leases recognised** | **Other Changes** | **31.12.2023** |
| Interest-bearing debt | 6.1 | 9,040 | -2,669 | 197 | - | 765 | **7,333** |
| Lease liabilities | 5.3 | 417 | -2,905 | 30 | 19,571 | 750 | **17,863** |
| **Total liabilities from financing** | | **9,457** | **-5,574** | **227** | **19,571** | **1,515** | **25,196** |

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| **USD 1,000** | **Note** | **01.01.2022** | **Cash flow effect** | **Foreign exchange movement** | **New leases recognised** | **Other Changes** | **31.12.2022** |
| Interest-bearing debt | 6.1 | 673 | 10,055 | 649 | - | -2,337 | **9,040** |
| Lease liabilities | 5.3 | 707 | -289 | -70 | 9 | 60 | **417** |
| **Total liabilities from financing** | | **1,380** | **9,766** | **579** | **9** | **-2,277** | **9,457** |

| | | | | Non-cash changes | | | |
|---|---|---|---|---|---|---|---|
| **USD 1,000** | **Note** | **01.01.2021** | **Cash flow effect** | **Foreign exchange movement** | **New leases recognised** | **Other Changes** | **31.12.2021** |
| Interest-bearing debt | 6.1 | 784 | -88 | -23 | - | - | **673** |
| Lease liabilities | 5.3 | - | -80 | -18 | 781 | 24 | **707** |
| **Total liabilities from financing** | | **784** | **-169** | **-41** | **781** | **24** | **1,380** |

# Notes

## Note 6.4 Fair value measurement

**ACCOUNTING POLICIES**

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Fair value disclosures**

Management has assessed that the fair values of cash and cash equivalents, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates.

*Interest-bearing debt*

For the interest-bearing liabilities, the fair values are not materially different from their carrying amounts, since the interest payable on those borrowings is close to current market rates. The fair values of Interest-bearing liabilities are based on discounted cash flows using the current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

## Note 6.5 Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and banks which is subject to an insignificant risk of changes in value. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

| **Cash and cash equivalents (USD 1,000)** | **12/31/2023** | **12/31/2022** | **12/31/2021** | **1/1/2021** |
|---|---|---|---|---|
| Bank deposits, unrestricted | 5,064 | 1,965 | 7,248 | 890 |
| Bank deposits, restricted | 276 | 198 | 220 | 22 |
| **Total cash and cash equivalents** | **5,340** | **2,163** | **7,468** | **912** |

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

## Note 6.6 Share capital and shareholders information

The Group's share capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a healthy working capital and financial stability in order to support its growing business operations and to maximise shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or issue debt.

**ACCOUNTING POLICIES**

**Costs related to equity transactions**

Direct and incremental transaction costs are deducted from equity, net of associated income tax.

**Distribution to shareholders**

The Group recognises a liability to make distributions to equity holders when the distribution is authorised, and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. No distributions were made to shareholders in the current or prior periods. Further, there are no proposed dividends.

**The ultimate parent**

Argeo AS is the ultimate parent of the Group.

All shares are ordinary and have the same voting rights and rights to dividends. Reconciliation of the Group's equity is presented in the statement of changes in equity.

**Issued capital and reserves:**

| **Share capital in Argeo AS** | **Number of shares issued and fully paid** | **Par value per share (NOK)** | **Financial position (USD 1,000)** |
|---|---|---|---|
| **At 1 January 2021** | **6,100,000** | **0.1** | **71** |
| Share capital increase April | 21,341,463 | 0.1 | 248 |
| **At 31 December 2021** | **27,441,463** | **0.1** | **320** |
| Share capital increase April | 15,000,000 | 0.1 | 156 |
| Share capital increase April | 139,337 | 0.1 | 1 |
| Share capital increase December | 8,516,160 | 0.1 | 88 |
| **At 31 December 2022** | **51,096,960** | **0.1** | **565** |
| Share capital increase January | 21,783,840 | 0.1 | 213 |
| Share capital increase February | 3,124,368 | 0.1 | 31 |
| Share capital increase February | 139,337 | 0.1 | 1 |
| Share capital increase June | 15,576,168 | 0.1 | 146 |
| Share capital increase July | 2,670,531 | 0.1 | 25 |
| Share capital increase October | 78,125,000 | 0.1 | 721 |
| Share capital increase November | 20,123,625 | 0.1 | 186 |
| Share capital increase November | 260,095 | 0.1 | 2 |
| **At 31 December 2023** | **192,899,924** | **0.1** | **1,890** |

A private placement of 30 300 000 new shares was made in December 2022, raising gross proceeds of NOK 50 million. The placement consisted of one tranche of 8 516 160 new shares, and a second tranche of 21 783 840 new shares.

A private placement of 15 576 168 new shares was made in June 2023 at NOK 2.75 per share, raising gross proceeds of approximately NOK 43 million.

A private placement of 78 125 000 new shares at NOK 3.20 per share was completed in October 2023, raising gross proceeds of NOK 250 million. Furthermore, the Company issued 20 123 625 new consideration shares to Shearwater as part settlement for the Vessel acquisition.

# Notes

## Note 6.6 Share capital and shareholders information (continued)

| Shareholders in Argeo AS at 31 December 2023 | Total shares | Ownership/voting rights |
|---|---|---|
| KISTEFOS AS | 32,621,837 | 16.9 % |
| SHEARWATER GEOSERVICES HOLDING AS | 20,123,625 | 10.4 % |
| LANGEBRU AS | 14,000,000 | 7.3 % |
| PRO AS | 8,720,527 | 4.5 % |
| NORDNET LIVSFORSIKRING AS | 7,482,086 | 3.9 % |
| REDBACK AS | 6,794,512 | 3.5 % |
| ØSTERBRIS OFFSHORE AS | 6,454,545 | 3.3 % |
| ASCENT AS | 4,646,572 | 2.4 % |
| MP PENSJON PK | 4,374,455 | 2.3 % |
| DNB BANK ASA | 4,100,051 | 2.1 % |
| SPAREBANK 1 MARKETS AS | 3,935,436 | 2.0 % |
| DNB Markets Aksjehandel/-analyse | 2,672,795 | 1.4 % |
| HUNDERI HOLDING AS | 2,135,013 | 1.1 % |
| TROPTIMA AS | 1,830,968 | 0.9 % |
| STAVANGER KOMMUNE | 1,684,370 | 0.9 % |
| Performa Consulting AS | 1,630,968 | 0.8 % |
| TIGERSTADEN AS | 1,500,000 | 0.8 % |
| HAUGEN | 1,418,000 | 0.7 % |
| EKS AS | 1,369,000 | 0.7 % |
| Nordnet Bank AB | 1,238,000 | 0.6 % |
| Other | 64,167,164 | 33.3 % |
| **Total** | **192,899,924** | **100%** |

## Note 6.7 Financial risk management

**Overview**
The Group is exposed to a range of risks affecting its financial performance, including market risk, interest rate risk, credit risk and liquidity risk. The Group seeks to minimise potential adverse risks through sound business practice and risk management.

**Market risk**
Financial instruments affected by market risk include interest-bearing debt (loans from Innovation Norway), cash and cash equivalents, trade and other receivables, lease liabilities and trade payables.

*Interest rate risk*
The Group’s exposure to the risk of changes in interest rates relates primarily to the below-market interest loans from Innovation Norway. Management therefore considers the interest rate risk to be low.

*Foreign currency risk*
The Group is exposed to currency fluctuations due to the international nature of its operations. The Group's exposure to the risk of fluctuations in foreign exchange rates relates primarily to it's operating activities (revenue and expenses denominated in foreign currency). A significant portion of the Group's revenues and operating costs are denominated in USD, in addition to some exposure to NOK, EUR and GBP. The Group does not currently hedge currency exposure with the use of financial instruments, but monitors the net exposure over time.

*Other market risks*
War in Ukraine and Israel/Gaza: the ongoing wars do not currently impact the Group directly, as it has no operating presence in either Russia, Belarus, Ukraine, Israel or Gaza. Indirect effects however, such as financial market volatility, sanctions related knock-on-effects, general economic market conditions and other future responses of international governments, might have an impact on the Group's financial results and financial position. The Group's management continues to monitor the situation and has an ongoing assessment of potential impact on the Group's financial results and financial position.

**Interest rate sensitivity**
The sensitivity to a possible change in interest rates related to the Group's loans from Innovation Norway, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

| Interest rate sensitivity | Increase / decrease in basis points | Effect on profit before tax (+/-) (USD 1,000) |
|---|---|---|
| 31 December 2023 | +/- 100 | 23 |

**Foreign currency sensitivity**
The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates related to the Group’s financial assets (trade receivables and cash and cash equivalents) and liabilities (trade payables and interest-bearing debt) holding all other variables constant:

| All amounts in USD thousand | Date | Change in FX rate | Effect on profit before tax (USD 1,000) |
|---|---|---|---|
| Increase / decrease in USD/NOK | 12/31/2023 | +/- 10% | -43 |
| Increase / decrease in USD/GBP | 12/31/2023 | +/- 10% | 87 |
| Increase / decrease in USD/EUR | 12/31/2023 | +/- 10% | -159 |

The Group holds no financial instrument at fair value through other comprehensive income (FVTOCI) and hence the effect on equity is zero.

# Notes

## Note 6.7 Capital and risk management (continued)

**Liquidity risk**
Management of liquidity risk is given high priority. The Group manages liquidity risk by maintaining sufficient cash and cash equivalents, seeking the availability of equity funding and debt funding, and by continuously monitoring forecasts and actual cash flows.

To further improve its liquidity position, the Group secured a NOK 20 million loan from Innovation Norway in December 2022. The loan was drawn with NOK 10 million in April 2023 and NOK 10 million in May 2023. The Group also raised gross proceeds of NOK 250 million through a private placement in October 2023. The liquidity risk is hence considered to be at a reasonable level.

An overview of the maturity profile of the Group's financial liabilities with corresponding cash flow effect is presented in note 6.3.

**Credit risk**
The Group is mainly exposed to credit risk from its operating activities. The risk is minimised through trading with creditworthy third parties and monitoring of receivable balances on an ongoing basis. The Group has not yet experienced any losses on receivables. However, the increased operations of the Group outside the home market exposes the Group to different credit risk environments. Management deems the Group's credit risk to be at an acceptable level given the current operational circumstances and the outlook of the Group.

Reference is made to note 3.1 for an overview of the ageing of trade receivables and a description of the expected credit loss model.

