Q1 2024 results

May 7, 2024

Archer

Disclaimer – forward looking statements

Cautionary Statement Regarding Forward-Looking Statements

In addition to historical information, this presentation contains statements relating to our future business and/or results. These statements include certain projections and business trends that are "forward-looking." All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements preceded by, followed by or that include the words "estimate," pro forma numbers, "plan," project," "forecast," "intend," "expect," "predict," "anticipate," "believe," "think," "view," "seek," "target," "goal" or similar expressions; any projections of earnings, revenues, expenses, synergies, margins or other financial items; any statements of the plans, strategies and objectives of management for future operations, including integration and any potential restructuring plans; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Financials figures presented for 2024 are unaudited.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. Actual results may differ materially from projected results due to certain risks and uncertainties. Further information about these risks and uncertainties are set forth in our most recent annual report for the year ending December 31, 2023. These forward-looking statements are made only as of the date of this press release. We do not undertake any obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The forward-looking statements in this report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from Fourth parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections.

Track record of growth in positive oil and gas market

$1,169m
2023 revenue

$117m
2023 EBITDA reported

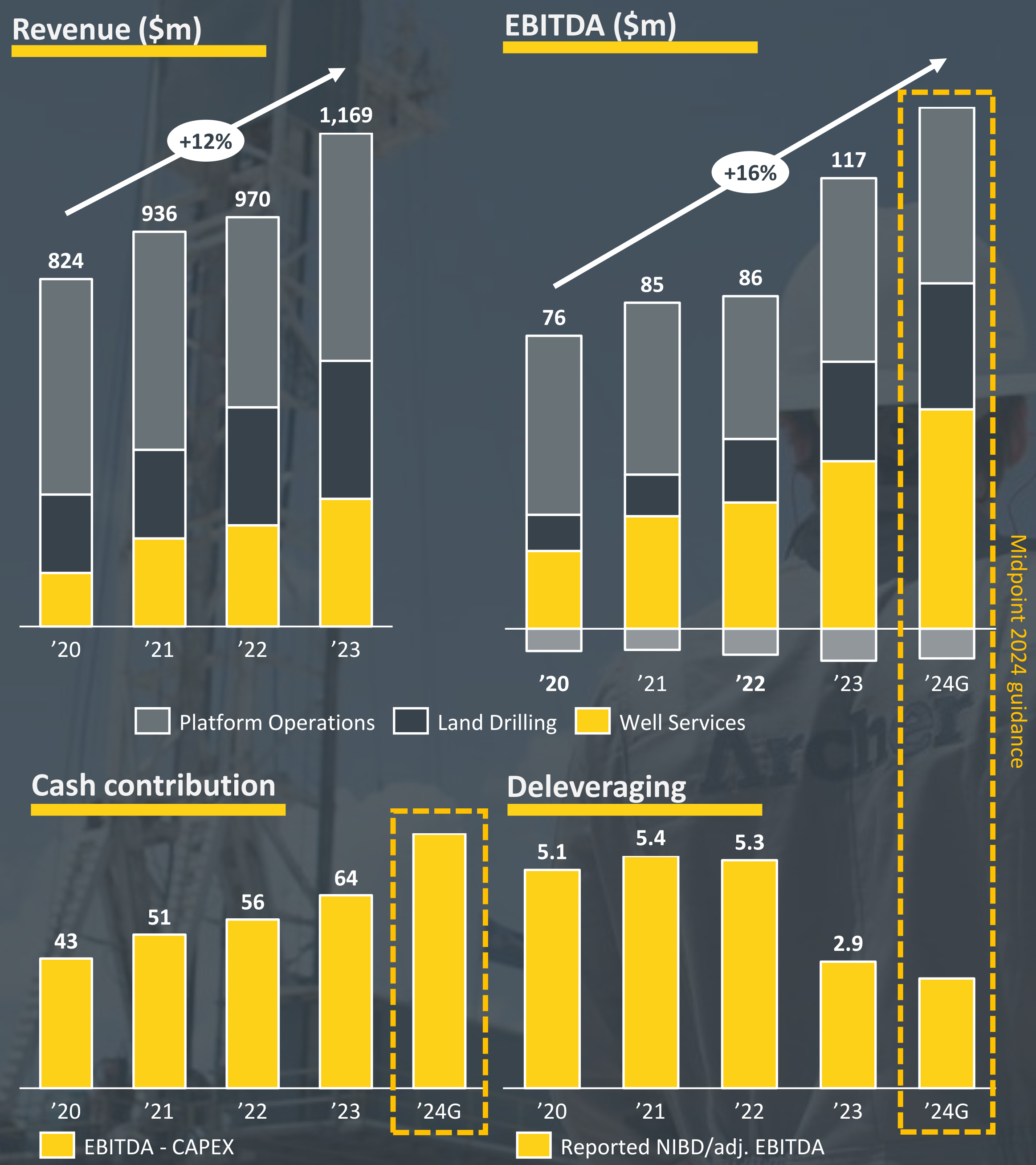
$2.5bn
Contract backlog

50 years
Operational experience

40
Locations globally

4,900+
