2024 Archer Limited

FOURTH QUARTER 2024 RESULTS

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Consolidated Statements of Operations (unaudited)

(In USD millions)		Three Months Ended December 31		Year Ended December 31	
	Note	**2024**	**2023**	**2024**	**2023**
Revenues					
Operating revenues		287.9	252.4	1,096.9	977.2
Reimbursable revenues		60.4	52.7	203.7	192.1
Total revenues		**348.3**	**305.1**	**1,300.7**	**1,169.3**
Expenses					
Operating expenses		240.8	202.8	915.6	805.8
Reimbursable expenses		57.7	53.7	197.1	188.8
Operating lease costs	11	1.9	5.3	10.5	11.3
Depreciation and amortization		17.6	13.7	61.6	49.8
(Gain)/loss on sale of assets		(0.2)	(0.5)	(0.8)	(0.7)
Impairment charges		0.7	0.7	2.7	2.7
General and administrative expenses		11.8	12.4	42.6	46.8
Total expenses		**330.2**	**288.1**	**1,229.4**	**1,104.5**
Operating income		**18.1**	**17.0**	**71.3**	**64.8**
Gain on Bargain Purchase		(0.2)	—	0.1	(0.3)
Gain on equity method investment	7	—	—	2.3	—
Financial items					
Net interest expense		(13.9)	(11.1)	(51.7)	(46.2)
Amortization of prepaid debt fees		(1.7)	(1.7)	(6.8)	(5.6)
Share of results in associated companies	8	0.3	(0.4)	2.1	(4.4)
Other financial items	3	(14.8)	4.5	(27.8)	(30.5)
Total financial items		**(30.1)**	**(8.7)**	**(84.2)**	**(86.7)**
Profit (loss) from continuing operations before income taxes		**(12.2)**	**8.2**	**(10.6)**	**(22.2)**
Income tax benefit (expense)	4	(6.1)	0.3	(14.6)	(5.9)
Profit (loss) from continuing operations		**(18.3)**	**8.5**	**(25.2)**	**(28.1)**
- Attributable to non-controlling interests		0.0	—	0.4	—
- Attributable to controlling interest		(18.3)	8.5	(25.6)	(28.1)
Gain (loss) per share - basic		(0.19)	0.01	(0.37)	(0.02)
Gain (loss) per share - diluted		(0.19)	0.01	(0.37)	(0.02)
Weighted average number of shares outstanding (million)					
Basic	5	79.4	1,624.3	68.6	1,273.6
Diluted	5	79.5	1,624.8	68.8	1,273.6

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

Consolidated Statements of Comprehensive Income/(Loss) and Accumulated Other Comprehensive Loss (unaudited)

Consolidated Statements of Comprehensive Income/(Loss) (Unaudited)

(in USD millions)	Three Months Ended December 31,		Year Ended December 31,	
	2024	2023	2024	2023
Net profit/(loss)	**(18.3)**	**8.5**	**(25.6)**	**(28.1)**
Other comprehensive income (loss)				
Currency translation differences	(15.7)	8.0	(14.2)	3.9
Release AOCI relating to Comtrac investment	(0.6)	—	(0.6)	—
Total other comprehensive income (loss)	**(16.3)**	**8.0**	**(14.8)**	**3.9**
Total comprehensive income (loss)	**(34.6)**	**16.5**	**(40.4)**	**(24.2)**
Attributable to:				
Non-controlling interest	(0.1)	—	0.3	—
Controlling interest	(34.5)	16.5	(40.7)	(24.2)

Accumulated Other Comprehensive Loss (Unaudited)

(in USD millions)	Translation differences	Other comprehensive income	Total
Balance at December 31, 2023	**(5.6)**	**0.6**	**(5.0)**
Total other comprehensive income during 2024	(14.1)	(0.6)	(14.7)
Balance at December 31, 2024	(19.8)	0.0	(19.8)

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

Consolidated Balance Sheet (unaudited)

(In USD million)	Note	December 31, 2024	December 31, 2023
	Note	(Unaudited)	(Audited)
ASSETS			
Cash and cash equivalents		76.8	52.1
Restricted cash		3.8	3.5
Accounts receivables	2	187.8	183.8
Inventories	6	75.8	75.0
Other current assets		60.0	40.4
Total current assets		**404.3**	**354.8**
Investment in associates	8	—	12.3
Property plant and equipment, net		342.6	313.1
Right of use assets	11	26.4	34.4
Deferred income tax asset	4	24.2	20.8
Goodwill	9	174.0	156.0
Other intangible assets, net		19.3	2.8
Deferred charges and other assets		10.0	11.6
Total noncurrent assets		**596.5**	**550.9**
Total assets		**1,000.8**	**905.7**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	10	23.2	17.6
Accounts payable		112.2	75.5
Operating Lease liabilities	11	10.9	11.4
Other current liabilities		194.4	173.0
Total current liabilities		**340.7**	**277.5**
Long-term interest-bearing debt	10	418.1	402.5
Operating Lease liabilities	11	15.6	22.9
Deferred tax	4	0.3	0.3
Other noncurrent liabilities		3.3	6.3
Total noncurrent liabilities		**437.2**	**432.0**
Shareholders' equity		207.5	196.2
Non-controlling interest in consolidated subsidiary		15.4	—
Total Equity		**222.9**	**196.2**
Total liabilities and shareholders' equity		**1,000.8**	**905.7**

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

Consolidated Statements of Cash Flows (unaudited)