## 6.8 Share-based payment

**ACCOUNTING POLICIES**

**Equity-settled transactions**
The cost of equity-settled transactions is determined by the fair value at the grant date using the Black-Scholes-Merton Model ("BSM"). The cost is recognised as an employee benefits expense, with a corresponding increase in equity (other capital reserves), over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the Group's best estimate of the number of equity instruments that will ultimately vest.

Vesting under the Group's option/warrant schemes is subject to employment by the Group (service condition). Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. No expense is recognised for awards that do not ultimately vest because service conditions have not been met.

*Options*
Each option grant vest 1/3 each year over the first 3 years and is subject to employment by the Group. The last possible exercise date 5 years from the grant date.

*Warrants*
The warrants vest immediately at the grant date and is subject to employment by the Group. The warrants expire 5 years after the grant date.

Share options held by executive management and members of the board are summarised in note 7.1

USD 13 thousand was expensed as employee benefit expenses in 2023 (2022: USD 129 thousand, 2021: USD 45 thousand). The expected future social security tax on share-based payments is recorded as a liability and disclosed in note 3.4.

### Movements during the year
The following tables illustrate the number and weighted average exercise prices (WEAP) of, and movements in, share options and warrants during the year:

| | 2023 WEAP (NOK) | 2023 Number | 2022 WEAP (NOK) | 2022 Number | 2021 WEAP (NOK) | 2021 Number |
|---|---|---|---|---|---|---|
| **Outstanding options 1 January** | **8.20** | **895,000** | **8.20** | **975,000** | **-** | **-** |
| Options granted | - | - | - | - | 8.20 | 975,000 |
| Options forfeited | 8.20 | 183,334 | 8.20 | 80,000 | - | - |
| **Outstanding options 31 December** | | **711,666** | | **895,000** | | **975,000** |
| Exercisable at 31 December | | 593,328 | | 531,654 | | 210,000 |

The weighted average remaining contractual life for the options outstanding as at 31 December 2023 was 2,96 years (2022: 3,96 years, 2021: 4,96 years).

The weighted average fair value of options granted in 2021 was NOK 2,62 (2023: no grants, 2022: no grants).

## 6.8 Share-based payment (continued)

| | 2023 WAEP (NOK) | 2023 Number | 2022 WAEP (NOK) | 2022 Number | 2021 WAEP (NOK) | 2021 Number |
|---|---|---|---|---|---|---|
| **Outstanding warrants 1 January** | 1.80 | 485,435 | 1.46 | 624,772 | 1.46 | 624,772 |
| Warrants exercised* | 0.28 | 399,435 | 0.28 | 139,337 | - | - |
| **Outstanding warrants 31 December** | | **86,000** | | **485,435** | | **624,772** |
| Exercisable at 31 December | | 86,000 | | 485,435 | | 624,772 |

*The weighted average share price at the date of exercise of these warrants was NOK 0,28.

The weighted average remaining contractual life for the warrants outstanding as at 31 December 2023 was 1,31 years (2022: 1,32 years, 2021: 2,28 years).

**Overview of outstanding options and warrants at 31 December 2023**

| Outstanding options 31 December 2023 | Exercise price (NOK) | Number of outstanding options | Weighted average remaining contractual life | Number of options exercisable |
|---|---|---|---|---|
| | 8.20 | 711,666 | 2.96 | 593,328 |
| **Total outstanding options 31 December 2023** | | **711,666** | | **593,328** |
| **Outstanding warrants 31 December 2023** | | | | |
| | 0.83 | 50,000 | 1.69 | 50,000 |
| | 20.00 | 36,000 | 0.79 | 36,000 |
| **Total outstanding warrants 31 December 2023** | | **86,000** | | **86,000** |
| **Total outstanding options and warrants 31 December 2023** | | **797,666** | | **679,328** |

**Overview of outstanding options and warrants at 31 December 2022**

| Outstanding options 31 December 2022 | Exercise price (NOK) | Number of outstanding options | Weighted average remaining contractual life | Number of options exercisable |
|---|---|---|---|---|
| | 8.20 | 895,000 | 3.96 | 531,654 |
| **Total outstanding options 31 December 2022** | | **895,000** | | **531,654** |
| **Outstanding warrants 31 December 2022** | 0.28 | 399,435 | 1.11 | 399,435 |
| | 0.83 | 50,000 | 2.69 | 50,000 |
| | 20.00 | 36,000 | 1.79 | 36,000 |
| **Total outstanding warrants 31 December 2022** | | **485,435** | | **485,435** |
| **Total outstanding options and warrants 31 December 2022** | | **1,380,435** | | **1,017,089** |

## 6.8 Share-based payment (continued)

**Overview of outstanding options and warrants at 31 December 2021**

| Outstanding options 31 December 2021 | Exercise price (NOK) | Number of outstanding options | Weighted average remaining contractual life | Number of options exercisable |
|---|---|---|---|---|
| | 8.20 | 975,000 | 4.96 | 210,000 |
| **Total outstanding options 31 December 2021** | | **975,000** | | **210,000** |
| **Outstanding warrants 31 December 2021** | 0.28 | 538,772 | 2.11 | 538,772 |
| | 0.83 | 50,000 | 3.69 | 50,000 |
| | 20.00 | 36,000 | 2.79 | 36,000 |
| **Total outstanding warrants 31 December 2021** | | **624,772** | | **624,772** |
| **Total outstanding options and warrants 31 December 2021** | | **1,599,772** | | **834,772** |

**Overview of outstanding options and warrants at 1 January 2021**

| Outstanding options 1 January 2021 | Exercise price (NOK) | Number of outstanding options | Weighted average remaining contractual life | Number of options exercisable |
|---|---|---|---|---|
| | - | - | - | - |
| **Total outstanding options 1 January 2021** | | - | | - |
| **Outstanding warrants 1 January 2021** | 0.28 | 538,772 | 3.11 | 538,772 |
| | 0.83 | 50,000 | 4.69 | 50,000 |
| | 20.00 | 36,000 | 3.79 | 36,000 |
| **Total outstanding warrants 1 January 2021** | | **624,772** | | **624,772** |
| **Total outstanding options and warrants 1 January 2021** | | **624,772** | | **624,772** |

**SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS**

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the options, volatility and dividend yield and making assumptions about them. Due to limited historical data and liquidity these assumptions include significant estimates by management.

**Assumptions used to determine fair value of option grants**

The following table lists the inputs to the model used for the option plan in 2021 (there were no grants of warrants or options in 2023 or 2022).

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Weighted average fair values at the measurement date (NOK) | - | - | 2.62 |
| Dividend yield (%) | - | - | 0% |
| Expected volatility (%) | - | - | 60% |
| Risk–free interest rate (%) | - | - | 1.18% |
| Expected life of share options (years) | - | - | 2.28 |
| Weighted average share price (NOK) | - | - | 7.86 |
| Weighted average exercise price (NOK) | - | - | 8.20 |
| Model used | - | - | BSM |

The expected life of the options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

# Notes

## 6.9 Earnings per share

The following table reflects the income and share data used in the basic and diluted EPS calculations:

| USD | 2023 | 2022 | 2021 |
|---|---|---|---|
| Loss attributable to ordinary equity holders - for basic EPS | -16,935,221 | -8,925,817 | -2,156,336 |
| Loss attributable to ordinary equity holders adjusted for the effect of dilution* | -16,935,221 | -8,925,817 | -2,156,336 |
| Weighted average number of ordinary shares - for basic EPS | 103,421,565 | 38,868,378 | 20,992,120 |
| Weighted average number of ordinary shares adjusted for the effect of dilution | 106,999,729 | 44,080,133 | 24,284,131 |
| | | | |
| **Basic EPS - profit or loss attributable to equity holders of the Company** | **-0.16** | **-0.23** | **-0.10** |
| **Diluted EPS - profit or loss attributable to equity holders of the Company*** | **-0.16** | **-0.23** | **-0.10** |

*The ordinary shares are not adjusted for the effect of dilution as the effect of including the additional shares is anti-dilutive.

## 7.1 Remuneration to Executive Management and the Board

**Remuneration to the Board of Directors**
Remuneration for the members of the Board is determined by the Annual General Meeting (AGM). The remuneration is not linked to the Group's performance but reflects the Board's responsibilities, expertise, time and commitment. Remuneration of the Board of Directors consist of a fixed annual fee, adopted by the General Meeting on 15 June 2023.

The Board of Directors also receive compensation in the form of share options/warrants under the Group's share-based payment incentive described in note 6.8. The share options/warrants held by the Board of Directors are presented further below.

**Remuneration to executive management**
The Board of Argeo AS determines the principles applicable to the Group's policy for compensation to executive management. The Board is directly responsible for determining the CEO's salary and other benefits. The Group's executive management team includes the Chief Executive Officer ("CEO"), the Chief Financial Officer ("CFO"), the Chief Technology Officer (CTO).

*Bonus*
In addition to base salary, the CEO is entitled to a bonus determined by the Board of Directors. The bonus is based on an assessment of achievements.

*Share-based payment*
Members of the Executive Management have been granted share options/warrants under the Group's share-based payment incentive described in note 6.8. The share options/warrants held by the Executive Management team are presented further below.

*Pension*
All members of the executive management team are part of the defined contribution pension scheme.

*Severance Arrangements*
If the CEO is terminated by the Company, he is entitled to twelve months' severance pay in addition to the ordinary notice period of six months. There are no severance arrangements for the Chair of the Board.

*Loans and guarantees*
No loans have been granted and no guarantees have been issued to members of the Executive Management team or any member of the Board of Director in the current or prior reporting periods.