Global personnel

Carbon neutral since '22
Scope 1 & 2 outside Argentina and Bolivia

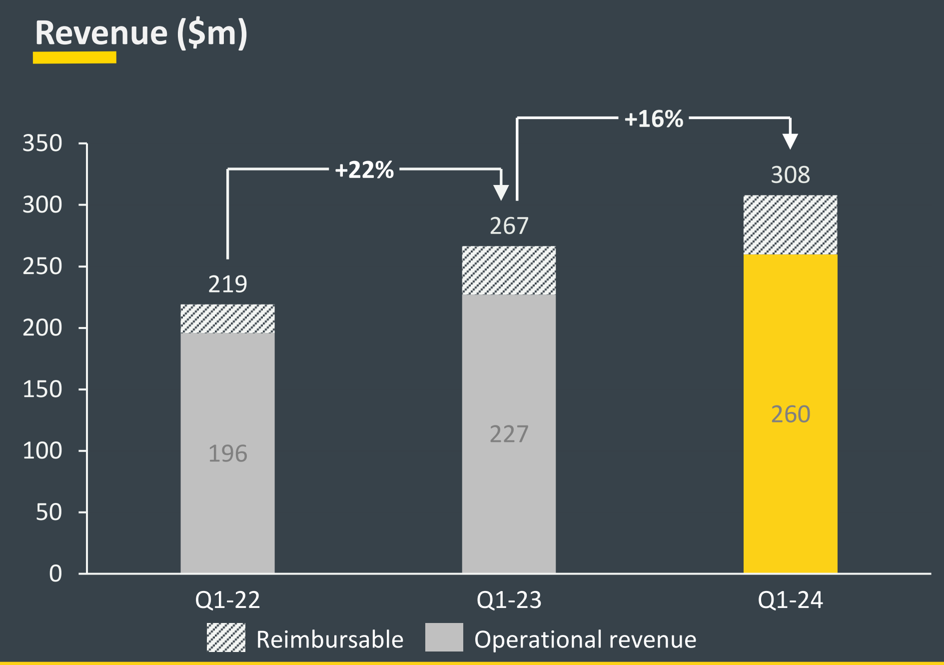


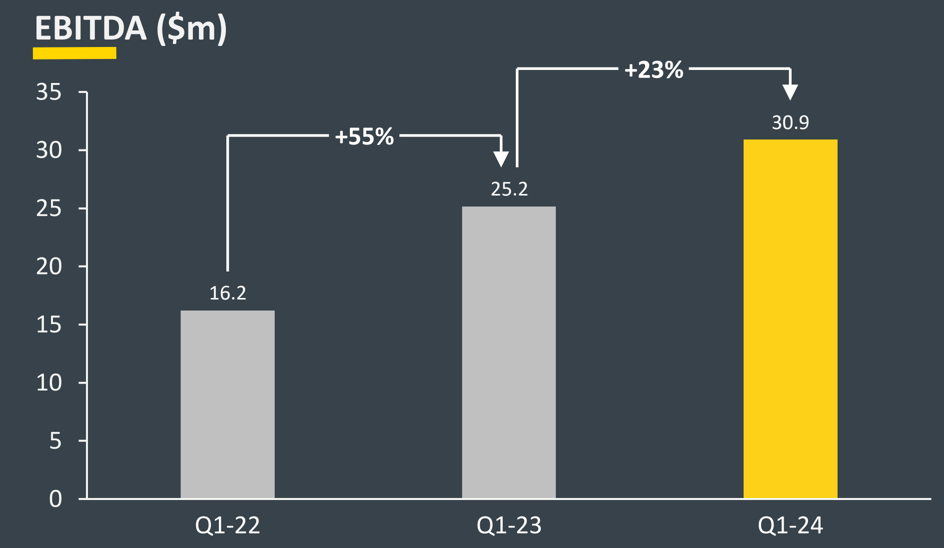
Continued strong financial performance in Q1

- Revenue of $308 million; **up 16%** YOY
- Adjusted EBITDA of $32.9 million; **up 20%** YOY
- EBITDA of $30.9 million, **up 23%** YOY
- Cash contribution[1] of $21.8 million, **up 39%** YOY
- Grew backlog by 80% during the quarter, from USD 1.5 bn to 2.5 bn
- Positive adjusted net income in Q1 of $2.6 million
- Leverage ratio[2] reduced to 2.8 from 2.9 at year-end
- Acquisition of 65% of Vertikal Service AS in May
- Executed share consolidation

1) Cash contribution = EBITDA - CAPEX

2) Reported NIBD/adj. EBITDA





Acquisition of Vertikal Service

- Archer have agreed to acquire 65% of the shares in Vertikal Service AS
- Vertikal's business aligns with Archer's core capabilities while opening avenues for growth in renewable sectors such as wind and hydropower.
- The combination of Archer's offshore construction business with Vertikal's inspection, installation, and maintenance services, positions Archer for the growth in the energy construction market
- Total consideration of USD 2.5 million in cash + contribution of Archer's offshore drilling facilities construction business in Norway – with an estimated payback of 3 years

VERTIKALSERVICE

- Vertikal has 125 employees
- Vertikal provides inspection, installation, and maintenance services
- Vertikal use industrial rope access techniques to service oil and gas, offshore and onshore wind turbines, hydropower stations

$4 billion in total backlog

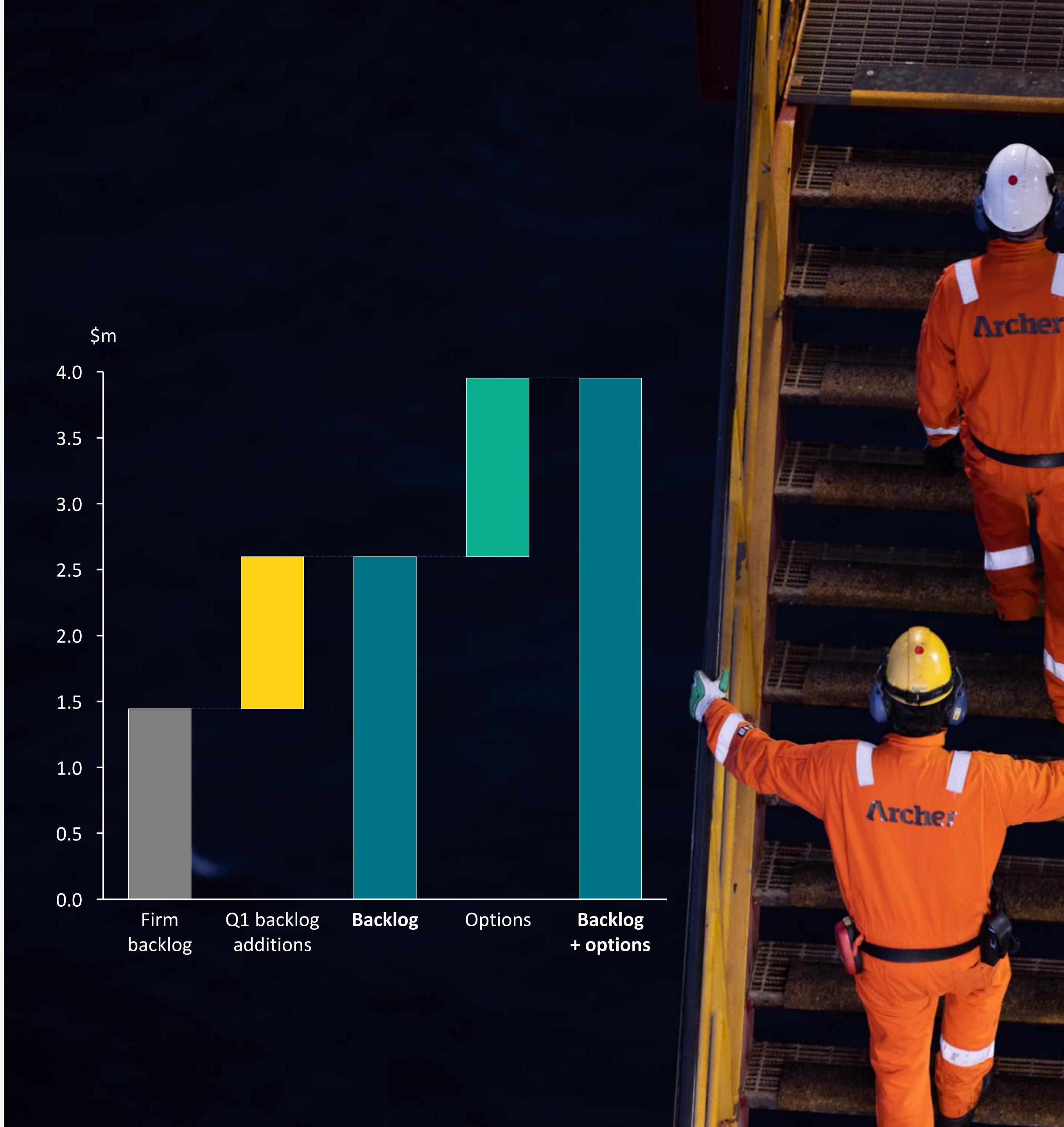
Grew firm order backlog by 80% during the quarter

- 4-year platform drilling contract extension for the operation of 9 installations in the North Sea for Equinor (reduction from currently 12 installations)

