2023
Archer Limited
ANNUAL REPORT

Archer 2023 Annual Report

Board of Directors' Report
Business overview

Archer Limited ("Archer" or the "Company"), along with its subsidiaries (the "Group"), is a global services provider with a heritage in drilling and well services that stretches back over 50 years. We employed 4,856 people in our global drilling and well services operations as of December 31, 2023. We deliver high quality products and services, provided by our experienced workforce, with an outstanding record of performance and safety. We aim to deliver the best drilling and well services to the global energy industry.

Our comprehensive drilling and work-over services include platform drilling, land drilling, modular drilling rigs, engineering services, and equipment rentals as well as a select range of support services and products.

Our global well services capabilities include a wide range of products and services for, well imaging, well integrity, production logging, well interventions, wellbore and blowout preventer clean outs, casing cutting and sidetracks, temporary or permanent plugging and abandonments, and decommissioning, all of which are aimed at improving well performance and extending well life, while reducing overall service operating time. We support our customers in critical processes such as well construction, well completion, well intervention and well plugging and abandonment. Our differentiated technologies in wellbore imaging, well construction and well integrity are an important and integral part of our strategy to support our customers in delivering better wells. Archer has over time developed and invested in both well P&A services and technologies, and we are proud to offer the broadest and the most advanced P&A service offering within the industry.

We operate primarily in Norway, the United Kingdom and Argentina, but we also have operations in Asia, Oceania, Eastern Europe, North America, South America, the Middle East and Africa. Archer Limited was incorporated in Bermuda on August 31, 2007, with registration number 40612, as an exempted, limited company and is organised and exists under the laws of Bermuda.

Archer's registered office is at Par la Ville Place, 14 Par la Ville Road, Hamilton HM 08, Bermuda. Archer is listed on the Oslo Stock Exchange under the ticker symbol ARCH and our website is www.archerwell.com.

We deliver high quality products and services, provided by our experienced workforce, with an outstanding record of performance and safety.

Principal markets

The Group operates in 40 locations providing drilling services, well integrity and intervention, plug and abandonment and decommissioning to its upstream oil and gas clients. The Group's drilling teams secure production on 32 offshore platforms, predominantly in the North Sea, and operate and owns 17 onshore drilling rigs and 38 workover and service rigs in South America. The Group's comprehensive drilling and workover services include platform drilling, land drilling, directional drilling, drill bits, modular rigs, engineering and equipment rentals, as well as a select range of well delivery support services and products.

The Group's operations are managed through three segments: Platform Operations, Well Services and Land Drilling. The Group's current three segments are described further in the following.

The Platform Operations segment includes the divisions: platform drilling, the modular rigs and engineering.

a) Platform drilling

The Group conducts offshore drilling services on client owned fixed oil and gas installations, referred to as "platforms". The Group supplies experienced personnel for drilling operations, maintenance, and technical support on fixed production platforms. The scope of services the Group provides is detailed in client-specific contracts, which are also used to govern the relationship between the Group and its clients. The Group's business requires a high volume of personnel who are employed offshore to provide the services on a structured work rotation cycle.

b) Modular rigs

The Group constructed and operates two modular drilling units, the Archer Emerald (2012) and the Archer Topaz (2014), to cost-effectively service the platform drilling industry. The rigs are designed to operate stand-alone and can be rigged up on certain offshore platforms to provide complete life-cycle drilling and work-over services from initial well delivery right through to decommissioning. Typical operations include conventional drilling/sidetrack operations, snubbing services, work-over services, through tubing rotary drilling, managed-pressure drilling and plug and abandonment activities.

c) Engineering

From projects on fixed and mobile installations, to asset management and consultancy, the Group provides engineering services encompassing conceptual solutions through detailed design and construction to final offshore and onshore commissioning.

The Well Services segment includes the Oiltools, Coiled Tubing and Wireline divisions.

a) Oiltools

The Group's Oiltools division has developed a range of technology and tools to enhance safety and well integrity, and to optimise heavy well interventions. From gas-tight stage tools and barrier plugs, traditional down-hole equipment and high tier solutions for well intervention and for the plug and abandonment of wells. The solutions contribute to the efficient management and integrity of a well throughout its life.

b) Wireline

Archer Wireline offers a full range of wireline intervention and cased hole logging services throughout the well lifecycle. Intervention by wireline allows for cost-efficient diagnostics, maintenance and repair of oil and gas wells within the drilling, completion, production, workover, and abandonment phases.

c) Coiled Tubing

Archer offers coil tubing and pumping services to the UK market.

The Group's Land Drilling segment consists of one division, being Archer's land drilling operation in South America.

a) Land Drilling

Archer is a Land Drilling contractor in Argentina and Bolivia with more than 1,700 drilling and maintenance personnel. Archer's drilling staff currently operate 12 drilling rigs, 16 workover rigs and 15 pulling units. Archer owns 17 drilling rigs, 20 workover rigs and 18 pulling units in operating conditions. The service offerings within Archer's Land Drilling division includes an integrated drilling and work over operations.

The Group has facilities and offices in Argentina, Australia, Bermuda, Bolivia, Brazil, Canada, Dubai, Malaysia, New Zealand, Norway, Poland, the United Arab Emirates, the United Kingdom and the United States.

Outlook

Archer expects global energy consumption to continue to increase, with oil and gas remaining an important part of the energy mix as the global energy transition evolves. Offshore and onshore reserves will be vital for future energy supply and support demand for Archer's service offerings globally. With stable oil and gas prices, Archer sees operators slowly adjusting the activity and the demand for Archer's services. Archer's main activity remains within the brownfield portion of the oil and gas value chain, which is less volatile than the greenfield developments.

Short-term, Archer expects increased focus from the operators towards production drilling from producing fields, both onshore and offshore. Over time Archer expects that the number of production facilities in the North Sea will decline as production and services relating to oil and gas related exploration will enter a declining phase in the North Sea. The pace and magnitude of the demand shift from hydrocarbons to renewables remain uncertain and difficult to predict, and the impact on the Group's business is subject to a number of factors. At the same time, the energy transition also presents possible new markets for Archer services. In particular, Archer focuses on further advancing its OneArcher operating model and capitalizing on Archer's market presence to capture a substantial portion of the Plug and Abandonment work that is required in the North Sea in the decades ahead.

Archer 2023 Annual Report

In the Land Drilling division, the Company is capitalizing on Archer's expertise and assets to be the Argentinean operator's driller of choice in the ongoing development of the Vaca Muerta shale oil and gas.

Strategy

The strategy of the Group is to deliver better wells and to be the "supplier of choice" for drilling services, well integrity, well interventions as well as plug and abandonments. The Group aims to achieve this by continuously improving its services and product quality and by utilising people who demonstrate the values of the Group and deliver excellence. This approach enables the Group to further broaden its reach, both geographically and technically, and it can be the foundation to secure longer term profitable growth. The Group will continue to pursue opportunities to benefit from economies of scale, to selectively strengthen the Group's geographical footprint and to develop proprietary technologies.

We are committed to contributing to the ongoing energy transition. Through continuous development of new technologies and services we will reduce our energy consumption as a key partner in our clients' low carbon agendas. Our strategic direction for all business units and cross divisional activities is to focus on supporting and developing our low carbon agenda, resilient oil and gas offering - particularly within the growing P&A market and renewables and transition. As a part of our long-term energy transition strategy, Archer acquired in 2022, 50% of Iceland Drilling Company Ltd, an international deep geothermal drilling and integrated well service company. Archer has committed to a 30% reduction in CO2 emissions by 2030 compared to 2018 and net-zero by 2050. Our target is for renewables and energy transition activity to account for 35% of our revenue by 2040.

Subsequent Events

In January 2024, Archer was awarded a 2.5-year contract extension for three drilling rigs operating in Pan American's Cerro Dragon Field and a two-year contract for one additional drilling rig in Vaca Muerta.

In March 2024, Archer was awarded a 2-year platform drilling contract with Trident Energy do Brasil.
In March 2024, Archer was awarded a 4-year platform drilling contract extension for the operation of nine installations in the North Sea for Equinor.

In March 2024, Archer announced the agreement to acquire 65% of the shares in Vertikal Service AS, a Norwegian based energy service company.

Board of Directors' Report
Financial review

2023 Operating results

Revenue for the year ended December 31, 2023 was $1,169.3 million or 21% higher than the revenue in 2022 with increased revenue from all our divisions. The increase in revenue was particularly high in our Well Services segment, fueled by the acquisitions of Romar Abrado and Baker Hughes' coil tubing business in 2023.

EBITDA, (Earnings before Interest and Other financial items, Taxes, Depreciation and Amortisation) for the year ended December 31, 2023 was $116.8 million, representing an increase of 36% compared to 2022. The increase in reported EBITDA is driven by improvements in all divisions, particularly in Land Drilling and Well Services.

Platform Operation revenue was 19% higher than in 2022 with increased revenue from Platform Drilling, Modular Rigs and Engineering services. EBITDA increased by 12% over 2022.

Well Services revenue increased by 26% compared to 2022,driven primarily by increased revenue from both Oiltools, and further fuelled by the above-mentioned acquisitions. The increased activity, combined with margin expansion led to an overall 58% increase in EBITDA compared to 2022.

Land Drilling revenue increased by 17% compared with 2022, reflecting increased activity levels in Argentina during 2022, combined with an overall improvement in demand for our services. Year-on-year EBITDA improved by 68% due to higher activity and margin expansion.

Total expenses, including reimbursable expenses and depreciation for the year ended December 31, 2023 amounted to $1,104.5 million, an increase of 17% compared to the year ended December 31, 2022.

Our depreciation and amortisation expenses for the year ended December 31, 2023 amounted to $49.8 million, an increase of 1% compared to $49.5 million for the year ended December 31, 2022.

We test goodwill for impairment on an annual basis during the fourth quarter and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The testing of the valuation of goodwill involves significant judgment and assumptions to be made in connection with the future performance of the various components of our business operations, including assumptions about future cash flows of each reporting unit, discount rates applied to these cash flows and current market estimates of value. In the event that market conditions deteriorate or there is a prolonged downturn, the Group may be required to record an impairment of goodwill, and such impairment could be material. All of our goodwill relates to our Platform Operations and Well Services segments. Both segments have seen improved results in the last couple of years, and they have a solid contract backlog for the next 3-5 years. Based on the combined improved results, order backlog and forecasts, we identified no impairment requirement at December 31, 2023.

We test our fixed assets for impairment on an annual basis during the fourth quarter and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below the carrying amount. The testing of the valuation of our assets involves significant judgement and assumptions to be made in connection with the future performance of those assets in our business operations, including assumptions about future cash flows generated from these assets, discount rates applied to these cash flows and current market estimates of value. As a result of our testing in 2023 we have recognised total impairment charges of $2.7 million relating to our land rigs in Argentina. The carrying values of our remaining rigs are supported by current contracts, estimated future cash flow forecasts and valuation reports from independent appraisers.

Our general and administrative expenses for the year ended December 31, 2023 amounted to $46.8 million, an increase of 6.0% compared to $40.7 million for the year ended December 31, 2022.

Net interest expense for the year ended December 31, 2023 amounted to $51.8 million, an increase of 61% compared to 32.1 million for the year ended December 31, 2022. The increase in net interest expense reflects both the general increase in USD interest rates in 2023 compared to 2022 and higher credit margin, partly offset by a reduction in the overall debt following the refinancing in 2023. In addition, the amortization of prepaid debt fees which is included in the interest cost, amounted to $5.6 million in 2023 compared to $1.3 in 2022. Net interest-bearing debt was $368 million at December 31, 2023, compared to $505 million on December 31, 2022.

Other financial items for the year ended December 31, 2023, amounted to a net cost of $30.5 million, compared to a gain of $17.3 million for the year ended December 31, 2022. Other financial items included foreign exchange gains and losses. We are exposed to the effect of currency exchange movements. In 2023, we recorded an exchange loss of $19.0 million (2022: $18.5 million). We recorded a loss of $5.6 million in 2023 as we divested our shareholding in KLX Energy LLC in 2023.

The net loss before taxes in 2023 amounted to $22.2 million, compared to a net income of $23.1 million for the financial year 2022.

Our total income tax charges for 2023 amounted to a tax expense of $5.9 million as compared to an expense of $13.3 million for 2022. The Group's net tax expense primarily relates to tax expense from operations in Europe, driven by underlying improved profitability for the operations in Norway and South America.

The net loss in 2023 amounted to $28.1 million, compared to a net income of $9.8 million for the financial year 2022.

We have proposed no dividends for the year ended December 31, 2023.

Balance sheet

Our total current assets were $354.8 million at December 31, 2023, an increase of 4% compared to $339.8 million at December 31, 2022. Accounts receivable increased by $31.2 million, or 20% reflecting an increase in business activity. The reduction of $30.0 million in Cash and cash equivalent was primarily driven by repayment of funds drawn under our revolving facility and the establishment of a cash pool solution including an overdraft facility.

Our total non-current assets were $550.9 million at December 31, 2023 and consisted primarily of fixed assets used in our operations, goodwill, and right of use assets under operating leases. The reduction of $15.5 million or 3% compared to $566.4 million in 2022, is mainly due to the divestiture of our shares in KLX Energy LLC during 2023.

As of December 31, 2023, our total assets amounted to $905.7 million, compared to $906.2 million at December 31, 2022.

Our total current liabilities were $281.2 million at December 31, 2023 compared to $778.1 million at 31 December 2022, a reduction of $496.9 million. The reduction is explained by the classification of the main credit facilities as long term debt following the Refinancing during 2023.

Our total non-current liabilities were $428.3 million at December 31, 2023 and consisted primarily of the First and Second Lien debt.

Cash flows

The following table summarises our cash flows from operating, investing and financing activities for the years ended December 31, 2023 and 2022.

Summary of cash flows

In USD millions	**2023**	**2022**
Net cash provided by operating activities	55.7	41.5
Net cash used in investing activities	(48.7)	(43.6)
Net cash provided by/(used in) financing activities	(43.7)	37.1
Effect of exchange rate changes on cash and cash equivalents	(0.7)	(7.5)
Cash and cash equivalents, including restricted cash at the beginning of the year	93.0	65.5
Cash and cash equivalents, including restricted cash, at the end of the year	**55.6**	**93.0**

Cash flow from operating activities increased in 2023, compared to 2022 resulting from improved operational performance, partially offset by an increase in our net working capital.

Cash outflow from investing activities totaled $48.7 million in 2023 compared to $43.6 million in 2022.

In 2023 cash used by financing activities amounted to $38.9 million, which was the result from a reduction in net drawing following the refinancing in 2023.

Other events

Acquisition of Romar-Abrado

In January 2023, Archer completed the acquisition of Romar-Abrado, an unrelated company who offers advanced milling and SWARF handling services to the global P&A market. The acquisition is based on an enterprise value of $8 million, plus earn-out pending trading performance over 2023 to 2025, which we recoded at an initial estimated amount of $3.7 million. Romar-Abrado is included in our Well Services reporting segment.

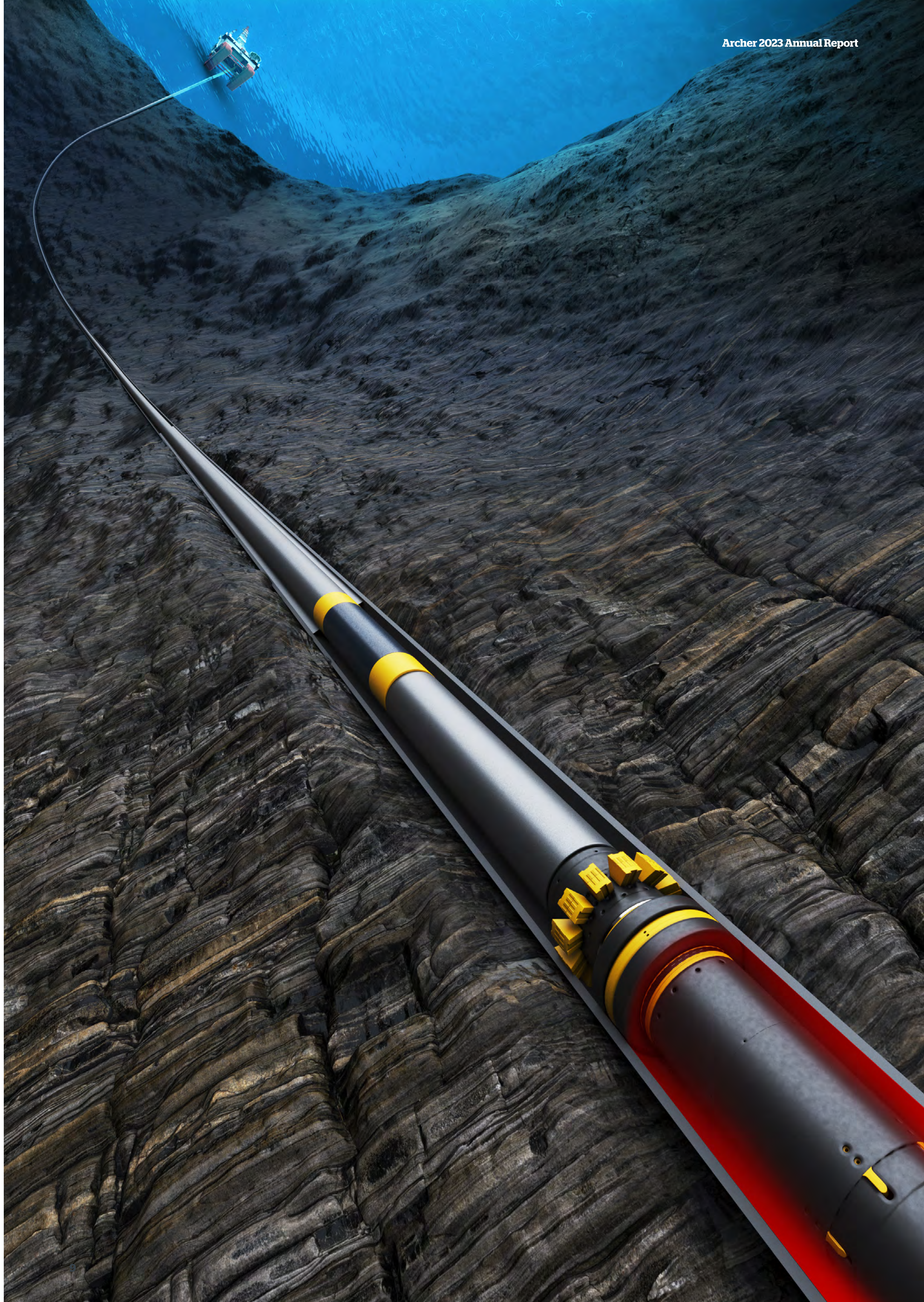
Acquisition of Baker Hughes coiled tubing business in the UK

In April 2023, Archer completed the acquisition of Baker Hughes coiled tubing business in the UK ("BH CT"), an unrelated company who offers coil tubing and pumping services to the UK market. The acquisition is based on an enterprise value of $7 million. BH CT is reported under our Well Services reporting segment.

The Refinancing

In March 2023, the Company announced that it had reached an agreement in principle with its secured lenders and other stakeholders regarding a contemplated refinancing solution for the Group (the "Refinancing"). The Refinancing consisted of the Private Placement, the new First Lien Facility, the new Second Lien Bonds,

Archer 2023 Annual Report



Board of Directors' Report
Financial review

the conversion of the related party subordinated loan and the full repayment of the multicurrency term and revolving credit facility.

a) The Private Placement
In March 2023, the Company raised the NOK equivalent of $100 million in gross new equity through a Private Placement of new common shares. The Company carried out a subsequent offering of new shares directed towards existing shareholders in the Company as of 6 March 2023, raising an additional $1.7 million. A total of $2.1 million was expensed in relation to the equity private placement.

b) First Lien Facility
In April 2023, the Company's indirectly and directly owned subsidiary Archer Norge AS and Archer Assets (UK) Ltd., entered into a new First Lien Loan Facility in relation to a $260 million multicurrency facility agreement (the "First Lien Facility") consisting of:

- A $150 million multicurrency term loan facility
- A $100 million multicurrency revolving credit facility
- A $10 million multicurrency guarantee facility

The First Lien Facility have a tenor of 4 years with an interest rate consisting of the Secured Overnight Financing Rate, or "SOFR" + a margin of between 300 – 550 basis points, depending on the leverage ratio. The guarantee facility was used towards issuance of letters of credit, including the refinancing of existing letters of credit.

c) Second Lien Bond
In April 2023, the Company's indirectly wholly owned subsidiary Archer Norge AS issued $200 million Second Lien Bonds with a tenor of 4.25 years. Archer can elect an interest rate on the bonds of either (i) (5.00%+SOFR) in cash interest + 5% payment-in-kind interest, or (ii) 12%+ SOFR in payment-in-kind interest. Where the payment-in-kind interest is settled by issuing additional bonds to the bondholders. The Second Lien Bond Issue was fully back-stopped by back-stop participants who have agreed to subscribe for such Second Lien Bonds that are not subscribed for by other investors in the public marketing of the Second Lien Bonds. As consideration for the backstop commitment, the backstop providers received a fee of $20 million. This fee was settled through the issuance of 208 million shares to the underwriters.

d) Conversion of the related party subordinated loan
As part of the Refinancing, the related party subordinated loan was converted to 208 million shares in the Company.

e) The repayment of the Multi currency term and revolving credit facility
The proceeds from the issuance of the First Lien Debt, the Second Lien Bonds, the Private Placement and the Subsequent Offering were applied to the full repayment of the Multi currency term and revolving credit facility in April 2023, concluding the Refinancing.