## 7.1 Remuneration to Executive Management and the Board (continued)

**Remuneration to executive management for the year ended 31 December 2023 (USD 1,000)**

| Name | Title | Salary | Bonus | Pension | Other compensation | Total remuneration |
|---|---|---|---|---|---|---|
| Trond F. Crantz | CEO | 218 | 18 | 13 | 20 | 269 |
| Other management | | 434 | 28 | 26 | 5 | 493 |
| **Total** | | **652** | **46** | **39** | **25** | **762** |

**Remuneration to executive management for the year ended 31 December 2022 (USD 1,000)**

| Name | Title | Salary | Bonus | Pension | Other compensation | Total remuneration |
|---|---|---|---|---|---|---|
| Trond F. Crantz | CEO | 217 | 73 | 13 | 2 | 305 |
| Other management | | 517 | 109 | 31 | 7 | 664 |
| **Total** | | **734** | **182** | **44** | **9** | **969** |

**Remuneration to Executive Management for the year ended 31 December 2021 (USD 1,000)**

| Name | Title | Salary | Bonus | Pension | Other compensation | Total remuneration |
|---|---|---|---|---|---|---|
| Trond F. Crantz | CEO | 196 | - | 12 | 2 | 210 |
| Other management | | 282 | - | 17 | 4 | 303 |
| **Total** | | **479** | **-** | **29** | **6** | **513** |

**Remuneration to the Board of Directors for the year ended 31 December (USD 1,000)**

| Name | Title | 2023 | 2022 | 2021 |
|---|---|---|---|---|
| Jan P. Grimnes [1] | Chair of the Board | 28 | 31 | 26 |
| Jim Dåtland [2] | Board Member | 14 | 16 | 13 |
| Heidi Gryteland Holm [3] | Board Member | 14 | 8 | - |
| Geir Kaasen [4] | Board Member | 14 | 16 | 13 |
| Lars Petter Utseth [5] | Board Member | 14 | 13 | - |
| Andreas Hveding Aubert [6] | Board Member | 2 | - | - |
| Arne Kjørsvik [7] | Board Member | 12 | 16 | 13 |
| Ann-Christin G. Andersen [8] | Board Member | - | 1 | 13 |
| **Total** | | **99** | **100** | **78** |

1) Chair of the Board from 23.04.2021
2) Board member from 23.04.2021
3) Board member from 20.09.2022
4) Board member from 23.04.2021
5) Board member from 22.02.2023
6) Board member from 10.11.2023
7) Board member from 23.04.2021 - 10.11.2023
8) Board member from 23.04.2021 - 23.02.2022

# Notes

## 7.1 Remuneration to Executive Management and the Board (continued)

**Shares held by the CEO and members of the Board at 31 December 2023**

| Name | Title | No. of shares | Ownership/voting rights (%) |
|---|---|---|---|
| Trond F. Crantz [1)] | CEO | 4,646,572 | 2.4 % |
| Jan P. Grimnes [2)] | Chair of the Board | 6,794,512 | 3.5 % |
| Jim Dåtland | Board member | - | 0.0 % |
| Heidi Gryteland Holm | Board member | - | 0.0 % |
| Geir Kaasen [3)] | Board member | 109,662 | 0.1 % |
| Lars Petter Utseth [4)] | Board member | 40,671,838 | 21.1 % |
| Andreas Hveding Aubert | Board member | - | 0.0 % |
| **Total** | | **52,222,584** | **27.1 %** |

[1)] Through Ascent AS
[2)] Chair of the Board in Redback AS (majority shareholder together with closely relatives)
[3)] Through Eurovest AS
[4)] Through Kistefos AS

**Shares held by the CEO and members of the Board at 31 December 2022**

| Name | Title | No. of shares | Ownership/voting rights (%) |
|---|---|---|---|
| Trond F. Crantz | CEO | 2,307,235 | 4.5 % |
| Jan P. Grimnes | Chair of the Board | 2,469,512 | 4.8 % |
| Geir Kaasen | Board member | 109,662 | 0.2 % |
| **Total** | | **4,886,409** | **9.6 %** |

**Shares held by the CEO and members of the Board at 31 December 2021**

| Name | Title | No. of shares | Ownership/voting rights (%) |
|---|---|---|---|
| Trond F. Crantz | CEO | 2,067,898 | 7.5 % |
| Jan P. Grimnes | Chair of the Board | 1,469,512 | 5.4 % |
| Geir Kaasen | Board member | 109,662 | 0.4 % |
| **Total** | | **3,647,072** | **13.3 %** |

**Shares held by the CEO and members of the Board at 1 January 2021**

| Name | Title | No. of shares | Ownership/voting rights (%) |
|---|---|---|---|
| Trond F. Crantz | CEO and Chair of the Board | 2,067,898 | 33.9 % |
| Thorbjørn Rekdal | Board member | 1,770,968 | 29.0 % |
| Tor Anders Melheim [1)] | Board member | 1,630,968 | 26.7 % |
| **Total** | | **5,469,834** | **89.7 %** |

[1)] Through Performa Consulting AS

## 7.1 Remuneration to Executive Management and the Board (continued)

**Share options/warrants held by executive management and the Board at 31 December 2023**

| Name | Title | Options/ Warrants | Outstanding options/ warrants | Strike price (NOK) | Remaining life (years) |
|---|---|---|---|---|---|
| Other management | | *Options* | 100,000 | 8.20 | 2.96 |
| | | *Warrants* | 18,000 | 20.00 | 0.50 |
| Jan P. Grimnes | Chairman | *Options* | 70,000 | 8.20 | 2.96 |
| Jim Dåtland | Board member | *Options* | 70,000 | 8.20 | 2.96 |
| Geir Kaasen | Board member | *Options* | 70,000 | 8.20 | 2.96 |
| | | *Warrants* | 50,000 | 0.83 | 1.69 |
| **Total** | | | **378,000** | | |

**Share options/warrants held by executive management and the Board at 31 December 2022**

| Name | Title | Options/ Warrants | Outstanding options/ warrants | Strike price (NOK) | Remaining life (years) |
|---|---|---|---|---|---|
| Trond F. Crantz | CEO | *Warrants* | 139,338 | 0.28 | 1.11 |
| Other management | | *Options* | 170,000 | 8.20 | 3.96 |
| | | *Warrants* | 18,000 | 20.00 | 1.50 |
| Jan P. Grimnes | Chairman | *Options* | 70,000 | 8.20 | 3.96 |
| Geir Kaasen | Board member | *Options* | 70,000 | 8.20 | 3.96 |
| | | *Warrants* | 50,000 | 0.83 | 2.69 |
| Ann-Christin Andersen | Board member | *Options* | 70,000 | 8.20 | 3.96 |
| Jim Dåtland | Board member | *Options* | 70,000 | 8.20 | 3.96 |
| Arne Kjørsvik | Board member | *Options* | 70,000 | 8.20 | 3.96 |
| **Total options and warrants** | | | **727,338** | | |

# Notes

## 7.1 Remuneration to Executive Management and the Board (continued)

**Share options/warrants held by executive management and the Board at 31 December 2021**

| Name | Title | Options/ Warrants | Outstanding options/ warrants | Strike price (NOK) | Remaining life (years) |
|---|---|---|---|---|---|
| Trond F. Crantz | CEO | *Options* | - | - | - |
| | | *Warrants* | 278,675 | 0.28 | 2.11 |
| Other management | | *Options* | 170,000 | 8.20 | 4.96 |
| | | *Warrants* | 18,000 | 20.00 | 2.50 |
| Jan P. Grimnes | Chairman | *Options* | 70,000 | 8.20 | 4.96 |
| | | *Warrants* | - | - | - |
| Geir Kaasen | Board member | *Options* | 70,000 | 8.20 | 4.96 |
| | | *Warrants* | 50,000 | 0.83 | 3.69 |
| Ann-Christin Andersen | Board member | *Options* | 70,000 | 8.20 | 4.96 |
| | | *Warrants* | - | - | - |
| Jim Dåtland | Board member | *Options* | 70,000 | 8.20 | 4.96 |
| | | *Warrants* | - | - | - |
| Arne Kjørsvik | Board member | *Options* | 70,000 | 8.20 | 4.96 |
| | | *Warrants* | - | - | - |
| **Total** | | | **866,675** | | |

**Share options/warrants held by executive management and the Board at 1 January 2021**

| Name | Title | Options/ Warrants | Outstanding options/ warrants | Strike price (NOK) | Remaining life (years) |
|---|---|---|---|---|---|
| Trond F. Crantz | CEO and Chairman | *Options* | - | - | - |
| | | *Warrants* | 278,675 | 0.28 | 3.11 |
| Thorbjørn Rekdal | Board member | *Options* | - | - | - |
| | | *Warrants* | 18,000 | 20.00 | 3.50 |
| Geir Kaasen | Board member | *Options* | - | - | - |
| | | *Warrants* | 50,000 | 0.83 | 4.68 |
| **Total** | | | **346,675** | | |

## 7.2 Related party transactions

Related parties are major shareholders, members of the Board and the Executive Management team in the Group. Note 6.6 provides information on the Group's major shareholders. Significant agreements and remuneration paid to Executive management and the Board for the current and prior periods are presented in note 7.1.

All transactions within the Group or with other related parties are based on the principle of arm's length.

The following tables provide the total amount of transactions and balances with related parties (outside the Group) for the relevant financial periods:

| Related party transactions (USD 1,000) | 2023 | 2022 | 2021 |
|---|---|---|---|
| Executive Management | 762 | 969 | 513 |
| Board Member | 99 | 100 | 78 |
| **Total** | **861** | **1,069** | **592** |

Payments to related parties in 2023, 2022 and 2021 include remuneration paid to Executive management and the Board of Directors (refer to note 7.1).

## Note 7.3 First time adoption of IFRS

These financial statements for the year ended 31 December 2023 represent the first consolidated financial statements of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

The financial statements are prepared to comply with IFRS applicable as of 31 December 2023, with comparative figures for the year ended 31 December 2022 and 2021. In preparing the financial statements, the opening statement of financial position was prepared as of 1 January 2021, the date of transition to IFRS.

This note explains the principal adjustments made by the Group in its transition to IFRS from its previous reporting framework; Norwegian Generally Accepted Accounting Principles for small entities (NGAAP) as of 1 January 2021 and for the periods ended 31 December 2021 and 2022.

**Exemptions applied**

IFRS 1 allows first-time adopters certain exemptions from the retrospective application requirements under IFRS. The Group has chosen to apply the following exemptions:

- Restate contract with customers: the Group has decided to use the practical expedient in IFRS 15 *Revenue from Contracts with Customers* to not restate contracts that are completed at the transition date, 1 January 2021. IFRS 1 defines a completed contract as a contract for which the entity has transferred all of the goods or services as identified in accordance with previous GAAP.

- Cumulative translations differences: as at 1 January 2021, the Group has set its cumulative translation differences that existed at the transition date to IFRS for all foreign operations as zero.

- Leases: the Group has chosen to measure the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the transition date and measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the transition date (IFRS 1.D9B).

*Effect of transition to IFRS*
The main differences recognised at the transition to IFRS are:

- Recognition of right-of-use assets and lease liabilities with corresponding depreciation and interest expenses, which was previously expensed as part of operating expenses.
- Recognition of the Group's seller credits in accordance with IFRS 9 (fair value adjustment).
- Recognition of the Group's share-based payment incentives (warrants and options) in the consolidated statement of financial position.