(In USD millions)	**Year Ended December 31,**	
Cash Flows from Operating Activities	**2024**	**2023**
Net (loss)/profit from continuing operations	(25.2)	(28.1)
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortisation	61.6	49.8
Impairment of fixed assets	2.7	2.7
Share-based compensation expenses	0.4	0.2
Gain on assets disposals	(0.2)	(0.7)
Share of (gains)/ losses of affiliates	(2.1)	4.4
Loss on settlement of subordinated debt	—	4.1
Amortisation of loan fees	6.8	5.6
Mark to market of net derivative financial instruments	—	(0.9)
Mark to market of marketable securities	—	5.6
Change in deferred and accrued taxes	5.9	0.4
Gain on bargain purchase	(2.4)	—
Decrease/(increase) in accounts receivable and other current assets	15.2	(10.3)
Decrease/(increase) in inventories	6.2	(16.8)
Increase in accounts payable and other current liabilities	32.3	32.7
Change in other operating assets and liabilities net, including non-cash fx effects	1.5	2.3
Net cash provided by operating activities	**102.8**	**51.0**
Cash Flows from Investing Activities		
Capital expenditures	(62.2)	(52.6)
Proceeds from sale of tangible fixed assets and marketable securities	0.7	17.1
Business acquisition and investment in subsidiaries net of cash acquired	(57.4)	(13.2)
Net cash used by investing activities	**(118.9)**	**(48.7)**
Cash Flows from Financing Activities		
Borrowings under revolving facilities, other long-term debt and financial leases	17.4	466.9
Repayments under revolving facilities, other long-term debt and financial leases	(18.9)	(594.9)
Fees paid in relation to the restructuring and equity issue	—	(11.5)
Net proceeds from equity issue	51.3	100.6
Cash settlement of restricted stock units	(0.3)	—
Net cash used in /provided by financing activities	**49.5**	**(38.9)**
Effect of exchange rate changes on cash and cash equivalents	(8.4)	(0.7)
Net (decrease)/ increase in cash and cash equivalents	**25.1**	**(37.3)**
Cash and cash equivalents, including restricted cash, at beginning of the period	55.6	93.0
Cash and cash equivalents, including restricted cash, at the end of the period	**80.7**	**55.6**
Interest paid (including PIK interest on bond settled by issuance of new bonds)	58.2	49.3
Taxes paid	8.7	5.3

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

Consolidated Statement of Changes in Shareholders' Equity (unaudited)

(In USD millions)	Common shares	Additional Paid In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Contributed Surplus	Total Shareholders' Equity	Non-controlling interest
Balance at December 31, 2023	**16.2**	**1,052.1**	**(1,607.3)**	**(5.0)**	**740.1**	**196.2**	**—**
Share based compensation	—	0.4	—	—	—	**0.4**	—
Cash paid for vested RSUs	—	(0.3)	—	—	—	**(0.3)**	—
Consolidation and reduction of share capital	(15.6)	15.6	—	—	—	**0.0**	—
Shares issued in private placement	0.2	48.6				**48.8**	
Shares issued for purchase of Iceland Drilling	0.0	2.5				**2.5**	
Non-controlling interests acquired	—	—	—	—	—	—	15.2
Net loss	—	—	(25.6)	—	—	**(25.6)**	—
Share of result attributed to non-controlling interest	—	—	—	—	—	**—**	0.4
Translation differences	—	—	—	(14.1)	—	**(14.1)**	(0.1)
Release of AOCI relating to Comtrac equity investment	—	—	—	(0.6)	—	**(0.6)**	—
Balance at December 31, 2024	**0.9**	**1,119.0**	**(1,632.9)**	**(19.8)**	**740.1**	**207.5**	**15.4**

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

Notes

Note 1 Summary of Business and Significant Accounting Policies

Description of business

Archer Limited is an international oilfield service company providing a variety of oilfield products and services through its Area organization. Services include platform drilling, land drilling, geothermal drilling, modular rigs, engineering services, equipment rentals, wireline services, production monitoring, well imaging, integrity management tools and renewables. Archer was incorporated in Bermuda on August 31, 2007. The group employed approximately 5,092 people at December 31, 2024.

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”, “organization”, “we”, “us”, “our” and “its” or references to specific entities is not intended to be a precise description of corporate relationships.

Going Concern

The financial statements have been prepared on a going concern basis. 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, 2024.

Basis of presentation

The unaudited fourth quarter and twelve months 2024 consolidated condensed financial statements are presented in accordance with the United States of America Generally Accepted Accounting Principles (US GAAP). The unaudited fourth quarter and twelve months 2024 consolidated financial statements do not include all the disclosures required in complete annual financial statements. These unaudited fourth quarter financial statements should be read in conjunction with our financial statements as of December 31, 2023. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included.

Use of estimates

In accordance with accounting principles generally accepted in the United States of America, the preparation of financial statements requires management to make estimates and assumptions that affect 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 perceived with certainty. Accordingly, our accounting estimates require the exercise of judgment. While management believes that the estimates and assumptions used in the preparation of the consolidated financial statements are appropriate, actual results could differ 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 amortization, income taxes, 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.

Significant accounting policies

The accounting policies utilized in the preparation of the unaudited fourth quarter and twelve months 2024 financial statements are consistent with those followed in the preparation of our annual consolidated financial statements and accompanying notes for the year ended December 31, 2023.

Recently issued accounting standards

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 2 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)	**December 31, 2024**	**December 31, 2023**
Accounts receivable net	187.8	183.8

On December 31, 2024, we have a provision for bad debt of $0.4 million which relates primarily to debt owed from Russia. We have closed our operation in Russia. Other than this provision we have 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 and liabilities of $3.7 million and $5.6 million respectively, which relate to mobilisation and de-mobilisation fees for one of our modular rigs. These fees are being amortised over the contract period. These amounts are included in other current assets and current liabilities respectively. We have a balance of $0.2 million included in Other current liabilities which relates to prepaid revenues from customers.