- 2-year platform drilling contract with Trident Energy do Brazil

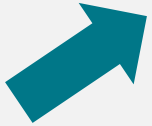
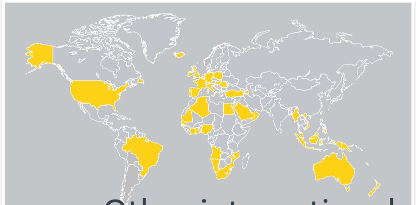
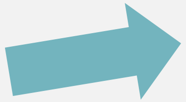
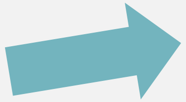
- 2.5-year contract extension for three drilling rigs operating in Pan American's Cerro Dragon field and a 2-year contract for one additional drilling rig in Vaca Muerta

- Award of a 2-year platform drilling contract extension for the operation of 2 installations in the UK



Market outlook

Well-positioned in segments with attractive long-term outlook

Business Area	Archer sentiment[1]	Outlook	Selected recent developments
 UK		Strong growth as we expand service offering and growing P&A market • Production focused with intervention and workover services • Integrated P&A projects	✓ TAQA P&A project with MDR Topaz in exectution ✓ Revenue growth in UK of more than 100% compared to Q1 23
 Other international		Market for Archer's core services continue to grow • Significantly growth opportunity as Archer have moderate international well services presence today – growth in presence and service offering • P&A market set to double next 10 years regardless of oil-price	✓ 2-year platform drilling contract with Trident Energy do Brazil ✓ Growth in revenue of 40% in Brazil compared to Q1 23
 Norway		Stable activity and growth for Archer services • Production focused with intervention and workover services • Continue to expand service offering and value for clients	✓ 4-year platform drilling contract extension on nine installations for Equinor ✓ Acquisition of Vertikal Services AS, strengthening engineering services portfolio
 Argentina		Increased activity on new transport infrastructure and demand • Drilling activity in Vaca Muerta to follow increased transport capacity • Workover services to maintain production in existing wells	✓ 2.5-year contract extension for three drilling rigs in the Cerro Dragon field ✓ One additional drilling rig in Vaca Muerta

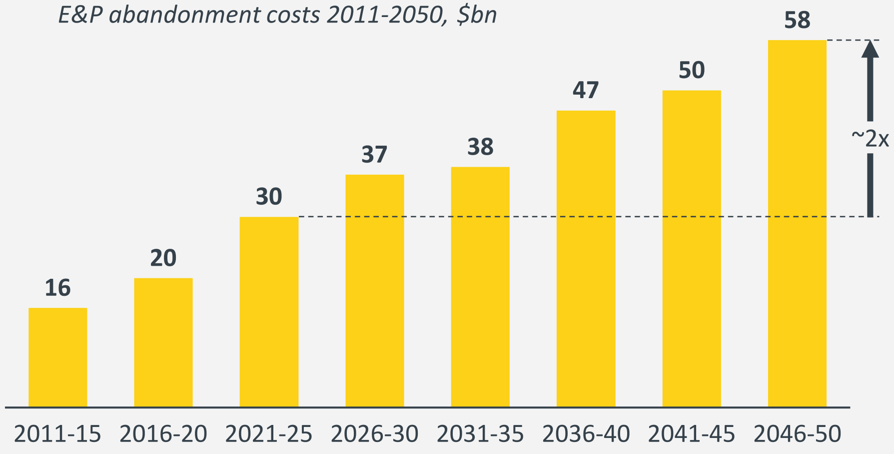
1) Medium-term growth outlook

Strong market outlook for Archer's P&A service the next 30 years

Global offshore decommissioning market outlook (incl. P&A)

Global offshore decom. spending set to double to 2050

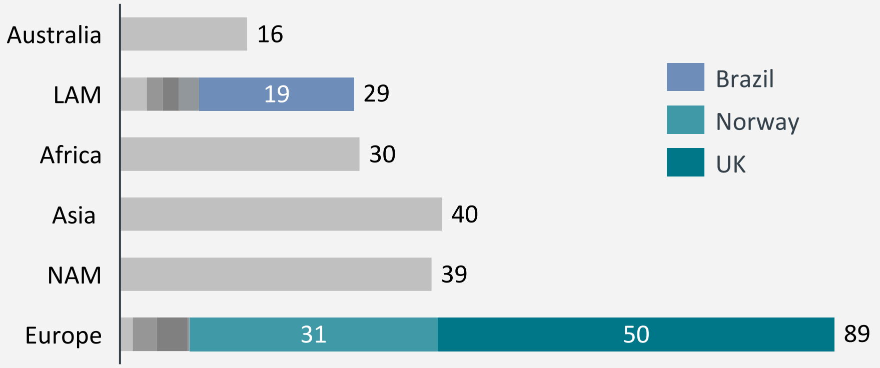
E&P abandonment costs 2011-2050, $bn



- Global offshore decom market set to grow substantially the next 30 years
- Approximately 50% of decom cost is well P&A
- Six largest IOCs with $12 to $22 billion each in decom liabilities

Total offshore decom. spend exceeding $240B to 2050

E&P abandonment costs 2024-2050, $bn

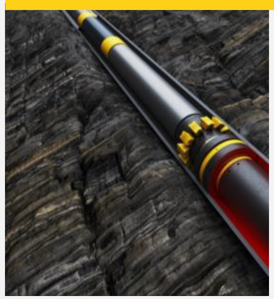


- UK largest decom market with already high activity
- Archer focused on UK, Brazil and Norway for integrated contracts
- Approximately 40% of global decom liability in home market

Source: Rystad Energy ServiceDemandCube (24.04.24)

Summary of business segment and drivers

Well Services



Business characteristics

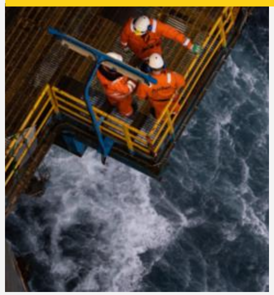
- ✓ Extensive light and heavy well intervention portfolio
- ✓ Broadest tools portfolio for P&A in the industry
- ✓ Portfolio for platform, drilling rigs and LWIV

Financials and outlook

- ✓ Strong EBITDA growth 2017-2023 with CAGR of 29%, of which 26% organic
- ✓ Continued growth in International geographies and service offering
- ✓ Well services now the largest EBITDA contributor with 40-45% of Archer

Continued growth and margin expansion

Platform Operations



Business characteristics

- ✓ Market leader in the North Sea
- ✓ Long term contracts on platforms
- ✓ P&A rigs ideally position for well decom

Financials and outlook

- ✓ Annual average EBITDA for last four year of $49 million, or 12% of operational revenue
- ✓ Stable annual cash contribution of about $40m during the last four years
- ✓ Growth going forward based on backlog and significant well decom market