The impact of the IFRS adjustments on the consolidated statement of financial position when transitioning from NGAAP as at 1 January 2021, 31 December 2021 and 31 December 2022 are described in detail below. Additionally, the impact of the IFRS adjustments on the consolidated statement of comprehensive income and the consolidated statement of cash flows are described in detail further below. NGAAP figures presented below are based on previously reported annual reports and translated to USD by using end rates for the statement of financial position and average rates for the statement of comprehensive income. Note that the mapping of certain line items under the previous GAAP in the reconciliation below has been adjusted to reflect the mapping of the Group's IFRS financial statements.

## Note 7.3 First time adoption of IFRS (continued)

**Reconciliation of consolidated financial position as of 1 January 2021**

| USD 1,000 | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Intangible assets | | 418 | - | 418 |
| Deferred tax asset | | 40 | - | 40 |
| Property, plant and equipment | | 1 355 | - | 1 355 |
| **Total non-current assets** | | **1 814** | **-** | **1 814** |
| Trade receivables | | 518 | - | 518 |
| Other receivables | | 34 | - | 34 |
| Cash and cash equivalents | | 912 | - | 912 |
| **Total current assets** | | **1 464** | **-** | **1 464** |
| **Total assets** | | **3 277** | **-** | **3 277** |

| USD 1,000 | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Share capital | | 71 | - | **71** |
| Share premium | | 795 | - | **795** |
| Other capital reserves | A | - | 38 | **38** |
| Other equity | C | -139 | -127 | **-266** |
| **Total equity** | | **727** | **-89** | **638** |
| Non-current interest-bearing liabilities | D | 784 | -89 | **695** |
| Non-current lease liabilities | | - | - | **-** |
| Non-current provisions | B | - | 89 | **89** |
| **Total non-current liabilities** | | **784** | **-** | **784** |
| Current interest-bearing liabilities | D | - | 89 | **89** |
| Trade and other payables | | 1 447 | - | **1 447** |
| Other current liabilities | | 319 | - | **319** |
| **Total current liabilities** | | **1 766** | 89 | **1 855** |
| **Total liabilities** | | **2 550** | **89** | **2 639** |
| **Total equity and liabilities** | | **3 277** | **-** | **3 277** |

**A**: The IFRS adjustment of USD 38 thousand reflects the recognition of the Group's share-based payment incentive (warrants). Under NGAAP, the warrants were not reflected in the Group's consolidated statement of financial position. Under IFRS 2, the warrants are recognised in the statement of comprehensive income with a corresponding adjustment at the grant date.

**B:** The IFRS adjustment of USD 89 thousand reflects the non-current provision for accrued social security on warrants which will be paid when the warrants are exercised.

**C:** The IFRS adjustment of USD 89 thousand reflects the effect on equity related to the IFRS adjustments described above.

**D:** The IFRS adjustment of USD 89 thousand reflects the current portion of the Group's loans from Innovation Norway. Under the previous GAAP, the current and non-current portion of the loans was not presented separately in the consolidated statement of financial position.

# Notes

## Note 7.3 First time adoption of IFRS (continued)

**Reconciliation of consolidated financial position as of 31 December 2021**

| *All amounts in USD thousands* | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Intangible assets | | 867 | - | **867** |
| Deferred tax asset | G | 1 163 | 2 | **1 166** |
| Right-of-use assets | A | - | 685 | **685** |
| Property, plant and equipment | | 450 | - | **450** |
| Investment in joint venture | | 621 | - | **621** |
| **Total non-current assets** | | **3 101** | **688** | **3 789** |
| Trade receivables | | 532 | - | **532** |
| Other receivables | | 7 873 | - | **7 873** |
| Cash and cash equivalents | | 7 468 | - | **7 468** |
| Contract assets | | 74 | - | **74** |
| **Total current assets** | | **15 947** | **-** | **15 947** |
| **Total assets** | | **19 048** | **688** | **19 735** |

| *All amounts in USD thousands* | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Share capital | | 320 | - | **320** |
| Share premium | | 19 143 | - | **19 143** |
| Other capital reserves | E | - | 1 507 | **1 507** |
| Other equity | F | -2 672 | -1 603 | **-4 275** |
| **Total equity** | | **16 791** | **-97** | **16 694** |
| Non-current interest-bearing liabilities | C | 673 | -154 | **519** |
| Non-current lease liabilities | B | - | 410 | **410** |
| Non-current provisions | D | - | 75 | **75** |
| **Total non-current liabilities** | | **673** | **331** | **1 004** |
| Current interest-bearing liabilities | C | - | 154 | **154** |
| Trade and other payables | | 711 | - | **711** |
| Current lease liabilities | B | - | 297 | **297** |
| Current provisions | | 358 | - | **358** |
| Income tax payable | | 11 | - | **11** |
| Other current liabilities | | 506 | - | **506** |
| **Total current liabilities** | | **1 587** | **451** | **2 038** |
| **Total liabilities** | | **2 259** | **782** | **3 041** |
| **Total equity and liabilities** | | **19 048** | **688** | **19 735** |

## Note 7.3 First time adoption of IFRS (continued)

**A:** The IFRS adjustment of USD 685 thousand reflects the recognised right-of-use asset minus depreciation for the year, relating to the Group's leased assets. Under NGAAP, lease payments were accounted for as operational expenses, hence no right-of-use asset was previously recognised.

**B:** The IFRS adjustments of USD 410 thousand and USD 297 thousand reflect the non-current and current portion of the lease liability recognised for the Group's leased assets under IFRS 16. Under NGAAP, no lease liability was recognised.

**C:** The IFRS adjustment of USD 154 thousand reflects the current portion of the Group's loans from Innovation Norway. Under NGAAP, the current and non-current portion of the loans was not presented separately in the consolidated statement of financial position.

**D:** The IFRS adjustment of USD 75 thousand reflects the non-current provision for accrued social security on share options/warrants which will be paid when the options are exercised.

**E:** The IFRS adjustment of USD 1,507 thousand reflects the recognition of the Group's share-based payment incentives (options and warrants). Under NGAAP, the options and warrants were not reflected in the Group's consolidated statement of financial position. Under IFRS 2, the options and warrants are recognised in the statement of comprehensive income with a corresponding adjustment to equity over the vesting period.

**F:** The IFRS adjustment of USD 1,603 thousand reflects the P&L effect of the 2021 IFRS adjustments in addition to translation differences, adjustments in the opening balance of equity at the date of transition to IFRS, and share-based payment expense.

**G:** The IFRS adjustment of USD 2 thousand reflects the net income tax effect of the IFRS adjustments related to IFRS 16 and IFRS 2.

**Reconciliation of consolidated financial position as of 31 December 2022**

| *All amounts in USD thousands* | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Intangible assets | | 2 466 | | **2 466** |
| Deferred tax asset* | | - | - | **-** |
| Right-of-use assets | A | - | 377 | **377** |
| Property, plant and equipment** | E | 22 998 | -2 133 | **20 865** |
| Multi-client inventory | | 406 | - | **406** |
| Investment in joint venture | | 233 | - | **233** |
| **Total non-current assets** | | **26 103** | **-1 756** | **24 347** |
| Trade receivables | | 1 726 | - | **1 726** |
| Other receivables | | 4 570 | - | **4 570** |
| Cash and cash equivalents | | 2 163 | - | **2 163** |
| **Total current assets** | | **8 458** | **-** | **8 458** |
| **Total assets** | | **34 561** | **-1 756** | **32 805** |

** Correction in prior GAAP: a deferred tax asset of USD 440 thousand has previously been recognised under NGAAP.*

*** Correction in prior GAAP: spare parts for AUVs amounting to NOK 15.6 million has earlier been reported under current assets. These spare parts are reclassified to non-current assets.*

# Notes

## Note 7.3 First time adoption of IFRS (continued)

| *All amounts in USD thousands* | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Share capital | | 565 | - | **565** |
| Share premium | **G** | 31 090 | -3 735 | **27 356** |
| Other capital reserves | **C** | - | 1 640 | **1 640** |
| Other equity* | **H** | -12 877 | -2 080 | **-14 957** |
| **Total equity** | | **18 779** | **-4 174** | **14 604** |
| Non-current interest-bearing liabilities | **E** | 10 802 | -6 195 | **4 608** |
| Non-current lease liabilities | **B** | - | 150 | **150** |
| Non-current provisions | **D** | - | 9 | **9** |
| **Total non-current liabilities** | | **10 802** | **-6 036** | **4 766** |
| Current interest-bearing liabilities | **F** | - | 4 432 | **4 432** |
| Trade and other payables | | 2 410 | - | **2 410** |
| Current lease liabilities | **B** | - | 267 | **267** |
| Current provisions | | 810 | - | **810** |
| Other current liabilities | **G** | 1 868 | 3 646 | **5 515** |
| **Total current liabilities** | | **5 089** | **8 346** | **13 435** |
| **Total liabilities** | | **15 891** | **2 309** | **18 201** |
| **Total equity and liabilities** | | **34 561** | **-1 756** | **32 805** |

** Correction in prior GAAP: a deferred tax asset of USD 440 thousand has previously been recognised under NGAAP.*

**A:** The IFRS adjustment of USD 377 thousand reflects the recognised right-of-use asset minus depreciation for the year, relating to the Group's leased assets. Under the previous GAAP, lease payments were accounted for as operational expenses, hence no right-of-use asset was recognised.

**B:** The IFRS adjustments of USD 150 thousand and USD 267 thousand reflect the non-current and current portion of the lease liability recognised for the Group's leased assets under IFRS 16. Under the previous GAAP, no lease liability was recognised.

**C**: The IFRS adjustment of USD 1,640 thousand reflects the recognition of the Group's share option incentive plans. Under the previous GAAP, the options and warrants were not reflected in the Group's consolidated statement of financial position. Under IFRS 2, the options and warrants are recognised in the statement of comprehensive income with a corresponding adjustment to equity over the vesting period.

**D:** The IFRS adjustment of USD 9 thousand reflects the non-current provision for social security on share options/warrants which will be paid when the options/warrants are exercised.

**E:** Under IFRS, the Group's seller credits are recognised and measured in accordance with IFRS 9. Since the seller credit's carry no interest, the Group has calculated and recognised the interest element implicit in the purchase price of the AUVs by calculating the net present value of future cash flows using a discount rate reflecting its incremental borrowing rate. Subsequently, the seller credit's are measured at their amortised cost using the effective interest rate method (EIR). The IFRS adjustment of USD 6,195 thousand reflects a reduction in the cost price of the AUVs related to the seller credit's of USD 1,763 thousand, in addition to a reclassification of interest-bearing debt to current interest-bearing liabilities of USD 4,432 thousand (refer to note "F" below).

