2025 Archer Limited

FIRST QUARTER 2025 RESULTS

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Consolidated Statements of Operations (unaudited)

(In USD millions)		**Three Months Ended March 31**	
	Note	**2025**	**2024**
Revenues			
Operating revenues		294.3	260.2
Reimbursable revenues		48.3	48.1
Total revenues		**342.5**	**308.3**
Expenses			
Operating expenses		249.0	215.4
Reimbursable expenses		45.4	46.9
Operating lease costs	11	3.2	3.4
Depreciation and amortization		16.8	13.2
Sale of assets		0.5	(0.2)
General and administrative expenses		11.4	11.7
Total expenses		**326.2**	**290.4**
Operating income / (loss)		**16.3**	**17.9**
Financial items			
Net interest expenses		(13.7)	(14.1)
Share of results in associated companies		-	(0.1)
Other financial items	3	(36.3)	(12.4)
Total financial items		**(50.0)**	**(26.7)**
(Loss)/gain from continuing operations before taxes		**(33.7)**	**(8.7)**
Income tax gain / (expense)	4	4.8	(2.0)
(Loss)/gain from continuing operations		**(29.0)**	**(10.8)**
- Attributable to non-controlling interests		0.6	-
- Attributable to controlling interests		(29.6)	(10.8)
(Loss) gain per share - basic		(0.33)	(0.01)
(Loss) gain per share - diluted		(0.33)	(0.01)
Weighted average number of shares outstanding			
Basic	5	90.5	1,627.2
Diluted	5	90.5	1,627.2

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 March 31,**	
	2025	**2024**
Net (Loss)/profit	**(29.6)**	**(10.8)**
Other comprehensive (loss) / income		
Currency translation differences	15.8	(9.7)
Total other comprehensive (loss) income	**15.8**	**(9.7)**
Total comprehensive (loss) income	**(13.8)**	**(20.5)**
Attributable to:		
Non-controlling interest	0.4	-
Controlling interest	(14.2)	(20.5)

Accumulated Other Comprehensive Loss (Unaudited)

(In USD millions)	**Translation differences**	**Total**
Balance at December 31, 2024	**(19.8)**	**(19.8)**
Total other comprehensive income during 2025	15.8	15.8
Balance at March 31, 2025	**(4.0)**	**(4.0)**

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


Archer

Consolidated Balance Sheet (unaudited)

(In USD million)	Note	March 31, 2025 (Unaudited)	December 31, 2024 (Audited)
ASSETS			
Cash and cash equivalents		74.8	76.8
Restricted cash		0.8	3.8
Accounts receivables	2	201.5	187.8
Inventories	6	81.8	75.8
Other current assets		73.2	57.0
Total current assets		**432.1**	**401.3**
Investment in associated	8	2.3	-
Property plant and equipment, net		345.2	342.6
Right of use assets	11	25.0	26.4
Deferred income tax asset	4	35.5	24.2
Goodwill	9	184.0	174.0
Other intangible assets, net		19.5	19.3
Deferred charges and other assets		7.8	13.1
Total noncurrent assets		**619.3**	**599.6**
Total assets		**1,051.4**	**1,000.8**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current portion of interest-bearing debt	10	17.4	23.2
Accounts payable		108.5	112.2
Operating Lease liabilities	11	10.8	10.9
Other current liabilities		209.9	191.3
Total current liabilities		**346.6**	**337.7**
Long-term interest-bearing debt	10	478.0	418.1
Operating Lease liabilities	11	14.3	15.6
Deferred tax	4	0.1	0.3
Other noncurrent liabilities		2.9	6.4
Total noncurrent liabilities		**495.3**	**440.3**
Shareholders' equity		193.7	207.5
Non-controlling interest in consolidated subsidiary		15.8	15.4
Total Equity		**209.5**	**222.9**
Total liabilities and shareholders' equity		**1,051.4**	**1,000.8**

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

Consolidated Statements of Cash Flows (unaudited)