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.

Note 3 Other Financial Items

Other Financial Items

(In USD million)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2024	**2023**	**2024**	**2023**
Foreign exchange (losses)/gains, net	(9.1)	3.3	(20.9)	(19.0)
Mark-to-market of marketable securities	—	—	—	(5.6)
Mark-to-market of financial investments	—	—	—	0.9
Other items	(5.6)	1.2	(6.8)	(6.9)
Total other financial items	**(14.8)**	**4.5**	**(27.8)**	**(30.5)**

The NOK to USD exchange rate continues to be volatile resulting in significant exchange gains and losses reported throughout 2023 and 2024.

Foreign exchange losses and gains for the twelve months ended December 31, 2024, includes net losses $22.6 million in Archer Norge AS, a 100% owned subsidiary with NOK functional currency. The net losses of reported by Archer Norge AS. include losses of around $44.8 million and $3.5 million on USD denominated external loan facilities and cash balances respectively and gains of around $25.5 million on respect of internal receivable loan balances denominated in USD. The FX gains and losses in subsidiaries reporting in NOK are offset in equity by translation adjustments, recognised in accumulated other comprehensive income, which result from the translation of the NOK financial statements to USD prior to consolidation.

At December 31, 2023 we had disposed of all interest rate caps and marketable securities.

Note 4 Income Taxes

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

Income Taxes

(In USD millions)	Three Months Ended December 31,		Year Ended December 31,	
	2024	**2023**	**2024**	**2023**
United States	0.6	0.3	1.2	0.7
South America	0.2	1.0	5.3	2.4
Europe	4.9	(1.7)	6.5	2.1
Others	0.6	0.1	1.5	0.8
Total	**6.2**	**(0.3)**	**14.6**	**5.9**

Archer is operating in many jurisdictions and our income tax expense is generated by earnings are taxed at the respective country's corporate income tax rate. The Group's net tax expense for the year ended December 2024 amounted to $14.6 million. The tax charge relates primarily to taxable profits from operations in South America and Europe. The net tax expense in Europe amounted to $6.5 million, which relates to our operation in Norway and UK. The net tax expense in South America amounted to $5.3 million are related to operation in Brazil of $1.2 million and Argentina of $4.1 million. We have not recognized any deferred tax assets in relation to operational losses from our North American operations.

As per 31 December 2024 we have total deferred tax assets of $24.2 million ($20.8 million per 31. December 2023) which mainly consist of $11.9 million of tax assets in Norway and $9.6 million of tax assets in Argentina.

Note 5 Earnings Per Share

The computation of basic earnings per share (EPS) is based on the weighted average number of shares outstanding during the period. Diluted EPS includes the effect of the assumed conversion of potentially dilutive instruments. The denominator used for the computation of basic and diluted earnings was computed as follows:

Weighted number of shares outstanding

(In thousands)	Three Months Ended December 31,		Year Ended September 30,	
	2024	**2023**	**2024**	**2023**
Denominator				
Weighted-average common shares outstanding	79,354,182	1,624,265	68,586,144	1,273,648
Effect of potentially dilutive common shares	—	616	—	—
Weighted-average common shares outstanding and assumed conversions	79,354,182	1,624,881	68,586,144	1,273,648

During the second quarter of 2024 Archer executed a share-consolidation, and 25 old shares was converted into 1 new share. For the calculation of weighted number of shares outstanding, we have assumed the share consolidation was conducted with effect as per January 1st, 2024. For further details regarding the share consolidation, see Note 12 Equity.

In the table above, share-based compensation of approximately 142,356 and 192,002 shares were excluded from the computation of diluted earnings per share for the three months and year ended December 31, 2024 respectively, as the effect would have been anti-dilutive due to the net loss for the period.

Note 6 Inventories

Inventories

(In USD millions)	**December 31, 2024**	**December 31, 2023**
Manufactured		
Raw materials	0.6	1.5
Finished goods	21.2	23.1
Work in progress	1.2	0.1
Total manufactured	**23.0**	**24.7**
Drilling supplies	14.4	14.2
Other items and spares	45.5	39.6
Provision for obsolete inventory	(7.1)	(3.5)
Total inventories	**75.8**	**75.0**

"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.

Note 7 Business Acquisitions

Wellbore Fishing and Rental Tools LLC

On October 25, 2024 We acquired Wellbore Fishing and Rental Tools LLC (or "WFR"). WFR is an unrelated US based technology player, focused on fishing operations in the oil and gas sector, whose operations expand and complement well services already provided by Archer. Purchase consideration comprised an initial payment of $50.7 million, plus a deferred payment of $1.5 million due in November 2025. The acquisition strengthens Archer's presence in the Gulf of Mexico and will build on our relationships with global entities involved in the oil and gas industry in the region. Clear and tangible cost and revenue synergies are expected to result from the acquisition. Fair value of the assets acquired is detailed in the table below:

Fair value of assets acquired (preliminary)

	USD millions
Cash	1.4
Receivables	9.5
Inventories	3.1
Property plant and equipment	7.7
Intangible assets Customer relations	12.3
Trade name	1.0
Payables	(8.1)
External debt	(1.1)
Net Assets	**25.7**

The $26.5 million excess of the purchase consideration over the fair value of the assets is recognized as goodwill, which represents the assembled workforce and experience and know how acquired, and synergies within Well Services segment.

Iceland Drilling Company Ltd.

In 2022, as part of Archer's energy transition strategy, we invested in a 50% share of Iceland Drilling, an international geothermal drilling and integrated service company Headquartered in Iceland. The investment has been reposted as an investment in associated companies and consolidated using the equity method.