Key figures

	2023	2022
Revenue In USD millions	1,169	970
EBITDA[1] In USD millions	117	86
EBITDA before exceptional items[2] In USD millions	125	95
Net (loss)/income from continuing operations In USD millions	(28.1)	9.8
Net interest-bearing debt In USD millions	368	505
Employees at December 31	4,856	4,668

[1] EBITDA is defined as earnings before Interest and Other financial items, Taxes, Depreciation, Amortisation and Impairments. This non-GAAP measurement is widely used by analysts and investors for assessing the company's underlying performance and comparisons with other companies within the industry.

[2] Exceptional items include severance payments, costs of idle personnel in Latin America and office closure costs which are non-recurring and are not directly related to our current business operations, as disclosed in Note 4 Compensation and severance expensesto the consolidated financial statements.

Going concern

Our Board of Directors confirms their assumption of the Group as a going concern for the foreseeable future, being a period of not less than 12 months from the date of this report. This assumption is based on the liquidity position of the Group, forecasted operating results, the debt maturity being extended to 2027 following the refinancing in 2023, and the market outlook for the oil service sector as at December 31, 2023. The Board believes the annual report provides a fair presentation of the Group's assets and debt, financial position and financial performance.

Board of Directors' Report
Health, Safety and Environmental

Archer is a people business, therefore the diversity in our framework has high focus and is very important to us.

Archer's HSE philosophy is to establish and maintain an incident-free workplace where accidents, injuries or losses do not occur.

Safety is one of our key values. The value is embedded in the way we work in compliance with our procedures, with the authority to 'stop work' if safety is compromised, planning before we act, evaluating performance to ensure we improve, and maintaining a positive working environment.

Measuring performance is a key element in Archer's continuous improvement process, and results are monitored constantly and systematically. A selection of KPIs reflecting Archer's policies and objectives is reviewed down to installation level and reported to management on a monthly basis.

External and internal audits, verifications, inspections, and management visits offshore are carried out to measure compliance towards requirements. Archer has the last couple of years introduced a new tool, which we call check-act. The check-act is also a verification tool, but more based on interviews with focus on getting employee feedback on status and suggestions for improvements. This increases the ownership to improvement actions coming out of the check-acts.

The close monitoring of the KPI results facilitates analysis of trends and causes, enabling the management to implement corrective actions if and when required. Together with the outcome of audits and inspections and the discussions in our management reviews, these results are used in the preparation of the annual HSE focus plans.

The main element in the Archer 2023 QHSE plan has been the further follow-up of the Archer safety culture program; The big 5 & the broken window. Via different initiatives during the year, Archer reinforced the message in these two programs.

The Big 5 is an Archer initiated safety culture program, the focus for the program is the personal motivation each of us must stay incident free. The main theme is to stay incident free so that we can go back home and do what we love the most. The Big 5, are each employee's most important reasons to stay safe at work. The question we ask is, how will a serious injury impact your life and your Big 5.

The broken window theory is basically one of escalation of behaviour based on social norms. The principle of the theory is that when people see broken windows and buildings or cars, they tend to think no one really cares and no one is in charge. And it's then more likely that other windows will get broken. It is easy to imagine how social signals and acceptable behaviour can apply to improving and maintaining a healthy organisational safety culture. It is all about:

- Defining acceptable behaviour
- Giving employees the tools they need to conform to expectations i.e. safety training, well maintained equipment, etc.
- And signalling that behaviour consistently.

The Big 5 & the broken window will continue to play a central role in the Archer HSE plan for 2024, ensuring a continued improvement in the Archer total recordable injury frequency ("TRIF") trend.

Archer continued its focus on the IOGP Life-saving rules. The rules describe key actions to prevent fatal injuries related to 9 different high-risk activities. Archer rolled out 4 information packages related to Life saving rules in 2023 using video material, presentation material and group work tasks. The adherence to the Lifesaving Rules were verified using internal inspections and management hands-on activities.

Compared with 2022, the 2023 TRIF trend had a slight decrease from 0.54 to 0.52, and the LTI trend ended at 0.19. Archer injury trend is based on number of injuries during 200,000 work-hours. No high potential incidents were reported in 2023 and all the incidents Archer experienced during the year had minor personal impact.

Archer 2023 Annual Report

Board of Directors' Report
Health, Safety and Environmental

Most incidents can easily be avoided, which is why we keep consistent and high QHSE focus. To ensure this is highlighted and to ensure we reach our success criteria the following actions will be put in place and monitored during the 2024:

- Introducing Archer Safe Day – how do we use our HSE tools to stay incident free today, tomorrow and every day.
- Global program for check-acts
- The Big 5 & broken window reinforcement
- Quality rules
- Daily risk management
- Mental health
- Human & Organisational Performance

The following table provides a summary of our work injury statistics.

	2023		2022	
Area	Loss Time Injuries	Medical Treatment Cases	Loss Time Injuries	Medical Treatment Cases
Platform Operation	6	9	5	12
Well Services	1	3	2	1
Land Drilling	1	1	0	2
Archer Total	**8**	**13**	**7**	**15**

The table above illustrates the total amount of recordable personnel injuries for Archer Platform Operations, Well Services and Land Drilling.

Archer is actively working to minimise the risk of damage to the environment as a result of operations. This includes the systematic registration of emissions and discharges and pre-emptive action in selecting chemicals that cause minimum harm to the environment. However, there are still risks of environmental damage and negative consequences for the company. In 2023 Archer had no reportable spills.

The Archer Management system is certified according to the ISO 9001:2015 certificate. Oiltools Norway, UK and US are certified in accordance with API Q1. In addition, the UK and Brazil operations are accredited to the ISO 14001:2015 for Environmental Management Standards. Archer has described the social responsibility in its management system and made clear commitments throughout the year.

The Archer Group is an equal opportunity employer and exercises fair treatment to all individuals regardless of race, colour, religion, gender, national origin, age, disability or any other status protected by law.

Sustainability
The company publishes its Environmental, Social, Governance report (ESG) in parallel with this Annual Report. The ESG report has been prepared in accordance with the framework established by the Sustainability Accounting Standards Board (SASB) for Oil and Gas Services. This report allows us to identify, manage and report on material ESG factors specific to our Industry. The report is published to provide investors, banks and other stakeholders with easy access to extra-financial information. More information is available in the ESG 2023 report on our homepage, please visit https://www.archerwell.com/sustainability/

Transparency act
Archer respects and acknowledges the principles of fundamental human rights and decent working conditions as defined in the Norwegian Transparency Act ("NTA"). Archer's assessments in accordance with the requirements of the NTA for 2024 will be made available on the Company's website when it is approved prior to June 30, 2024, in compliance with the requirements of the NTA. The 2023 assessment is available on our website.

Employees and diversity
We are proud to see that our global workforces' dedication to demonstrating our values and delivering excellent performance to our clients has continued to impress throughout 2023. The pandemic gave us a good learning about the importance of the quality of the way we work and interact as individuals and as teams, following the importance of focus to, and caring about, physical and mental health.

We have during the year continued to increase focus to and use of digitalisation to improve our work processes and upheld the opportunity to practise work flexibility for our workforce. This has been appreciated from our global workforce and has stabilised our ability to connect and to support our clients with reduced mobility and home office requirements. Employee survey indicate that this flexibility has had a positive impact to them, who have experienced an overall better work – life balance.

The geopolitical situation in the Middle East escalated in October with the situation between Israel and Hamaz. This situation has increased uncertainties for our employees in the region, which has caused increased focus on safety and security of them.

The total headcount for Archer had a net increase of 208 employees during 2023, with 4,856 employees at year-end. The highest increase is within our Well Service division followed by a minor increase for Platform Operations. Our Land Drilling division had a stable workforce at average 1785 employees during the year.

Our diverse global workforce represents 52 nationalities. Although the nature of our business entails a primarily male workforce, most of our employees are working offshore at rig installations or in field locations at onshore drilling rigs. Female employees make up 18% of our onshore workforce, with 15% of those female employees holding leadership positions. The total female ratio is 5.6%, an increase of 0.2% compared to 2022.

Archer is a people business, therefore the diversity in our framework has high focus and is very important to us. We firmly believe that our people are our most valuable capital. Creating a learning, sustainable and safe workplace is a key to the success of our company.

The Archer Group is an equal opportunity employer and exercises fair treatment to all individuals regardless of race, colour, religion, gender, national origin, age, disability, or any other status protected by law. This commitment applies to all employment decisions and in all the countries in which Archer entities operate. Included within our Human Rights policy is our commitment to respect the principles in the UN Guiding Principles on Business and Human Rights, the International Bill of Human Rights, and the ILO Core Conventions on Labor Standards. Archer complies with established international labour standards and employment legislation where we operate and is committed to the prevention of child and forced labour, non-discrimination in the workplace, the right of freedom of association and assembly, and the right to collective bargaining.

Archer is a member of employer associations where applicable. We have established union agreements with employee unions at locations where required due to union presence, and we perform regular meetings with union representatives.

Absenteeism
The target for overall absenteeism for the organisation is 4,0% for offshore & field personnel and 2% for onshore personnel. We are continuously focusing on follow up on the sick leave absenteeism to understand how we best can get people back to work as quick as possible. Managers have close communication with their personnel on sick leave to ensure we keep close contact between the employee and the company. As most locations have established a flexible work policy for onshore staff, we can see that some employees are working from home when same condition previously would be taken as sick leave. The sickness rate for Archer offshore / field employees ended at 4.0% and for onshore employees ended at 2.1% for the year, which is 0,3% higher than 2022, but at same level as 2021.

Archer 2023 Annual Report

Archer 2023 Annual Report

Board of Directors' Report
Risk factors

Risks Relating to the Group and the Industry in which the Group Operates

The Group's business depends on the development and production of oil and gas in the North Sea and internationally

The Group's business depends on the level of activity of oil and gas exploration, development, production, and decommissioning in the North Sea and internationally, and in particular, the level of exploration, development, production, and decommissioning expenditures of the Group's customers. The North Sea is a mature oil and natural gas production region that has experienced substantial seismic survey and exploration activity for many years. Because a large number of oil and natural gas prospects in this region have already been drilled, additional prospects of sufficient size and quality could be more difficult to identify in the future. The decrease in the size of oil and natural gas prospects and a decrease in production may result in reduced drilling activity in the North Sea. As a significant portion of the Group's business is conducted in the North Sea, such decrease may reduce the demand for the Group's services, which would adversely affect the Group's business, results of operations, cash flows, financial condition and prospects. Further, although the pace and magnitude of the demand for a shift from hydrocarbons to renewable energy sources is uncertain and difficult to predict, such energy transition could lead to a decline in the demand for the Group's services and thus negatively affect the Group, and there can be no assurance that the Group will be able to successfully adapt to such energy transition.

The Group's business is significantly dependent on the level of oil and gas prices

The demand for the Group's drilling and well services is adversely affected by declines in exploration, development and production activity associated with depressed oil and natural gas prices. Historically, oil and gas prices have been highly volatile and subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of other economic and political factors, as seen in connection with the COVID-19 pandemic and the war in Ukraine.

The Group may fail to keep pace with technological changes

The Group provides drilling and well services in increasingly challenging onshore and offshore environments. To meet its clients' needs, the Group must continually develop new, and update existing, technology for the services it provides, primarily in the Group's well services division. In addition, rapid and frequent technology and market demand changes can render existing technologies obsolete, requiring substantial new capital expenditures, and could have a negative impact on the Group's market share. For instance, the Group's Well Service divisions have developed proprietary technologies. In the event that the Group is unable to develop these technologies further in line with the general market for competing technologies, the Group may experience a material decrease in the demand for its technology, which in turn could have a material adverse effect on the Group's operations, profitability and prospects.

The Group's industry is highly competitive

The Group's industry is highly competitive. The Group's contracts are traditionally awarded on a competitive bid basis, with pricing often being the primary factor in determining which qualified contractor is awarded a job, although each contractor's technical capability, product and service quality and availability, responsiveness, experience, safety performance record and reputation for quality can also be key factors in the determination.

Several other oilfield service companies are larger than the Group and have resources that are significantly greater than the Group's resources. Furthermore, the Group competes with several smaller companies capable of competing effectively on a regional or local basis. These competitors may be able to better withstand industry downturns, compete on the basis of price, and acquire and implement new equipment and technologies. Should the Group not be able to compete effectively, this could adversely affect the Group's revenues and profitability.

The Group's Argentina operations could be affected by government action

The Group's land drilling division provides drilling and workover services to operators in Argentina, and these operations account for approximately 25-30% of the Group's total revenues. Argentina's has in the past defaulted on its sovereign debt, and from time to time imposed capital restrictions, both leading to a challenging situation for the oil and gas sector in the country, including the oil service industry. How the government of Argentina invests in the energy sector, makes changes to employment and labour legislation, and formulates policy around taxation, currency control and exchange, national debt repayment and commodity pricing could all have a significant effect on the Group's business in Argentina.

Currently, the Argentinean government has imposed strict capital controls, including restrictions on payment to related parties for services rendered. This restricts payment from Argentinean Archer entities to non-Argentinean Archer entities using the official foreign exchange market rates. Until these capital controls are lifted, Archer cannot freely utilise cash generated from its Argentinean operation to support the rest of the Group's activity.

A small number of customers account for a significant portion of the Group's total operating revenues

The Group derives a significant amount of its total operating revenues from a few energy companies. In the year ended, 31 December 2023, Equinor, Pan American and YPF accounted for approximately 45.3%, 18.0% and 7.8% of the Group's total operating revenues, respectively. During the year ended 31 December 2022, contracts from Equinor, Pan American Energy and YPF accounted for 47.6%, 18.8% and 8.6% of the Group's total operating revenues, respectively. Consequently, the Group's financial condition and results of operations will be materially adversely affected if these customers interrupt or curtail their activities, terminate their contracts with the Group, fail to renew their existing contracts or refuse to award new contracts to the Group, and the Group is unable to enter into contracts with new customers at comparable day rates. As such, the loss of any significant customer could adversely affect the Group's financial condition and results of operations.

An oversupply of comparable rigs in the geographic markets in which the Group competes could depress the utilisation rates and day rates for its rigs

Utilisation rates, which are the number of days a rig actually works divided by the number of days the rig is available for work, and day rates, which are the contract prices customers pay for rigs per day, are also affected by the total supply of comparable rigs available for service in the geographic markets in which the Group competes. Improvements in demand in a geographic market may cause the Group's competitors to respond by moving competing rigs into the market, thus intensifying price competition. Significant new rig construction could also intensify price competition. In the past, there have been prolonged periods of rig oversupply with correspondingly depressed utilisation rates and day rates largely due to earlier, speculative construction of new rigs. Improvements in day rates and expectations of longer-term, sustained improvements in utilisation rates and day rates for drilling rigs may lead to construction of new rigs. Furthermore, these increases in the supply of rigs could also depress the utilisation rates and day rates for the Group's modular rigs and thus materially reduce the Group's revenues and profitability for this segment. The Group's land drilling operations in Argentina are particularly exposed to the aforementioned risks.

The Group will experience reduced profitability if its customers reduce activity levels or terminate or seek to renegotiate their contracts with the Group

Currently, the Group's drilling services contracts with major customers are largely day rate contracts, pursuant to which the Group charges a fixed charge per day regardless of the number of days needed to drill the well. Likewise, under the Group's current well services contracts, the Group charges a fixed daily fee. During depressed market conditions, a customer may no longer need services that are currently under contract or may be able to obtain comparable services at a lower daily rate. As a result, customers may seek to renegotiate the terms of their existing platform drilling contracts with the Group or avoid their obligations under such contracts. In addition, the Group's customers may have the right to terminate, or may seek to renegotiate, existing contracts if the Group experiences downtime, operational problems above the contractual limit or safety-related issues or in other specified circumstances, which include events beyond the control of either party.

Exploration and production operations involve numerous operational risks and hazards

Substantially all the Group's operations are subject to hazards that are customary for exploration and production activity, including blowouts, reservoir damage, loss of well control, cratering, oil and gas well fires and explosions, natural disasters, pollution and mechanical failure. Any of these risks could result in damage to or destruction of drilling equipment, personal injury and property damage, suspension of operations, or environmental damage.

Risks relating to cyberattacks

The Group relies heavily on technology and data systems in order to conduct its operations. The Group's software, technology, data, websites or networks, as well as those of third parties, are vulnerable to security breaches, including unauthorised access, computer viruses or other cyber threats that could have a security impact. Although the Group has implemented security systems, the Group may not be able to prevent cyber-attacks, such as phishing and hacking, or prevent breaches caused by employee error, in a timely manner or at all. If such events occur, unauthorised persons may access or manipulate confidential and proprietary information of the Group, destroy or cause interruptions in the Group's data systems which in turn could adversely hamper the Group's ability to execute projects and otherwise conduct its business. Consequently, cyber-attacks or breaches negatively affecting the Group's data systems could have a material adverse effect on the Group's business, financial condition and results of operations.

Archer 2023 Annual Report

Board of Directors' Report
Risk factors

Risks related to law, regulation and litigation

Risks related to the Group's international operations
The Group has operations in 40 countries in Asia, Oceania, Europe, North America, South America, the Middle East and Africa. As such, the Group's operations are subject to various laws and regulations in the countries in which it operates, whose political and compliance regimes differ. Part of the Group's strategy is to prudently and opportunistically acquire businesses and assets that complement the Group's existing products and services and to expand the Group's geographic footprint. There can, however, be no assurance that that Group will be able to successfully integrate businesses or assets acquired in the future (domestic or abroad), and there is a risk that substantial costs, delays, business disruptions or other issues could arise in connection with such acquisitions, which in turn could have a material adverse effect on the Group. Further, if the Group makes acquisitions in other countries, the Group may increase its exposure to various risks, such as unexpected changes in regulatory requirements, foreign currency fluctuations and devaluation, increased governmental ownership and regulation of the economy in markets in which the Group operates, and other forms of government regulations beyond the Group's control. Governments in some foreign countries have become increasingly active in regulating and controlling the ownership of concessions and companies holding concessions, the exploration for oil and natural gas, and other aspects of their countries' oil and natural gas industries. In some areas of the world, this governmental activity has adversely affected the amount of exploration and development work done by major oil and natural gas companies and may continue to do so. For instance, the Company has observed certain foreign exchange restrictions in Argentina and Angola, an increase of local content legislation in West Africa and more challenging contracting practices by national oil companies (NOCs) in e.g. Brazil, United Arab Emirates and Malaysia.

The Group is subject to governmental laws and regulations, some of which may impose significant liability on the Group
Many aspects of the Group's operations are subject to laws and regulations that relate, directly or indirectly, to the oilfield services industry, including laws requiring the Group to control the discharge of oil and other contaminants into the environment, requiring removal and clean-up of materials that may harm the environment, controlling carbon dioxide emissions or otherwise relating to environmental protection. The Group incurs, and expects to continue to incur, capital and operating costs to comply with environmental laws and regulations.

Although the Group actively works towards minimising the risk of damage to the environment as a result of its operations, there are still risks of environmental damage and negative consequences for the Group. For example, the Company reported two spills in 2020. Failure to comply with environmental laws and regulations may result in the assessment of administrative, civil and even criminal penalties, the imposition of remedial obligations, and the issuance of injunctions that may limit or prohibit the Group's operations. The technical requirements of environmental laws and regulations are becoming increasingly expensive, complex and stringent. The application of these requirements, the modification of existing laws or regulations or the adoption of new laws or regulations curtailing exploration and production activity could materially limit the Group's future contract opportunities, limit the Group's activities or the activities and levels of capital spending by the Group's customers, or materially increase the Group's costs.