**F:** The IFRS adjustment of USD 4,432 thousand reflects the current portion of the Group's interest-bearing debt (loans from Innovation Norway and seller credits). Under the previous GAAP, the current and non-current portion of the loans was not presented separately in the consolidated statement of financial position.

**G:** The IFRS adjustment of USD 3,735 thousand reflects a reclassification of unpaid share capital from equity to other current liabilities (USD 3,646 thousand), in addition to currency effects. Under IFRS, the unpaid share capital is classified as debt rather than equity.

H: The IFRS adjustment of USD 2,080 thousand reflects the P&L effect of the 2021 and 2022 IFRS adjustments in addition to translation differences, adjustments in the opening balance of equity at the date of transition to IFRS, and share-based payment expense.

## Note 7.3 First time adoption of IFRS (continued)

### Reconciliation of consolidated statement of comprehensive income as of 31 December 2021

| *All amounts in USD thousands* | Note | NGAAP | IFRS Adjustments | IFRS |
|---|---|---|---|---|
| Revenues | | 1 787 | - | **1 787** |
| Other income | | 55 | - | **55** |
| **Total revenues and other income** | | **1 842** | **-** | **1 842** |
| Cost of sales | **A** | 3 196 | -49 | **3 147** |
| **Gross profit** | | **-1 354** | **49** | **-1 305** |
| Selling, general and administrative expenses | **B** | 1 745 | 2 | **1 747** |
| Depreciation and amortisation | **C** | 148 | 78 | **227** |
| **Total operating expenses** | | **1 893** | **80** | **1 974** |
| **Operating profit (loss)/EBIT** | | **-3 248** | **-31** | **-3 279** |
| Share of results from associated companies | | -53 | - | **-53** |
| Finance income | | 135 | - | **135** |
| Finance expense | **D** | 83 | 24 | **107** |
| **Net financial items** | | **-1** | **-24** | **-25** |
| **Profit (loss) before tax** | | **-3 249** | **-55** | **-3 304** |
| Income tax expense | | 1 145 | 2 | **1 148** |
| **Net profit (loss) for the year** | | **-2 104** | **-53** | **-2 157** |

The Group reported other comprehensive income under IFRS of USD negative 435 thousand in 2021. No other comprehensive income has historically been reported as such statement is not required under NGAAP.

**A:** The IFRS adjustment of USD 49 thousand reflects the reversal of lease expenses for the Group's operating leases. As the leases are recognised in the statement of financial position according to IFRS 16, the expense previously recognised under NGAAP is reversed.

**B:** The IFRS adjustment of USD 2 thousand reflects the reversal of lease expenses for the Group's operating leases (USD 31 thousand), the employee benefit expense recognised for the period related to the Group's share-based payment incentives (USD 45 thousand) and a reduction in the social security provision for the share options/warrants (USD 12 thousand).

**C:** The IFRS adjustment of USD 78 thousand reflects the depreciation of right-of-use assets recognised under IFRS 16.

**D:** The IFRS adjustment of USD 24 thousand reflects the interest expense on the IFRS 16 lease liability.

# Notes

## Note 7.3 First time adoption of IFRS (continued)

### Reconciliation of consolidated statement of comprehensive income as of 31 December 2022

| *All amounts in USD thousands* | Note | NGAAP | IFRS Adjustments | IFRS |
|---|---|---|---|---|
| Revenues | | 3 476 | - | **3 476** |
| Other income | | 9 | - | **9** |
| **Total revenues and other income** | | **3 485** | **-** | **3 485** |
| Cost of sales | **A** | 5 821 | -155 | **5 666** |
| **Gross profit** | | **-2 336** | **155** | **-2 181** |
| Selling, general and administrative expenses | **B** | 3 036 | -66 | **2 970** |
| Impairment | | - | - | **-** |
| Depreciation and amortisation | **C** | 1 377 | 54 | **1 431** |
| **Total operating expenses** | | **4 413** | **-12** | **4 401** |
| **Operating profit (loss)/EBIT** | | **-6 748** | **166** | **-6 582** |
| Share of results from associated companies | | -326 | - | **-326** |
| Finance income | | 208 | - | **208** |
| Finance expense | **D** | 477 | 640 | **1 117** |
| **Net financial items** | | **-595** | **-640** | **-1 234** |
| **Profit (loss) before tax** | | **-7 343** | **-473** | **-7 816** |
| Income tax expense* | | -1 106 | -3 | **-1 110** |
| **Net profit (loss) for the year** | | **-8 449** | **-477** | **-8 926** |

** Correction in prior GAAP: a deferred tax asset of USD 440 thousand has previously been recognised under NGAAP.*

The Group reported other comprehensive income under IFRS of USD negative 1,767 thousands in 2022. No other comprehensive income has historically been reported as such statement is not required under NGAAP.

**A:** The IFRS adjustment of USD 155 thousand reflects the reversal of lease expenses for the Group's operating leases. As the leases are recognised in the statement of financial position according to IFRS 16, the expense previously recognised under NGAAP is reversed.

**B:** The IFRS adjustment of USD 66 thousand reflects the reversal of lease expenses for the Group's operating leases USD 135 thousand), the employee benefit expense recognised for the period related to the Group's share-based payment incentives (USD 129 thousand) and a reduction in the social security provision for the share options/warrants (USD 60 thousand).

**C:** The IFRS adjustment of USD 54 thousand reflects the depreciation of right-of-use assets recognised in accordance with IFRS 16 (USD 251 thousand) and the reversal of depreciation for the Group's AUVs related to the IFRS 9 accounting treatment of the seller credits (USD 196 thousand).

**D:** The IFRS adjustment of USD 640 thousand reflects the interest expense on the IFRS 16 lease liability (USD 60 thousand) and the interest expense implicit in the Group's seller credits (USD 580 thousand).

## Note 7.3 First time adoption of IFRS (continued)

### Reconciliation of consolidated cash flow year ended 31 December 2021

| *All amounts in USD thousands* | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| **Cash flow from operating activities:** | | | | |
| Profit/loss before tax | | -3 249 | -55 | **-3 304** |
| *Adjustments to reconcile loss before tax to net cash flow* | | | | |
| Net financial items | **A** | 1 | 24 | **25** |
| Depreciation and amortisation | **B** | 148 | 78 | **227** |
| Share-based payment expense | **C** | - | 45 | **45** |
| *Working capital adjustments* | | | | |
| Changes in trade and other receivables | | -7 853 | - | **-7 853** |
| Changes in contract asset and other current assets | | -74 | - | **-74** |
| Changes in trade payables | | -735 | - | **-735** |
| Changes in provisions | **D** | 358 | -14 | **343** |
| Changes in contract liabilities and other current liabilities | | - | 187 | **187** |
| **Net cash flows from operating activities** | | **-11 404** | **265** | **-11 139** |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | | -429 | - | **-429** |
| Investment in joint venture | | -680 | - | **-680** |
| Proceeds from disposals of property, plant and equipment | | 1 270 | - | **1 270** |
| Development expenditures | | -570 | - | **-570** |
| Interest received | | 10 | - | **10** |
| **Net cash flows from investing activities** | | **-399** | **-** | **-399** |
| **Cash flow from financing activities** | | | | |
| Proceeds from issuance of equity | | 18 596 | - | **18 596** |
| Repayments of long term debt | | -88 | - | **-88** |
| Payments for principal for the lease liability | **E** | - | -56 | **-56** |
| Payments for interest for the lease liability | **E** | - | -24 | **-24** |
| Interest paid | | -50 | | **-50** |
| **Net cash flows from financing activities** | | **18 458** | **-80** | **18 377** |
| **Net change in cash and cash equivalents** | | **6 654** | **185** | **6 839** |
| Cash and cash equivalents at beginning of the year | | 912 | - | **912** |
| Net foreign exchange difference | | -283 | - | **-283** |
| **Cash and cash equivalents at 31 December** | | **7 283** | **185** | **7 468** |

**A:** The effect on net financial items of USD 24 thousand reflects the interest expense on the lease liability recognised under IFRS 16.

**B:** The effect on depreciation and amortisation of USD 78 thousand reflects depreciation of the right-of-use assets recognised under IFRS 16.

**C:** The IFRS adjustment of USD 45 thousand reflects the share-based payment recognised for the period in accordance with IFRS 2.

**D**: The IFRS adjustment of USD 14 thousand represents the change in the social security provision related to the Group's share-based payment incentives.

**E**: The IFRS adjustments of USD 56 thousand and USD 24 thousand represent lease payments and payments for the interest portion of the lease liability recognised in accordance with IFRS 16.

# Notes

## Note 7.3 First time adoption of IFRS (continued)

### Reconciliation of consolidated cash flow year ended 31 December 2022

| *All amounts in USD thousands* | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit/loss before tax | | -7 343 | -473 | **-7 816** |
| *Adjustments to reconcile loss before tax to net cash flow* | | | | |
| Net financial items | **A** | 595 | 640 | **1 234** |
| Depreciation, amortisation and impairment | **B** | 1 377 | 54 | **1 431** |
| Share-based payment expense | **C** | - | 129 | **129** |
| | | | | |
| *Working capital adjustments* | | | | |
| Changes in trade and other receivables | | 2 109 | - | **2 109** |
| Changes in contract asset and other current assets | **D** | - | 74 | **74** |
| Changes in trade payables | | 1 699 | - | **1 699** |
| Changes in provisions | **E** | 453 | -66 | **387** |
| Changes in contract liabilities and other current liabilities | **F** | 1 362 | 3 646 | **5 009** |
| *Other items* | | | | |
| Tax paid | | -11 | - | **-11** |
| **Net cash flows from operating activities** | | **240** | **4 003** | **4 243** |
| | | | | |
| **Cash flow from investing activities** | | | | |
| Purchase of property, plant and equipment | | -24 374 | - | **-24 374** |
| Investment in Multi-client | | -416 | - | **-416** |
| Development expenditures | | -1 876 | - | **-1 876** |
| Interest received | | 31 | - | **31** |
| **Net cash flows from investing activities** | | **-26 635** | **-** | **-26 635** |
| | | | | |
| **Cash flow from financing activities** | | | | |
| Proceeds from issuance of equity | **H** | 12 193 | -3 735 | **8 459** |
| Repayments of long term debt | | -2 598 | - | **-2 598** |
| Proceeds from long term debt | | 12 653 | - | **12 653** |
| Payments for principal for the lease liability | **G** | - | -230 | **-230** |
| Payments for interest for the lease liability | **G** | - | -60 | **-60** |
| Interest paid | | -76 | - | **-76** |
| **Net cash flows from financing activities** | | **22 172** | **-4 024** | **18 148** |
| | | | | |
| **Net change in cash and cash equivalents** | | **-4 222** | **-21** | **-4 243** |
| Cash and cash equivalents at beginning of the year | | 7 468 | - | **7 468** |
| Net foreign exchange difference | | -1 062 | - | **-1 062** |
| **Cash and cash equivalents at 31 December** | | **2 184** | **-21** | **2 163** |

## Note 7.3 First time adoption of IFRS (continued)

**A:** The effect on net financial items of USD 640 thousand reflects the interest expense on the lease liability recognised under IFRS 16, in addition to the interest expense recognised for the Group's seller credits.