Resilient EBITDA and cash contribution

Land Drilling

Business characteristics

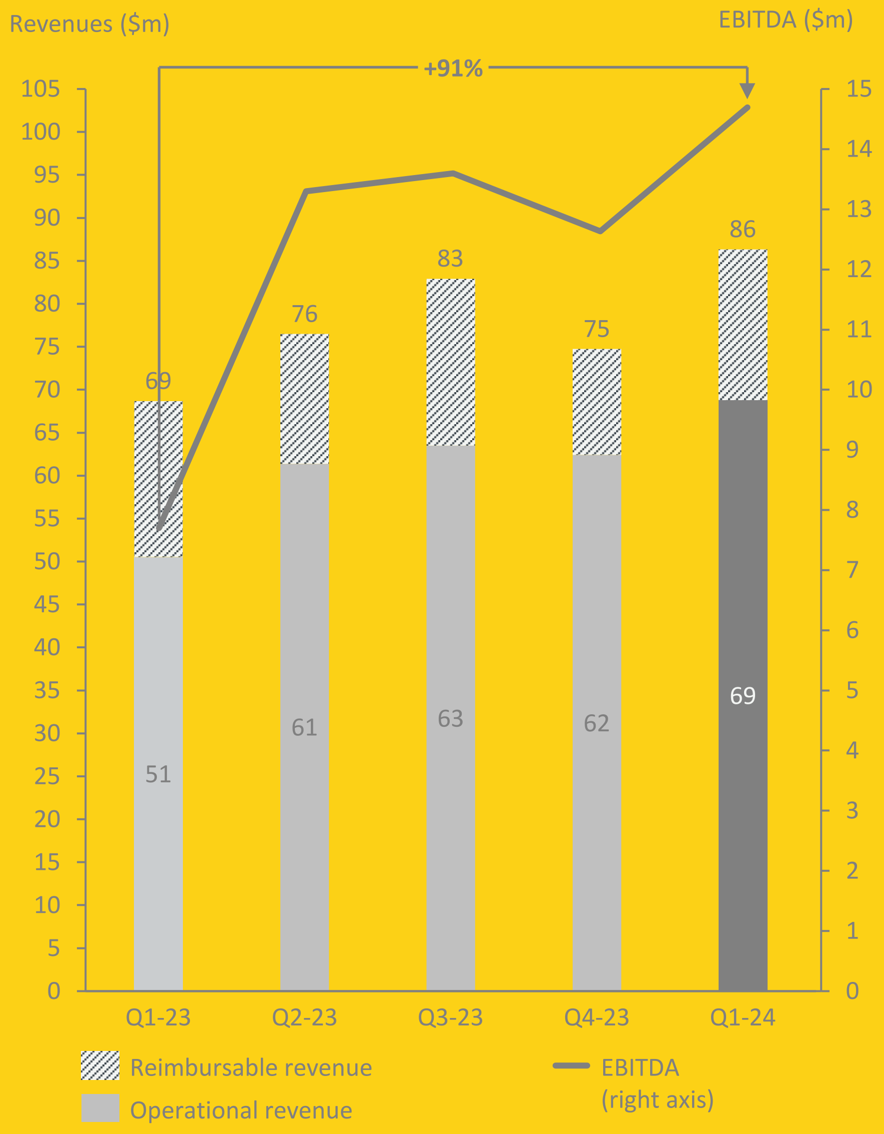
- ✓ Market leader in Argentina for drilling services
- ✓ Attractive oil & gas resources in place
- ✓ Archer is well placed with high spec rigs

Financials and outlook

- ✓ EBITDA growth of 75% in 2023 and additional growth of 15-20% in 2024
- ✓ Inflation and currency fluctuation largely neutral for Archer EBITDA over time
- ✓ Archer received $70 million of cash from Argentina since 2015

Robust growth in improving market for drilling services

Well Services

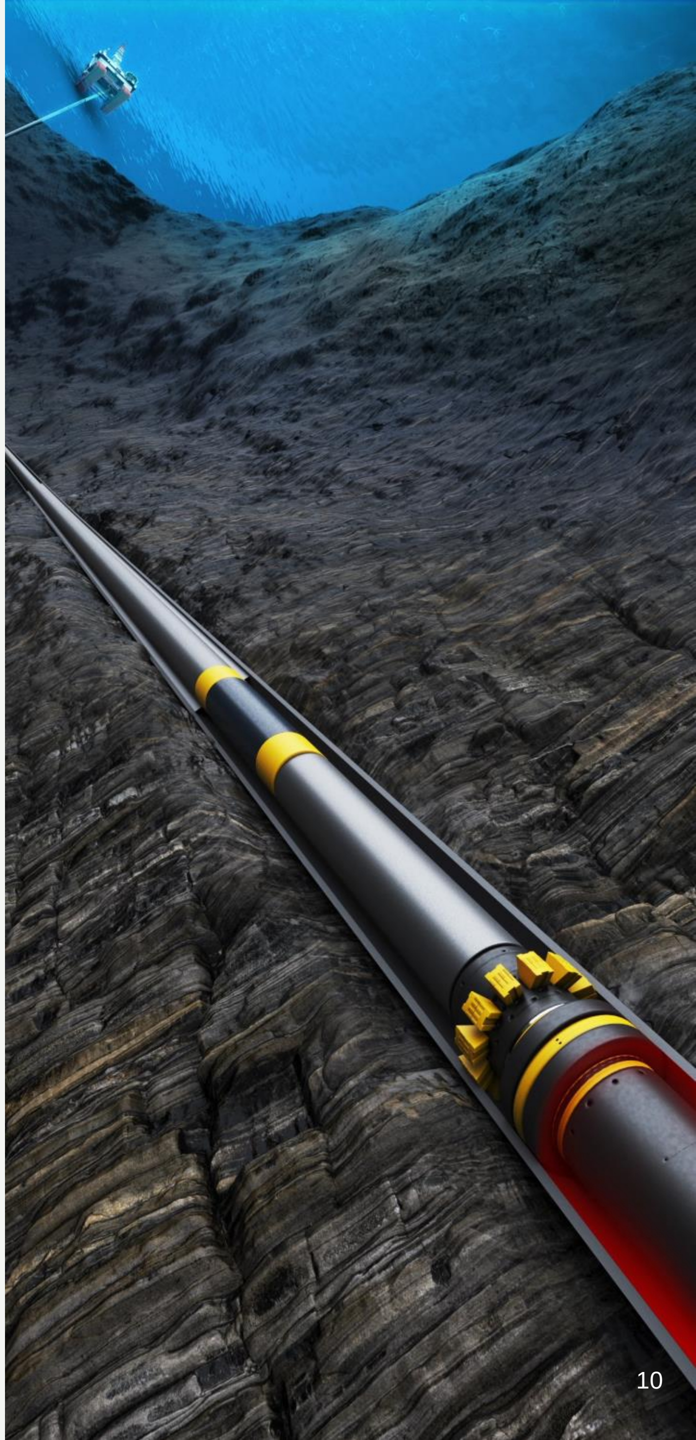


Financials

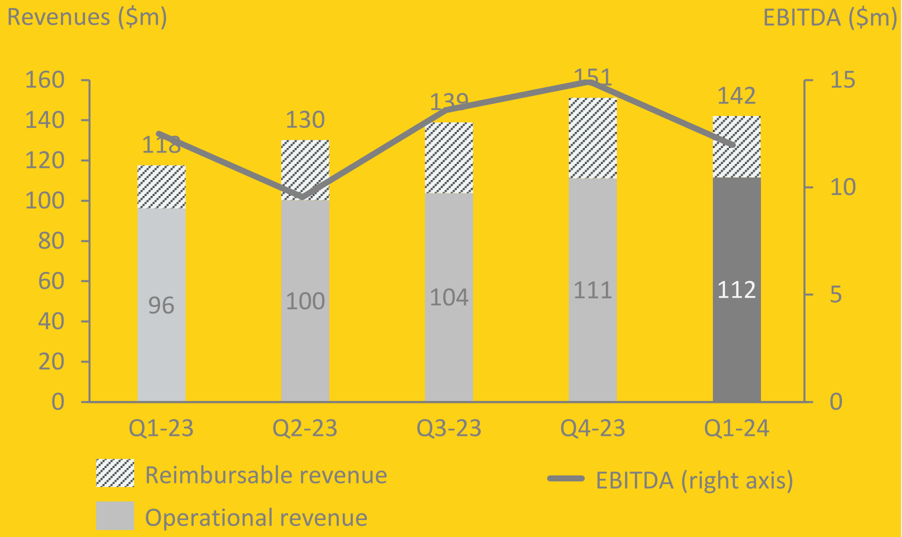
- Operational revenue increased by **10%** over the quarter, ending at $68.8 million
- Compared to same quarter last year, EBITDA grew by **91%**
- EBITDA increased by **16%** from previous quarter, to $14.7 million
- EBITDA margin, excluding reimbursables, of about **21.4%**