During the fourth quarter of 2024 we have acquired an additional 10% of the company which, along with some changes to the shareholders' agreement between Archer and the other shareholders of Iceland Drilling, resulted in the acquisition of a controlling interest in Iceland Drilling. Purchase consideration for the additional shares took the form of newly issues shares in Archer Ltd. with a value of $2.5 million. In addition, we have recognised additional purchase consideration of $1.4 million, which may also be settled by the issue of Archer Ltd shares under a Purchase adjustment clause in the purchase agreement. The purchase price adjustment is contingent on various metrics, including future earnings and market value of Iceland Drilling and Archer. The contingent consideration is recognised as a liability since there is a possibility that it may be settled in cash.

On the attainment of controlling financial interest we have reclassified our investment as an investment in a consolidated subsidiary, recognised a non-controlling interest at fair value and adjusted the carrying value of our investment to fair value, which resulted in the recognition of a gain of $0.1 million. No goodwill has been recognised in respect of this acquisition.

The functional currency of Iceland Drilling is the Icelandic Krona (ISK). The USD equivalent of the fair value of Iceland Drilling assets consolidated on acquisition of control are as follows;

Fair value of assets acquired (preliminary)

	ISK millions	**Equivalent to USD millions**
Cash	320.8	2.3
Receivables	1,491.6	10.9
Inventories	885.1	6.4
Property plant and equipment	4,739.4	34.7
Deferred tax	182.0	1.3
Contact assets (Mobilisation costs)	501.4	3.7
Payables	(775.3)	(5.7)
Prepaid revenue	(13.8)	(0.1)
Contact liabilities (Mobilisation revenues)	(797.9)	(5.8)
External debt	2,382.6	(17.4)
Net Assets	**4,160.8**	**30.4**

Comtrac AS

Since 2020 Archer's fully owned Norwegian subsidiary Archer Norge AS has owned 50% of Comtrac AS, an entity set up for the development and ownership of well intervention technology. Since it's inception, the investment in Comtrac AS has been accounted for using the equity method of consolidation. On September 4, 2024 Archer Norge AS purchased the other 50% of the company from the only other shareholder, IKM Gruppen AS. Following the attainment of 100% ownership of Comtrac AS Archer is able to directly commission the building of rods (which are the ComTrac technology) which are utilised in the provision of well services to our customers.

The carrying value of Archer's 50% investment in Comtrac AS prior to the additional investment was NOK 5.0 million. This was increased by the purchase consideration of NOK 4.0 million which was paid to IKM for its 50% shareholding in Comtrac AS. bringing total carrying value of the investment to NOK 9.0 million. In addition, we have a long-term loan receivable from Comtrac, at acquisition date, of NOK 27.9 million, bringing total carrying value of the investment to NOK 36.9 million.

The fair value of the assets acquired at the acquisition date of September 4, 2024, were as follows:

Fair value of assets acquired (preliminary)

	(In NOK millions)	**(Equivalent to USD millions)**
Cash	0.4	0.04
Receivables	0.7	0.1
Intangible assets	48.7	4.5
Deferred tax assets	19.0	1.8
Accounts payable and accrued expenses	(5.4)	(0.5)
Balance due to lease finance	(2.7)	(0.3)
Total fair value of assets acquired	**60.7**	**5.6**

The intangible assets reflect the value of the ComTrac technology including the patents for the technology and the use of the ComTrac brand name.

Upon acquisition of a controlling financial interest we have revalued our investment in Comtrac AS to reflect its fair value at acquisition. The excess of the fair value over our carrying was NOK 23.9 million (or $2.3 million). This is reflected as an increase in the carrying value of our investment in the equity of Comtrac AS and a gain on bargain purchase in the third quarter income statement.

ADA Argentina SRL

On July 31, 2024, Archer's fully owned Argentine subsidiaries completed the purchase ADA Argentina SRL, (or ADA), from an unrelated third party, Air Drilling Associated. ADA performs drilling services in Argentina through the operation of managed pressure drilling (or MPD) equipment. Archer's customers in Argentina are increasingly requiring the suites of services provided by ADA to be provided by alongside land drilling services already provided, so the ADA business compliments Archer's operations and facilitates the offering of integrated services by Archer.

Purchase consideration of $5.6 million consisted of an upfront payment of $0.3 million, a payment for working capital of $0.5 million (this figure is subject to review and possible revision) and a balance payment of $4.8 million payable by agreed monthly installments over the 27-month period ending October 31, 2026.

The fair value of the assets acquired at the acquisition date of July 31, 2024, were as follows:

Fair value of assets acquired (preliminary)

	(In USD millions)
Cash	0.2
Receivables	2.5
Inventory	0.4
Deferred tax assets	0.2
Tangible fixed assets	1.9
Payables	(1.4)
Total fair value of assets acquired	**3.9**

The $1.7 million excess of the purchase consideration over the fair value of the assets is recognized as goodwill, which represents the assembled workforce and experience and know how acquired, and synergies within Land Drilling segment.

Moreld Ocean Wind AS

On July 1, 2024 Archer completed the acquisition of Moreld Ocean Wind AS, subsequently re-named Archer Wind AS (or Archer Wind), from an unrelated company. Archer Wind is developing an offshore floating wind foundation, and is currently managing the development of a prototype installation under a contract with Total Energies using unique technology provided under a collaboration agreement with Ocergy Inc., a US technology and solutions provider. The purchase is part of Archer's diversification into renewable energy. The acquired workforce with experience and know-how in this sector is augmented by Archer's engineering skills and industry knowledge.

The sale and purchase agreement provided that Archer purchased 100% of the issued and fully paid up shares for a consideration of USD 1.8 million payable in two equal installments due December 31, 2024 and November 30, 2025.