The Group's failure to comply with anti-bribery laws may have a negative impact on its ongoing operations
The Group operates in countries known to experience governmental corruption, as indicated by Transparency International's Corruption Perception Index, such as Angola, Azerbaijan, Brazil and Indonesia. While the Group is committed to conducting business in a legal and ethical manner, there is a risk that its employees or agents or those of its affiliates may take actions that violate legislation promulgated by a number of countries pursuant to the 1997 OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions or other applicable anti-corruption laws which generally prohibit companies and their intermediaries from making improper payments for the purpose of obtaining or retaining business. Any failure to comply with the anti-bribery laws could subject the Group to fines, sanctions and other penalties against it which could have a material adverse impact on the Group's business, financial condition and results of operations.

The Group is exposed to risk due to changes in tax laws or tax practice of any jurisdiction in which the Group operates
The Company is a Bermuda company and, as such, the Company has previously not been required to pay taxes in Bermuda on income or capital gains pursuant to current Bermuda law. However in December 2023 Bermuda implemented corporate income tax, effective for fiscal years beginning on or after January 1, 2025. The Bermuda income tax rules are intended to align to the Organisation for Economic Co-operation and Development`s global anti-base erosion (GloBE) rules to support consistent and predictable tax outcomes. The calculation of taxable income begins with financial accounting net income or loss (FANIL) determined in accordance with the acceptable financial accounting standard used in preparing the consolidated financial statements of the ultimate parent entity of the group or, at the election of the Bermuda constituent entity, another approved financial accounting standard. The statutory income tax rate would be 15%. Certain of the Company's subsidiaries operate in jurisdictions where taxes are imposed, mainly Norway, the United States of America, Argentina, Brazil and the United Kingdom. For legal entities operating in taxable jurisdictions, the Company computes tax on income in accordance with the tax rules and regulations of the taxing authority where the income is earned. Tax laws and regulations are highly complex and subject to interpretation and change, and the income tax rates imposed by these authorities vary. Thus, the Company is exposed to a material risk regarding the correct application of the tax regulations as well as possible future changes in the tax legislation of those relevant countries. Any incorrect application or changes in tax regulations or customs duty, could adversely affect the Group's business, financial condition, results of operations and prospects.

Risks related to labour disruptions
Union activity and general labour unrest may significantly affect the Group's operations in some jurisdictions. In Argentina and Brazil, which are countries where the Group operates, labour organisations have substantial support and considerable political influence. The demands of labour organisations in Argentina have increased in recent years as a result of the general labour unrest and dissatisfaction resulting from the disparity between the cost of living and salaries in Argentina due to the devaluation of the Argentine Peso. Should the Group's operations in Argentina, or in other countries in which the Group operates, face labour disruptions in the future, this could have a material adverse effect on the Group's financial condition and results of operations.

Risks relating to legal disputes
The Group may from time to time become involved in significant legal disputes and legal proceedings relating to operations, environmental issues, intellectual property rights or otherwise.

Risks related to financial matters

Risks relating to the new First Lien Loan and Second Lien Bonds
The Group's financing arrangements (as described in Note 17 Debt), impose, various restrictive covenants, including change of control clauses, and undertakings that limit the discretion of the Group's management in operating the Group's business. In particular, these covenants limit the Group's ability to, among other things:

- Make certain types of loans and investments;
- Incur or guarantee additional indebtedness;
- Pay dividends, redeem or repurchase stock, prepay, redeem or repurchase other debt or make other restricted payments;
- Use proceeds from asset sales, new indebtedness or equity issuances for general corporate purposes or investment into its business;
- Invest in joint ventures;
- Create or incur liens;
- Enter into transactions with affiliates;
- Sell assets or consolidate or merge with or into other companies; and
- Enter into new lines of business.

The Group's continued ability to incur additional debt and to conduct business in general is subject to the Group's compliance with the above-mentioned covenants, which limit the discretion of management in operating the Group's business and that, in turn, could impair the Group's ability to meet its obligations. Breaches of these covenants could result in defaults under the applicable debt instruments and could trigger defaults under any of the Group's other indebtedness that is cross defaulted against such instruments, even if the Group meets its payment obligations. In particular, the First Lien Facility includes a change of control clause which, if triggered, will, inter alia, entitle a lender or guarantee facility bank to require repayment under the First Lien Facility, and also entitle a lender to cancel its commitment under the First Lien Facility. Financial and other covenants that limit the Group's operational flexibility, as well as defaults resulting from breach of these covenants, could have a material adverse effect on the Group's business, results of operations, cash flows, financial condition, and prospects.

The Group's results of operations may be adversely affected by currency fluctuations.
The Group's reporting currency is US Dollars, but the Group receives revenues and incur expenditures in other currencies due to its international operations, mainly Argentine Pesos, Norwegian kroner, and British pounds. As such, the Group is exposed to foreign currency exchange movements in both transactions that are denominated in currency other than US Dollars and in translating consolidated subsidiaries who do not have a functional currency of US Dollars. For the financial year 2023, the Group recognised net foreign exchange losses of USD 19.0 million in its consolidated income statement. The Group attempts to limit the risks of currency

Board of Directors' Report
Risk factors

fluctuation and restrictions on currency repatriation where possible by obtaining contracts providing for payment of a percentage of the contract indexed to the U.S. dollar exchange rate. To the extent possible, the Group seeks to limit its exposure to local currencies by matching the acceptance of local currencies to the Group's local expense requirements in those currencies. However, there can be no assurance that future hedging arrangements will be effective. Consequently, fluctuations between USD, NOK, Argentine Pesos, British pounds, and other currencies, may have a material adverse effect on the Group's cash flow and financial condition.

The Group currently has a significant level of debt and could incur additional debt in the future.
As of 31 December 2023, the Group had total outstanding interest-bearing debt of USD 420.1 million. This debt represented 46% of the Group's total assets. The Group's current debt and the limitations imposed on the Group by the current financing arrangement or any future debt agreements could have significant adverse consequences for the Group's business and future prospects, including the following:

- Limit the Group's ability to obtain necessary financing in the future for working capital, capital expenditure, acquisitions, debt services requirements or other purposes;
- Make it difficult for the Group to repay the debt as it comes due, obtain extension of maturities or secure sufficient ;
- Require the Group to dedicate a substantial portion of its cash flow from operations to payments of principal and interest on its debt;
- Make the Group more vulnerable during downturns in its business and limit its ability to take advantage of significant business opportunities and to react to changes in the Group's business and in market or industry conditions; and
- Place the Group at a competitive disadvantage compared to competitors that have less debt.

If the Group's operating income is not sufficient to service its current or future indebtedness, the Group may be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or its debt or seeking additional equity capital, which in turn could materially and adversely affect the business of the Group.

Interest rate fluctuations could affect the Group's cash flow and financial condition.
The Group has incurred, and may in the future incur, significant amounts of debt. The Group is generally financed using floating interest rates. The Group may be exposed to movements in interest rates on non-USD Dollar-denominated debt. As such, movements in interest rates could have a material adverse impact on the Group's cash flows as well as its financial condition.

The Group has recorded substantial goodwill which is subject to periodic reviews of impairment.
The Group performs purchase price allocations to intangible assets when it makes acquisitions. The excess of the purchase price after allocation of fair values to tangible assets is allocated to identifiable intangibles and thereafter to goodwill. As of 31 December 2023, the goodwill amounted to $156.0 million, equivalent to 17% of the asset values in the balance sheet. The Group is required to conduct periodic reviews of goodwill for impairment in value. The testing of the valuation of goodwill requires judgement and assumptions to be made in connection with the future performance of the various components of the Group's business operations and may significantly impact any subsequent impairment charge. Any impairment would result in a non-cash charge against earnings in the period reviewed, which may or may not create a tax benefit, and would cause a corresponding decrease in shareholders' equity. In the event that market conditions deteriorate or there is a prolonged downturn, the Group may be required to record an impairment of goodwill, and such impairment could be material.

Risks Relating to the Shares

Future issues of Shares may dilute the holdings of Shareholders.
The Company may decide to offer additional Shares in the future, to finance new capital-intensive projects, to pursue merger and acquisition opportunities, in connection with unanticipated liabilities of expenses, for the purpose of delivering shares under employee incentive programs or for any other purposes. As the Company is a Bermuda exempted company limited by shares, shareholders do not have the same preferential rights in a future offering in the Company as shareholders in Norwegian limited liability companies listed on the Oslo Stock Exchange normally have. Depending on the structure of any future offering, certain existing shareholders may therefore not be able to purchase additional equity securities, meaning that these shareholders' holding and voting interest may be diluted.

Board of Directors' Report
Share capital issues and Corporate Governance

Share Capital issues
At December 31, 2023, the number of shares issued was 1,624,264,969 corresponding to a share capital of $16,242,649.69. At December 31, 2023, our authorised share capital was $20,000,000 consisting of 2,000,000,000 shares each with a par value of $0.01. All of our shares are of the same class.

The issued shares are fully paid, and all issued shares represent capital in the company. The shares are equal in all respects and each share carries one vote at our General Meeting of shareholders. None of our shareholders have different voting rights. The Board is not aware of any other shareholders agreements or any take-over bids during the year.

All of our issued shares are listed on the Oslo Stock Exchange and the split of the shareholders, as registered in the Norwegian Central Securities Depository (VPS), was as per the table below.

Shareholder overview as of December 31, 2023

PARATUS JU Newco Bermuda Limited	24.2%
Hemen Holding Limited	20.5%
Morgan Stanley & Co. Int. Plc.	4.3%
DNB Markets Aksjehandel/-analyse	2.8%
Others	48.2%

Corporate governance
The Board has reviewed our compliance with various rules and regulations, such as the Norwegian Accounting Act, the Norwegian Code of Practice for Corporate Governance, as well as the respective Bermuda law. A detailed discussion of each item can be found in the compliance section of this annual report in Appendix A. The Board believes that we are in compliance with the rules and regulations except for certain sections where the reasons for this noncompliance are provided.

Archer 2023 Annual Report

Board of Directors' Report
Board of Directors

Composition of the Board

Overall responsibility for the management of Archer Limited and its subsidiaries rests with the Board. Our bye-laws provide that the Board shall consist of a minimum of two directors and the shareholders have currently approved a maximum of nine directors. One of the directors is elected to act as chairman at each Board meeting. Archer maintains Directors & Officers liability insurance against liabilities incurred in their capacity as Director or officer. The policy has a limit of $40 million.

Archer Limited's business address at Par-la-Ville Place, 14 Par-la-Ville Road, Hamilton HM 08, Bermuda, serves as c/o addresses for the members of the Board in relation to their directorships of the company.

James O'Shaughnessy
Director

James O'Shaughnessy has served as Director and Chairman of the Audit Committee since September 2018. Prior to joining the Archer Limited's board of directors, O'Shaughnessy served as Executive Vice President, Chief Accounting Officer and Corporate Controller of Axis Capital Holdings Limited since March 2012. Prior to that O'Shaughnessy has amongst others served as Chief Financial Officer of Flagstone Reinsurance Holdings and as Chief Accounting Officer and Senior Vice President of Scottish Re Group Ltd., and Chief Financial Officer of XL Re Ltd. at XL Group plc.

O'Shaughnessy received a Bachelor of Commerce degree from University College, Cork, Ireland in 1985 and is both a Fellow of the Institute of Chartered Accountants of Ireland, an Associate Member of the Chartered Insurance Institute of the UK and a Chartered Director.

O'Shaughnessy is an Irish, British, and Bermudan citizen, residing in Bermuda.

Giovanni Dell' Orto
Director

Giovanni Dell' Orto was appointed as Director in February 2011. Dell'Orto was President and Chief Executive Officer of DLS Drilling, Logistics and Services from 1994 to August 2006; since then he remains member of the board of DLS. He is a member of the board of Energy Developments and Investments Corporation (EDIC), a company with substantial investments in the oil and gas activities in South America. Dell'Orto had a 23 years long experience in ENI, with different positions in the Institutional Relations area; in 1983 he was appointed by the Italian Government member of the board and of the Executive Committee of ENI. He also served between 1985 and 1993 as Chairman and Chief Executive Officer of Saipem, and as board member of Agip and Snam, at that time ENI´s operational subsidiaries.

Dell'Orto is an Argentinean and Italian citizen and resides in Switzerland.

Jan Erik Klepsland
Director

Klepsland, has served as Director in Archer since October 2021 and as member of the compensation committee since December 2023. Klepsland is an Investment Director in Seatankers Management Norway AS where he is overseeing and managing various public and private investments. He serves as a board member of Noram Drilling AS, Fortis Operations AS and Northern Ocean Ltd. Prior to joining Seatankers, he held the position as Partner at ABG Sundal Collier and Prior to that Director in Nordea.

He holds an MSc in Finance from Norwegian School of Economics (NHH). Klepsland is a Norwegian citizen and resides in Oslo, Norway.

Peter J. Sharpe
Director

Sharpe was appointed as a Director in November 2019 and as chairman of the compensation committee since December 2023. Sharpe retired from Shell in 2017 after holding a diverse range of Executive Management positions at various international locations over a period of 37 years. He Served as Executive Vice President of Shell for over 10 years, with responsibility for managing Shell upstream investments in well construction and maintenance globally. He served as Chairman of Sirius Well Manufacturing Pte, an independent joint venture between Shell and China National Petroleum Corporation from 2012 to 2017, as a non-executive director of Xtreme Drilling and Coil Services Corporation from 2008 to 2014 and as a Director of Seadrill Ltd from 2018 to 2020.

Sharpe received a Bachelor of Science degree from the University of Hull in 1980. Sharpe is a UK citizen residing in the United Kingdom.

Arne Sigve Nylund
Director

Nylund has served as director of Archer Limited since May 2023 and as member of the compensation committee since December 2023. Prior to this, Nylund has served as an Executive and has operational leadership experience over a period of almost 40 years in Statoil/Equinor. He has been a Member of the Statoil/Equinor Executive Committee for 8 years when he served as EVP Development and Production Norway and EVP Projects, Drilling and Procurement. He has broad experience from the various parts of the value chain through different leadership roles both offshore and onshore. Having established an extensive network within the industry through leadership roles and board positions, he is now working as an independent consultant/advisor engaged in board work, leadership and strategy development.

Nylund has a degree within Business and Administration, supplementing his background within Mechanical Engineering and Operational Technology. Nylund is a Norwegian citizen and resides in Sandnes, Norway.

Richard Stables
Director

Stables has served as Director since May 2023 and as member of the Audit Committee since December 2023. He is a chartered accountant with many years' experience in banking and financial services. He was a corporate finance partner at Lazard, where he worked for 32 years until his retirement at the end of 2021. He brings a wealth of knowledge and experience of the financial markets, corporate finance and strategy. He now runs his own consultancy, Fulcrum Advisory Partners LLP, is a non-executive director of The Gym Group plc and amongst other roles is a senior advisor to Blantyre Capital Limited.

Stables holds an BSc in Engineering Sciences and Management from Durham University. Stables is a British citizen and resides in England.

Board independence

The Chairman of the company's six-member Board of Directors is elected by the Board of Directors and not by the shareholders as recommended in the Norwegian Code of Practice. This is in compliance with normal procedures under Bermuda law.

Board of Directors' Report
Executive management

Dag Skindlo
Chief Executive Officer
Dag Skindlo joined Archer in April 2016 as CFO before his appointment as CEO in March 2020.

Skindlo is a business-oriented executive with over 30 years in the energy industry. He joined Schlumberger in 1992 where he held various financial and operational positions before joining the Aker Group of companies in 2005 where he held several global CFO and Managing Director roles before moving to Aquamarine Subsea as CEO. In addition to his duties for Archer, Skindlo currently serves as Chairman of the Nasdaq listed oilfield service company KLX Energy Services Holdings Inc.

Skindlo is a Norwegian citizen, holds a Master of Science in Economics and Business Administration from the Norwegian School of Economy and Business Administration (NHH), and resides in Oslo, Norway.

Espen Joranger
Chief Financial Officer
Espen Joranger joined Archer in May 2013 as the Finance Director for the North Sea Region and held the position of Archer Group Controller prior to his appointment as CFO in March 2020.

Joranger started his career with EY in Norway for 8 years, before joining Seadrill for 3 years as Director of Financial Accounting. Joranger has over 20 years of experience in the energy industry across a wide portfolio of finance, accounting, M&A, strategy, and investor relations.

Joranger is a state authorised Public Accountant from the Norwegian School of Economics and Business Administration (NHH), is a Norwegian citizen, and resides in Stavanger, Norway.

Adam Todd
General Counsel
Adam Todd was appointed General Counsel of Archer in September 2017.

He started his career in 2003 with Canadian law firms in Calgary, Alberta before joining Aker Solutions in 2009 where he held various senior corporate legal positions in both Oslo and London. Todd brings with him 20 years of international experience advising on major global oil and gas projects, cross border M&A, litigation and dispute resolution, compliance, and corporate governance matters.

Todd holds a Juris Doctor from the University of Alberta, is a Canadian citizen, and resides in Oslo, Norway.

Archer 2023 Annual Report

Board of Directors' Report
Responsibility Statement

We confirm that, to the best of our knowledge, the financial statements for 2023 have been prepared in accordance with the current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss for the Company and the Group.

We also confirm that the Board of Director's Report includes a true and fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the financial risks and uncertainties facing the Company and the Group.

March 22, 2024
The Board of Archer Limited

Giovanni Dell' Orto
(Director)

Peter Sharpe
(Director)

James O'Shaughnessy
(Director)

Jan Erik Klepsland
(Director)

Richard Stables
(Director)

Arne Sigve Nylund
(Director)

Financial Statements 2023

To the shareholders and Board of Directors of Archer Limited

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Archer Limited and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, the statements of operations, statement of comprehensive loss, statement of cash flows and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements give a fair presentation of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America (USGAAP).

Our opinion is consistent with our additional report to the Audit Committee.

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 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Group for 4 years from the election by the general meeting of the shareholders on 26 May 2021 for the accounting year 2020.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Group's business activities are largely unchanged compared to last year. We have not identified regulatory changes, transactions or other events that qualified as new key audit matters. *Valuation of certain modular and land-based drilling rigs* and *Valuation of Goodwill* have the same characteristics and risks as in the prior year, and therefore continue to be areas of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Valuation of certain modular and land-based drilling rigs	
The value of the Group's land-based and modular drilling rigs is material to the financial statements and constitutes a major part of the carrying values of property plant and equipment of $ 313.1 million as at 31 December 2023. Management identified indicators of impairment and consequently assessed the carrying values of the drilling rigs for impairment. Management assessed and compared the sum of the undiscounted cash flows that the asset is expected to generate, including any estimated disposal proceeds, to the carrying values. Where the undiscounted cash flow for a rig was less than its carrying value, management adjusted the carrying value, by recording an impairment to its estimated recoverable value. Based on management's impairment assessment, an impairment of $ 2,7 million was recorded in 2023 related to idle land-based drilling rigs. We focused on this area due to the significant carrying value of the rigs and the judgment inherent in the impairment assessment. Management explains their impairment process and assumptions in notes 5 and 13 to the financial statements	We evaluated and challenged management's assessment of indicators of impairment and the process by which this was performed. We assessed management's accounting policy against US GAAP requirements and obtained explanations from management as to how the specific requirements of the standards, in particular ASC 360, were met. We also assessed the consistency year-on-year of the application of the accounting policy. Management considered each rig to be a cash generating unit («CGU») in their assessment of impairment indicators. We found the level of CGU appropriate, and consequently assessed impairment indicators on the same basis. We tested significant assumptions used by management in their forecast of future cash flows. In particular, we traced input data to actual contracts and considered whether key assumptions, such as estimated utilisation rates and day rates, were consistent with historical performance, expected market rates and our knowledge of the industry. We also performed a sensitivity analysis on the assumptions made by management, using various scenarios. To assess management's estimate of the fair value of the land-based rigs, we considered evidence obtained from an external valuation firm. We also assessed the objectivity and competence of the firm to provide reliable estimates. We interviewed the external valuation firm to understand how the estimates for fair value were compiled. We also satisfied ourselves that the firm was provided with relevant facts to determine such an estimate, by testing key inputs. Further, we assessed and found that management sufficiently understood the valuation from the third party, including the methodology used in arriving at the valuation. From the evidence obtained we found the assumptions and methodology used to be appropriate. We read the information provided in the notes and found it to be in line with the requirements.
Valuation of goodwill	
The value of the Group's goodwill is material to the financial statements and constitute approximately 1/6 of the values in the balance sheet. The Group is required to perform impairment assessments of goodwill at least annually. The impairment assessment is performed on a reporting unit level. Management assesses and compares the discounted cash flows that the reporting units	We obtained and considered management's written assessment supporting the carrying value of goodwill on 31 December 2023. We evaluated management's impairment assessment and the process by which this was performed. We assessed management's accounting policy against US GAAP requirements and obtained explanations

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

are expected to generate, to the carrying values of goodwill for the respective reporting unit. Management concluded that goodwill was not impaired at the balance sheet date.