**B:** The effect on depreciation and amortisation of USD 54 thousand reflects depreciation of the right-of-use assets recognised under IFRS 16 (USD 251 thousand) in addition to the reversed depreciation of the AUVs related to other Group's seller credits (USD 196 thousand).

**C:** The IFRS adjustment of USD 129 thousand reflects the share-based payment recognised for the period in accordance with IFRS 2.

**D:** The IFRS adjustment of USD 74 thousand represents the change in contract assets recognised in accordance with IFRS 15.

**E**: The IFRS adjustment of USD 66 thousand represents the change in social security provision related to the Group's share-based payment incentives.

**F**: The IFRS adjustment of USD 3,646 thousand represents the reclassification of unpaid share capital from equity to debt.

**G:** The IFRS adjustments of USD 230 thousand and USD 60 thousand represent lease payments and payments for the interest portion of the lease liability recognised in accordance with IFRS 16.

**H**: The IFRS adjustment of USD 3,735 thousand represents the reclassification of unpaid share capital from equity to debt (USD 3,646 thousand), in addition to currency effects.

# Notes

## Note 7.4 Events after the reporting period

**Adjusting events**
There have been no significant adjusting events subsequent to the reporting date.

**Non-adjusting events**
In  January 2024, a total number of 7,750,000 share options were granted under a new incentive plan, and the options will vest 1/3 each year over a total vesting period of 3 years. Each option will, when exercised, give the right to receive one share in the Company at a fixed strike price of NOK 3.20. Options granted under the share option program will expire five years after grant date. The grant replaces 555,000 outstanding share options from the grant in December 2021, 36 000 of the “Tranche 1” warrants and 2 581 063 of the “Tranche 2” warrants.

In February 2024, Argeo signed a sale-and-leaseback contract involving the Company's vessel Argeo Venture. The net proceeds from the transaction will replace the offer for a USD 10 million bank loan and a USD 2 million credit facility in financing previously announced on 2 October 2023.

In March 2024, Argeo, CSI Nordics and Kongsberg Discovery signed a three-party Certificate of Delivery and Acceptance for a new Hugin Superior AUV. CSI Nordics, a subsidiary of CSI Leasing, will purchase the unit from Kongsberg Discovery, entering into a long-term leasing agreement with Argeo.

In March 2024, Argeo completed a private placement of 18,181,818 new shares at NOK 2.75 per share, raising gross proceeds of approximately NOK 50 million. The private placement was followed by a Subsequent Offering with non-tradeable subscription rights of 11,000,000 new shares in the Company, raising gross proceeds of NOK 30,250,000. The new share capital of the Company after the registration of the shares is NOK 22,208,174.20, divided into 222,081,742 shares, each with a nominal value of NOK 0.10.

## Alternative performance measures

**Alternative performance measures**
This section includes information about alternative performance measures (APMs) applied by the Group.

These alternative performance measures are presented to improve the ability of stakeholders to evaluate the Group's operating performance.

The Group applies the following APMs:

**EBITDA**
The Group's earnings before interest, tax, depreciation and amortisation (EBITDA) is used to provide consistent information on the Group's operating performance relative to other companies, and is frequently used by analysts, investors and other stakeholders wher evaluating the financial performance of the Group. EBITDA, as defined by the Group, includes total revenue and other income and excludes depreciation, amortisation and impairment loss. A reconciliation of EBITDA is presented below.

| **EBITDA (USD 1,000)** | **2023** | **2022** | **2021** |
|---|---|---|---|
| Total revenues and other income | 10,126 | 3,485 | 1,842 |
| Cost of sales | 14,541 | 5,666 | 3,147 |
| Selling, general and administrative expenses | 1,859 | 2,970 | 1,747 |
| **EBITDA** | **-6,274** | **-5,151** | **-3,052** |
| **EBITDA margin** | **-62%** | **-148%** | **-166%** |

# ANNUAL REPORT ARGEO AS

# Annual Report Argeo AS

## REVENUE STATEMENT

ARGEO AS

Amounts in NOK 1000

| OPERATING INCOME AND OPERATING EXPENSES | Note | 2023 | 2022 |
|---|---|---|---|
| Revenue | | 19 | 0 |
| **Total income** | | **19** | **0** |
| | | | |
| Employee benefits expense | 1 | 1 013 | 1 113 |
| Other expenses | 1 | 3 568 | 1 622 |
| **Total expenses** | **2** | **4 581** | **2 735** |
| | | | |
| **Operating profit** | | **-4 562** | **-2 735** |
| | | | |
| **FINANCIAL INCOME AND EXPENSES** | | | |
| Interest income from group companies | | 12 564 | 6 283 |
| Other interest income | 3 | 370 | 169 |
| Other financial income | 3 | 0 | 1 |
| Other interest expenses | 3 | 0 | 1 |
| Other financial expenses | 3 | 432 | 476 |
| **Net financial items** | | **12 501** | **5 974** |
| | | | |
| Net profit before tax | | 7 940 | 3 239 |
| Income tax expense | 4 | 4 349 | -932 |
| **Net profit or loss** | **5** | **3 591** | **4 171** |
| | | | |
| **ATTRIBUTABLE TO** | | | |
| Loss brought forward | | -3 591 | -4 171 |
| **Total** | | **3 591** | **4 171** |



## BALANCE SHEET

ARGEO AS

Amounts in Amounts in NOK 1000

| | Note | 2023 | 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| | | | |
| **NON-CURRENT ASSETS INTANGIBLE** | | | |
| **ASSETS** | 4 | 0 | 4 337 |
| Deferred tax assets | | **0** | **4 337** |
| **Total intangible assets** | | | |
| | | | |
| **PROPERTY, PLANT AND EQUIPMENT** | | | |
| | | | |
| **NON-CURRENT FINANCIAL ASSETS** | 6 | 249 051 | 156 914 |
| Investments in subsidiaries | | **249 051** | **156 914** |
| **Total non-current financial assets** | | | |
| | | **249 051** | **161 250** |
| **Total non-current assets** | | | |
| | | | |
| **CURRENT ASSETS** | | | |
| | | | |
| **DEBTORS** | 7 | 866 | 134 |
| Other short-term receivables | | 374 840 | 85 012 |
| Receivables from group companies | | 0 | 35 943 |
| Unpaid share capital | **7** | **375 706** | **121 089** |
| **Total receivables** | | | |
| | | | |
| **INVESTMENTS** | | | |
| | 8 | 23 619 | 14 452 |
| Cash and cash equivalents | | | |
| | | **399 325** | **135 542** |
| **Total current assets** | | | |
| | | **648 376** | **296 792** |
| **Total assets** | | | |



## BALANCE SHEET

ARGEO AS

| EQUITY AND LIABILITIES | Note | 2023 | 2022 |
|---|---|---|---|
| **EQUITY** | | | |
| **PAID-IN CAPITAL** | | | |
| Share capital | | 19 290 | 5 110 |
| Share premium reserve | | 611 012 | 289 115 |
| Other paid-up equity | | -263 | -275 |
| **Total paid-up equity** | | **630 039** | **293 950** |
| | | | |
| **RETAINED EARNINGS** | | | |
| Other equity | | 17 364 | -710 |
| **Total retained earnings** | | **17 364** | **-710** |
| | | | |
| **Total equity** | 5 | **647 403** | **293 240** |
| | | | |
| **LIABILITIES** | | | |
| **PROVISIONS** | | | |
| | | | |
| **OTHER NON-CURRENT LIABILITIES** | | | |
| Other non-current liabilities | | 21 | 6 |
| **Total non-current liabilities** | | **21** | **6** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Trade payables | 7 | 755 | 3 441 |
| Public duties payable | | 100 | 103 |
| Other current liabilities | 7 | 97 | 2 |
| **Total current liabilities** | **7** | **952** | **3 546** |
| | | | |
| **Total liabilities** | | **973** | **3 552** |
| | | | |
| **Total equity and liabilities** | | **648 376** | **296 792** |

The board of Argeo AS

| | | |
|---|---|---|
| Jan Pihl Grimnes<br>cl oard | Jim Dåtland<br>member of the board | Geir Jonny Kaasen<br>member of the board |
| Heidi Gryteland Holm<br>member of the board | Lars Petter Ottem Utseth<br>member of the board | Peter Hooper<br>member of the board |
| | Trond F. Crantz<br>CEO | |

# Annual Report Argeo AS

## INDIRECT CASH FLOW

ARGEO AS

| Amounts in NOK 1000 | Note | 2023 | 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit/loss before tax | | 7 940 | 3 239 |
| Financial income | | -12 934 | -6 451 |
| Financial expense | | -432 | -478 |
| Change in current liabilities | | -3 188 | 3 418 |
| Change in current assets | | -254 008 | -62 339 |
| **Net cash flows from operating activities** | | **-262 623** | **-62 611** |
| **CASH FLOWS FROM INVESTMENT ACTIVITIES** | | | |
| Investment in subsidiaries | | -92 000 | -100 000 |
| **Net cash flows from investment activities** | | **-92 000** | **-100 000** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Net proceeds from new equity | | 350 423 | 117 353 |
| Financial income | | 12 934 | 6 451 |
| Financial expense | | 432 | 478 |
| **Net cash flows from financing activities** | | **363 789** | **124 282** |
| Net change in cash and cash equivalents | | 9 167 | -38 330 |
| Cash and cash equivalents at the start of the period | | 14 452 | 52 623 |
| **Cash and cash equivalents at the end of the period** | | **23 619** | **14 294** |



**Accounting principles**

The annual accounts have been prepared in conformity with the provisions of the Accounting Act and good accounting practice. All amounts are in Norwegian kroner 1000, unless otherwise stated.

**USE OF ESTIMATES**
In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

**REVENUES**
Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered. Income from the sale of services and long-term manufacturing projects (construction contracts) are posted to the profit and loss account in line with the project's degree of completion, when the outcome of the transaction can be estimated in a reliable manner. When the transaction's outcome cannot be estimated reliably, only income corresponding to a projects' incurred costs can be posted as revenue. At the time when it is identified that the project will give a negative result, the estimated loss on the contract is posted in full to the profit and loss account.