The fair value of the assets acquired at the acquisition date of July 1, 2024 were as follows:

Fair value of assets acquired (preliminary)

	(In NOK millions)	**(Equivalent to USD millions)**
Receivables	47.2	4.4
Tangible fixed assets	0.1	0.0
Licences	8.2	0.8
Shares in Ocergy	21.1	2.0
Deferred taxes	25.0	2.3
Accounts payable	(7.5)	(0.7)
Accruals, deferred income and other payables	(71.8)	(6.7)
Total fair value of assets acquired	**22.4**	**2.1**

The difference of $0.3 between the purchase consideration and the fair value of the bet assets acquired is recognised as a gain on bargain purchase in the third quarter income statement.

Vertikal Services AS

On May 6th, 2024 we completed the acquisition of 65% of the shares in Vertikal Service AS. (or "Vertikal"), an unrelated company who offers inspection, installation, and maintenance services to energy customers using advanced industrial rope access techniques on complex structures such as offshore and onshore wind turbines, hydropower stations, and offshore oil and gas installations. The purchase is part of Archer's diversification into the renewable energy sector, by the acquisition of projects in the wind and hydro generated power segment and a workforce with experience and know-how in this sector, which is augmented by Archer's engineering skills and industry knowledge.

The sale and purchase agreement provided that Archer purchased 1000 of the 2000 issued and fully paid up shares for a consideration of NOK 25 million (or $2.3 million). In addition, as part of the agreement, Archer made a capital contribution in kind to Vertikal, consisting of a transfer of Archer business, by the transfer of the relevant employees, the customer contract which is currently serviced by the individuals transferred, and associated resources, to Vertikal. In return for the capital contribution, Archer received 858 newly issues shares which brought Archer's total shareholding in Vertikal to 65%.

Deferred consideration up to NOK 10 million is payable no later than 31 March 2027 and is based on achieving various levels of EBITDA. We have estimated the fair value of the deferred consideration to be $0.1 million. Total purchase consideration recognised by Archer as investment in subsidiary totalled NOK 25,500,000 (or $2.4 million) comprising $2.3 million for the purchase of 1000 shares form the existing shareholders and $0.1 million for the deferred consideration.

The fair value of the assets acquired at the acquisition date of May 6, 2024 were as follows:

Fair value of assets acquired (preliminary)

	(In NOK millions)	**(Equivalent to USD millions)**
Cash	9.2	0.8
Receivables	36.2	3.3
Tangible fixed assets	4.6	0.4
Loan finance	(4.4)	(0.4)

Accounts payable	(22.1)	(2.0)
Accruals and other payables	(27.6)	(2.5)
Total fair value of assets acquired	**(3.9)**	**(0.3)**

The business contributed as capital has been valued at NOK 21.45 million (or $1.9 million), and the fair value resulting non-controlling interest of 35% of Vertikal is estimated to be NOK 4 million (or $0.4 million). On consolidation of Vertikal into the Group financial statements we have recognised goodwill of $3.1 million which represents the assembled workforce and experience and know-how acquired, and synergies.

Goodwill was calculated as follows:

Composition of goodwill

	(In USD millions equivalent)
Purchase consideration	2.4
Less negative net assets acquired	0.3
Recognition of non-controlling interest	0.4
Total Goodwill	**3.1**

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. 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 comprised an initial installment of $1.5 million which has been paid, and a second installment of $5.5 million which was due in April 2024.

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 millions 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 recognized 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.

During the second quarter of 2024 Archer settled the second installment, wherein Baker Hughes agreed a price reduction of $3.0 million in respect of inventory items which had not been maintained and certified which rendered them unusable. The second instalment was hence $2.5 million compared to the original agreed $5.5 million. The fair value of these items has already been adjusted as part of our acquisition accounting. The payment was received after the twelve-month measurement period. The value of the goodwill recognised was tested for impairment during our annual review process conducted during the forth quarter of 2024. We have recognised the receipt in other financial income in 2024.

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 group. 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 compliment the services provided by Archer's Well Services divisions and will be reported within the Well Services reporting segment.

The total purchase consideration for the Romar-Abrado group was 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 at acquisition)	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	1.7
Tangible fixed assets	1.9
Intangible assets	0.8
Liabilities	(3.0)
Total fair value of assets acquired	**7.2**

The $5.7 million excess of the purchase consideration over the fair value of the assets is recognized as goodwill.

During the fourth quarter 2023 we revised our estimation of the earn-out element, reducing the recorded liability by $2 million as per end of 2023. In 2024 our revised estimates indicates that there will be no earn-out element due, and the remaining accrual of $1.6 million was released and recognised as other financial income.

Note 8 Investment in Associates

During 2024, we have the following participation in investments that are recorded using the equity method:

	December 31, 2024	**December 31, 2023**
Comtrac AS	—	50.0%
Jarðboranir hf. ("Iceland Drilling")	—	50.0%

During the fourth quarter we acquired an additional 10% of the shares in Iceland Drilling. The acquisition gave Archer a controlling financial interest in Iceland Drilling and on the date of the acquisition, November 14, 2024 we reclassified the investment in associated company as investment in subsidiary, consolidated the entity and recognised the 40% non-controlling interest.

On September 4, 2024 we acquired the other 50% of Comtrac AS and, having obtained a controlling financial interest we have reclassified the investment as an investment in subsidiaries.

See Note 7 Business Acquisitions above for further details on the above two acquisitions.