We focused on this area due to the significant carrying value of goodwill and the judgment inherent in the impairment review.

Management explains their impairment process and assumptions in note 14 to the financial statements.

from management as to how the specific requirements of the standards were met.

We tested significant assumptions used by management in their forecast. This included challenging management assumptions and considering if they were consistent with historical performance and our knowledge of the industry. We also performed a sensitivity analysis on the assumptions made by management using various scenarios. From the evidence obtained we found the assumptions and methodology used to be appropriate. We also calculated the market capitalization based on the quoted share price and considered share price movements since year-end. Our testing of the discount rate applied by management included benchmarking of inflation and discount rates applied against external market data.

No matters of consequence arose from the procedures above.

We read the information provided in the notes and assessed this to be in line with the requirements.

Other Information

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

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

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

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

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a fair presentation in accordance with the accounting principles generally accepted in the United States of America, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless liquidation of the Group becomes imminent.

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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Archer Limited, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name archerlimited-2023-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Group's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Stavanger, 22 March 2024
PricewaterhouseCoopers AS

Gunnar Slettebø
State Authorised Public Accountant

Archer 2023 Annual Report

Consolidated Financial Statements 2023

Archer Limited and subsidiaries
Consolidated statement of operations

(In USD millions)	NOTE	2023	2022
Revenues			
Operating revenues	25	977.2	823.3
Reimbursable revenues	25	192.1	146.9
Total revenues		**1,169.3**	**970.2**
Expenses			
Operating expenses	4	805.8	691.7
Reimbursable expenses		188.8	145.8
Operating lease costs	18	11.3	6.0
Depreciation and amortisation	13	49.8	49.5
(Gain)/loss on sale of assets	13	(0.7)	0.0
Impairment charges	5	2.7	7.3
General and administrative expenses		46.8	40.7
Total expenses		**1,104.5**	**940.9**
Operating income		**64.8**	**29.2**
Gain on bargain purchase	6	**(0.3)**	**9.2**
Financial items			
Interest income		13.2	2.5
Interest expenses	17	(65.0)	(34.6)
Share of results in associated companies	12	(4.4)	(0.6)
Other financial items	7	(30.5)	17.3
Total financial items		**(86.7)**	**(15.4)**
(Loss) / Income from continuing operations before taxes		**(22.2)**	**23.1**
Income tax expense	8	(5.9)	(13.3)
(Loss) / Income from continuing operations		**(28.1)**	**9.8**
Net (Loss) / Income		**(28.1)**	**9.8**
Income /(loss) per share – basic		(0.02)	0.07
Income /(loss) per share – diluted		(0.02)	0.07
Weighted average number of shares outstanding			
Basic	9	1,273.6	148.8
Diluted	9	1,273.6	149.5

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Archer Limited and subsidiaries
Consolidated Statements of Comprehensive Loss

(In USD millions)	2023	2022
Net income /(loss)	**(28.1)**	**9.8**
Other comprehensive (loss) / income		
Currency translation differences	3.9	(16.7)
Total other comprehensive loss	**3.9**	**(16.7)**
Total comprehensive loss	**(24.2)**	**(6.9)**

Accumulated Other Comprehensive Loss

(In USD millions)	TRANSLATION DIFFERENCES	OTHER COMPREHENSIVE INCOME	TOTAL
Balance at December 31, 2021	**7.2**	**0.6**	**7.8**
Total other comprehensive income during 2022	(16.7)	-	(16.7)
Balance at December 31, 2022	**(9.5)**	**0.6**	**(9.0)**
Total other comprehensive income during 2023	3.9	-	3.9
Balance at December 31, 2023	**(5.6)**	**0.6**	**(5.1)**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Archer Limited and subsidiaries
Consolidated balance sheet

(In USD millions)	NOTE	DECEMBER 31, 2023	DECEMBER 31, 2022
Assets			
Cash and cash equivalents		52.1	82.1
Restricted cash		3.5	10.9
Accounts receivables	3	183.8	152.6
Inventories	10	75.0	55.2
Other current assets	11	40.4	39.0
Total current assets		**354.8**	**339.8**
Investment in associated	12	12.3	11.8
Marketable securities			15.9
Property plant and equipment, net	13	313.1	310.7
Right of use assets	18	34.4	26.4
Deferred income tax asset	8	20.8	21.6
Goodwill	14	156.0	149.4
Other intangible assets, net		2.8	2.2
Deferred charges and other assets	15	11.6	28.4
Total noncurrent assets		**550.9**	**566.4**
Total assets		**905.7**	**906.2**
Liabilities And Shareholders' Equity			
Current portion of interest-bearing debt	17	17.6	562.9
Accounts payable		75.5	47.2
Operating Lease liabilities	18	11.4	5.6
Other current liabilities	16	173.0	162.3
Total current liabilities		**277.5**	**778.1**
Noncurrent liabilities			
Long-term interest-bearing debt	17	402.5	8.7
Subordinated related party Loan	26	–	15.9
Operating Lease liabilities	18	22.9	20.8
Deferred tax	8	0.3	0.4
Other noncurrent liabilities		6.3	0.8
Total noncurrent liabilities		**432.0**	**46.6**
Shareholders' equity	20	**196.2**	**81.5**
Total liabilities and shareholders' equity		**905.7**	**906.2**

See accompanying notes that are an integral part of these Consolidated Financial Statements.

Archer 2023 Annual Report

Archer Limited and subsidiaries
Consolidated statement of cash flows

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Cash Flows from Operating Activities		
Net (loss)/profit from continuing operations	**(28.1)**	**9.8**
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortsation	49.8	49.5
Impairment of fixed assets	2.7	7.3
Share-based compensation expenses	0.2	0.1
(Gain)/loss on assets disposals	(0.7)	0.0
Share of losses of unconsolidated affiliates	4.4	0.6
Amortisation of loan fees	5.6	1.3
Loss on settlement of subordinated debt	4.1	1.3
Mark to market of financial instruments	5.6	(7.7)
Mark to market of marketable securities	(0.9)	(13.1)
Change in deferred and accrued taxes	0.4	6.8
Gain on bargain purchase	–	(9.2)
Increase in accounts receivable and other current assets	(10.3)	(55.8)
Decrease in inventories	(16.8)	1.2
Increase in accounts payable and other current liabilities	32.2	43.4
Change in other operating assets and liabilities net, including non-cash fx effects	7.5	7.3
Net cash provided by operating activities	**55.7**	**41.5**
Cash Flows from Investing Activities		
Capital expenditures	(52.6)	(30.3)
Proceeds from asset disposals	17.1	1.9
Investment in associated entities	(5.2)	(9.3)
Business acquisitions net of cash acquired	(8.0)	(5.9)
Net cash used by investing activities	**(48.7)**	**(43.6)**
Cash Flows from Financing Activities		
Borrowings under revolving facilities, other long-term debt and financial leases	462.1	91.8
Repayments under revolving facilities, other long-term debt and financial leases	(594.9)	(54.5)
Gross proceeds from equity issues	100.6	–
Fees paid in relation to refinancing and equity issue	(11.5)	–
Cash settlement of RSUs	–	(0.2)
Net cash provided by financing activities	**(43.7)**	**37.1**
Effect of exchange rate changes on cash and cash equivalents	(0.7)	(7.5)
Net increase in cash and cash equivalents	**(37.4)**	**27.5**
Cash and cash equivalents, including restricted cash, at beginning of the period	93.0	65.5
Cash and cash equivalents, including restricted cash, at the end of the period	**55.6**	**93.0**
Interest paid	49.3	33.1
Taxes paid	5.3	6.5

See accompanying notes that are an integral part of these Consolidated Financial Statements

Archer Limited and subsidiaries
Consolidated statement of changes in shareholders' equity

(In USD millions)	COMMON SHARES	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	ACCUMULATED OTHER COMPREHENSIVE LOSS	CONTRIBUTED SURPLUS	TOTAL SHAREHOLDERS' EQUITY
Balance at December 31, 2021	**1.5**	**928.1**	**(1,589.0)**	**7.8**	**740.1**	**88.5**
Share based compensation	–	0.1	–	–	–	0.1
Translation differences	–	–	–	(16.7)	–	(16.7)
Cash Settlement of RSUs	–	(0.2)	–	–	–	(0.2)
Net income	–	–	9.8	–	–	9.8.
Balance at December 31, 2022	**1.5**	**928.0**	**(1,579.2)**	**(8.9)**	**740.1**	**81.5**
Shared based compensation	–	0.2	–	–	–	0.2
Private placement	10.4	88.6	–	–	–	99.0
Subsequent offering	0.2	1.5	–	–	–	1.7
Shares issued in settlement of refinancing fees	4.2	35.9	–	–	–	40.1
Costs incurred in respect of the equity issues	–	(2.1)	–	–	–	(2.1)
Translation difference	–	–	–	3.9	–	3.9
Net income	–	–	(28.1)	–	–	(28.1)
Balance at December 31, 2023	**16.2**	**1,052.1**	**(1,607.3)**	**(5.0)**	**740.1**	**196.2**

See accompanying notes that are an integral part of these Consolidated Financial Statements

Archer 2023 Annual Report

Notes

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 1 — General Information
Archer is an international oilfield service company providing a variety of oilfield products and services through its global organisations. Services include Platform Drilling, Land Drilling, Modular Rigs, Engineering services, Wireline services, production monitoring, well imaging and integrity management tools. In 2022 Archer invested in a 50% holding of Iceland Drilling, a provider of geothermal services.

As used herein, unless otherwise required by the context, the term "Archer" refers to Archer Limited and the terms "company", "we", "Group", "our" and words of similar import refer to Archer and its consolidated subsidiaries. The use herein of such terms as Group, organisation, we, us, our and its, or references to specific entities, is not intended to be a precise description of corporate relationships.

Archer was incorporated on August 31, 2007, and conducted operations as Seawell Ltd., or Seawell, until May 16, 2011, when shareholders approved a resolution to change the name to Archer Limited.

Basis of presentation
The financial statements are presented in accordance with generally accepted accounting principles in the United States of America (US GAAP). The amounts are presented in United States Dollars, USD, or $ rounded to the nearest million, unless otherwise stated.

We present our financial statements on a continuing business basis and separately present discontinued operations.

The accounting policies set out below have been applied consistently to all periods in these consolidated financial statements.

Basis of consolidation
Investments in companies in which we directly or indirectly hold more than 50% of the voting control are generally consolidated in our financial statements.

Entities in which we do not have a controlling interest but over which we have significant influence are accounted for under the equity method of accounting. Our share of after-tax earnings of equity method investees are reported under Share of results of unconsolidated associates.

A list of all significant consolidated subsidiaries is attached – see Appendix Material Subsidiaries.

Intercompany transactions and internal sales have been eliminated through consolidation.

Reclassifications
Certain amounts in the prior years' consolidated financial statements may be reclassified when necessary to conform to the current year presentation.

Going concern
Following the completion of our refinancing, as further described in the Board of Director's Report, our Board of Directors confirms their assumption of the Group as a going concern for the foreseeable future, being a period of not less than 12 months from the date of this report. This assumption is based on the liquidity position of the Group, forecasted operating results, and the market outlook for the oil service sector as at December 31, 2023. The Board believes the annual report provides a fair presentation of the Group's assets and debt, financial position and financial performance.

Archer 2023 Annual Report

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 2 — Accounting Policies
Use of estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be predicted with certainty. Accordingly, our accounting estimates require the exercise of judgement. While management believes the estimates and assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ materially from those estimates. Estimates are used for, but are not limited to, determining the following: allowance for doubtful accounts, recoverability of long-lived assets, goodwill and intangibles, useful lives used in depreciation and amortisation, income taxes and valuation allowances and purchase price allocations. The accounting estimates used in the preparation of the consolidated financial statements may change as new events occur, as more experience is acquired, as additional information is obtained and as our operating environment changes.

Revenue from contracts with customers
The activities that primarily drive the revenue earned from our drilling contracts include:
- Providing specialist crew for the operation of, or repair, maintenance or modifications of Customer's platform rigs;
- Providing land drilling rigs and modular rigs, and the crew and supplies necessary to operate the rigs;
- Mobilising and demobilising land rigs between well sites;
- Wireline services; and
- Rental of equipment.

Consideration received for performing these activities consist primarily of contract day rates. We account for our integrated services as a single performance obligation that is (i) satisfied over time and (ii) consists of a series of distinct time increments. Occasionally we receive lump mobilisation fees and fixed fees for engineering projects.

We recognise consideration for activities that correspond to a distinct time increment within the contract term in the period when the services are performed. We recognise consideration for activities that are (i) not distinct within the context of our contracts and (ii) do not correspond to a distinct time increment, rateably over the estimated contract term.

We determine the total transaction price for each individual contract by estimating both fixed and variable consideration expected to be earned over the term of the contract. The amount estimated for variable consideration may be constrained and is only included in the transaction price to the extent that it is probable that a significant reversal of previously recognised revenue will not occur throughout the term of the contract. When determining if variable consideration should be recognised, we consider whether there are factors outside our control that could result in a significant reversal of revenue as well as the likelihood and magnitude of a potential reversal of revenue. We re-assess these estimates each reporting period as required. Refer to Note 3 Revenue from contracts with customers.

Day rate Drilling Revenue - Our contracts generally provide for payment on a day rate basis, with higher rates for periods when the drilling unit is operating and lower rates or zero rates for periods when drilling operations are interrupted or restricted. The day rate invoices billed to the customer are typically determined based on the varying rates applicable to the specific activities performed on an hourly basis. Such day rate consideration is allocated to the distinct hourly increment it relates to within the contract term, and therefore, recognised in line with the contractual rate billed for the services provided for any given hour.

Mobilisation Revenue - We may receive fees (on either a fixed lump-sum or variable day rate basis) for the mobilisation of our rigs. These activities are not considered to be distinct within the context of the contract and therefore, the associated revenue is allocated to the overall performance obligation and recognised rateably over the expected term of the related drilling contract. We record a contract liability for mobilisation fees received, which is amortised rateably to contract drilling revenue as services are rendered over the initial term of the related drilling contract. Contract mobilisation costs include costs that are directly attributable to our future performance obligation under each respective drilling contract. Company defers mobilisation costs, and recognises such costs on a straight-line basis over the same period as the corresponding mobilisation revenue.

Demobilisation Revenue - We may receive fees (on either a fixed lump-sum or variable day rate basis) for the demobilisation of our rigs. Demobilisation revenue expected to be received upon contract completion is estimated as part of the overall transaction price at contract inception and recognised over the term of the contract. In most of our contracts, there is uncertainty as to the likelihood and amount of expected demobilisation revenue to be received. For example, the amount may vary depending upon whether the rig has additional contracted work following the initial contract. Therefore, the estimate for such revenue may be constrained, as described above, depending on the facts and circumstances pertaining to the specific contract. We assess the likelihood of receiving such revenue based on experience and knowledge of the market conditions. Costs incurred for the demobilisation of rigs at contract completion are expensed as incurred during the demobilisation process.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Revenues Related to Reimbursable Expenses - We generally receive reimbursements from our customers for the purchase of supplies, equipment, personnel services and other services provided at their request in accordance with a drilling contract or other agreement. Such reimbursable revenue is variable and subject to uncertainty, as the amounts received and timing thereof is highly dependent on factors outside of our influence. Accordingly, reimbursable revenue is not recorded and not included in the total transaction price until the uncertainty is resolved, which typically occurs when the related costs are incurred on behalf of a customer. We are generally considered a principal in such transactions and record the associated revenue at the gross amount billed to the customer, at a point in time, as “Reimbursable revenues” in our Consolidated Statements of Operations.

Foreign currencies
For subsidiaries that have functional currencies other than the USD, the statements of operations are translated using the average exchange rate for the month and the assets and liabilities are translated using the year-end exchange rate. Foreign currency translation gains or losses are recorded as a separate component of other comprehensive income in shareholders’ equity.

Transactions in foreign currencies during the year are translated into the functional currency of the respective entity at the rates of exchange in effect on the date of the transaction. Foreign currency assets and liabilities are translated using rates of exchange at the balance sheet date. Foreign currency transaction gains or losses are included in the consolidated statements of operations.

Current and noncurrent classification
Assets and liabilities are classified as current assets and liabilities respectively if their maturity is within one year of the balance sheet date. Assets and liabilities not maturing within one year are classified as long term, unless the facts or circumstances indicate that current classification is otherwise appropriate.

Cash and cash equivalents
Cash and cash equivalents consist of cash, demand deposits and highly liquid financial instruments purchased with original maturity of three months or less and exclude restricted cash.

Restricted cash
Restricted cash consists mainly of bank deposits arising from advance employee tax withholdings.

Receivables
Accounts receivable are recorded in the balance sheet at their full amount less allowance for doubtful receivables. We establish reserves for doubtful receivables on a case-by-case basis. In establishing these reserves, we consider changes in the financial position of the customer, as well as customer payment history. Uncollectible trade accounts receivables are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when they are considered irrecoverable. If a previously written off debt is subsequently recovered it is recorded as a credit to bad debt expense.

Net bad debt expense for 2023 was $0.0 million (2022: 0.3 million).

Inventories
Inventories are valued at the lower of first-in, first-out cost or market value. On a regular basis we evaluate our inventory balances for excess quantities and obsolescence by analysing demand, inventory on hand, sales levels and other information. Based on these evaluations, inventory balances are written down, if necessary.

Equity Method Investments
Investments in which we have the ability to exercise significant influence, but do not control, are accounted for under the equity method of accounting and are reported under Investments in unconsolidated associates in the Consolidated Balance Sheet. Significant influence is generally deemed to exist if the company has an ownership interest in the voting stock of the investee between 20% and 50%, although other factors such as representation on the investee’s Board of Directors and the nature of commercial arrangements are considered in determining whether the equity method of accounting is appropriate.

Under this method of accounting, our share of the net earnings or losses of the investee, together with other-than-temporary impairments in value and gain/loss on sale of investments, is reported under Share of gains/losses of unconsolidated associates in the Consolidated Statement of Operations.

We evaluate our equity method investments whenever events or changes in circumstance indicate that the carrying amounts of such investments may be impaired. If a decline in the value of an equity method investment is determined to be other than temporary, a loss is recorded in earnings in the current period.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Property, plant and equipment
Property, plant and equipment are recorded at historical cost less accumulated depreciation. The cost of these assets less estimated residual value is depreciated on a straight-line basis over their estimated remaining economic useful lives. The estimated economic useful lives of our fixed assets are in the following ranges:

• Buildings	3 – 50 years
• Drilling and well service equipment	2 – 30 years
• Office furniture and fixtures	3 – 10 years
• Motor vehicles	3 – 7 years

We evaluate the remaining useful life of our property, plant and equipment on a periodic basis to determine whether events and circumstances warrant a revision.

Expenditures for replacements or improvements are capitalised. Maintenance and repairs are charged to operating expenses as incurred.

Fully depreciated assets are retained in property, plant and equipment and accumulated depreciation until disposal. Upon sale or retirement, the cost of property and equipment, related accumulated depreciation and write-downs are removed from the balance sheet and the net amount, less any proceeds from disposal, is charged or credited to the consolidated statement of operations.

Assets under construction
The carrying value of assets under construction represents the accumulated costs at the balance sheet date and is included in property, plant and equipment on the face of the balance sheet. Cost components include payments for instalments and variation orders, construction supervision, equipment, spare parts, capitalised interest, costs related to first-time mobilisation and commissioning costs. No charge for depreciation is made until commissioning of the new builds has been completed, and it is ready for its intended use.

Finance Leases
We lease office space and equipment at various locations. Our Oiltools division also leases operating equipment which in turn is leased out to Archer customers. Where we have substantially all the risks and rewards of ownership, the lease is classified as a finance lease. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the future minimum lease payments. Each lease payment is allocated between the corresponding finance lease liability and finance charges to achieve a constant rate on the liability outstanding. The interest element of the capital cost is charged to the Consolidated Statement of Operations over the lease period.

Depreciation of assets held under capital leases is reported within “Depreciation and amortisation expense” in the Consolidated Statement of Operations. Capitalised leased assets are depreciated on a straight-line basis over the estimated useful economic lives of the assets or a straight-line basis over the lease term, whichever is shorter.

Operating leases
Our operating leases relate to office and warehouse space. We recognise on the balance sheet the right to use these assets and a corresponding liability in respect of all material lease contracts with duration, or lease term, of 12 months or above. We estimate discount rates used for calculating the cost of operating leases, which take into account the type of assets subject to the lease and the geographical region in which it is leased and used. The amortisation of right of use assets is presented in operating costs on our statement of operations.