(In USD millions)	Three Months Ended March 31,	
Cash Flows from Operating Activities	**2025**	**2024**
Net (loss)/profit from continuing operations	(29.0)	(10.8)
Adjustment to reconcile net loss to net cash provided by operating activities		
Depreciation and amortisation	16.8	13.2
Impairment of fixed assets	-	-
Share-based compensation expenses	0.1	0.1
Loss/(gain) on PP&E disposals	0.3	(0.2)
Share of losses of unconsolidated affiliates	-	0.1
Amortisation of loan fees	1.3	1.8
Additional write-off of capitalised loan fees on refinance	16.2	-
Make-whole fees paid re extinguishment of loan finance	21.4	-
Change in deferred and accrued taxes	(6.8)	(0.3)
Increase in accounts receivable and other current assets	(13.4)	(13.4)
(Increase)/decrease in inventories	(2.2)	2.7
(Decrease)/increase in accounts payable and other current liabilities	(11.1)	16.8
Change in other operating assets and liabilities net, including non-cash fx effects	(6.9)	4.3
Net cash (used in) / provided by operating activities	**(13.3)**	**14.3**
Cash Flows from Investing Activities		
Capital expenditures	(10.7)	(9.1)
Proceeds from asset disposals	2.5	0.5
Investment in dSolve	(2.2)	-
Deferred consideration paid re Archer Wind acquisition in 2024	(0.9)	-
Net cash used by investing activities	**(11.3)**	**(8.6)**
Cash Flows from Financing Activities		
Borrowings under revolving facilities, other long-term debt and financial leases	471.1	3.2.
Repayments under revolving facilities, other long-term debt and financial leases	(427.9)	(3.8)
Make-whole fees paid re extinguishment of loan finance	(21.4)	-
Debt fees paid re new financing	(8.9)	-
Net cash provided by financing activities	**13.0**	**(0.6)**
Effect of exchange rate changes on cash and cash equivalents	6.6	(2.9)
Net (decrease)/increase in cash and cash equivalents	**(5.0)**	**2.2**
Cash and cash equivalents, including restricted cash, at beginning of the period	80.6	55.6
Cash and cash equivalents, including restricted cash, at the end of the period	**75.6**	**57.8**
Interest paid	18.1	10.0
Taxes paid	2.0	2.3

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, 2024	**0.9**	**1,119.0**	**(1,632.9)**	**(19.8)**	**740.1**	**207.5**	**15.4**
Net loss	—	—	(29.6)	—	—	(29.6)	—
Share of result attributed to non-controlling interest	—	—	—	—	—	—	0.6
Translation differences	—	—	—	15.8	—	15.8	(0.2)
Balance at March 31, 2025	**0.9**	**1,119.0**	**(1,662.4)**	**(4.0)**	**740.1**	**193.7**	**15.8**

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 organisation. 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 4,940 people at March 31, 2025.

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.

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 March 31, 2025.

Basis of presentation

The unaudited first quarter 2025 consolidated financial statements are presented in accordance with United States of America Generally Accepted Accounting Principles (US GAAP). The unaudited first quarter 2025 consolidated financial statements do not include all the disclosures required in complete annual financial statements. These unaudited first quarter 2025 financial statements should be read in conjunction with our financial statements as of December 31, 2024. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair statement have been included.

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 March 31, 2025.

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 utilised in the preparation of the unaudited first quarter 2025 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, 2024.

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:

(In USD millions)	March 31, 2025	December 31, 2024
Accounts receivable net	201.5	187.8

On March 31, 2025, 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 $8.2 million and $5.8 million respectively, which relate to mobilisation and de-mobilisation fees for our modular rigs. These fees are being amortised over the contract period. These amounts are included in other current assets and current liabilities respectively.

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 March 31,	
	2025	2024
Foreign exchange (losses)/gains	7.0	(11.8)
Extinguishment of accrued prepaid debt fees	(16.2)	-
Early redemption make whole amount	(21.4)	-
Other items	(4.5)	(0.6)
Total other financial items	**(35.0)**	**(12.4)**

As part of the refinancing, as described in Note 10 Long-term, Interest Bearing Debt, there was a premium payable in order to redeem the Second Lien Bonds early. This early redemption make whole amount totalled $21.4 million. Furthermore, prepaid debt fees that had been accrued and not expensed in relation to the First Lien Debt and Second Lien Bond, at the time of the early redemption, was expensed. This amounted to $16.2 million.