Operations

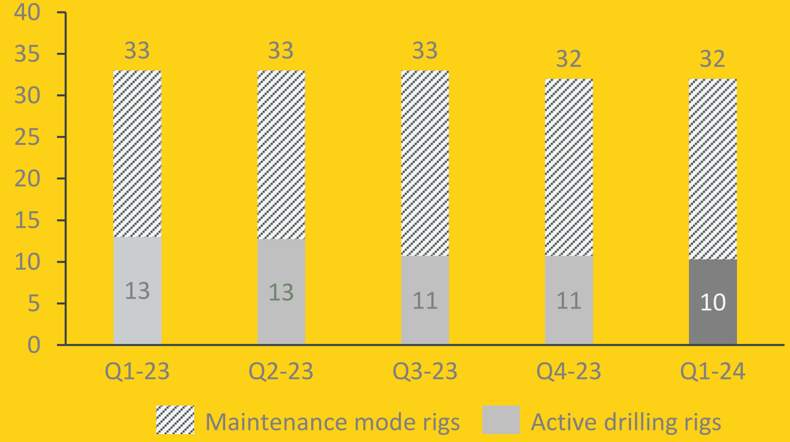
- Continued strong performance and activity in our key regions
- We successfully deliver on our international growth strategy, by accelerating increased activity internationally, driven by increased activity for Brazil during the quarter.



Platform Operations



Platform Drilling contracted rigs [# of rigs]

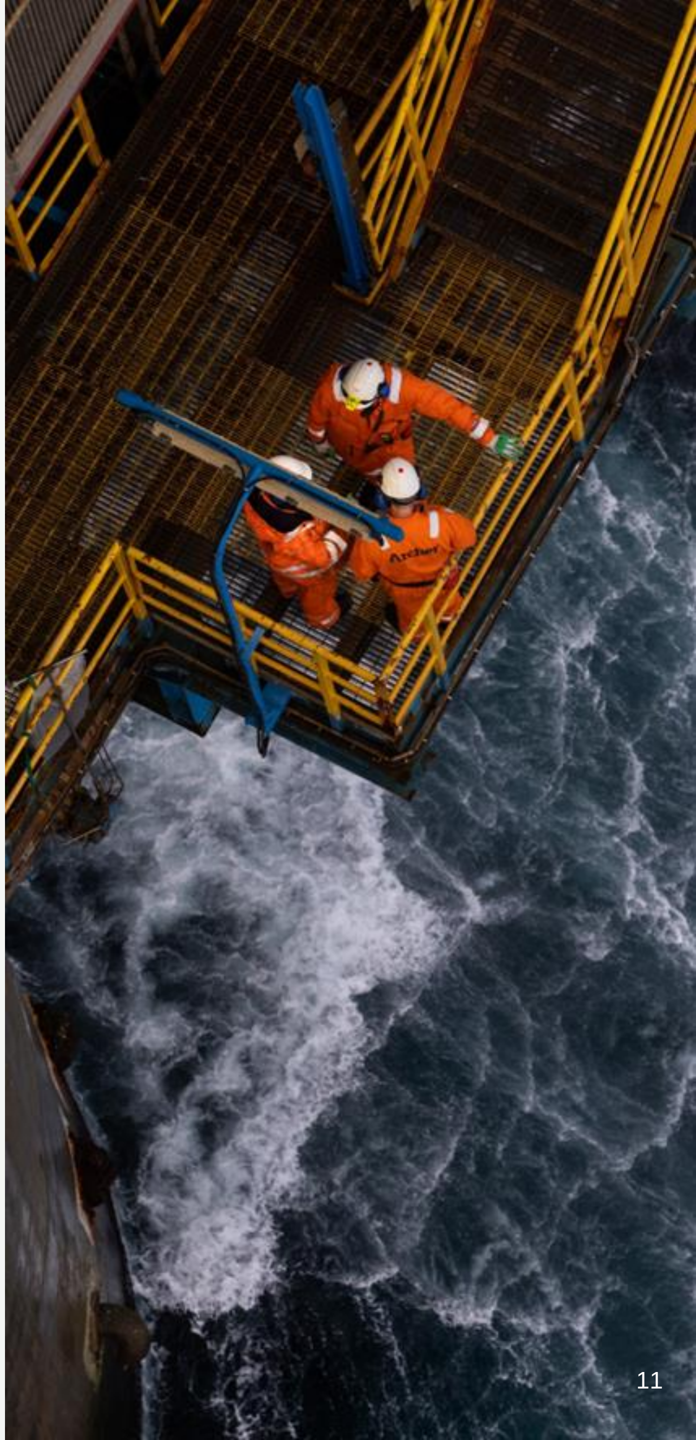


Financials

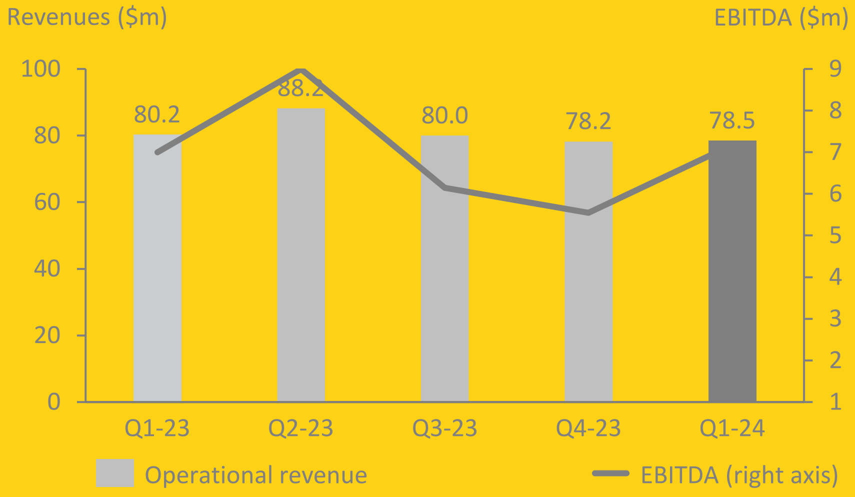
- Operational revenue moderately increased, ending at $111.6 million
- EBITDA of $12.0 million in-line with the same quarter last year, and with a reduction of $2.9 million compared to Q4 mainly related to scheduled downtime on Topaz