In relation to our operating leases, prior periods were not restated to reflect the recording of the right of use asset/liability related to these leases

Intangible assets
Intangible assets are recorded at historical cost less accumulated amortisation. The cost of intangible assets is generally amortised on a straight-line basis over their estimated remaining economic useful lives. The estimated economic useful lives of our intangible assets range from 2 to 20 years. We evaluate the remaining useful life of our intangible assets on a periodic basis to determine whether events and circumstances warrant a revision of the remaining amortisation period. Once fully amortised, the intangible’s cost and accumulated amortisation are eliminated.

Trade names under which we intend to trade for the foreseeable future are not amortised. In circumstances where management decides to phase out the use of a trade name, the relevant cost is amortised to zero over the remaining estimated useful life of the asset.

Acquired technology is not amortised until ready for marketing.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Goodwill
We allocate the cost of acquired businesses to the identifiable tangible and intangible assets and liabilities acquired, with any remaining amount being capitalised as goodwill. Goodwill is not amortised but is tested for impairment at least annually. We test goodwill by reporting unit for impairment on an annual basis and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The reporting units have been identified in accordance with Accounting Standards Codification 350-20 "Intangible Assets–Goodwill," as the business components one level below the reporting segments, each of which we identified as:

- Constituting a business;
- For which discrete financial information is available; and
- Whose operating results are reviewed regularly by segment management.

We aggregate certain components with similar economic characteristics.

The goodwill impairment test involves an initial qualitative review to determine whether it is more likely that not that goodwill is impaired. If the initial review indicates a possible impairment, we follow with a one-step process involving a comparison of each reporting unit's fair value to its carrying value. If a reporting unit's fair value is less than its carrying value, an impairment charge equal to the shortfall is made against the relevant goodwill, until the balance is zero.

We estimate the fair value of each reporting unit using the income approach. The income approach incorporates the use of a discounted cash flow method in which the estimated future cash flows and terminal values for each reporting unit are discounted to a present value. Cash flow projections are based on management's estimates of economic and market conditions that drive key assumptions of revenue growth rates, operating margins and capital expenditures. The discount rate is based on our specific risk characteristics, its weighted average cost of capital and its underlying forecasts. There are inherent risks and uncertainties involved in the estimation process, such as determining growth and discount rates.

Impairment of long-lived assets and intangible assets other than goodwill
The carrying values of long-lived assets, including intangible assets that are held and used by us are reviewed for impairment if factors are identified that suggest that the carrying value may be more than the assets fair value. As prescribed by US GAAP, for step one of the impairment test, we assess our major assets/asset groups for recoverability of the carrying value of the asset by estimating the undiscounted future net cash flows expected to result from the asset, including eventual disposal. If the future net cash flows are less than the carrying value of the asset, an impairment charge is required. We then use various methods to estimate the fair value of our assets, using all and best available relevant data, including estimated discounted cash-flow forecasts, relevant market data where available, and independent broker valuations for our land rigs. Once the fair value has been determined, the potential impairment is recorded equal to the difference between the asset's carrying value and fair value.

Research and development
All research and development ("R&D") expenditures are expensed as incurred. Under the provisions of ASC 805, 'Business Combinations' acquired in-process R&D that meets the definition of an intangible asset is capitalised and amortised.

Income taxes
Archer is a Bermuda company. Under current Bermuda law, Archer has not been required to pay taxes in Bermuda on either income or capital gains. We have received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, Archer will be exempted from taxation until 2035.[1] [JH2] However in December 2023 Bermuda implemented corporate income tax, effective for fiscal years beginning on or after January 1, 2025. The Bermuda income tax rules are intended to align to the Organisation for Economic Co-operation and Development`s global anti-base erosion (GloBE) rules to support consistent and predictable tax outcomes. The calculation of taxable income begins with financial accounting net income or loss (FANIL) determined in accordance with the acceptable financial accounting standard used in preparing the consolidated financial statements of the ultimate parent entity of the group or, at the election of the Bermuda constituent entity, another approved financial accounting standard. The statutory income tax rate would be 15%.

Certain of our subsidiaries operate in other jurisdictions where taxes are imposed, mainly Norway, the United States, Argentina, Brazil and the United Kingdom. For legal entities operating in taxable jurisdictions, we compute tax on income in accordance with the tax rules and regulations of the taxing authority where the income is earned. The income tax rates imposed by these authorities vary. Taxable income may differ from pre-tax income for accounting purposes. To the extent that differences are due to revenues or expense items reported in one period for tax purposes and in another period for financial accounting purposes, an appropriate provision for deferred taxes is made. A deferred tax asset is recognised only to the extent that it is more likely than not that future taxable profits will be available against which the asset can be utilised. When it is more likely than not that a portion or all of a deferred tax asset will not be realised in the future, we provide a valuation allowance against that deferred tax asset. The amount of deferred tax provided is based upon the expected manner of settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

The impact of changes to income tax rates or tax law is recognised in periods when the change is enacted.

Significant judgment is involved in determining the provision for income taxes. There are certain transactions for which the ultimate tax determination is unclear due to uncertainty in the ordinary course of business. Our tax filings are subject to regular audit by the tax authorities in most of the jurisdictions in which we conduct our business. These audits may result in assessments for additional taxes which are resolved with the authorities or, potentially, through the courts. We recognise the impact of a tax position in our financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. The level of judgement involved in estimating such potential liabilities and the uncertain and complex application of tax regulations, may result in liabilities on the resolution of such audits, which are materially different from our original estimates. In such an event, any additional tax expense or tax benefit will be recognised in the year in which the resolution occurs.

Earnings per share or EPS
Basic earnings per share are calculated based on the income/(loss) for the period available to common stockholders divided by the weighted average number of shares outstanding for basic EPS for the period, including vested restricted stock units. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments, for which we include share options and unvested restricted stock units.

Deferred charges
Loan-related costs, including debt arrangement fees, incurred on the initial arrangement are capitalised and amortised over the term of the related loan using the straight-line method, which approximates the interest method. Amortisation of loan-related costs is included in interest expense. Subsequent loan costs in respect of existing loans, such as commitment fees, are recognised in the Consolidated Statement of Operations within "Interest expense" in the period in which they are incurred. Unamortised loan costs are presented as a direct deduction from the carrying value of the associated debt liability.

Share-based compensation
We had previously established a stock option plan under which employees, directors and officers of the Archer Group may be allocated options to subscribe for new shares in Archer.

The fair value of the share options issued under our employee share option plans is determined at grant date, taking into account the terms and conditions upon which the options are granted and using a valuation technique that is consistent with generally accepted valuation methodologies for pricing financial instruments, and that incorporates all factors and assumptions that knowledgeable, willing market participants would consider in determining fair value. The fair value of the share options is recognised as personnel expenses with a corresponding increase in equity over the period during which the employees become unconditionally entitled to the options. At December 31, 2023 we have no stock options outstanding under stock option grants.

The Board has from time to time granted restricted stock units, or RSUs, to members of Archer's management team. The RSUs vest typically with 1/4th on each date falling approximately one, two, three and four years after the grant date.

Compensation cost in respect of share options and RSUs is initially recognised based upon grants expected to vest with appropriate subsequent adjustments to reflect actual forfeitures. National insurance contributions will arise from such incentive programs in some tax jurisdictions. We accrue an estimated contribution over the vesting periods of the relevant instruments.

Financial instruments
From time to time, we enter into interest rate swaps or caps in order to manage floating interest rates on debt. Interest rate swap/cap agreements are recorded at fair value in the balance sheet when applicable. A hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognised asset or liability may be designated as a cash flow hedge.

When the interest swap qualifies for hedge accounting, we formally designate the swap instrument as a hedge of cash flows to be paid on the underlying loan, and in so far as the hedge is effective, the change in the fair value of the swap in each period is recognised in the "Accumulated other comprehensive loss" line of the Consolidated Balance Sheet. Changes in fair value of any ineffective portion of the hedges are charged to the Consolidated Statement of Operations in "Other financial items." Changes in the fair value of interest rate swaps are otherwise recorded as a gain or loss under "Other financial items" in the Consolidated Statement of Operations where those hedges are not designated as cash flow hedges.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Segment reporting
A segment is a distinguishable component of the company that is engaged in business activities from which it earns revenues and incurs expenses, whose operating results are regularly reviewed by the chief operating decision maker and which is subject to risks and rewards that are different from those of other segments. As our business develops we periodically review our reporting segments. We conducted such a review in 2022 as a result of which we changed our reporting segments to disclose our financial data at a more detailed level, reflecting the various services provided. The new reporting segments reflect Archer's management structure and also take account of financial data presented to our chief operating decision maker, the Board of Directors, when reviewing Archer's performance and allocating resources.

We have determined that our reporting segments are:

- Platform Operations (which includes Platform Drilling, Modular rig, and Engineering services)
- Well Services (which includes our Oiltools, Coil Tubing and Wireline service divisions)
- Land Drilling

We report corporate costs, and assets as separate line items.

Segmental information is presented in Note 25 Reporting and Geographical Segment Information.

The accounting principles for the segments are the same as for our consolidated financial statements.

Related party transactions
Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties also are related if they are subject to common control or common significant influence.

Recently issued accounting pronouncements
Accounting standards that became effective January 1, 2023, did not have a material impact on the consolidated financial statements There are currently no recently issued Accounting Standard updates that are expected to materially affect our consolidated financial statements and related disclosures in future periods.

Note 3 — Revenue from contracts with customers

The following table provides information about receivables, contract assets and contract liabilities from our contracts with customers:

Revenue from contracts with customers

(In USD millions)	2023	2022
Accounts receivable net	183.8	152.6

Our accounts receivable balance includes $50.6 million unbilled and accrued revenue (2022 : $60.0 million)

Provision for bad debts - On December 31, 2023, we have a provision for bad debt of $0.1 million which relates primarily to debt owed from Russia. We have closed our operation in Russia. Prior to this provision we had no provisions for bad debts in our balance sheet since any anticipated unrecoverable revenues are taken into account under our revenue recognition policy and subsequent bad debts are written off as they are recognised.

We have recognised contract assets of $14.0 million which relate to mobilisation fees for one of our modular rigs. These fees will be amortised over the remaining contract period. $7.6 million of these fees are included in other current assets and $6.4 million in other non-current assets.

Practical expedient - We have applied the disclosure practical expedient in ASC 606-10-50-14A(b) and have not included estimated variable consideration related to wholly unsatisfied performance obligations or to distinct future time increments within our contracts, including day-rate revenue. The duration of our performance obligations varies by contract.

Archer 2023 Annual Report

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 4 — Compensation and severance expenses

Total compensation costs
The following table shows a summarised analysis of our total employee compensation costs.

(In USD millions)	2023	2022
Salary costs	391.1	364.1
Pension costs	23.8	23.2
Employers tax	58.8	55.4
Other compensation costs	27.2	25.7
Total compensation costs	**501.0**	**468.4**

Remuneration to management
Key management consists of the Chief Executive Officer, Chief Financial Officer and General Counsel. The compensation to key management is paid in NOK and the USD figure is not fully comparable year-on-year. The company discloses remuneration to management on aggregated levels. Total compensation and benefits of the key management were as follows:

Compensation to key management

(In USD thousands)	2023	2022
Salary	897.5	919.4
Bonus	566.6	549.3
Other remuneration	6.0	4.2
Pension contribution	33.9	34.0
Total compensation costs	**1,504.0**	**1,506.9**

Remuneration to the Board of Directors
The Directors of the Board received a yearly remuneration of between $70 thousand and $80 thousand for the years ended December 31, 2023 and December 31, 2022, paid proportionately for the time spent on the Board. We do not recognise a permanent Chairman of the Board, a Chairman of the Board is elected for each meeting. Total Board fees for the years ended December 31, 2023 and 2022 were $390.6 thousand and $357.6 thousand respectively.

The table below shows the total number of shares owned directly or indirectly by Directors and key management as of December 31, 2023.

Shares held by Directors and key management

NAME	POSITION HELD	SHARES HELD
Dag Skindlo	Chief Executive Officer	1,824,333
Espen Joranger	Chief Financial Officer	457,307
Adam Todd	General Counsel	83,616
Jan Erik Klepsland	Director	500,000
Richard Stables	Director	2,270,000
Giovanni Dell'Orto	Director	1,437

Severance cost and other restructuring costs
In total we expensed $9.0 million in connection with our restructuring actions in 2022 and $8.0 million in 2021 the amounts being included in operating expenses.

An analysis of these costs is tabulated below:

(In USD millions)	2023	2022
	Severance and other costs	Severance and other costs
Platform Operations	2.9	2.2
Well Services	1.2	1.8
Land Drilling	4.1	5.0
Total	**8.2**	**9.0**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 5 — Impairments
Our long-lived assets predominantly consist of land drilling rigs and equipment utilised by our Land drilling division in South America, and our two modular rigs. The carrying values of these assets are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of a particular asset, or group of assets, may not be fully recoverable, and at least once each year as part of our annual reporting routine.

During 2023 we recognised total impairment losses of $2.7 million (2022: $6.0 million) relating to rigs and land drilling equipment in our South American business. In addition, in 2022 following our acquisition of Ziebel, we recognised impairment charges of $1.3 million relating to assets acquired as part of the acquisition. The impairments arose after the acquisition as described in Note 6 Business acquisition below. All impairments were recognised as part of our annual detailed review of fixed assets and assessment of carrying values.

As stated in our accounting policy, we use various methods to estimate the fair value of our assets, each of which involves significant judgement. We use the most relevant data available at the balance sheet date, including specific independent valuations for our land rigs. The key inputs and assumptions used in the various valuations included future market growth rates, EBITDA margins, discount factors and asset lifetimes. Reasonable variations in these assumptions could give rise to additional impairment, particularly in relation to the modular rigs and the Latin America drilling rigs.

Whilst acknowledging the uncertainty and the level of judgement involved in our estimates of value, we believe our determination of impairment charges to be reasonable and prudent as at 31, December 2023.

Please refer to Note 14 Goodwill for further details on the calculation of goodwill impairments. No impairment charge was recognised in respect of goodwill in 2023.

Note 6 — Business acquisition
Ziebel
Acquired in 2022, Ziebel provides well intervention services mainly in the US. Ziebel has developed cutting edge wireline technology much of which has been patented. Services offered by Ziebel complement our existing wireline product offering. Archer is benefitting from the use of the Ziebel wireline splicing technology and also the retention of the Ziebel brand name in our US wireline operations.

Purchase consideration was given by way of an assignment agreement, under which Archer assumed debt of principal amount NOK 29 million in exchange for a settlement of NOK 7 million paid to the lenders. All outstanding shares in Ziebel were transferred to Archer for zero consideration.

Purchase consideration

	(In NOK millions)	(In USD million equivalent)
Cash settlement with Ziebel lenders	(7.0)	(0.8)
Principal and interest owing at date of assignment	29.2	3.3
Gain on assignment of debt - included in gain on bargain purchase	**22.2**	**2.5**

In addition, the gain on bargain purchase includes the fair value of the following assets acquired for zero consideration at the acquisition date of February 3, 2022:

Fair value of assets acquired

	(In USD million equivalent)
Cash and restricted cash	0.2
Other current assets	0.6
Tangible fixed assets	2.0
Intangible assets	2.8
Deferred tax asset	6.4
Liabilities	(5.3)
Total fair value of assets acquired	**6.7**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

The excess of fair value of the assets acquired over the purchase consideration is reported as a separate line item, "Gain on bargain purchase", and comprises the gain on loan assignment plus the fair value of the assets acquired. The USD numbers quoted above are based on consolidated USD numbers provided by Ziebel. The gain arises primarily from;

1. The acquisition of the debt at significant discount,
2. The recognition of the technology developed by Ziebel which will be utilised in our wireline divisions,
3. The recognition of a deferred tax asset relating to Ziebel's carried forward tax losses, which Archer can utilise going forward.

The acquisition and operational results of Ziebel are included in our Well Services reporting segment.

Coiled Tubing Business
On April 1, 2023, Archer UK Ltd, a wholly owned subsidiary of Archer Limited, completed the purchase of the coiled tubing business operated by Baker Hughes in the UK. Baker Hughes was required to sell its UK coiled tubing business by the UK Competition and Markets Authority. Under the terms of the sale and purchase agreement (or "SPA") Archer UK Ltd acquired all the assets and inventory used in the business and employees involved in the business have transferred to Archer. All Baker Hughes's coiled tubing contracts in the UK as at the acquisition date was transferred to Archer UK Ltd.

The purchase consideration comprises an initial instalment of $1.5 million which has been paid, and a second instalment of $5.52 million which is due in April 2024. The coiled tubing business compliments Archer's wireline services, and we anticipate synergies and new business opportunities to arise from the purchase.

Attached to the SPA is a transition service agreement (or "TSA") under which Baker Hughes has provided Archer with a three-month free rental period for the use of the Baker Hughes facilities occupied by the coiled tubing business prior to the sale, and the provision of various services to be provided by Baker Hughes involving training and knowledge transfer pertaining to several aspects of the coiled tubing business. The provision of these services is included within the purchase consideration. The fair value of the assets acquired at the acquisition date of April 1, 2023, were as follows:

Fair value of assets acquired (preliminary)

	(In USD million equivalent)
Inventory	1.4
Tangible fixed assets	1.3
Intangible assets - Licences	1.1
Prepayment of rental and services to be provided by Baker Hughes under the TSA	0.1
Total fair value of assets acquired	**3.9**

The $3.1 million excess of the purchase consideration over the fair value of the assets is recognised as goodwill, which represents customer relations, the assembled workforce and experience and know-how acquired, and synergies within our Well Service segment. The acquisition has been recorded in the accounting ledgers of Archer UK Ltd which has functional currency GBP. At December 31, 2023 the goodwill is reported as $3.4 million, the movement being due to translation differences

Romar-Abrado
On January 9, 2023, Archer signed a share purchase agreement for the purchase of 100% of the issued share capital of Romar-Abrado. The Romar-Abrado group, comprises a holding and operating company in the UK and an operating company in the US, offers advanced milling and SWARF handling services to the global Plug and Abandonment market. Romar-Abrado operations complement the services provided by Archer's Well Services division and will be reported within the Well Services reporting segment.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

The total purchase consideration for the Romar-Abrado group is expected to total $12.9 million and settled as follows:

Purchase consideration

	(In USD million equivalent)
Cash settlement	9.2
Earn-out element (fair value of expected amount)	3.7
Total	**12.9**

The fair value of the assets acquired at the acquisition date of January 9, 2023, were as follows:

Fair value of assets acquired (preliminary)

	(In USD million equivalent)
Cash and restricted cash	1.6
Receivables	4.2
Inventory	1.6
Tangible fixed assets	1.9
Intangible assets	0.8
Liabilities	(3.0)
Total fair value of assets acquired	**7.1**

The $5.7 million excess of the purchase consideration over the fair value of the assets is recognised as goodwill which represents customer relations, the assembled workforce and experience and know-how acquired, and synergies within Archer operations. During the fourth quarter 2023 we revised our estimation of the contingent consideration due, reducing the recorded liability by $2 million. This change in estimate is recognised in other financial income in the fourth quarter of 2023.

Note 7 — Other Financial Items

Other Financial Items

(In USD millions)	2023	2022
Foreign exchange gains/(losses)	(19.0)	(18.5)
Mark-to-market of marketable securities	(5.6)	13.1
Mark-to-market of financial instruments	0.9	24.0
Other items	(6.9)	(1.3)
Total other financial items	**30.5**	**17.3**

Foreign exchange losses and gains include losses and gains on external and intercompany loan balances denominated in USD held in a NOK functional entity and impacts of the continued depreciation of ARS against USD.

The NOK to USD exchange rate continues to be volatile resulting in significant exchange gains and losses reported throughout 2022 and 2023.

The effects of the mark to market of financial instruments and securities have significantly reduced during the year following the sale of the relevant instruments. During 2023 we disposed of all interest rate caps and marketable securities. The proceeds from the sale of our marketable securities amounted to USD 10.4 million and is included in our cash flow statement under Proceeds from asset disposals. The proceeds from the sale of financial instruments amounted to USD 15.4 million, and is reflected in the cash flow statement within Net cash provided by operating activities.

Other items in 2023 include a loss of $4.1 million in the second quarter, resulting from the settlement of subordinated debt by the conversion of the bonds to shares. The issue of shares in consideration for settlement of the debt is discussed in Note 20 Share Capital. During the fourth quarter a reduction in our estimate of contingent consideration due on the acquisition of Romar Abrado (see Note 6 Business acquisition) resulted in the recognition of $2 million other financial income.

Archer 2023 Annual Report

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 8 — Income Taxes

Our income tax consists of the following:

(In USD millions)	2023	2022
Current tax expense	5.4	11.2
Deferred tax expense	0.4	2.1
Total income tax expense, net	**5.9**	**13.3**

Tax expense is impacted by the derecognition of deferred tax assets which we do not expect to be able to utilise within the foreseeable future. We have booked valuation allowances against deferred tax relating to net operating losses and foreign tax credits in Argentina, Brazil, Canada and North America, and other timing differences in Norway and the UK.