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 2024 and 2025.

Note 4 Income Taxes

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

Income Taxes

(In USD millions)	Three Months Ended March 31,	
	2025	**2024**
North America	0.4	0.2
South America	1.5	1.4
Europe	(7.9)	0.4
Others	1.4	-
Total	**(4.8)**	**2.0**

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 benefit end of March 2025 is $4.8 million. The tax charge reported in the current period relates primarily to taxable profits from operations in South America and taxable losses in Europe. The net tax benefit in Europe amounted to $7.9 million, which mainly relates to tax losses in Norway ($7.8 million). The net tax cost in South America amounted to $1.5 million at the end of March 2025 are related to operation in Brazil ($0.2 million) and Argentina ($1.3 million).

We have not recognized any deferred tax assets in relation to operational losses from our North American operations. As on 31 March 2025 we have total deferred tax assets of $35.5 million which mainly consist of $21.6 million of tax assets in Norway and $9.3 million tax assets in Argentina. Deferred tax liabilities on 31 March 2025 totals $0.1 million.

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 March 31,	
	2025	**2024**
Denominator		
Weighted-average common shares outstanding	90,536	1,624,265
Effect of potentially dilutive common shares	—	—
Weighted-average common shares outstanding and assumed conversions	90,536	1,624,265

Note 6 Inventories

Inventories

(In USD millions)	March 31, 2025	December 31, 2024
Manufactured		
Raw materials	0.6	0.6
Finished goods	24.4	21.2
Work in progress	2.0	1.2
Total manufactured	**27.0**	**23.0**
Drilling supplies	13.6	14.4
Other items and spares	41.3	38.4
Total inventories	**81.8**	**75.8**

"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 $7.6 million (2024: $7.1 million) are included under Other items and spares.

Note 7 Business acquisitions

There has not been any business acquisitions during the first quarter of 2025.

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 America 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

	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 its 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 totaled 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**

The above businesses, acquired in 2024, contributed revenues of $37.3 million and earnings of $2.5 million to the 2024 Archer consolidated financial statements. The following unaudited pro forma summary presents consolidated information as it the business combinations had occurred on January 1, 2023. The 2023 acquisitions described below are not included in the pro forma data since the inclusion of these entities would not have a material effect on the pro forma data disclosed in the table below.

Pro forma data

		(In USD millions equivalent)
	Year ended December 31, 2024	**Year ended December 31, 2023**
Consolidated revenue	1,407.5	1,265.8
Consolidated earnings/(loss)	(19.6)	(36.4)

Note 8 Investment in Associates

We have the following participation in investments that are recorded using the equity method:

	March 31, 2025	**December 31, 2024**
dSolve AS	20.0%	—

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

(In USD millions)	**March 31, 2025**	**December 31, 2024**
dSolve AS	2.3	—

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

(In USD millions)	dSolve AS
Carrying value of investment at December 31, 2024	**—**
Capital investment	2.3
Carrying value of investment at March 31, 2025	**2.3**

During the first quarter 2025, we completed our acquisition of 20% of dSolve AS, an unrelated, startup-company based in Trondheim, Norway, with the vision to pioneer rigless subsea plugging & abandonment, using electrochemical steel removal technology.

Note 9 Goodwill

Goodwill represents the excess of purchase price over the fair value of tangible and identifiable intangible assets acquired.

Goodwill

(In USD millions)	
Net book balance at December 31, 2024	**174.0**
Translation adjustments	10.0
Net book balance at March 31, 2025	**184.0**

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.

The majority of our goodwill relates to our Platform Operation and Well Services reporting segment, see Note 12 Segment Information. 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 March 31, 2025.