**TAX**
The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

**CHANGE IN ACCOUNTING PRINCIPLE**
Due to potential uplisting on Euronext in Norway, Argeo has in 2023 changed accounting principle from small business to other. This gives an effect in 2023. Compared with reported 2022 the effect is:

| | 2022 old | Effect | 2022 restated |
|---|---|---|---|
| Investments in subsidiaries | 155 676 | 1 238 | 156 914 |
| Other non-current liabilities | 0 | - 6 | - 6 |
| Other equity | - 1 929 | 1 220 | - 710 |
| Salaries | 956 | 158 | 1 113 |
| Tax | 943 | - 1 | 942 |
| Net Profit | 4 339 | - 156 | 4 183 |

**CLASSIFICATION AND VALUATION OF CURRENT ASSETS**
Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

**SUBSIDIARIES AND ASSOCIATED COMPANIES**
Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

**RECEIVABLES**
Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

**CASH FLOW STATEMENT**
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

**Note 1 Salary costs and benefits, related to board and auditor**

**SALARY COSTS**

| | 2023 | 2022 |
|---|---|---|
| Salaries | 875 | 838 |
| Employment tax | 138 | 118 |
| Other benefits | 0 | 157 |
| **Total** | **1 013** | **1 113** |

There are no employees in the company. All salary costs are related to the board members.
Board members have been granted share options in the company.

**PENSION LIABILITIES**
The company is not liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act.

**Board**

**AUDITOR**
Audit fees expensed for 2023 amount to NOK 313 ex. vat compared to NOK 184 in 2022 In addition there is a fee for other services of NOK 140 ex. vat compare to NOK 31 in 2022

**Note 2 Specification of operating costs by type**

| | 2023 | 2022 |
|---|---|---|
| Change in holding of goods under manufacture/self-produced goods | 0 | 0 |
| Cost of goods | 0 | 0 |
| Salary costs | 1 013 | 1 113 |
| Depreciation | 0 | 0 |
| Write-downs | 0 | 0 |
| Other operating costs | 3 568 | 1 622 |

| | | |
|---|---|---|
| **Total operating costs** | **4 581** | **2 735** |

**Note 3 Items that are aggregated in the accounts**

| **Financial income** | **2023** | **2022** |
|---|---|---|
| Interest income from companies in the same group | 12 564 | 6 283 |
| Other interest income | 370 | 169 |
| Other financial income (agio) | 0 | 1 |
| **Total financial income** | **12 934** | **6 452** |

| **Financial costs** | **2023** | **2022** |
|---|---|---|
| Other interest costs | 0 | 1 |
| Other interest costs (disagio) | 432 | 476 |
| **Total financial costs** | **432** | **478** |

**Note 4 Tax**

| **This year's tax expense** | **2023** | **2022** |
|---|---|---|
| Entered tax on ordinary profit/loss: | | |
| Payable tax | 0 | 0 |
| Changes in deferred tax assets | 4 349 | -943 |
| **Tax expense on ordinary profit/loss** | **4 349** | **-943** |
| | | |
| Taxable income: | | |
| Result before tax | 7 940 | 3 397 |
| Permanent differences | -19 425 | -7 681 |
| Changes in temporary differences | 21 | 0 |
| **Taxable income** | **-11 465** | **-4 284** |
| | | |
| Payable tax in the balance: | | |
| Payable tax on this year's result | 0 | 0 |
| **Total payable tax in the balance** | **0** | **0** |
| | | |
| Calculation of effective tax rate | | |
| Profit before tax | 7 940 | 3 397 |
| Calculated tax on profit before tax | 1 747 | 747 |
| Tax effect of permanent differences | -4 273 | -1 690 |
| **Total** | **-2 527** | **-943** |
| Effective tax rate | -31,8 % | -27,8 % |

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

| | **2023** | **2022** | **Difference** |
|---|---|---|---|
| Allocations and more | -21 | 0 | 21 |
| **Total** | **-21** | **0** | **21** |
| | | | |
| Accumulated loss to be brought forward | -31 232 | -19 767 | 11 465 |
| Not included in the deferred tax calculation | 31 253 | 0 | -31 253 |
| **Basis for deferred tax assets** | **0** | **-19 767** | **-19 767** |
| **Deferred tax assets (22 %)** | **0** | **-4 349** | **-4 349** |

Deferred tax not included in the balance sheet.

**Note 5 Equity capital**

| | **Share capital** | **Share premium** | **Other paid-in equity capital** | **Other equity capital** | **Total equity capital** |
|---|---|---|---|---|---|
| Pr. 01.01.2023 | 5 110 | 289 115 | -275 | -710 | 293 240 |
| Effect of change in reporting principles | | | 12 | 137 | 149 |
| Result of the year | | | | 3 591 | 3 591 |
| Net proceeds from new equity | 14 180 | 321 897 | | 14 346 | 350 423 |
| **Pr 31.12.2023** | **19 290** | **611 012** | **-263** | **17 364** | **647 403** |

| Subsidiaries | Jurisdiction | Cost Price | Shares/Voting right | Establishment |
|---|---|---|---|---|
| Argeo Suvey AS | Norway | 235 646 096 | 100% | May 2014 |
| Argeo Robotics AS | Norway | 10 030 000 | 100% | July 2019 |
| Argeo Shipholding AS | Norway | 2 000 000 | 100% | December 2023 |

**Note 7 Inter-company items between companies in the same group**

| | **2023** | **2022** |
|---|---|---|
| **Receivables** | | |
| Loans to companies in the same group | 0 | 0 |
| Customer receivables within the group | 0 | 0 |
| Other short-term receivables within the group | 374 840 | 85 012 |
| **Total** | **374 840** | **85 012** |
| | | |
| **Liabilities** | | |
| Loans from companies in the same group | 0 | 0 |
| Debt to suppliers within the group | 0 | 0 |
| Other short-term liabilities within the group | 0 | 0 |
| **Total** | **0** | **0** |

**Note 8 Bank deposits**

Funds standing on the tax deduction account (restricted funds) are NOK 72.

# Independent Auditor’s Report

To the General Meeting of Argeo AS

RSM Norge AS

Ruseløkkveien 30, 0251 Oslo
Pb 1312 Vika, 0112 Oslo
Org.nr: 982 316 588 MVA

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**Independent Auditor’s Report**

*Opinion*

We have audited the financial statements of Argeo AS, which comprise:

- The financial statements of the parent company Argeo AS (the Company), which comprise the balance sheet as at 31 December 2023, 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 2023, 31 December 2022 and 31 December 2021, the income statements, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- The financial statements comply with applicable statutory requirements,

- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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 accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, 31 December 2022 and 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

*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 relevant laws and regulations in Norway 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.

Independent Auditor’s Report 2023 for Argeo AS

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 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 appear 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 statutory requirements.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements of the Company 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 the preparation of the consolidated financial statements of the Group that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. Management is responsible 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 of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*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, 22 May 2024
RSM Norge AS

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



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*Signaturene i dette dokumentet er juridisk bindende. Dokument signert med "Penneo™ - sikker digital signatur". De signerende parter sin identitet er registrert, og er listet nedenfor.*

*"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."*

**Nereng, Anders Ivar**
**Statsautorisert revisor**
På vegne av: RSM Norge AS
*Serienummer: no_bankid:9578-5999-4-1194192*
*IP: 188.95.xxx.xxx*
*2024-05-22 17:21:58 UTC*

bankID

# Superior capacity

## With the most advanced fleet available

### ROBUST AND MODERN
# Vessels

Argeo Searcher


Argeo Venture

### SUPERIOR
# AUV's

**Hugin Superior**



Q1 2025

**Hugin 6000/1000**


# Advanced Robotics

## Argeo Electromagnetic sensor system

### ARGEO LISTEN

- ✓ Positioning and burial depth of active power cables
- ✓ Inspection of subsea cathodic protection systems
- ✓ Marine Mineral exploration
- ✓ General site survey

### ARGEO WHISPER

- ✓ Tracking/burial depth of "dead" power cables
- ✓ Tracking buried pipelines
- ✓ Detection of Unexploded Ordnance (UXO)
- ✓ Marine Minerals exploration

### ARGEO DISCOVER

- ✓ Marine Minerals exploration

# Turn key final product

with Argeo SCOPE digital solution

Cloud-based solution for management, analysis, and interpretation of Ocean Space data

Enables **efficient 3D visualization** of Ocean Space Data in a user-friendly **browser-based interface**, supporting a **collaborative data** sharing and a smoother interpretation workflow.

**Seamless data fusion from seabed measurements such as:**

- Synthetic aperture sonar (SAS)
- Sub-bottom profiler (SBP)
- Backscatter
- Bathymetry
- Subsea camera and snapshots
- Environmental data
- Laser measurements
- Geo-taggable documents
- WMS Services
- Interpreted surfaces and horizons from legacy platforms
- Electromagnetic field data

# Clean and safe oceans

## through responsible operations

Through our core business, we help our clients become more efficient in keeping the oceans safe and clean. Our complete set-up of vessels, robotic subsea equipment and our own developed and patented sensor systems enables us to perform inspection surveys up to eight times more efficiently than traditional methods. This technological edge not only enhances operational efficiency but also reduces environmental impact.

Our operations include inspection and maintenance of equipment for the Oil & Gas industry in addition to identification of outdated production equipment for removal, contributing to decommissioning (DECOM) efforts. Furthermore, Argeo's use of fuel-efficient vessels and battery-run robotic equipment underscores our commitment to sustainability, providing our company and services with a distinct green profile. Through these initiatives, Argeo continues to lead by example in promoting environmental stewardship and innovative solutions within the industry.

One of Argeo's most important value is to be responsible. This means that we must conduct business operations in a responsible and safe manner and to foster a healthy and prosperous workplace based on fairness and equality.

The UN Sustainable Development Goals were adopted by all the world's governments at the United Nations in 2015 and provide a common and necessary roadmap. At Argeo, we celebrate these goals and believe in making a difference in the ocean space. All 17 of the UN SDGs are relevant to our business, yet we have chosen to focus on four main areas; 7: affordable and clean energy, 9: industry, innovation and infrastructure, 13: climate action and 14: life below water. We find that we can contribute more within these areas and that they are enablers to further strengthen the full set of UN goals.

### Status & ambition

As of 2023 we have not yet started measuring a comprehensive carbon footprint, but it is our ambition to do so going forward. As our company grows it is also our ambition to set clear goals and to integrate an environmental awareness into all levels ofthe company, meaning we want sustainability to permeate the business. From how we write the contracts with our customers to the waste management in every office.