Operations

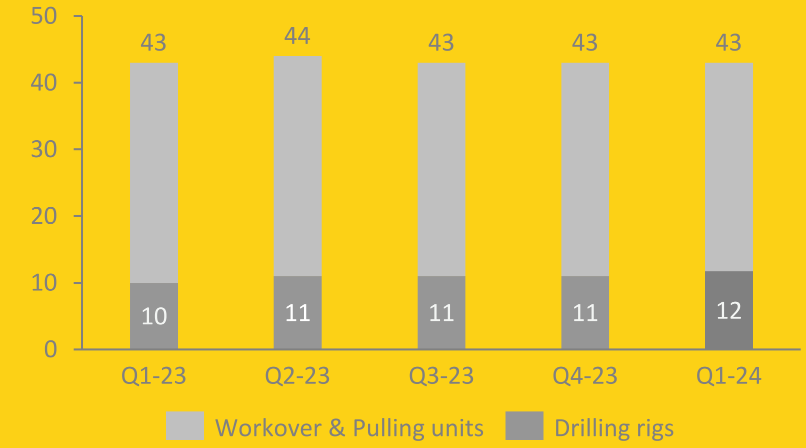
- Continued high activity for Engineering in the quarter, both in the North Sea and in Brazil
- Modular rig continue with safe and efficient operations, however with less operational days in the quarter due to scheduled maintenance
- **Significant growth in order backlog during the quarter:** Important contract win for Trident in Brazil for one platform drilling rig and securing new 4-year contract for nine rigs with Equinor in Norway



Land Drilling



Number of active Archer rigs



Financials

- Revenue increased moderately to $78.5 million compared with previous quarter
- EBITDA increased by $1.7 million, ending **at $7.2** million in the quarter on the back of strong operational performance

Operations

- Mobilized first of the flex rigs for Pan American in the South of Argentina
- Continued strong and safe operational performance, delivering wells and receiving performance incentives for efficient operations
- Signed two new contracts with Pan American for operating 3 rigs

Condensed profit & loss

- Total revenue of $308.3 million in Q1 2024 represent an **increase of $41.7** million from same quarter last year, driven by growth in all business areas
- Adjusted EBITDA margin of 10.7%
- EBITDA of $30.9 million is an **increase of $5.7 million** or **23%** compared to Q1 2023
- EBIT of $17.9 million, increased **40%** YOY
- Other financial items impacted by unrealized FX effect
- Improved adjusted net income of $2.6 million in the quarter, up from $0.8 million previous year

$ million	**Q1 2024**	**Q1 2023**
Operating revenues	260.2	226.9
Reimbursable revenue	48.1	39.7
Total Revenues	**308.3**	**266.6**
EBITDA before exceptional items	32.9	27.4
EBITDA margin before exceptional items	*10.7%*	*10.3%*
Exceptional items	(2.1)	(2.2)
EBITDA	**30.9**	**25.2**
EBITDA margin	*10.0%*	*9.5%*
Impairments	-	(2.0)
Deprecation, amortization, other	(13.0)	(10.4)
EBIT	**17.9**	**12.8**
Gain on bargain purchase	-	(0.1)
Result from associated entities	(0.1)	(1.8)
Net interest expense	(12.4)	(11.1)
Amortization of prepaid debt fees	(1.7)	(0.3)
Other financial items	(12.4)	(15.7)
Net income before tax	**(8.7)**	**(16.1)**
Tax benefit (cost)	(2.0)	(1.8)
Net (loss) income	**(10.8)**	**(17.9)**
Net adjustments*	**13.4**	**18.7**
Adjusted net (loss) income*	**2.6**	**0.8**

***adjusted for impairments, gain on bargain purchase, MtM of financial assets, amortization of prepaid debt fees, FX and transaction cost**

Condensed balance sheet

$ million	31.03.2024	31.12.2023
Cash and cash equivalents	57.4	52.1
Restricted cash	0.4	3.5
Accounts receivables	182.5	183.8
Inventories	72.3	75.0
Other current assets	50.9	40.4
Investments and loans to associates	11.6	12.3
Property, plant and equipment	303.6	313.1
Right of use assets	31.7	34.4
Goodwill	148.9	156.0
Other non-current assets	32.6	35.2
Total assets	**891.8**	**905.7**
Current portion of interest-bearing debt	18.7	17.6
Accounts payable	80.5	75.5
Lease liability current	11.0	11.4
Other current liabilities	175.5	173-0
Long-term interest-bearing debt	401.5	402.5
Deferred taxes	0.1	0.3
Lease liability	20.7	22.9
Other noncurrent liabilities	8.1	6.3
Shareholder's equity	175.6	196.2
Total liabilities and shareholders' equity	**891.8**	**905.7**
Leverage ratio (Reported NIBD/adj. EBITDA)	**2.8**	**2.9**

- Cash and cash equivalents of $57.4 million, increased by $5.3 million compared to year end 2023
- Equity of $175.6 million reduced compared to year end, following translation adjustments (goodwill) and net loss in the quarter
- Leverage ratio reduced to 2.8

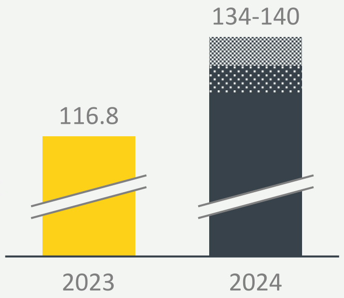
Financial outlook for 2024 – continued growth and reduced leverage

2024 Guidance (unchanged)

Figures in USD million

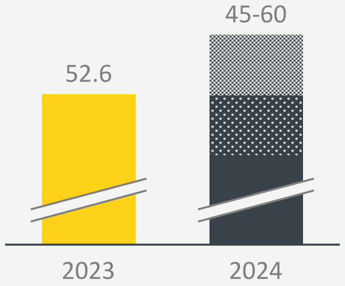
EBITDA

15 – 20% growth



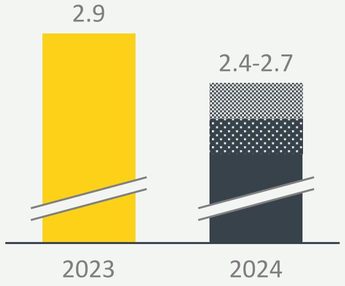
Capital Expenditures

4– 5% of revenue



Leverage Ratio

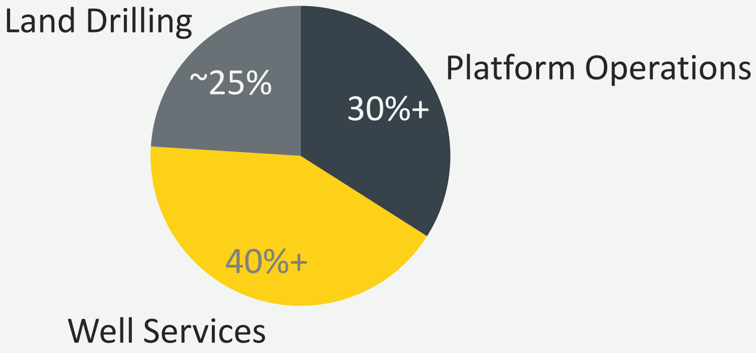
Between 2.4 and 2.7 by end of 2024



Key financial takeaways

- Continued EBITDA growth of between 15% and 20% for Archer in 2024
- Well Services continue with organic EBITDA growth above 20%
- Platform Operations 2024 activity slightly down from 2023 as Emerald will undergo recertification and wait for offshore drilling to commence 2025
- Land Drilling with increased revenue and drilling activity of 10-20%
- Capex somewhat elevated above historic level to support growth and Emerald recertification and upgrade for Fulmar project
- Order backlog grown by 80% during Q1, providing strong revenue visibility for 2024