Note 10 Long-term, Interest Bearing Debt

(In USD millions)	March 31, 2025			December 31, 2024		
	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
Second Lien Bond	—	—	—	215.4	(15.0)	200.4
Senior Secured Bonds	425.0	(7.6)	417.4			
Revolving Credit Facility	40.0	(1.2)	38.8			
Other loans and capital lease liability	39.2	—	39.2	35.8	—	35.8
Total loans and capital lease liability	**504.2**	**(8.8)**	**495.4**	**458.7**	**(17.4)**	**441.3**
Less: current portion	(19.3)	1.8	(17.4)	(29.7)	6.4	(23.2)
Long-term portion of interest-bearing debt	**484.9**	**(6.9)**	**478.0**	**429.0**	**(10.9)**	**418.1**

Senior Secured Bonds

In February 2025, Archer's indirectly wholly owned subsidiary, Archer Norge AS, issued 5 year USD 425 million senior secured bonds, carrying a coupon of 9.5% (the "Senior Secured Bonds"). The proceeds from the bonds' issuance were applied towards the full repayment of the First Lien Facility and the Second Lien Bond.

From 2026, the Company will redeem $15 million of the bonds annually. The Company has an option to redeem the bonds at (i) the make-whole price for the first 3.0 years, (ii) at 104.75% of the nominal amount after 3.0 years until 3.5 years, (iii) at 103.8% of the nominal amount after 3.5 years until 4.0 years, (iv) at 102.85% of the nominal amount after 4.0 years until 4.5 years, and (v) at 100.5% after 4.5 years. The Senior Secured Bonds shares the same security as the Revolving Credit Facility, subject to the senior status of the Revolving Credit Facility.

The Senior Secured Bonds contains certain financial covenants, including, among others:

- The Company shall ensure that the free liquidity of the Group is at all times the higher of USD 30 million and 5.00 percent of gross interest-bearing debt.
- The Company shall ensure that the interest coverage ratio is minimum 2.00:1.

The Senior Secured Bonds 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 March 31, 2025, the Company is compliant with all covenants under the Senior Secured Bonds.

Revolving Credit Facility

In connection with the Senior Secured Bonds issuance, Archer established a $75 revolving credit facility, ranking super senior to the Senior Secured Bonds, with a tenor of 4.5 years (the "Revolving Credit Facility"). The interest on the loan is Secured Overnight Financing Rate, or "SOFR" + a margin of 300 basis points. In addition, Archer established a guarantee facility of $5 million. A total of $35.0 million of the Revolving Credit Facility is carved out into an overdraft facility of $35.0 million. The Revolving Credit Facility is secured by pledges over shares in material subsidiaries, assignment over intercompany debt and guarantees issued by the material subsidiaries.

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

- The Company shall ensure that the free liquidity of the Group is at all times the higher of USD 30 million and 5.00 percent of gross interest-bearing debt.
- The Company shall ensure that the interest coverage ratio is minimum 2.50:1.

The Revolving Credit 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 March 31, 2025, the Company is compliant with all covenants under this Revolving Credit Facility.

First Lien Facility

As described, the First Lien Facility was repaid following the Refinancing. Following these repayments, the unamortised debt issuance costs relating to the First Lien Facility was expensed, resulting in a non-cash financial cost of $2.3 million in the first quarter of 2025.

Second Lien Bond

As described, the Second Lien Bonds were repaid following the refinancing. Following these repayments, the unamortised debt issuance costs relating to the Second Lien Bond was expensed, resulting in a non-cash financial cost of $15.0 million in the first quarter of 2025.

Other loans and capital leases

As described above, a total of $35.0 million of the Revolving Credit Facility is carved out into an overdraft facility. There was no borrowing under the overdraft facility at March 31, 2025.

We have finance arrangements relating to equipment in our Well Services and Platform Operation division. On March 31, 2025, the balance under these arrangements was $22.0 million. During 2024, we have acquired external finance as part of our business acquisition discussed in Note 7 Business Acquisitions, in Q4 2024, in Fourth quarter and full year 2024 report above. At March 31, 2025 the balance of finance relating to these acquisitions was $16.3 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 Oiltools 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 $21.1 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 March 31, 2025. Some operating leases include options to extend the leases for up to 3 years.

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 inter-bank 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 of assets and lease liability for short term leases.