The company, including its subsidiaries, is taxable in several jurisdictions based on its operations. A loss in one jurisdiction may not be offset against taxable income in another jurisdiction. Thus, the company may pay tax within some jurisdictions even though it might have losses in others.

Income tax expense / (benefit) can be split in the following geographical areas:

(In USD millions)	2023	2022
North America	0.7	1.4
South America	2.4	5.3
Europe	2.1	6.4
Others	0.8	0.3
Total	**5.9**	**13.3**

The income taxes for the years ended December 31, 2023 and 2022 differed from the amount computed by applying the statutory income tax rate in Bermuda, of 0% as follows:

(In USD millions)	2023	2022
Income taxes at statutory rate	-	-
Taxable losses at local tax rate from continuing operations*	(0.2)	3.4
Effect of impairment charges	(0.8)	(9.3)
Effect of other non-deductible expenses	(13.6)	(2.0)
Effect of share of losses of unconsolidated associates	(0.1)	0.3
Effect of non-deductible interest	3.7	3.4
Effect of tax exempted income and credits	17.5	8.9
Effect of tax and exchange rate on temporary movements	(2.9)	6.1
Effect of valuation allowances	1.1	(2.6)
Effect of adjustments from prior years	0.0	1.1
Effect of state and withholding taxes	1.3	4.0
Actual tax expense recognised	**5.9**	**13.3**

Figures exclude non-taxable income in Bermuda (net loss of $3.1 million, 2022: net gain $14.2 million)

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Deferred Income Taxes
Deferred income taxes reflect the impact of temporary differences between the amount of assets and liabilities recognised for financial reporting purposes and such amounts recognised for tax purposes. The net deferred tax assets consist of the following:

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Tax losses carry forward	880.5	845.7
Impairments of tangible and intangible assets	1.8	1.8
Property differences	54.0	70.8
Provisions	11.1	10.9
Other	303.3	304.7
Gross deferred tax asset	**1,250.7**	**1,233.9**
Net deferred tax asset basis before valuation allowance	**1,250.7**	**1,233.9**
Valuation allowance	(1,140.5)	(1,126.4)
Net deferred tax asset basis	**110.3**	**107.5**
Net deferred tax asset	**20.5**	**21.2**

Tax losses carry forward of $880.5 million shown in the table above, principally relates to carried forward tax losses of $758 million originating in the United States, and which expire over a period of 20 years, and tax losses of $34.6 million originating in Brazil. The Brazilian tax losses can be carried forward indefinitely.

For tax losses incurred in 2023 for Argentina, Canada and in the United States increase in deferred tax assets are offset by an increase in the valuation allowance, resulting in no net effect in the 2023 financial statements.

In total, the valuation allowance is a provision against deferred tax assets relating to tax operating losses, foreign tax credits and excess tax values on drilling equipment, for which we do not, at the balance sheet date, have a sufficiently documented tax strategy for realisation against future tax liabilities.

Deferred taxes are classified as follows:

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Deferred tax asset	20.8	21.6
Deferred tax liability	(0.3)	(0.4)
Net deferred tax asset	**20.5**	**21.2**

No provision has been made in respect of deferred tax on unremitted earnings from subsidiaries (2022: $Nil). No tax would be expected to be payable if unremitted earnings were repatriated to the ultimate parent.

The Group operates in a number of jurisdictions and its tax filings are subject to regular audit by the tax authorities. The Group's principal operations are located in Argentina, Brazil, Malaysia, Norway and the UK with the earliest periods under audit or open and subject to examination by the tax authorities, within these jurisdictions, being 2018, 2019, 2020, 2021, 2022 and 2023.

As in previous years, all benefits and expenses in relation to uncertain tax positions have been analysed in terms of quantification and risk, and we have provided for uncertain benefits and expenses where we believe it is more likely than not that they will crystallise.

The Group's accounting policy is to include interest and penalties in relation to uncertain tax positions within tax expense. Withholding taxes are expensed as and when withheld and are credited to the income statement if and when recovered. Penalties and interest on tax are classified as income tax expense.

In December 2023 Bermuda implemented corporate income tax, which will come to effect for fiscal years beginning on or after January 1, 2025. The Bermuda income tax rules are intended to align to the Organisation for Economic Co-operation and Development`s global anti-base erosion (GloBE) rules to support consistent and predictable tax outcomes. The calculation of taxable income begins with financial accounting net income or loss (FANIL) determined in accordance with the acceptable financial accounting standard used in preparing the consolidated financial statements of the ultimate parent entity of the group or, at the election of the Bermuda constituent entity, another approved financial accounting standard. The statutory income tax rate would be 15%. In addition, new regulation on supplementary tax on under-taxed income in the group (Pillar Two income tax) is essentially a statute passed in several countries where Archer has

Archer 2023 Annual Report

Archer Limited and subsidiaries
Notes to the consolidated financial statements

operations. The provisions will take effect from 1 January 2024. Archer is covered by these regulations, and has assessed the potential effect of such supplementary tax. The assessment of possible future supplementary tax has been carried out on the basis of the latest tax reporting and country-by-country reporting to the tax authorities, in addition to Archer's group accounts. Our assessment is that the effective tax rate as calculated according to the supplementary tax rules in most countries is over 15 per cent. There are a limited number of countries where the limitation in the transitional rules does not apply, and where the tax rate deviates from 15 per cent. As such, Archer expects non or limited tax payments as a result of this new legislation.

Note 9 — Earnings Per Share
The components for the calculation of basic EPS and diluted EPS and the resulting values are as follows:

	NET GAIN LOSS (In USD millions)	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (MILLION SHARES)	GAIN (LOSS) PER SHARE (IN $)
2022			
Basic loss per share from continuing operations	9.8	148.8	0.07
Effect of dilutive options	–	0.8	–
Diluted loss per share	9.8	149.5	0.07

	NET GAIN LOSS (In USD millions)	WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING (MILLION SHARES)	GAIN (LOSS) PER SHARE (IN $)
2023			
Basic Earnings per share from continuing operations	(28.1)	1,273.6	(0.02)
Effect of dilutive options *	–	–	–
Diluted loss per share	(28.1)	1,273.6	(0.02)

** Share-based compensation of approximately 1.5 million shares were excluded from the computation of diluted earnings per share for the year ended December 31, 2023, as the effect would have been anti-dilutive due to the net loss for the period.*

Note 10 — Inventories

Inventories

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31 , 2022
Manufactured		
Raw materials	1.5	1.5
Finished goods	23.1	13.6
Work in progress	0.1	0.9
Total manufactured	**24.7**	**16.1**
Drilling supplies	14.2	21.8
Other items and spares	36.1	17.3
Total inventories	**75.0**	**55.2**

"Other items and spares" primarily relate to parts and spares for the land rigs used in our Latin America operation and spares and parts used in the Oiltools operations.

Provisions for obsolescence amounting to $3.5 million (2022: $3.3 million) are included under Other items and spares.

Note 11 — Other Current Assets

Other Current Assets

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Prepaid expenses	18.6	14.1
VAT and other taxes receivable	6.8	10.4
Reimbursable costs incurred	10.5	11.0
Other short-term receivables	4.5	3.2
Total other current assets	**40.4**	**39.0**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 12 — Investments in Associates
We have the following participation in investments that are recorded using the equity method:

	DECEMBER 31, 2023	DECEMBER 31, 2022
Comtrac AS ("Comtrac")	50.0%	50.0%
Jarðboranir hf. ("Iceland Drilling")	50.0%	50.0%

The carrying amounts of our investments in our equity method investment are as follows:

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Comtrac	2.1	2.5
Iceland Drilling	10.2	9.3
Total investments in unconsolidated associates	**12.3**	**11.8**

The components of our investments in associated entities are as follows:

(In USD millions)			2023
	COMTRAC	ICELAND DRILLING	TOTAL
Net book value at beginning of year	2.5	9.3	11.8
Additional capital investment	0.1	5.1	5.2
Share in results of associates	(0.4)	(3.9)	(4.4)
Translation adjustments	(0.1)	(0.3)	(0.4)
Carrying value of investment at December 31, 2023	**2.1**	**10.2**	**12.3**

(In USD millions)			2022
	COMTRAC	ICELAND DRILLING	TOTAL
Net book value at beginning of year	3.4		3.4
Additional capital investment	0.0	8.3	8.3
Subsequent loan to Iceland Drilling	–	1.0	1.0
Share in results of associates	(0.6)	–	(0.6)
Translation adjustments	(0.3)	–	(0.3)
Carrying value of investment at December 31, 2022	**2.5**	**9.3**	**11.8**

** Equity and loan investments combined*

During the fourth quarter 2022, we completed our acquisition of 50% of Iceland Drilling, an unrelated, international geothermal drilling and integrated Service company for a purchase price of $8.25 million. In addition to our equity shareholding, we have equal Board representation with the other single 50% shareholder, Kaldbakur ehf, which is unrelated to Archer Ltd. We determined that our interest in Iceland Drilling does not constitute a controlling interest. Since we are able to exercise significant influence over the company's operations we account for the investment using the equity method of consolidation.

Quoted market prices for Iceland Drilling and Comtrac and are not available because the shares are not publicly traded.

We provide services to Comtrac. Our trading balance with Comtrac is disclosed in related party Note 24 Related Party Transactions.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 13 — Property Plant and Equipment

(In USD millions)	OPERATIONAL EQUIPMENT	OTHER FIXED ASSETS	ASSETS UNDER CONSTRUCTION	TOTAL
Cost				
As of December 31, 2021	978.4	35.1	8.6	944.6
Net purchased additions	28.3	2.3	6.3	33.5
Costs eliminated on asset disposals	(5.3)	-	-	64.7
Assets recognised on Ziebel acquisition	8.9	-	-	64.7
Translation adjustments	(34.5)	(1.1)	(0.1)	(13.3)
As of December 31, 2022	**975.8**	**36.3**	**14.8**	**1,027.8**
Net purchase additions	33.9	8.0	8.7	50.6
Recognised on business acquisitions	3.2	-	-	3.2
Costs eliminated on asset disposals	(14.6)	(0.7)	-	(15.3)
Translation adjustments	38.1	0.8	0.7	39.6
As of December 31, 2023	**1,036.4**	**45.0**	**24.5**	**1,105.9**
Accumulated depreciation and impairments				
As of December 31, 2021	**(657.5)**	**(28.4)**	**-**	**(685.9)**
Depreciation	(46.6)	(2.1)	-	(48.7)
Impairments	(7.3)	-	-	(7.3)
Accumulated depreciation eliminated on asset disposals	3.5	-	-	3.5
Accumulated depreciation recognised on Ziebel acquisition	(6.8)	-	-	(6.8)
Translation adjustments	25.4	2.7	-	28.1
As of December 31, 2022	**(689.3)**	**(27.8)**	**-**	**(717.1)**
Depreciation	(47.1)	(1.6)	-	(48.7)
Impairments	(2.7)	-	-	(2.7)
Translation adjustments	9.4	0.7	-	10.1
Elimination on assets disposals	(32.6)	(1.8)	-	(34.4)
As of December 31, 2023	**(762.3)**	**(30.5)**	**-**	**(792.8)**
Net book value December 31, 2023	**274.1**	**14.5**	**-**	**313.1**
Net book value December 31, 2022	**286.5**	**9.1**	**15.1**	**310.7**

Operational equipment includes drilling and well services equipment. Included in the cost of operational equipment is $22.0 million in respect of assets held under capital leases (2022: $32.0 million). Other fixed assets include land and buildings, office furniture and fixtures, and motor vehicles. At December 31, 2023, $15.0 million of fixed assets have been pledged in respect of finance agreements for their acquisition (2022 $9.6 million).

During 2023 we recognised total impairment losses of $2.7 million (2022: $7.3 million) relating to rigs and land drilling equipment in our South American business. The impairments were recognised as part of our annual detailed review of fixed assets and assessment of carrying values. Our impairment testing of our two modular rigs, which uses projected undiscounted cash flows, indicated that the rigs are not impaired. We reached a similar conclusion in our testing for 2022.

The testing for impairment of our modular and land rigs, and other long-lived assets, involves significant judgement and assumptions to be made in connection with the future performance of the various components of our business operations, including assumptions about future cash flows, discount rates applied to these cash flows and current market estimates of value. Based on the uncertainty of future revenue growth rates and other assumptions used to estimate our assets' fair value and future reductions in our expected cash flows, current market conditions worsening or persisting for an extended period of time could lead to future material non-cash impairment charges in relation to our major assets.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

In reviewing our land rigs for impairment, we also rely on valuations provided by independent appraisers. The experts we use have extensive experience in the market in which our rigs are deployed and are also familiar with our assets, one of the experts has performed several valuations for us. For rigs where we have no short term future cash flows to evaluate, or where our first review of estimated future cash flows indicates a possible impairment, we use the appraiser valuations based on an orderly liquidation valuation scenario as our benchmark for fair value. In 2021, in response to the ongoing difficulties in Latin America resulting from the COVID-19 Pandemic, strike actions and government fiscal restrictions, we expanded our recognised indicators for asset impairment, which were historically the comparison of carrying values with estimated future cash flows and independent broker valuations, to include rigs which have remained idle for a period of five or more years. Please see Note 5 for further discussion on our impairment review process and the impairment charges recognised in 2023.

Note 14 — Goodwill

Goodwill represents the excess of purchase price over the fair value of tangible and identifiable intangible assets acquired, which relates primarily to intangible assets pertaining to the acquired workforce and expected future synergies. In the table below the period end balances and periodic movements have been allocated to our new reporting segments.

(In USD millions)	DECEMBER 31, 2023			DECEMBER 31, 2022		
	Original goodwill recognised	Accumulated Impairments	Net Value	Original goodwill recognised	Accumulated Impairments	Net Value
Value at beginning of year						
Platform Operations	84.6	(7.6)	77.0	**94.8**	(8.5)	**86.3**
Well Services	80.4	(8.0)	72.4	**90.2**	(9.0)	**81.2**
Total	**165.0**	**(15.6)**	**149.4**	**184.9**	**(17.4)**	**167.5**
Goodwill acquired during the year						
Well Services	9.2	—	9.2	—	—	—
Total	**9.2**	**—**	**9.2**	**—**	**—**	**—**
Currency adjustments						
Platform Operations	(0.9)	0.2	(0.7)	(10.2)	0.9	(9.3)
Well Services	(2.2)	0.3	(1.9)	(9.7)	1.0	(8.7)
Total	**(3.1)**	**0.5**	**(2.6)**	**(19.9)**	**1.9**	**(18.0)**
Net book balance at end of year						
Platform Operations	83.7	(7.4)	76.4	84.6	(7.6)	77.0
Well Services	87.4	(7.7)	79.6	80.4	(8.0)	72.4
Total	**171.1**	**(15.1)**	**156.0**	**165.0**	**(15.6)**	**149.4**

We test goodwill for impairment on an annual basis during the fourth quarter and between annual tests if an event occurs, or circumstances change, that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

In 2022 and 2023 we have conducted a full qualitative review of the carrying value of our goodwill at December which involved estimating future cash flows for the relevant reporting units, and using a calculated weighted average cost of capital to discount them, in order to estimate a fair value. This was compared to carrying values of the business units. The results of our testing support our carrying values and no impairment charges have been recognised in 2022 or 2023.

The testing of the valuation of goodwill can involve significant judgement and assumptions to be made in connection with the future performance of the various components of our business operations, including assumptions about future cash flows of each reporting unit, discount rates applied to these cash flows and current market estimates of value. Based on the uncertainty of future revenue growth rates, gross profit performance, and other assumptions used to estimate our reporting units' fair value, future reductions in our expected cash flows, should current market conditions worsen or persist for an extended period of time, could lead to a future material non-cash impairment charge in relation to our remaining goodwill.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 15 — Other Noncurrent Assets

Our other noncurrent assets are composed of the following:

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Deferred mobilisation costs	0.9	1.0
Deferred modular rig start-up costs	5.7	9.4
Financial instruments	—	14.5
Other	5.0	3.4
Total other noncurrent assets	**11.6**	**28.4**

Note 16 — Other Current Liabilities

Our other current liabilities are comprised of the following:

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Accrued restructuring costs	1.0	0.4
Accrued expenses and prepaid revenues	138.2	125.1
Taxes payable	19.3	18.8
VAT, employee and other taxes	14.1	17.8
Other current liabilities	0.3	0.2
Total other current liabilities	**173.0**	**162.3**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 17 — Debt

(In USD millions)	DECEMBER 31, 2023			DECEMBER 31, 2022		
	Loan balance	Unamortised debt issuance costs	Loan balance less Unamortised debt issuance costs	Loan balance	Unamortised debt issuance costs	Loan balance less Unamortised debt issuance costs
Previous Multi currency term and revolving facility	–	–	–	559.6	(0.8)	558.8
First Lien Facility	220.0	(3.3)	216.7	–	–	--
Second Lien Facility	204.8	(21.1)	183.7	–	–	-
Related party subordinated loan	–	–	–	15.9	–	15.9
Other loans and capital lease liability	19.7	–	19.7	12.8	–	12.8
Total loans and capital lease liability	**444.5**	**(24.4)**	**420.1**	**585.4**	**(0.8)**	**587.5**
Less: current portion	(17.6)	–	(17.6)	(563.8)	(0.8)	(562.9)
Long-term portion of interest-bearing debt	**426.9**	**(24.4)**	**402.5**	**24.6**	**–**	**24.6**

Multi currency term and revolving credit facility
During April 2023, we completed a refinancing of Archer, which involved extinguishment of existing debt and establishment of new financing (the "Refinancing"). As part of the Refinancing, the Company and its larger subsidiaries entered into a $260 million First Lien Facility and Archer Norge AS issued $200 million Second Lien Bonds.

First Lien Facility
In April 2023, Archer's wholly owned subsidiaries, Archer Norge AS and Archer Assets (UK) Ltd., entered into a first lien multicurrency term and revolving credit facility and guaranty facility with a tenor of 4 years (the "First Lien Facility"). The total amount available under the First Lien Facility is $220 million, split between $120.0 million under a term loan and $100 million in revolving facilities, supplemented with $13 million in guarantee facility. In addition, a total of $25.0 million of the First Lien Facility is carved out into an overdraft facility of $25.0 million. A total of $220.0 million was drawn under the term loan and the revolving facilities as at December 31, 2023. The First Lien Facility is secured by pledges over shares in material subsidiaries, assignment over intercompany debt and guarantees issued by the material subsidiaries.

The interest on the loan is Secured Overnight Financing Rate, or "SOFR" + a margin of between 300 – 550 basis points, depending on the leverage ratio.

The guarantee facility has been used towards issuance of letters of credit and tax guarantees.
The Term Loan Facility will be repaid by $10 million in the first year, $15 million in the second year, $20 million in the third year (with an additional $5 million becoming payable if the Group's free liquidity reaches a defined threshold), and $25 million plus a balloon payment in the fourth year.

The Facility contains certain financial covenants, including, among others:

- Archer will ensure that the ratio of net interest-bearing debt (after certain adjustments) to 12 months rolling Nominal EBITDA (after certain adjustments) at the financial quarter end dates shall not exceed 4.9x; from December 31, 2024 to September 30, 2025 shall not exceed 4.70x; from December 31, 2025, to September 30, 2026, shall not exceed 4.60x; and 3.7x thereafter.
- Archer shall maintain $30 million in freely available cash and undrawn committed credit lines.
- Archer shall ensure that the capital expenditures shall not exceed $100 million per year.

The Facility contains certain financial covenants, including, among others:

- Archer will ensure that the ratio of net interest-bearing debt (after certain adjustments) to 12 months rolling Nominal EBITDA (after certain adjustments) at the financial quarter end dates shall not exceed 4.9x; from December 31, 2024 to September 30, 2025 shall not exceed 4.70x; from December 31, 2025, to September 30, 2026, shall not exceed 4.60x; and 3.7x thereafter.
- Archer shall maintain $30 million in freely available cash and undrawn committed credit lines.
- Archer shall ensure that the capital expenditures shall not exceed $100 million per year.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

The Facility contains events of default which include payment defaults, breach of financial covenants, breach of other obligations, breach of representations and warranties, insolvency, illegality, unenforceability, curtailment of business, claims against an obligor's assets, appropriation of an obligor's assets, failure to maintain exchange listing, material adverse effect, repudiation and material litigation. In addition, there are cross default clauses in the event of the obligor defaulting on other issued debt.

As of December 31, 2023, the Company is compliant with all covenants under this First Lien Facility.