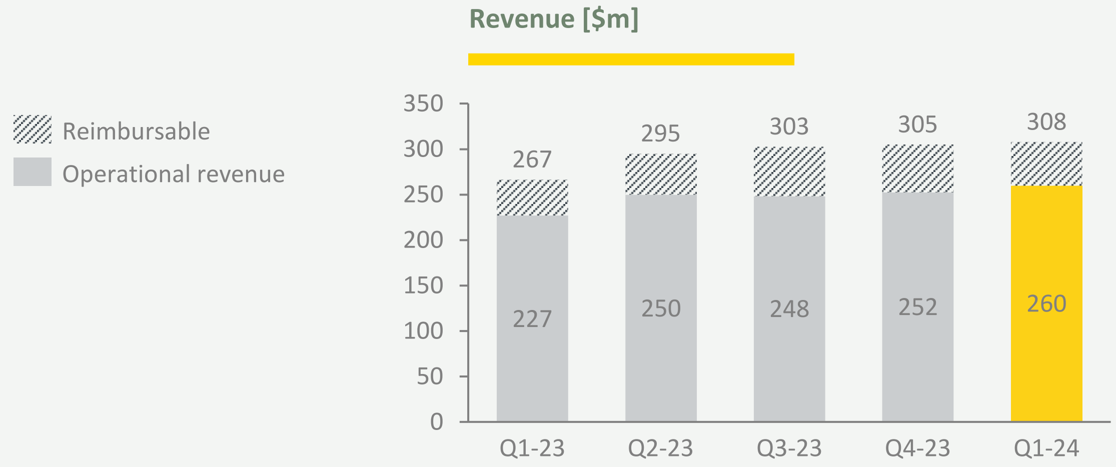
EBITDA 2024 by division

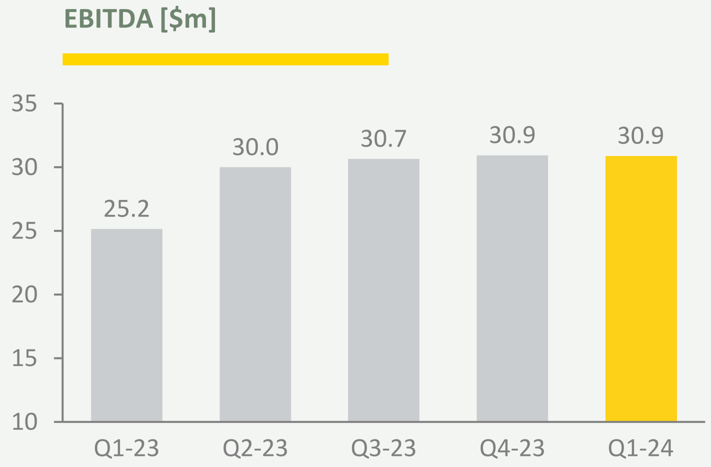


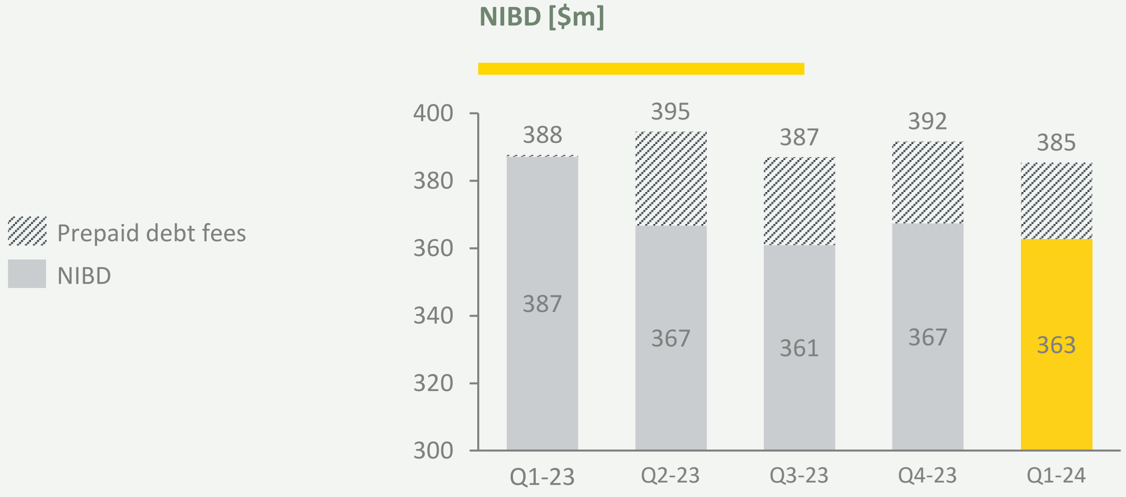
All numbers estimates assumes stable USD/NOK and GBP/USD

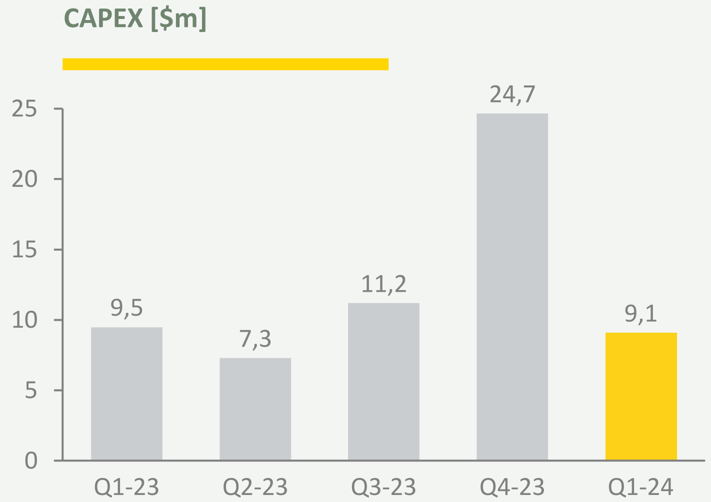
Appendix

Key financials









Condensed profit and loss statement (unaudited)