7 AFFORDABLE AND CLEAN ENERGY

**Supporting development of renewable energy** with a strong focus on offshore wind and Carbon Capture & Storage projects offshore.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

**Sourcing of local and 3rd party resources**
Project based vessel hires allows for local charters.
Survey sensor development through 3rd party **partners**

13 CLIMATE ACTION

Reduced carbon footprint in operation
Vital surveys of environmental impact

14 LIFE BELOW WATER

Argeo solutions key to examine impact on habitat and species below water. Argeo can collect data for benthic surveys through non-physical samples

## #argeopeople

We are committed to our employees as well as our impact on the societies in which we operate. Argeo has a strong focus on ensuring equal treatment and opportunity for all staff members, promoting diversity, and maintaining an inclusive and harassment free workplace.

Argeo is committed to respecting and promoting human rights of all individuals potentially affected by our operations. In Argeo, it is a continual process to improve on transparency, supply chain management and our professional conduct.

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
10 REDUCED INEQUALITIES
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

## Environmental

Through our core business, we help our clients become more efficient

### Status & ambition

Responsibility is a fundamental value at Argeo. We are dedicated to conducting our business with integrity, prioritizing safety and responsibility, and striving to minimize our environmental footprint. Argeo places significant emphasis on preventing negative environmental impacts from our operations.

Our company policy is to maintain safe and pollution-free practices that comply with both national and international regulations, as well as relevant standards and guidelines. Our objective is to continuously enhance our management skills in relation to environmental protection and we are committed to understand and collectively work towards reducing our environmental footprint.

**Vessel emissions in 2023**

Argeo Searcher

**Co2** 5338 Tons
**NOx** 95559 Kg
**Sox** 1243 Kg

## Social

Building and sustaining a fair, responsible, and attractive workplace

### The right balance of people

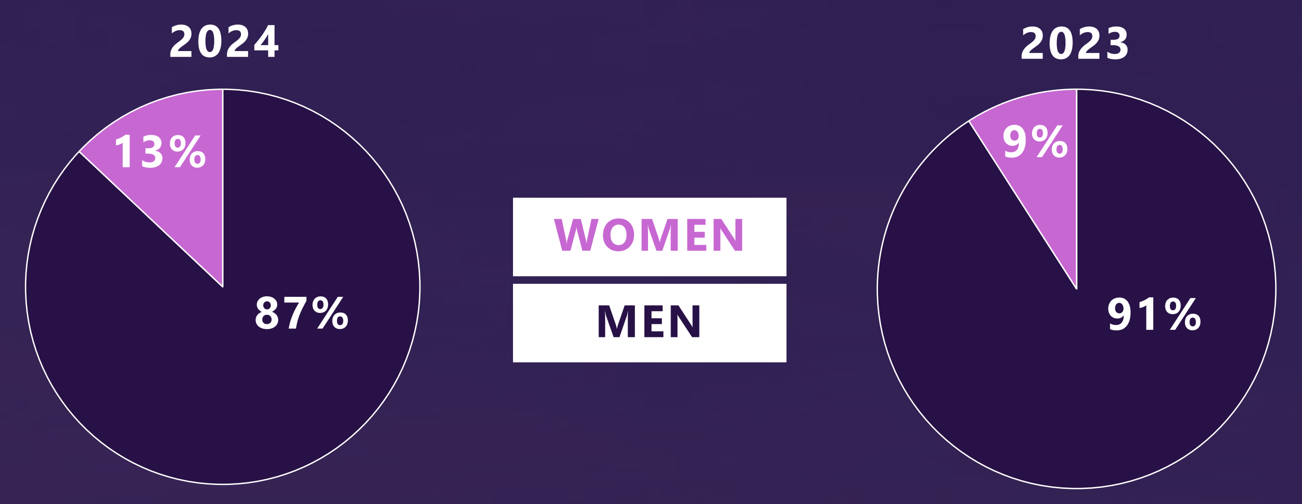
We believe maintaining a balanced and diverse workforce in terms of gender, age, and nationalities is a strategic advantage that fosters diverse perspectives and drives innovation.

This diversity enhances our ability to understand and serve a global customer base, strengthening our competitiveness and market presence. A varied team promotes an inclusive and collaborative work environment, encouraging creativity and improving overall performance.

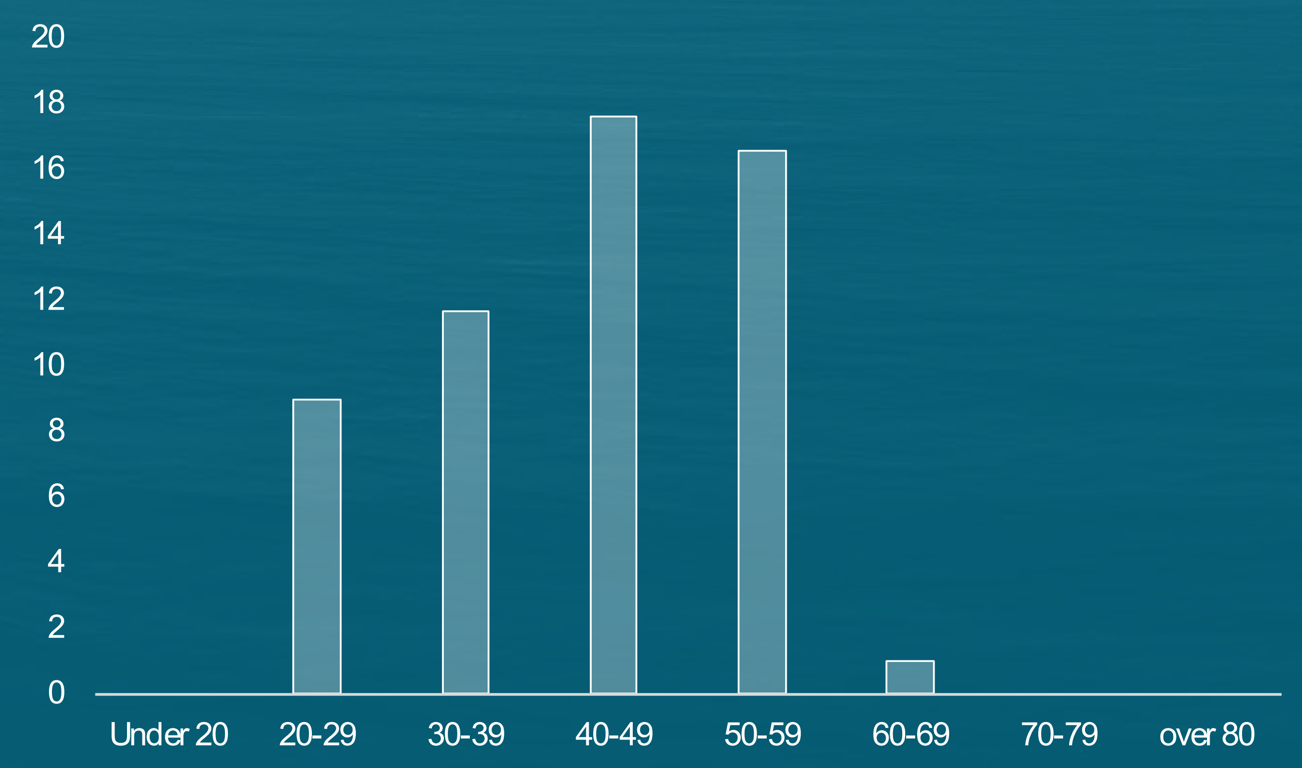
By embracing diverse experiences and viewpoints, we attract top talent, enhance employee satisfaction, and reduce turnover. This balance results in better decision-making and a more robust, adaptable organization.

In 2023 Argeo employees were from **10 different nationalities**

## Gender balance




## Age distribution



# Governance

## We believe active corporate governance is vital to the development of companies and that it provides long-term benefits for all Argeo's stakeholders.

Argeo's framework for corporate governance is intended to decrease business risk, maximize value and utilize our resources in an efficient, sustainable manner, for the benefit of shareholders, employees, and society at large.

### At Argeo we are all committed to

- Create a healthy and safe working place for both employees and contractors
- Create measurable goals
- Strive to achieve corporate environmental goals set forward
- Comply with relevant laws and regulations
- Promote a culture in which all employees share this commitment
- Promote responsible purchasing through our Supplier's Code of Conduct
- Develop and communicate a Company Code of Conduct
- Respecting and promote human rights of all individuals potentially affected by our operations. We respect the fundamental principles set forth in the Universal Declaration of Human Rights and related UN documents

## Responsible business practices

### Raising concerns & whistleblowing

All employees are encouraged to raise concerns wherever they identify activities which are not aligned with Argeo's values and behaviors. Argeo encourages employees to raise concerns in the first instance directly to line management. In circumstances where this is not possible or it may be more appropriate to do so due to the nature or seriousness of the concern, a confidential Whistleblowing portal is available.

### Bribery and anti-corruption

Argeo has a zero tolerance for bribery and corrupt payments in whatever form, whether given or received, directly or indirectly, anywhere in the world. Most countries, including the USA, the UK and Norway, have strict anti-bribery and anti- corruption laws in place, which are intended to prevent companies and individuals from gaining an unfair advantage, and from undermining the rule of law. We must never offer or accept bribes or kickbacks and must not participate in or facilitate corrupt activities of any kind. We must also never engage a third party (in particular, a commercial agent or other business representative) who we believe may attempt to offer a bribe to conduct company business.

Per 2023 our suppliers are asked to fill out a "self-assessment form" and our future goal is to develop a formal Supply Chain Sustainability Code of Conduct.

### Antitrust

Antitrust laws, sometimes also called competition laws, govern the way that companies behave in the marketplace. Antitrust laws encourage competition by prohibiting unreasonable restraints on trade and anti-competitive conduct. The laws deal in general terms with the way companies deal with their competitors, clients, and suppliers. Violating antitrust laws is a serious matter and could place both the company and the individual at risk of substantial criminal penalties.

### Human rights policy

An important part of Argeo's commitment to responsible business is respecting human rights in accordance with internationally recognised standards. There is both a business and a moral case for ensuring that human rights principles are upheld during our operations and throughout our value chain.

Our approach is informed by the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

### Code of conduct

Argeo aspires to be an honest and trustworthy company. Our reputation depends upon each of us understanding the Code of Conduct, and always demonstrating integrity and honesty. The Code of Conduct sets the standard for how we should work together to develop and deliver our services, how we protect the value of Argeo, and how we work with customers, contractors, suppliers, and others.

**Argeo**
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