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

(In USD millions)	December 31, 2024	December 31, 2023
Comtrac AS	—	2.1
Iceland Drilling	—	10.2

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

(In USD millions)	Comtrac AS	Iceland Drilling
Carrying value of investment at December 31, 2023	2.1	10.2
Additional capital investment	0.4	—
Conversion of trading balance to long-term loan	1.3	—
Share in results of associates	(0.6)	2.7
Translation adjustments	(0.1)	(0.5)
Reclassification of investment in associate to investment in subsidiary. See Note 7 Business Acquisitions	(0.5)	(12.4)
Reclassification of loan to associate to loan to subsidiary	(2.6)	—
Carrying value of investment in associates at December 31, 2024	**—**	**—**

Note 9 Goodwill

Goodwill represents the excess of purchase price over the fair value of tangible and identifiable intangible assets acquired. See Note 13 Segment Information for analysis of goodwill by reporting segment.

Goodwill

(In USD millions)	
Net book balance at December 31, 2023	**156.0**
Goodwill acquired in relation to the Vertikal Services As	3.1
Goodwill acquired in relation to the ADA Argentina SRL	1.7
Goodwill acquired in relation to Wellbore Rental and Fishing LLC	26.5
Translation adjustments	(13.3)
Net book balance at December 31, 2024	**174.0**

The acquisition of Vertikal Services AS, ADA Argentina SRL. and Wellbore Rental and Fishing LLC, is discussed in Note 7 Business Acquisitions above.

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.

Most of our goodwill relates to our Platform Operation and Well Services segments. All these divisions 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 indicators at December 31, 2024. The ADA goodwill is allocated to our land drilling segment and relates to a recent acquisition in the third quarter 2024.

Note 10 Long-term, Interest Bearing Debt

(In USD millions)	December 31, 2024			December 31, 2023		
	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
First Lien Facility	207.5	(2.3)	205.2	220.0	(3.3)	216.7
Second Lien Bond	215.4	(15.0)	200.4	204.8	(21.1)	183.7
Other loans and capital lease liability	35.8	—	35.8	19.7	—	19.7
Total loans and capital lease liability	**458.7**	**(17.4)**	**441.3**	**444.5**	**(24.4)**	**420.1**
Less: current portion	(29.7)	6.4	(23.2)	(17.6)	—	(17.6)
Long-term portion of interest-bearing debt	**429.0**	**(10.9)**	**418.1**	**426.9**	**(24.4)**	**402.5**

First Lien Facility

In April 2023, Archer 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 $207.5 million, split between $132.5 million under a term loan and $75 million in revolving facilities, supplemented with a $13 million 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 $207.5 million was drawn under the First Lien Facility as at December 31, 2024. 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 First Lien 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 4.6x; 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 First Lien 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, 2024, 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 PIK 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 2024, bonds with face value totalling $10.6 million were issued in settlement of PIK interest, and the total amount of bonds issued is hence $215.4 million as per December 31, 2024.

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, 2024, 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 at December 31, 2024.

We have finance arrangements relating to equipment in our Well Services and Platform Operation divisions. On December 31, 2024, the balance under these arrangements was $18.8 million. In 2024, we have acquired external finance as part of our business acquisition discussed in Note 7 Business Acquisitions above. At December 31, 2024 the balance of total external finance acquired was $17.0 million, the majority of which was added on the consolidation of Iceland Drilling.

Note 11 Leases

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

Assets leased under finance leases with a carrying value of $17.2 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 9 years at December 31, 2024. 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 $0.1 million in 2024.

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 judgment 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.

Supplemental information pertaining to the Company's leasing activities for the twelve-month period ended December 31, 2024 was as follows;

(In USD millions)	**Year Ended December 31, 2024**
Finance Lease costs	
Amortisation of right of use assets	4.9
Interest on lease liabilities	1.6
Operating lease costs	10.5
Short term lease costs	38.4
Total Lease costs	55.4
Other information	
Cash paid for amounts included in measurement lease liabilities	
Operating cash flows from finance leases	1.6
Operating cash flows from operating leases	10.5
Financing cash flows from finance leases	5.2
Right of use assets obtained in exchange for new finance lease liabilities	7.7
Right of use assets obtained in exchange for new operating lease liabilities	0.0
Weighted average remaining lease term – finance leases	3.4 years
Weighted average remaining lease term – operating leases	5.7 years
Weighted average discount rate – finance leases	8.1%
Weighted average discount rate – operating leases	9.2%

Note 12 Equity

(In USD millions)	**December 31, 2024**		**December 31, 2023**	
	Shares	**$ million**	**Shares**	**$ million**
Authorized share capital	150,000,000	1.5	2,000,000,000	20.0
Issued, outstanding and fully paid share capital	90,536,134	0.9	1,624,264,969	16.2

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

2024

At the Company's Annual General Meeting on April 30, 2024, the shareholders approved the following reorganisation of the Company's capital:

- The consolidation of the authorised share capital and issued share capital of the Company so that 25 shares of par value US$0.01 each became 1 share of par value US$0.25 each
- The reduction of the issued and paid-up share capital of the Company by reducing the paid-up capital of the Company by US$0.24 on each of the issued shares of the Company such that the par value of each such issued share be reduced from US$0.25 to US$0.01

The capital re-organisation, became effective on May 7th, 2024, after which, the total number of issued and fully paid shares of par value of $0.01 outstanding were 64,970,598.

On November 13, 2024, a special general meeting of Archer shareholders resolved that the company's authorised share capital be increased from $800,000 to $1,500,0000 divided into 150,000,000 common shares of par value $0.01 each.

During the fourth quarter of 2024, in order to finance the acquisition of Wellbore Fishing and Rental LLC, we issued 24.4 million ordinary shares at an issue price of 22.465 NOK per share, raising $50 million in gross proceeds, in a Private Placement. In addition, we issued 1.2 million shares, with a value of $2.5 million to the shareholders of Iceland Drilling in consideration of the additional 10% interest acquired in the company.