(Figures in $ million)	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Operating revenues	226.9	249.8	248.1	252.4	260.2
Reimbursable revenue	39.7	45.1	54.6	52.7	48.1
Total Revenues	**266.6**	**294.9**	**302.7**	**305.1**	**308.3**
EBITDA before exceptional items	**27.4**	**31.9**	**32.3**	**33.4**	**32.9**
Severance payments	(1.8)	(1.7)	(0.7)	(0.8)	(2.1)
Other	(0.4)	(0.2)	(1.0)	(1.2)	-
Total Exceptional items*	**(2.2)**	**(1.9)**	(1.7)	(2.4)	(2.1)
EBITDA	**25.2**	**30.0**	**30.7**	**30.9**	**30.9**
Deprecation, amortization, impairments, other	(12.4)	(11.6)	(13.5)	(13.7)	(13.0)
EBIT	**12.8**	**18.4**	**16.6**	**17.0**	**17.9**
Gain from bargain purchase	**(0.1)**	**0.1**	**(0.3)**	-	-
Result from associated entities	(1.8)	(2.3)	0.2	(0.4)	(0.1)
Net interest expense	(11.4)	(15.0)	(12.6)	(12.8)	(14.1)
Other financial items	(15.7)	(15.3)	(4.0)	4.5	(12.4)
Net financial items	**(28.9)**	**(32.6)**	**(16.5)**	**(8.7)**	**(26.7)**
Net result before tax	**(16.1)**	**(14.1)**	**(0.1)**	**8.2**	**(8.7)**
Tax benefit / (expense)	(1.8)	(2.0)	(2.4)	0.3	(2.0)
Net income/(loss)	**(17.9)**	**(16.2)**	**(2.5)**	**8.5**	**(10.8)**
Net adjustments	18.7	18.4	6.3	(0.9)	13.4
Adjusted net income**	**0.8**	**2.3**	**3.7**	**7.6**	**2.6**

*Exceptional items include costs of non-recurring nature, including restructuring charges

**adjusted for impairments, gain on bargain purchase, MtM of financial assets, amortization of prepaid debt fees, FX and transaction cost

Condensed balance sheet (unaudited)

$ million	31.03.2023	30.06.2023	30.09.2023	31.12.2023	31.03.2024
Cash, cash equivalents & restricted cash	198.2	73.1	76.3	55.6	57.8
Accounts receivables	147.1	161.2	173.4	183.8	182.5
Inventories	62.1	68.5	71.8	75.0	72.3
Other current assets	41.3	36.4	36.8	38.7	49.1
Investments and loans in associates	19.9	18.5	12.6	12.3	11.6
Property, plant and equipment, net	307.8	304.3	301.3	313.1	303.6
Right of use assets	25.2	24.7	23.9	34.4	31.7
Goodwill	149.1	147.9	148.8	156.0	148.9
Other non-current assets	39.7	39.1	35.6	37.0	32.6
Total assets	**990.5**	**873.4**	**880.4**	**905.7**	**891.8**
Current portion of interest-bearing debt	3.6	3.5	4.0	17.6	18.7
Accounts payable	58.0	62.9	63.5	75.5	80.5
Lease liability current	5.0	5.6	5.6	11.4	11.0
Other current liabilities	159.0	163.1	171.4	176.7	175.5
Long-term interest-bearing debt	564.7	430.7	432.7	402.5	401.5
Subordinated related party loan	15.9	-	-	-	
Deferred taxes	0.3	0.3	0.6	0.3	0.1
Lease liability	20.2	19.1	18.3	22.9	20.7
Other noncurrent liabilities	3.7	4.6	4.7	2.6	8.1
Shareholder's equity	160.0	183.6	179.6	196.2	175.6
Total liabilities and shareholders' equity	**990.5**	**873.4**	**880.4**	**905.7**	**891.8**

Condensed cash flow statement – last 5 quarters (unaudited)

(Figures in $ million)	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Operating activities	30.2	1.7	0.2	18.7	14.3
Investing activities	(17.7)	(10.9)	2.6	(22.7)	(8.6)
Financing activities	94.7	(114.8)	0.5	(19.3)	(0.6)
FX effect	(2.0)	(1.2)	-	2.6	(2.9)
Total*	**105.2**	**(125.2)**	**2.9**	**(20.7)**	**2.2**

*Includes net movements in restricted cash.

Archer's renewables ambitions

Archer combats emissions

- Very limited emissions outside of Land Drilling
- Produce own electricity via installation of Solar PV[1] systems
- Purchasing electricity from guaranteed renewable sources
- Reduced carbon footprint via increasing offshore operations performed remotely onshore

Energy Transition initiatives

- Targeted M&A strategy towards renewable energy
- Global CO_2 emission reduced by 23% from '18 to '23
- Workover rig and pulling unit in Argentina connected to the electricity grid
- Guaranteed renewable electricity used in the US and UK

Archer roadmap to net zero

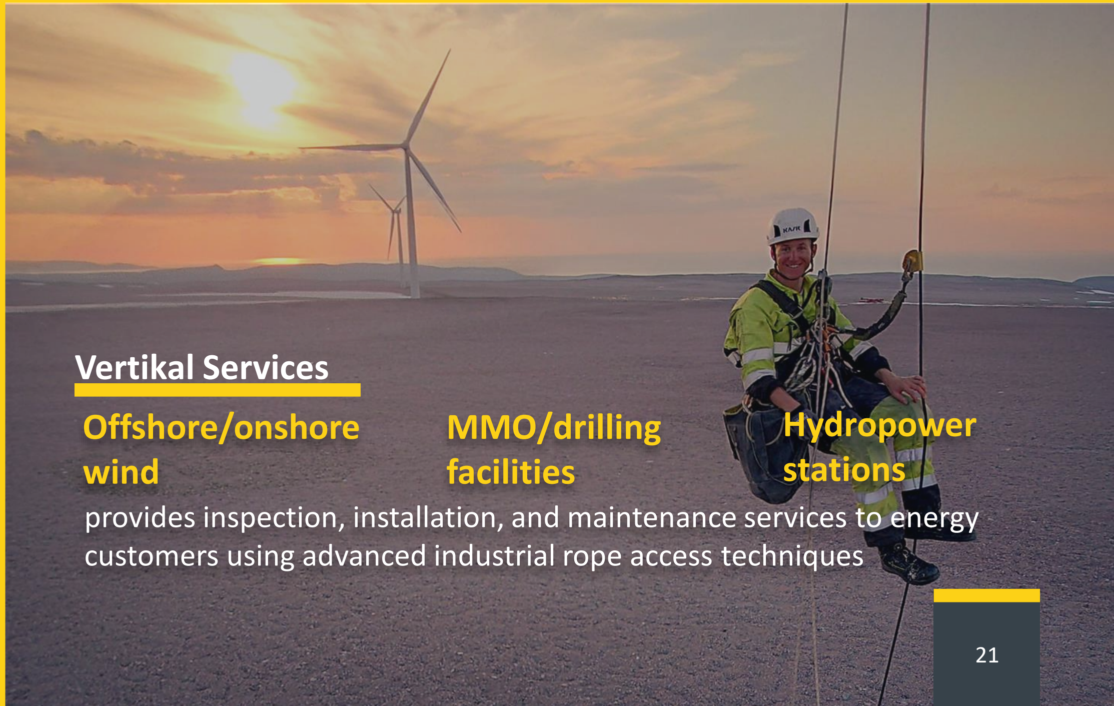
2022	2030	2040	2050
Carbon neutral at all locations outside Argentina and Bolivia (scope 1 and 2)	**30% emission reduction** globally compared to '18	**35% of revenues from renewable energy** and energy transition	Set to become **net zero** by '50

Iceland Drilling

Geothermal drilling delivers high temperature deep geothermal wells

District heating delivers shallower wells for district heating

Carbon storage deliver wells for carbon storage in basalt



Vertikal Services

Offshore/onshore wind

MMO/drilling facilities

Hydropower stations

provides inspection, installation, and maintenance services to energy customers using advanced industrial rope access techniques