Second Lien Bond
In April 2023, Archer's indirectly wholly owned subsidiary, Archer Norge AS, issued $200 million senior secured second lien bonds with a tenor of 4.25 years (the "Second Lien Bond"). Archer can elect an interest rate on the bonds of either (i) (5.00%+SOFR) in cash interest + 5% payment-in-kind interest, or (ii) 12%+ SOFR in payment-in-kind (or PIK) interest. The payment-in-kind interest is settled by issuing additional bonds to the bondholders. The additional issued bonds will have the same terms as the original issued bonds and be added to the total amount of bonds outstanding. During the fourth quarter 2023, bonds with face value totalling $4.8 million were issued in settlement of PIK interest, and the total amount of bonds issued is hence $204.8 million as per December 31, 2023.

The Company has an option to redeem the bonds at (i) the make-whole price for the first 2.25 years, (ii) at 106% of the nominal amount after 2.25 years until 3.25 years, and (iii) at 100% after 3.25 years. The Second Lien Bonds shares the same security as the First Lien Facility, subject to the senior status of the First Lien Facility. The Second Lien Bonds contains certain financial covenants, including, among others:

- The Company shall ensure that the free liquidity of the Group is at all times the highest of USD 30 million and 6.00 percent of gross interest-bearing debt.
- The Company shall ensure that the capital expenditure of the Group (on a consolidated basis) measured at the end of each financial year shall not exceed $70 million.

As of December 31, 2023, the Company is compliant with all covenants under this Second Lien Bond.

Other loans and capital leases
As described above, a total of $25.0 million of the First Lien Facility is carved out into an overdraft facility. There was no borrowing under the overdraft facility on December 31, 2023.

We have finance arrangements relating to equipment in our Well Services and Platform Operation division. On December 31, 2023, the balance under these arrangements was $19.3 million.

Our outstanding interest-bearing debt as of December 31, 2023, is repayable as follows:

Debt amortisation

(In USD millions)	CAPITAL LEASE	OTHER DEBT	TOTAL
Year ending December 31			
2024	5.1	12.9	18.0
2025	4.8	17.5	22.3
2026	4.1	22.5	26.6
2027 and thereafter	5.3	372.3	377.6
Total debt	**19.3**	**425.2**	**444.5**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 18 — Lease Obligations

Finance leases
We have entered into finance arrangements for the purchase of some items of equipment in our Well Services and Platform Operations division. The leases are entered into under a frame agreement with the bank, and initial lease term is typically 5 years.

Assets leased under finance leases with a carrying value of $13.5 million are included in property plant and equipment.

Operating Leases
The company has historically leased some operating assets, office and warehouse facilities and office equipment under operating leases. With effect from January 1, 2019, for material operating leases, we have recognised the relevant right of use assets and lease liabilities in our balance sheet. The leases have remaining lease terms of 1 to 10 years at December 31, 2023. Some operating leases include options to extend the leases for up to 3 years. We have sub-let unused office space, for which we received rental income of $0.2 million in 2023.

We have calculated an incremental borrowing rate, or IBR, for discounting each lease's cash-flows to arrive at an initial value for the lease liability and right of use asset. The IBR is calculated as a function of the following elements/ considerations;

- Base rate – generally the interbank lending rate in the relevant jurisdictions
- Credit spread – we estimate the effect of the lessee credit worthiness
- Country risk premium
- Inflation differential
- Contract term
- Security or collateral provided in the lease contract

Significant judgement is required in estimating some of these elements. We apply a consistent methodology in estimating IBR for each lease.

We have elected not to recognise the right of use asset and lease liability for short term leases.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Supplemental information pertaining to the Company's leasing activities for the year ended December 31, 2023 was as follows;

(In USD millions)	**2023**
Finance Lease costs	
Amortisation of right of use assets	3.4
Interest on lease liabilities	1.0
Operating lease costs	11.3
Short term lease costs	28.7
Total Lease costs	**44.4**
Other information	
Cash paid for amounts included in measurement lease liabilities	
Operating cash flows from finance leases	1.0
Operating cash flows from operating leases	11.3
Financing cash flows from finance leases	3.7
Right of use assets obtained in exchange for new finance lease liabilities	9.5
Right of use assets obtained in exchange for new operating lease liabilities	11.6
Weighted average remaining lease term in years – finance leases	3.25 years
Weighted average remaining lease term in years– operating leases	4.8 years
Weighted average discount rate – finance leases	8.0%
Weighted average discount rate – operating leases	9.8%

Estimated future minimum rental payments are as follows:

(In USD millions)	**OPERATING LEASE OBLIGATIONS**
YEAR	
2024	11.4
2025	10.8
2026	5.0
2027	2.3
Thereafter	12.7
Total	**42.2**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 19 — Commitments and Contingencies

Purchase commitments
As of December 31, 2023, we have committed to purchase obligations including capital expenditures amounting to $24.9 million, (2022: $20.4 million).

Legal Proceedings
From time to time, we are involved in litigation, disputes and other legal proceedings arising in the normal course of our business. We insure against the risks arising from these legal proceedings to the extent deemed prudent by our management and to the extent insurance is available, but no assurance can be given that the nature and amount of that insurance will be sufficient to fully indemnify us against liabilities arising out of pending and future legal proceedings. Many of these insurance policies contain deductibles or self-insured retentions in amounts we deem prudent and for which we are responsible for payment. If there is a claim, dispute or pending litigation in which we believe a negative outcome is probable and a loss by the company can be reasonably estimated, we record a liability for the expected loss. As of December 31, 2023, we are not aware of any such expected loss which would be material to our financial position and results of operations. In addition, we have certain claims, disputes and pending litigation in which we do not believe a negative outcome is probable or for which the loss cannot be reasonably estimated.

Other than the above, we are not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) which may have, or have had in the recent past, significant effects on our financial position or profitability.

Note 20 — Share Capital

We completed the refinancing of the Archer Group during the second quarter of 2023. The existing revolving credit and term loan facility was extinguished, and we established a new First Lien Facility and issued Second Lien bonds.

As part of the Refinancing, Archer issued 1,040 million ordinary shares at an issue price of 1.00 NOK per share, raising 1,040 million NOK in gross proceeds, in a Private Placement in the first quarter of 2023.

In the Subsequent Offering an additional 17,506,357 shares were issued to existing shareholders, at an issue price of 1.00 NOK per share which provided gross proceeds of NOK 17.5 million.

As part of the Refinancing, 208 million shares were issued to the holder of the subordinated convertible loan as settlement. The shares were valued at 1.00 NOK per share, or $20 million in total, in line with the terms of the private placement and subsequent offering.
The settlement of the subordinated convertible loan resulted in a $4.1 million loss being recorded within Other financial items in the second quarter of 2023. 208 million shares were issued to the underwriters of the Second Lien Bond issue, as underwriting fees. The value of these shares, $20 million is recognised as capitalised debt fees and will be amortised over the 4.25 year tenor of the bonds and reported as interest costs.

2 million shares were issued to Archer's advisors in the overall Refinancing.

Share capital and authorised share capital

All shares are common shares of $0.01 par value each	DECEMBER 31, 2023		DECEMBER 31, 2022	
	SHARES	$ MILLION	SHARES	$ MILLION
Authorised share capital	2,000,000,000	20.0	1,000,000,000	10.0
Issued, outstanding and fully paid share capital	1,624,264,969	16.2	148,758,612	1.5

Archer shares are traded on the Oslo Stock exchange with the ticker "ARCH".

The Board has indicated that no dividend will be distributed in respect of the results for the financial year 2023. Under the Bermuda Companies Act, dividends cannot be paid if there are reasonable grounds for believing that (a) The company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) The realisable value of the company's assets would thereby be less than its liabilities. The Company has not declared dividend since its inception, and there are restrictions in the financing arrangement related to dividend distribution to the shareholders.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

The amount and timing of any dividend distributions in the future will depend, among other things, on our compliance with covenants in our credit facilities, earnings, financial condition, cash position, Bermuda law affecting the dividend distributions, restrictions in our financing agreements and other factors. In addition, the declaration and payment of dividend distributions is subject at all times to the discretion of our Board. To comply with the current credit facilities, the Board can declare a dividend of up to 25% of the previous year's net profit if the ratio of net interest-bearing debt (after certain adjustments) to 12 months rolling Nominal EBITDA (after certain adjustments) is below 2.0x.

Some jurisdictions in which we operate impose restrictions on dividend payments from subsidiaries to holding companies.

Note 21 — Audit fees
Total auditors' remuneration to PricewaterhouseCoopers was an audit fee of $0.7 million for the year ended December 31, 2023 and $0.7 million for the year ended December 31, 2022. Archer Ltd ($0.2 million) received the main amount of cost, in addition to Archer (UK) Ltd ($0.1 million) and Archer Norge AS ($0.1 million). The compensation to the auditor is paid in GBP, NOK and USD. The USD figure is not totally comparable year-on-year.

(In USD millions)	2023	2022
Legally required audit	0.7	0.7
Attestation services	-	-
Other services	-	-
Total audit fee	**0.7**	**0.7**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 22 — Long term incentive plans

Share options
The Board has from time to time granted share options, to members of Archer's management team, that provide the management with the right to subscribe for new shares. The options are not transferable and may be withdrawn upon termination of employment under certain conditions. Options granted under the scheme will vest at a date determined by the Board of Directors. The options granted under the plan vest over a period of one to five years.

As of December 31, 2023, Archer has no active option program.

The following summarises share option transactions related to the Archer programs in 2023 and 2022:

Share option transactions

	2023		2022	
	Options	Weighted average exercise price - nok	Options	Weighted average exercise price - nok
Outstanding at beginning of year	–	–	600,000	10.00
Forfeited/expired	–	–	600,000	10.00
Outstanding at end of year	**–**	**–**	**–**	**–**

No income was received in 2023 as a result of share options being exercised (2022: $ nil).

On December 31, 2023, there were no options outstanding.

Valuation:
We use the Black-Scholes pricing model to value stock options granted. The fair value of options granted is determined based on the expected term, risk-free interest rate, dividend yield and expected volatility. The expected term is based on historical information of past employee behaviour regarding exercises and forfeiture of options. The risk-free interest rate assumption is based upon the published Norwegian treasury yield curve in effect at the time of grant for instruments with a similar life. The dividend yield assumption is based on history and expectation of dividend pay-outs.

We use a blended volatility for the volatility assumption, to reflect the expectation of how the share price will react to the future cyclicality of our industry. The blended volatility is calculated using two components. The first component is derived from volatility computed from historical data for a period of time approximately equal to the expected term of the stock option, starting from the date of grant. The second component is the implied volatility derived from our "at-the-money" long-term call options. The two components are equally weighted to create a blended volatility.

Archer did not grant any new options in 2023 or 2022.

Restricted Stock units
The Board has from time to time granted restricted stock units, or RSUs, to members of Archer's management team. The RSUs typically vest over three to four years after the grant date. As of December 31, 2023 a total of 10,264,800 RSUs was outstanding.

RSU awards do not receive dividends or carry voting rights during the performance period. The fair value of the restricted stock award is the quoted market price of Archer's stock on the date of grant.

The following table summarises information about all restricted stock transactions:

	2023		2022	
	RSUs	Weighted average grant date fair value NOK	RSUs	Weighted average grant date fair value NOK
Unvested at beginning of year	**548,330**	3.92	**1,182,365**	3.96
Granted	10,234,800		–	
Vested/released	(482,130)		(560,415)	
Forfeited	(36,200)		(73,620)	
Unvested at end of year	**10,264,800**	**1.07**	**548,330**	**3.92**

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Accounting for share-based compensation
The fair value of the share options and RSUs granted is recognised as personnel expenses. During 2023, $0.2 million has been expensed in our Statement of Operations ($0.1 million in 2022).

As of December 31, 2023, total unrecognised compensation costs related to all unvested share-based awards totalled NOK 8.4 million ($0.8 million).

Note 23 — Pension Benefits

Defined Contributions Plans
We contribute to a private defined contribution pension plan for our UK onshore workforce. Eligible employees may contribute a minimum of 4% of their salary to the scheme, and we contribute between 5% and 7.5% to participants' plans. In 2023 we contributed $4.5 million (2022: $3.2 million) to the plan.

In Norway we also have a defined contribution pension plan both for our Norwegian onshore workforce in addition to our employees working offshore on the Norwegian continental shelf from 2019. For onshore employees we contribute 5% of salary up to 6 G, and 8% of salary between 6 and 12 G. For offshore employees we contribute 3% of salary up to 7.1 G and 15% of salary between 7.1 and 12 G. (G represents the minimum base salary used in the Norwegian National Insurance scheme, and for 2023 is equivalent to approximately $11,200). In 2023 we contributed $10.1 million (2022 $11.0 million) to the plan in Norway.

Note 24 — Related Party Transactions
In the normal course of business we transact business with related parties conducted at arm's length.

Transactions with Comtrac AS:
Our 50% investment in Comtrac AS comprises equity investment and a loan equivalent to $1.2 million and $0.9 million respectively. We account for our investment using the equity method, as discussed above in Note 12 Investments in Associates. During the year ended December 31, 2023 we have invoiced Comtrac AS a total of NOK 3.4 million, or $0.3 million for services provided to them.

Transactions with Iceland drilling:
We have a 50% investment in Iceland Drilling. We account for this investment using the equity method of accounting. Due to the fact that we exercise significant influence over its operations, following the acquisition, Iceland is a related party. During 2023 we have invoiced Iceland Drilling NOK 0.4 million, or $43,311 for Board fees.

Transactions with Hemen Holding Ltd. ("Hemen"):
Hemen owns 20.5% of the shares in Archer as per end of 2023 (2022: 12.9%). During 2023, Hemen contributed to the overall refinancing of Archer, as described in the Board of Director's Report. In the Private Placement, Hemen subscribed for, and was allotted, 25% of the shares, amounting to the NOK equivalent of USD 25 million. In addition, Hemen subscribed for, and was allotted, 25% of the USD 200 million Second Lien Bond issuance by the Company's indirect subsidiary Archer Norge AS. The Second Lien Bond issuance, was fully back-stopped by a consortium led by Hemen. The back-stop of the Second Lien Bond issuance was needed in order to secure the overall refinancing of Archer, including the Private Placement. In consideration of the back-stop, Hemen received 52 million compensation shares, which corresponded to their pro-rated share to the overall commitment of the issuance.

Transactions with Paratus JU Newco Bermuda Limited ("Paratus"):
Paratus owns 24.2% of the shares in Archer as per end of 2023 (2022: 15.5%). During 2023, Paratus contributed to the overall refinancing of Archer, as described in the Board of Director's Report. In the Private Placement, Paratus subscribed for, and was allotted, 15.5% of the shares amounting to the NOK equivalent of USD 15.5 million. In addition, Paratus agreed to convert the related party subordinated loan, with a carrying value in Archer's 2022 financial statement of USD 15.9 million, into 208 million shares. The conversion of the related party subordinated loan was needed in order to secure the overall refinancing of Archer, including the Private Placement.

Transactions with other related parties:
Seatankers Management Company Limited ("Seatankers") is a related party, being a company in which Archer's second-largest shareholder Hemen Holding Ltd has significant direct and indirect interests. Seatankers provides support and administrative services to us, and we have recorded fees of $0.3 million for these services during 2023. These expenses are included in General and administrative expenses in the Consolidated statement of operations.

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Note 25 — Reporting and Geographical Segment Information
The split of our organisation and aggregation of our business into segments is based on differences in management structure and reporting, location of regional management and assets, economic characteristics, customer base, asset class and contract structure.

During 2022 we conducted a review of our reporting Segments. Our business is split into business units according to the type of services supplied which include land drilling services provided in South America, platform drilling services including the use of our two modular rigs, and ancillary services which include Engineering, Wireline, Oiltools and Coiled tubing services. The chief operating decision maker, Archer's Board of directors, receives some financial information by each service unit, or division, and uses such information in assessing the company's overall performance and making decisions about resource allocation. We have aggregated divisions with similar economic characteristics into the following reporting segments.

Platform Operations - which include Platform drilling, engineering and modular rigs,

Well Services - which includes Wireline, Oiltools and Coiled tubing, and

Land Drilling

The accounting principles for the segments are the same as for our consolidated financial statements. Presented below and on the following page are the revenues, depreciation and amortisation, operating income, capital expenditures, goodwill and total assets by segment.

Revenues from external customers

(In USD millions)	2023	2022
Platform Operations	539.8	450.8
Well Services	302.8	240.0
Land Drilling	326.7	279.4
Total revenue	**1,169.3**	**970.2**

Depreciation and amortisation

(In USD millions)	2023	2022
Platform Operations	13.0	12.7
Well Services	12.6	10.8
Land Drilling	24.2	26.0
Total depreciation and amortisation	**49.8**	**49.5**

Capital Expenditures

(In USD millions)	December31, 2023	December31, 2022
Platform Operations	4.9	8.0
Well Services	20.0	11.4
Shared assets*	7.9	1.5
Total excluding Land Drilling	32.8	20.9
Land Drilling	19.8	9.6
Total	**52.6**	**30.5**

Goodwill

(In USD millions)	PLATFORM OPERATIONS	WELL SERVICES	TOTAL
Balance at December 31, 2021	**86.3**	**81.2**	**167.5**
Exchange rate fluctuations on goodwill measured in foreign currency	(9.3)	(8.8)	(18.1)
Balance at December 31, 2022	**77.0**	**72.4**	**149.4**
Exchange rate fluctuations on goodwill measured in foreign currency			
Balance at December 31, 2023	**76.4**	**79.6**	**156.0**

Archer 2023 Annual Report

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Total assets

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
Platform Operations	190.7	216.6
Well Services	301.8	197.1
Shared assets*	113.1	173.8
New investment Iceland Drilling	10.2	9.5
Land Drilling	285.5	294.0
Corporate	4.3	15.2
Total	**905.7**	**906.2**

** Assets shared by Platform Operations and Well Services segments include shared office and admin facilities, cash and tax assets and liabilities.*

Revenue by country

(In USD millions)	2023	2022
Norway	593.0	531.0
Argentina	323.7	278.7
United Kingdom	123.2	64.5
Other	129.4	96.0
Total	**1,169.3**	**970.2**

Property plant and equipment

(In USD millions)	DECEMBER 31, 2023	DECEMBER 31, 2022
United States	1.2	2.1
Latin America	176.3	184.2
New Zealand	—	26.4
Norway	74.5	56.4
United Kingdom	59.1	40.6
Other	1.9	1.0
Total	**313.1**	**310.7**

Note 26 — Risk Management and Financial Instruments
Our reporting currency is US Dollars. We have operations and assets in a number of countries worldwide, and receive revenues and incur expenditures in other currencies, causing our results from operations to be affected by fluctuations in currency exchange rates, primarily related to Argentine pesos, Norwegian kroner and British pounds. In particular, the Argentine economy has been challenged by a combination of high inflation and continued depreciation of the Argentine pesos, which impact our US dollar reported financial data. We are also exposed to changes in interest rates on variable interest rate debt, and to the impact of changes in currency exchange rates on debt denominated in currencies other than US Dollar. There is thus a currency risk and interest rate risk, which could have a negative effect on our cash flows as well as our reported financials.

Interest rate risk management
Our exposure to interest rate risk relates mainly to our variable interest rate debt and balances of surplus funds placed with financial institutions. On December 31, 2022, we had entered into USD interest rate cap agreements, securing the interest rate against fluctuations above 1.65% on $66 million until February 2025 and $34 million until February 2023 and 0.85 % on $100million until December 2025. During 2023 we sold the interest rate cap instruments.

Foreign currency risk management
We are exposed to foreign currency exchange movements in both transactions that are denominated in currency other than USD, and in translating consolidated subsidiaries who do not have a functional currency of USD. Transaction losses are recognised in "Other financial items" on our Consolidated Statement of Operations in the period to which they relate. Translation differences are recognised as a component of equity. The total transaction loss relating to foreign exchange recognised in the Consolidated Statement of Operations in 2023 amounted to $19.0 million (2022: $18.5 million).

Archer Limited and subsidiaries
Notes to the consolidated financial statements

Credit risk management
We have financial assets, including cash and cash equivalents, trade receivables and other receivables. These assets expose us to credit risk arising from possible default by the counterparty. We consider the counterparties to be creditworthy financial institutions and do not expect any significant loss to result from non-performance by such counterparties. In the normal course of business, we do not demand collateral.