On the acquisition of 65% of Vertikal Services AS we recognised the 35% non-controlling interest at an estimated fair value of NOK 4 million, or $0.4 million. On the acquisition of control of Iceland Drilling we recognised a 40% non-controlling interest of $14.8 million.

2023

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 where 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.

Note 13 Segment Information

Until the fourth quarter of 2024 we presented our business under three reporting segments based on services supplied;

- Platform Operations
- Well Services
- Land Drilling

During 2024 we completed several business acquisition pursuant to our energy transition strategy, the last being the additional investment in Iceland Drilling in November 2024. We have grouped our newly acquired businesses of:

- Vertikal Services AS
- Archer Wind AS, and
- Iceland Drilling Company Ltd.

Into a separate operating and reporting segment, under the heading renewables. We see the renewables segment as an important separate strategic element of our business, and we expect to expand this segment.

In addition, we report corporate costs and assets as separate line items.

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 amortization, operating income, capital expenditures, goodwill and total assets by segment.

Segment information

(In USD millions)	**Three Months Ended December 31**		**Year Ended December 31**	
	2024	**2023**	**2024**	**2023**
Revenues from external customers				
Platform Operations	136.6	152.1	575,6	539.8
Renewables	16.4	-	16.4	-
Well Services	94.5	74.7	332.9	302.8
Land Drilling	100.8	78.2	375.8	326.7
Total revenue	**348.2**	**305.1**	**1,300.7**	**1,169.3**
Depreciation and amortisation				
Platform Operations	4.5	3.5	19.1	13.0
Renewables	1.7	-	1.7	-
Well Services	5.0	4.2	16.3	12.6
Land Drilling	6.4	6.0	24.5	24.2
Total depreciation and amortisation	**17.6**	**13.7**	**61.6**	**49.8**
Operating income/net income				
Platform Operations	8,9	11.4	37.2	37.7
Renewables	(0.5)	-	(0.5)	-
Well Services	10.0	8.6	36.1	34.6
Land Drilling	2.7	(0.8)	8.6	1.3
Overhead and corporate cost	(3.1)	(2.3)	(10.1)	(8.9)
Stock compensation cost	-	-	-	-
Total operating income / (loss)	**18.1**	**17.0**	**71.3**	**64.8**
Total financial items	(30.1)	(8.7)	(84.2)	(86.7)
Gain on equity investment	(0.2)	-	2.4	(0.3)
Results attributable due to non-controlling interest	-	-	(0.4)	-
Income taxes	(6.1)	0.3	(14.6)	(5.9)
Net income	**(18.3)**	**8.5**	**(25.6)**	**(28.1)**
Capital Expenditures				
Platform Operations	3.2	1.3	15.4	4.9
Renewables	1.9	-	1.9	-
Well Services	5.8	11.2	17.3	20.0
Shared assets*	3.2	3.7	7.7	7.9
Total Excluding Land Drilling	**14.0**	**16.2**	**42.2**	**32.8**
Land Drilling	4.1	8.4	19.9	19.8
Total	**18.1**	**24.7**	**62.2**	**52.6**

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

Goodwill

(In USD millions)	**Land Drilling**	**Platform Operations**	**Well Services**	**Renewables**	**Total**
Balance at December 31, 2023	—	**76.4**	**79.6**	—	**156.0**
Acquired goodwill in relation to the acquisition of Vertikal Services AS	—	—	—	3.1	3.1
Acquired goodwill in relation to the acquisition of ADA Argentina SRL	1.7	—	—		1.7
Acquired goodwill in relation to the acquisition of Wellbore Fishing and Rental LLC			26.5		26.5
Translation adjustments	—	(6.1)	(7.2)		(13.3)
Balance at December 31, 2024	**1.7**	**70.3**	**98.96**	**3.1**	**174.0**

Total assets

(In USD millions)	**December 31, 2024**	**December 31, 2023**
Platform Operations	166.3	190.7
Well Services	327.8	301.8
Shared assets*	134.6	113.1
Renewables	64.6	
Investment in Iceland Drilling	-	10.2
Land Drilling	304.3	285.5
Corporate	3.1	4.3
Total	**1000.8**	**905.7**

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

Note 14 Fair Value of Financial Instruments

The estimated fair value and the carrying value of our financial instruments are as follows:

Carrying value of financial instruments

(In USD millions)	**December 31, 2024**		**December 31, 2023**	
	Fair Value	**Carrying Value**	**Fair Value**	**Carrying Value**
Non-derivatives				
Cash and cash equivalents	76.7	76.7	52.1	52.1
Restricted cash	3.8	3.8	3.5	3.5
Accounts receivable	187.8	187.8	183.8	183.8
Accounts payable	(112.2)	(112.2)	(75.5)	(75.5)
Current portion of interest-bearing debt	(29.7)	(29.7)	(17.6)	(17.6)
Current portion of operating lease liability	(10.9)	(10.9)	(11.4)	(11.4)
Long-term interest-bearing debt	(213.6)	(213.6)	(222.1)	(222.1)
Second Lien Bond	(228.8)	(215.4)	(204.8)	(204.8)
Operating lease liability	(19.8)	(19.8)	(22.9)	(22.9)

The aforementioned financial assets are measured at fair value on a recurring basis as follows:

Financial assets and liabilities

(In USD millions)	December 31, 2024	Fair Value Measurements at Reporting Date Using		
	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	76.7	76.7	—	—
Restricted cash	3.8	3.8	—	—
Accounts receivable	187.8	—	187.8	—
Liabilities				
Accounts payable	(112.2)	—	(112.2)	—
Current portion of interest-bearing debt	(29.7)	—	(29.7)	—
Current portion of operating lease liability	(10.9)	—	(10.9)	—
Long-term, interest-bearing debt	(213.6)	—	(213.6)	—
Second Lien Bond	(228.8)	(228.8)	—	—
Operating lease liability	(19.8)	—	(19.8)	—

Level 1: Quoted prices in active markets for identical assets

Level 2: Significant other observable inputs

Level 3: Significant unobservable inputs

We used a variety of methods and assumptions, which are based on market conditions and risks existing at the time, to estimate the fair value of our financial instruments. For certain instruments, including cash and cash equivalents, it is assumed that the carrying amount approximated fair value due to the short-term maturity of those instruments.