Supplemental information pertaining to the Company's leasing activities for the year ended March 31, 2025 was as follows;

(In USD millions)	Three Months Ended March 31, 2025
Finance Lease costs	
Amortisation of right of use assets	1.1
Interest on lease liabilities	0.4
Operating lease costs	3.2
Short term lease costs	9.2
Total Lease costs	**13.9**
Other information	
Cash paid for amounts included in measurement lease liabilities	
Operating cash flows from finance leases	0.4
Operating cash flows from operating leases	3.2
Financing cash flows from finance leases	1.6
Right of use assets obtained in exchange for new finance lease liabilities	3.7
Right of use assets obtained in exchange for new operating lease liabilities	-
Weighted average remaining lease term in years – finance leases	3.4
Weighted average remaining lease term in years – operating leases	5.8
Weighted average discount rate – finance leases	8.0%
Weighted average discount rate – operating leases	8.5%

Note 12 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 March 31,	
	2025	2024
Revenues from external customers		
Platform Operations	131.0	143.1
Well Services	86.5	86.7
Renewables	22.5	
Land Drilling	102.5	78.5
Total revenue	**342.5**	**308.3**
Depreciation and amortisation		
Platform Operations	3.7	4.2
Well Services	5.8	3.6
Renewables	1.4	
Land Drilling	5.9	5.4
Total depreciation and amortisation	**16.8**	**13.2**
Operating income/net income		
Platform Operations	8.1	7.8
Well Services	6.6	11.1
Renewables	1.1	
Land Drilling	2.7	1.9
Corporate Cost	(2.2)	(2.9)
Stock compensation cost	-	-
Total operating income / (loss)	**16.3**	**17.9**
Total financial items	(50.0)	(26.7)
Income taxes	4.8	(2.0)
Results attributable due to non-controlling interest	(0.6)	
Net (loss)/profit	**(29.6)**	**(10.8)**

Capital Expenditures

(In USD millions)	Three Months Ended March 31,	
	2025	2024
Capital Expenditures		
Platform Operations	5.0	2.1
Well Services	2.0	1.3
Renewables	1.5	
Shared assets*	1.0	1.1
Total excluding Land Drilling	**9.5**	4.4
Land Drilling	1.2	4.7
Total	**10.7**	**9.1**

Goodwill

(In USD millions)	Land Drilling	Platform Operations	Well Services	Renewables	Total
Balance at December 31, 2024	**1.7**	**70.3**	**99.1**	**3.1**	**174.0**
Translation adjustments	—	4.7	4.9	0.2	10.0
Balance at March 31, 2025	**1.7**	**75.0**	**104.0**	**3.3**	**184.0**

Total assets

(In USD millions)	March 31, 2025	December 31, 2024
Platform Operations	235.2	166.3
Well Services	286.9	327.8
Shared assets*	145.3	134.6
Renewables	67.7	64.6
Land Drilling	312.3	304.3
Corporate	4.0	3.1
Total	**1,051.4**	**1,000.8**

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

Note 13 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)	March 31, 2025		December 31, 2024	
	Fair Value	Carrying Value	Fair Value	Carrying Value
Non-derivatives				
Cash and cash equivalents	74.8	74.8	76.8	76.8
Restricted cash	0.8	0.8	3.8	3.8
Accounts receivable	201.5	201.5	187.8	187.8
Accounts payable	(108.5)	(108.5)	(112.2)	(112.2)
Current portion of interest-bearing debt	(17.4)	(17.4)	(29.7)	(29.7)
Current portion of operating lease liability	(10.8)	(10.8)	(10.9)	(10.9)
Long-term interest-bearing debt	(60.6)	(60.6)	(213.6)	(213.6)
Bonds	(417.4)	(417.4)	(228.8)	(215.4)
Operating lease liability	(14.3)	(14.3)	(19.8)	(19.8)

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

Financial assets and liabilities

(In USD millions)	March 31, 2025	Fair Value Measurements at Reporting Date Using		
	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	74.8	74.8	—	—

Restricted cash	0.8	0.8	—	—
Accounts receivable	201.5	—	201.5	—
Liabilities				
Accounts payable	(108.5)	—	(108.5)	—
Current portion of interest-bearing debt	(17.4)	—	(17.4)	—
Current portion of operating lease liability	(10.8)	—	(10.8)	—
Long-term, interest-bearing debt	(60.6)	—	(60.6)	—
Bonds	(417.4)	—	(417.4)	
Operating lease liability	(14.3)	—	(14.3)	—

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 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 14 Related Parties

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

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 $23,000 for these services during the three months ended March 31, 2025. These expenses are included in General and administrative expenses in the Consolidated statement of operations.