Carrying value of financial instruments

(In USD millions)	DECEMBER 31, 2023		DECEMBER 31, 2022	
	FAIR VALUE	CARRYING VALUE	FAIR VALUE	CARRYING VALUE
Non-derivatives				
Cash and cash equivalents	52.1	52.1	82.1	82.1
Restricted cash	3.5	3.5	10.9	10.9
Marketable securities	–	–	15.9	15.9
Accounts receivable	183.8	183.8	152.6	152.6
Accounts payable	(75.5)	(75.5)	(47.2)	(47.2)
Current portion of interest-bearing debt	(17.6)	(17.6)	(562.9)	(562.9)
Current portion of operating lease liability	(11.4)	(11.4)	(5.6)	(5.6)
Long-term interest-bearing debt	(222.1)	(222.1)	(8.7)	(8.7)
Second Lien Bond	(204.8)	(204.8)	–	–
Operating lease liability	(22.9)	(22.9)	(20.8)	(20.8)
Subordinated related party loan	–	–	(15.9)	(15.9)
Derivatives				
Interest cap agreements	–	–	14.5	14.5

The above financial assets and liabilities are disclosed at fair value as follows:

Financial assets and liabilities

(In USD millions)	DECEMBER 31, 2023	FAIR VALUE MEASUREMENTS AT REPORTING DATE USING		
	FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Assets:				
Cash and cash equivalents	52.1	52.1	–	–
Restricted cash	3.5	3.5	–	–
Accounts receivable	183.8	–	183.8	–
Liabilities:				
Accounts payable	(75.5)	–	(75.5)	–
Current portion of interest-bearing debt	(17.6)	–	(17.6)	–
Current portion of operating lease liability	(11.4)	–	(11.4)	–
Long-term, interest bearing debt	(222.1)	–	(222.1)	–
Second Lien Bond	(204.8)	(204.8)	–	–
Operating lease liability	(22.9)	–	(22.9)	–

Level 1: Quoted prices in active markets for identical assets
Level 2: Significant other observable inputs
Level 3: Significant unobservable inputs

Archer 2023 Annual Report

Archer Limited and subsidiaries
Notes to the consolidated financial statements

The fair value of the current portion of long-term debt is estimated to be equal to the carrying value, since it is repayable within twelve months. The fair value of the long term portion of floating rate debt is estimated to be equal to the carrying value since it bears variable interest rates, which are reset on a quarterly basis. This debt is not freely tradable, and we cannot purchase them at prices other than the outstanding balance plus accrued interest.

The Second Lien Bond was listed in October 2023. There were no recorded trades during 2023. Subsequent trades have been made at close to par value. Our estimate of fair value at December 31, 2023, has therefore remained at the par value.

Restricted cash consists mainly of bank deposits arising from advance employee tax withholdings.

Retained risk
We retain the risk, through self-insurance, for deductibles relating to physical damage insurance on our capital equipment. In the opinion of management, adequate provisions have been made in relation to such exposures, based on known and estimated losses.

Concentration of risk
The following table summarises revenues from our major customers as a percentage of total revenues from continuing operations (revenues in excess of 10 percent for the period):

Share of revenue by customer

CUSTOMER	2023	2022
Equinor	45.3%	48%
Pan American Energy	18.0%	19%
Customer <10%	36.7%	33%
Total	**100%**	**100%**

Note 27 — Subsequent Events

The acquisiton of Romar-Abrado
In January 2024, Archer was awarded a 2.5-year contract extension for three drilling rigs operating in Pan American's Cerro Dragon Field and a two-year contract for one additional drilling rig in Vaca Muerta.

In March 2024, Archer was awarded a 2-year platform drilling contract with Trident Energy do Brasil.

In March 2024, Archer was awarded a 4-year platform drilling contract extension for the operation of nine installations in the North Sea for Equinor.

In March 2024, Archer announced the agreement to acquire 65% of the shares in Vertikal Service AS, a Norwegian based energy service company.

Archer Limited and subsidiaries
Appendix 1 – Corporate Governance

As used herein, unless otherwise required by the context, the terms "Archer", "Company", "we", "our" and "us" refer to Archer Limited and its consolidated subsidiaries. The Norwegian Code of Practice for Corporate Governance, as in force 1 October 2021 (the "Code") applies to us to the extent that the provisions of this Code do not conflict with the legislation of our national jurisdiction. The Code is a "comply or explain" guideline, and we generally aim at complying with the recommendations of the Code. However, we will, to some extent, deviate from certain recommendations of the Code, partly due to different practice and principles under which Bermuda companies operate. The status of noncompliance and the explanations therefore is set out below.

The Code is available in its entirety at the Oslo Stock Exchange website (www.euronext.com/nb/markets/oslo) and the website of The Norwegian Corporate Governance Board (www.nues.no).

Section 1 Implementation and reporting on corporate governance
Archer Limited is a limited liability company registered in Bermuda and listed on the Oslo Stock Exchange (Oslo Børs). The foundation for Archer's governance structure is Bermuda law as well as regulations for foreign companies listed on the Oslo Stock Exchange. In line with the directions given by the Board of Directors of Archer Limited, (the "Board"), Archer conducts its business on the basis of three fundamental values:

Safety: We are committed individually and as a team, to protect the health and safety of its employees, customers, and communities.

Integrity: We are committed to maintaining an environment of trust, built upon honesty, ethical behaviour, respect, and candour.

Performance: We are committed to efficiently and effectively perform to all Archer standards and those of our customers.

The Board reviews Archer's performance for all the values mentioned above and where applicable compares the key performance indicators against the plan regularly. With regard to integrity, Archer has implemented a Code of Conduct, which is available on our website (www.archerwell.com). It is Archer's policy that employees who become aware of a possible violation of the Company's policies must report the violation. This includes the Code of Conduct, or other policies, manuals, or guides distributed by the Company in addition to all applicable laws. On a quarterly basis the Audit Committee reviews reported potential violations of the Company's Code of Conduct and discusses required actions, if any.

The Board has defined clear objectives, strategies, and risk profiles for our business activities and integrates considerations related to our stakeholders to create value and deliver results. The Board evaluates these objectives, strategies, and risk profiles at regular intervals.

The Board has reviewed the overall performance of the Company compared to its values and its corporate governance for the financial year 2023 in line with the Code and confirms it is in compliance with the Code, except where highlighted and described below:

Section 2 Business
In accordance with normal practice for Bermuda companies, our by-laws do not include a specific description of our business. According to Archer's memorandum of association, no restrictions apply as to the purpose of the Company and the reasons for its incorporation. As a Bermuda incorporated company, we have chosen to establish the constitutional framework in compliance with the normal practice of Bermuda and accordingly deviate from section 2 of the Code.

The Company provides an annual ESG Report, published on our website (https://www.archerwell.com/sustainability/esg-reporting/) which outlines our activities, performance, and strategy in relation to the environment, social issues, working environment, equality and non-discrimination, human rights, and anti-corruption.

Section 3 Equity and dividends
In accordance with Bermuda law, the Board is authorised to repurchase treasury shares, and to issue any unissued shares within the limits of the authorised share capital. These authorities are neither limited to specific purposes nor to a specific period as recommended in section 3 of the Code. While we aim at providing competitive long-term return on the investments of our shareholders, we do not currently have a formal dividend policy.

The Board ensures that the Company has a capital structure that is appropriate to the Company's objective, strategy, and risk profile.

Archer Limited and subsidiaries
Appendix 1 – Corporate Governance

Section 4 Equal treatment of shareholders
In accordance with the company laws of Bermuda, the shareholders can resolve an amount of authorised capital within which the Board may decide to increase the issued capital at its discretion without further shareholder approval. There is no legal framework providing for specific time-limited or purpose-limited authorisations to increase the share capital. The Board will propose to the shareholders that they consider and, if necessary, resolve to increase the authorised capital of the Company that will allow the Board some flexibility to increase the number of issued shares without further shareholder approval. As such, we may deviate from the Code's recommendation in section 4. Any increase of the authorised capital is, however, subject to approval by the shareholders by 2/3 majority of the votes cast. Neither our by-laws nor Bermuda company laws include regulation of pre-emptive rights for shareholders in connection with share capital increases. Our by-laws provide for the Board in its sole discretion to direct a share issue to existing shareholders at par value or at a premium price. We are subject to the general principle of equal treatment of shareholders under the Norwegian Securities Trading Act section 5-14. The Board will, in connection with any future share issues, on a case-by-case basis, evaluate whether a deviation from the principle of equal treatment is justified.

Section 5 Shares and negotiability
We do not limit any party's ability to own, trade or vote for shares in the Company. As such, we are in compliance with Section 5 of the Code.

Section 6 General meetings
As a Bermuda registered company, the general meetings of the Company can be conducted through proxy voting. The VPS registered shareholders are holders of interests in the shares and thus represented by the VPS Registrar in the general meetings and not through their own physical presence. This is in line with the general practice of other non-Norwegian companies listed on Oslo Børs. We believe we comply in all other respects with the recommendations for general meetings as set out in the Code.

Section 7 Nomination committee
We have not established a nomination committee as recommended by the Code section 7 and our bye-laws do not include the requirement for one. In lieu of a nomination committee comprised of independent directors, the Board is responsible for identifying and recommending potential candidates to become Board members and recommending directors for appointment to board committees.

Section 8 Board of directors: composition and independence
The Chairman of our Board is elected by the Board and not by the shareholders as recommended in the Code. We are not in compliance with the requirement to have female directors on our Board.

Section 9 The work of the board of directors
The Board sets an annual plan for the upcoming year in December which includes a review of strategy, objectives and their implementation, the review and approval of the annual budget and review and monitoring of our current year financial performance. The Board meets at least four times a year, with further meetings held as required to react to operational or strategic changes in the market and Company circumstances. The Board receives frequent and relevant information to carry out its duties. It has delegated authority to the Company's executive management by the means of a delegation of authority matrix.

The Board has established an Audit Committee, which has a formal charter and terms of reference approved by the Board. The Audit Committee is responsible for ensuring Archer has an independent and effective external audit system. In addition we have an internal audit program. The Audit Committee supports the Board in the administration and exercise of its responsibility for supervisory oversight of financial reporting and internal control matters and to maintain appropriate relationships with our auditors. Appointment of the auditor for audit services is approved at our annual general meeting and the Board is given authority to approve the fees to be paid to the auditor. Our auditor meets with the Audit Committee annually regarding the preparation of the annual financial statements and also to present their report on the internal control procedures. The Audit Committee holds separate discussions with our external auditor on a quarterly basis without the presence of executive management. The scope, resources, and the level of fees proposed by the external auditor in relation to our audit are approved by the Audit Committee.

The Board ensures through an internal check that members of the Board and executive personnel advise the Company of any material interests that they may have in items to be considered by the Board.

The Board and executive management will consider and determine on a case-by-case basis whether independent third-party evaluations are required if entering into agreements with related parties in accordance with the Code section 9. The Board may decide, however, due to the specific agreement or transaction, to deviate from this recommendation if the interests of the shareholders in general are believed to be maintained in a satisfactory manner through other measures.

Other than related party transactions disclosed in note 24, the Company did not enter into any transactions with its shareholders or closely associated entities.

Archer Limited and subsidiaries
Appendix 1 – Corporate Governance

Section 10 Risk management and internal control
The Board ensures that Archer follows guidelines to minimise the overall risk to the Company and its shareholders and implements and complies with an adequate internal control framework. Archer's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

We have implemented clear lines of responsibility and limits of delegated authority. Comprehensive procedures provide for the appraisal, approval, control and review of expenditures. The senior management team meets with its geographic and divisional leadership on a regular basis to discuss particular issues affecting each region and business unit, including their key risks, health and safety statistics and legal and financial matters. We have also implemented a process to assess the Company's projected financing needs and compliance with covenants under its financing arrangements. The results are presented to and discussed with the Board on a regular basis so adequate corrective measures can be taken if and when necessary.

Integrity is a core value and high ethical standards are paramount to achieve our business objectives. Our Code of Conduct describes Archer's commitment to ethics for both personal and business matters. We comply with applicable laws and regulations and act in an ethical and socially responsible manner. Our Code of Conduct applies to everyone working for Archer, including the members of the Board. The Code of Conduct is available at www.archerwell.com. Archer has implemented a dedicated ethics helpline that can be used by any person who wishes to express concerns or seek advice regarding the legal and ethical conduct of our business.

We comply with the Code related to this section.

Section 11 Remuneration of the board of directors
There is no obligation to present the guidelines for remuneration of the Board of Directors to the shareholders of a Bermuda incorporated company. We will provide information to our shareholders regarding remuneration of the Board in compliance with the United States generally accepted accounting principles ("US GAAP") but will not implement procedures that are not generally applied under Bermuda law. We therefore deviate from this part of section 11 of the Code. There are no service contracts between the Company and any of our directors providing for benefits upon termination of their service.

Section 12 Salary and other remuneration for executive personnel
There is no obligation to present the guidelines for remuneration of the executive management to the shareholders of a Bermuda incorporated company. We provide information to our shareholders regarding remuneration of the executive management in compliance with US GAAP, but will not implement procedures that are not generally applied under Bermuda law. In the view of the Company there is sufficient transparency and simplicity in the remuneration structure, and information provided through the annual report and financial statements are sufficient to keep shareholders adequately informed. We therefore deviate from this part of section 12 of the Code.

Section 13 Information and communications
The Board has established guidelines requiring interim financial reporting on a quarterly basis according to a financial calendar that is publicly available. We hold a quarterly financial results conference call, which is accessible to all participants in the securities market. Timing and venue for such events are announced through public press releases. For specific events the Board requests that the Company hold investor meetings allowing for more detailed information. The information shared in such meetings is published on our website.

Section 14 Take-overs
The Board of Directors has adopted all recommendations in the Code related to takeovers, which requires that all shareholders are given sufficient information and time to form an independent view of a potential takeover offer.

We comply with the Code related to this section.

Section 15 Auditor
The Board's Audit Committee is responsible for ensuring that the Group is subject to an independent and effective audit. Our independent registered public accounting firm (independent auditor) is independent in relation to Archer and is appointed by the general meeting of shareholders. The independent auditor's fee must be approved by the general meeting of shareholders.

The Audit Committee is approved by the Board and is responsible for ensuring that the Company is subject to an independent and effective external audit. On an annual basis the independent auditor presents a plan to the Audit Committee for the execution of the independent auditor's work.

The independent auditor participates in all meetings of the Audit Committee which concern financial statement filings, and participates in reviewing the Company's internal control procedures, including identified weaknesses and proposals for improvement.

Archer Limited and subsidiaries
Appendix 1 – Corporate Governance

When evaluating the independent auditor, emphasis is placed on the firm's competence, capacity, local and international availability, and the size of its fee. The Audit Committee evaluates and makes a recommendation to the Board, the corporate assembly, and the general meeting of shareholders regarding the choice of independent auditor, and it is responsible for ensuring that the independent auditor meets the requirements in Norway.

The Audit Committee considers all reports from the independent auditor before they are considered by the Board. The Audit Committee holds regular meetings with the independent auditor without the Company's management being present.

We comply with the Code related to this section.

Norwegian Accounting Act Section 3-3 b
In addition to the Norwegian Code of Practice for Corporate Governance, the Norwegian Accounting Act has set out additional requirements for corporate governance. We have established a set of guidelines related to internal control and corporate governance.

Risk Oversight
It is management's responsibility to manage risk and bring our most material risks to the attention of the Board. The Board has delegated to the Audit Committee the responsibility to discuss with management our major financial risk exposures and the steps management has taken to monitor and control those exposures, including our risk assessment and risk management. The Audit Committee reports as appropriate to the full Board. Each operational division head is responsible to report risks related to each segment to the Chief Executive Officer, who in turn reports to the Board.

Internal control
Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with US GAAP. Our control environment is the foundation for our system of internal control over financial reporting and is an integral part of our Code of Conduct and Business Ethics for the Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, which sets the tone of our Company. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of our financial statements in accordance with US GAAP, and that receipts and expenditures are being made only in accordance with authorisations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Audit committee
The Audit Committee currently consists of Directors James O'Shaughnessy and Richard Stables. The Audit Committee assists our Board in fulfilling its oversight responsibility by overseeing and evaluating (i) the conduct of our accounting and financial reporting process and the integrity of our financial statements; (ii) the functioning of our systems of internal accounting and financial controls; (iii) the performance of our internal audit function and (iv) the engagement, compensation, performance, qualifications and independence of our independent auditors.

The independent auditors have unrestricted access and report directly to the Audit Committee. The Audit Committee meets privately with, and has unrestricted access to, the independent auditors and all of our personnel.

Compensation committee
The Compensation Committee currently consists of the Directors Peter J. Sharpe, Arne Sigve Nylund and Jan Erik Klepsland. The Compensation Committee formulates and oversees the execution of our compensation strategies, including making recommendations with respect to compensation arrangements for senior management, directors and other key employees. The Compensation Committee also administers our stock compensation plans.

Archer Limited and subsidiaries
Appendix 1 – Corporate Governance

Communications with the Board
Shareholders and other interested parties wishing to communicate with the Board or any individual director, including the Chairman, should send any communication to the Corporate Secretary, Archer Limited, Par-la-Ville Place 14 Par-la-Ville Road, Hamilton HM 08, Bermuda. Any such communication must state the number of shares beneficially owned by the shareholder making the communication. The Corporate Secretary will forward such communication to the director or directors to whom the communication is directed, unless the Corporate Secretary determines that the communication does not relate to the business or affairs of the Company or the functioning or constitution of the Board or any of its committees, or it relates to routine or insignificant matters that do not warrant the attention of the Board, or is an advertisement or other commercial solicitation or communication, or is frivolous or offensive, or is otherwise not appropriate for delivery to directors.

Communication from the company
Information of relevance to our share price is communicated through our website and includes information relating to results and economic development. Our policy is to comply with all applicable standards aimed at securing a good information flow.

We publish annual and quarterly reports, as well as our annual ESG report, on our website. We acknowledge the importance of providing shareholders, and the equity market in general, with correct and relevant information about us and our activities.

Other than the items mentioned above, we have not established any further guidelines regulating the work of the Board and its committees.

Archer 2023 Annual Report

Archer Limited and subsidiaries
Appendix 2 – Material Subsidiaries

Archer group companies and ownership interests

Company	Country of Incorporation	Direct and indirect shareholding and voting rights
DLS-Archer Ltd. S.A.	ARGENTINA	100%
DLS Argentina Ltd. Argentina (Branch)	ARGENTINA	100%
DLA Argentina Fluidos S.A.	ARGENTINA	100%
Archer Well Company (Australia) Pty Ltd	AUSTRALIA	100%
Archer Well Company International Azerbaijan (Branch)	AZERBAIJAN	100%
Archer (UK) Ltd (Branch)	AZERBAIJAN	100%
Archer Emerald (Bermuda) Limited	BERMUDA	100%
Archer Topaz Limited	BERMUDA	100%
Archer DLS Corporation Bolivia (Branch)	BOLIVIA	100%
Archer do Brasil Serviços de Petróleo Ltda	BRASIL	100%
Archer do Brasil Ltda	BRASIL	100%
Archer DLS Corporation	BVI	100%
DLS Argentina Limited	BVI	100%
DLS Argentina Holding Ltd	BVI	100%
Archer BCH (Canada) Ltd	CANADA	100%
Archer BCH (Canada) Branch	GUYANA	100%
Archer Oil Tools AS Congo (Branch)	CONGO	100%
Archer Offshore Denmark AS	DENMARK	100%
Archer (UK) Limited France (Branch)	FRANCE	100%
Archer Services Limited	HONG KONG	100%
Jarðboranir hf. (Iceland Drilling)	ICELAND	50%
PT Archer	INDONESIA	95%
Archer Well Company (M) SDN BHD	MALAYSIA	100%
Archer Well Solutions (Malaysia) Sdn Bhd	MALAYSIA	49%
Archer Well Company International Ltd. (Branch)	MOZAMBIQUE	100%
Archer Well Services Nigeria Limited	NIGERIA	100%
Archer AS	NORWAY	100%
Archer Consulting AS	NORWAY	100%
Archer Norge AS	NORWAY	100%
Archer Oil Tools AS	NORWAY	100%
Comtrac AS	NORWAY	50%
Archer Poland Sp. Z.O.O.	POLAND	100%
Archer Well Technologies LLC	RUSSIA	100%
Rawabi Archer Company Ltd.	SAUDI ARABIA	10%
Archer (UK) Limited Abu Dhabi (Branch)	UAE	100%
Archer Well Oil and Gas Services LLC	UAE	100%
Archer (UK) Limited Jebel Ali Free Zone (Branch)	UAE	100%
Archer (UK) Limited	UK	100%
Archer Assets UK Limited	UK	100%
Archer Consulting Resources Limited	UK	100%
Archer Well Company International Ltd	UK	100%
Archer Well Services (Saudi Arabia) Ltd	UK	100%
Romar International Ltd	UK	100%
Romar Topco Ltd	UK	100%
Archer Holdco LLC	USA	100%
Abrado Inc.	USA	100%
Archer Oiltools LLC	USA	100%
Archer Well Company Inc	USA	100%
Ziebel US Inc.	USA	100%

** see note 12 for details regarding Comtrac AS.*

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