The fair values of Second Lien Bond is based on the last observable trading price, prior to the close of the quarter.

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 adjusted for the prepaid debt fees (outstanding balance), 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.

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

Note 15 Related Parties

In the normal course of business, we transact business with related parties conducted at arm’s length.

The following are related parties, being companies in which Archer’s second-largest shareholder Hemen Holding Ltd has significant direct and indirect interests:

- Front Ocean Management (Bermuda) Limited, (“Front”)

- Seatankers Management Company Limited (“Seatankers”)

Seatankers provide management support and administrative services to us, and we have recorded fees of $0.3 million for these services in first half of 2024. These expenses are included in General and administrative expenses in the Consolidated statement of operations.

Note 16 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, 2024, we are not aware of any such expected loss which would be material to our financial position and results of operations. Nor are we are 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 17 Subsequent Events

Refinancing

On February 6, 2025 Archer announced the placement of a new 5 year USD 425 million senior secured bond, carrying a coupon of 9.5%. The new bond where issued on February 24th. The proceeds from the bond issuance were applied towards the full repayment of the First Lien Facility and the Second Lien Bond described in Note 10 Long-term, Interest Bearing Debt. Following these repayments, the unamortised debt issuance costs relating to these facilities will be expensed and result in a non-cash financial cost of $17.4 million in the first quarter of 2025.

In connection with the bond issuance, Archer established a $75 million revolving credit facility, ranking super senior to the bonds.

Appendix to Fourth Quarter 2024 Report

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, Archer's management believes that certain non-GAAP performance measures and ratios may provide users of this financial information additional meaningful comparison between current results and results in prior operating periods. One such non-GAAP financial measure we use is earnings before interest, taxes, depreciation and amortization (EBITDA), adjusted for special charges or amounts. This adjusted income amount is not a measure of financial performance under GAAP. Accordingly, it should not be considered as a substitute for operating income, net income or other income data prepared in accordance with GAAP. See the table that follows for supplemental financial data and corresponding reconciliation to GAAP financial measures for the three months ended December 31, 2024, September 30, 2024, June 30, 2024, March 31, 2024, December 31, 2023, and September 30, 2023. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, our reported results prepared in accordance with GAAP.

Condensed Consolidated Statements of Operations (Unaudited)

(In USD million)	**Three Months Ended**					
	Dec. 31, 2024	**Sep. 30, 2024**	**June 30, 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**	**Sep. 30, 2023**
Revenue	348.3	335.1	309.0	308.3	305.1	302.7
Cost and expenses						
Operational costs	(329.5)	(315.3)	(291.5)	(290.4)	(288.1)	(286.1)
Impairments	(0.7)	—	(2.0)	—	—	—
Net financial items	(30.1)	(14.1)	(13.4)	(26.7)	(8.7)	(16.5)
Gain on bargain purchase	(0.2)	2.6	—	—	—	(0.3)
Income / (loss) from continuing operations before income taxes	**(12.2)**	**8.3**	**2.1**	**(8.7)**	**8.2**	**(0.1)**
Income tax (expense)/benefit	(6.1)	(5.4)	(1.1)	(2.0)	0.3	(2.4)
Net income / (loss)	**(18.3)**	**2.9**	**1.0**	**(10.8)**	**8.5**	**(2.5)**

Reconciliation of GAAP to non-GAAP Measures (Unaudited)

(In USD million)	**Three Months Ended**					
	Dec. 31, 2024	**Sep. 30, 2024**	**June 30, 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**	**Sep. 30, 2023**
Net income / (loss)	(18.3)	2.9	1.0	(10.8)	8.5	(2.5)
Depreciation, amortization and impairments	17.6	15.5	17.4	13.2	14.4	13.5
Net financial items	30.1	14.1	13.4	26.7	8.7	16.5
Taxes on income	(6.1)	5.4	1.1	2.0	(0.3)	2.4
Gain on sale of assets	(0.2)	(0.3)	(0.1)	(0.2)	(0.5)	0.6
Gain on bargain purchase	0.2	(2.6)	—	—	—	0.3
EBITDA	**36.2**	**34.9**	**32.8**	**30.9**	**30.9**	**30.7**
Exceptional charges	4.1	1.4	(0.6)	2.0	2.4	1.7
EBITDA before restructuring costs	**40.3**	**36.4**	**32.2**	**32.9**	**33.4**	**32.3**

EBITDA by reporting segments (Unaudited)

(In USD million)	**Three Months Ended**					
	Dec. 31, 2024	**Sep. 30, 2024**	**Jun. 30, 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**	**Sep. 30, 2023**
Platform Operations	12.7	16.0	14.8	12.0	14.9	13.6
Renewables	1.6					
Well Services	14.6	11.8	11.2	14.7	12.6	13.6
Land Drilling	9.6	9.2	8.9	7.2	5.5	6.1
Overhead & Corporate costs	(2.3)	(2.1)	(2.1)	(3.0)	(2.2)	(2.7)
EBITDA	36.2	34.9	32.8	30.9	30.9	30.6

EBITDA for Platform Operations and Well Services has been restated historically to reflect the allocation of Overhead which was previously reported separately.