Note 15 Share capital

(In USD millions)	March 31, 2025		December 31, 2024	
	Shares	$ million	Shares	$ million
Authorized share capital	150,000,000	1.5	150,000,000	1.5
Issued, outstanding and fully paid share capital	90,536,134	0.9	90,536,134	0.9

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

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 March 31, 2025, we are not aware of any such expected loss which would be material to our financial position and results of operations. Nor are we 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

Contract Awards

On April 28, 2025, the Company announced renewal of contract for 9 pulling units and 8 workover units working in the south of Argentina and reduced activity in the south of Argentina.

On May 2, 2025, the Company announced a five-year contract for late life and P&A services for Repsol Resources UK for platform drilling services, facilities engineering, coil tubing, wireline service and downwhole well service technologies.

Appendix to First Quarter 2025 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 March 31, 2025, December 31, 2024, September 30, 2024, June 30, 2024, March 31, 2024 and December 31, 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**					
	Mar. 31 2025	**Dec. 31 2024**	**Sep. 30 2024**	**Jun. 30 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**
Revenue	342.5	348.3	335.1	309.0	308.3	305.1
Cost and expenses						
Operational costs	(326.2)	(329.5)	(315.3)	(291.5)	290.4	288.1
Impairments	—	(0.7)	—	(2.0)	—	—
Net financial items	(50.0)	(30.1)	(14.1)	(13.4)	(26.7)	(8.7)
Gain on bargain purchase	—	(0.2)	2.6	—	—	—
Income / (loss) from continuing operations before income taxes	**(33.7)**	**(12.2)**	**8.3**	**2.1**	**(8.7)**	**8.2**
Income tax (expense)/benefit	4.8	(6.1)	(5.4)	(1.1)	(2.0)	0.3
Net income / (loss)	**(29.0)**	**(18.3)**	**2.9**	**1.0**	**(10.8)**	**8.5**

Reconciliation of GAAP to non-GAAP Measures (Unaudited)

(In USD million)	**Three Months Ended**					
	Mar. 31 2025	**Dec. 31 2024**	**Sep. 30 2024**	**Jun. 30 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**
Net income / (loss)	(29.0)	(18.3)	2.9	1.0	(10.8)	8.5
Depreciation, amortization and impairments	16.8	17.6	15.5	17.4	13.2	14.4
Net financial items	50.0	30.1	14.1	13.4	26.7	8.7
Taxes on income	(4.8)	6.1	5.4	1.1	2.0	(0.3)
Gain on sale of asset	0.5	(0.2)	(0.3)	(0.1)	(0.2)	(0.5)
Gain on bargain purchase	—	0.2	(2.6)	—	—	—
EBITDA	**33.5**	**36.2**	**34.9**	**32.8**	**30.9**	**30.9**
Exceptional charges	7.7	4.1	1.4	(0.6)	2.0	2.4
EBITDA before restructuring costs	**41.2**	**40.3**	**36.4**	**32.2**	**32.9**	**33.4**

EBITDA by reporting segments (Unaudited)

(In USD million)	**Three Months Ended**					
	Mar. 31 2025	**Dec. 31 2024**	**Sep. 30 2024**	**Jun. 30 2024**	**Mar. 31, 2024**	**Dec. 31, 2023**
Platform Operations	11.9	12.7	16.0	14.8	12.0	14.9
Renewables	2.5	1.6				
Well Services	12.4	14.6	11.8	11.2	14.7	12.6
Land Drilling	9.0	9.6	9.2	8.9	7.2	5.5
Overhead & Corporate costs	(2.2)	(2.3)	(2.1)	(2.1)	(3.0)	(2.2)
EBITDA	**33.5**	**36.2**	**34.9**	**32.8**	**30.9**	**30.9**

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