

SIMPLIFIED NOTIFICATION OF A COMPANY CONCENTRATION

BETWEEN

Archer Norge AS

AND

Vertikal Service AS

13 March 2024

Contains business secrets

Confidential information for Archer Norge AS is highlighted in **green**.
Confidential information for Vertikal Service AS is highlighted in **blue**.
Confidential information for both Archer Norge AS and Vertikal Service AS is highlighted in **pink**.

1 CONTACT INFORMATION

1.1 Notifying party

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1.2 Target

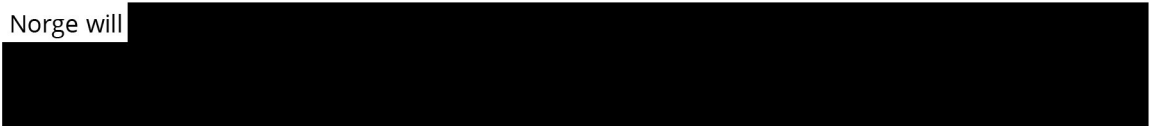
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2 THE TYPE OF CONCENTRATION OF UNDERTAKINGS

This simplified notification is filed pursuant to Section 18 cf. Section 17 of the Norwegian Competition Act on behalf of Archer Norge AS ("**Archer Norge**") in connection with Archer Norge's acquisition of the majority of the shares in Vertikal Service AS ("**Vertikal**"). Archer Norge and Vertikal are jointly referred to as the "**Parties**".

Pursuant to a share purchase and contribution agreement dated 12 March 2024 (the "**SPA**"), Archer Norge will



[REDACTED] the "**Transaction**").
Following the Transaction, Archer Norge will own 65% of the shares in Vertikal.

The Transaction entails that Archer Norge will obtain control over Vertikal on a lasting basis, cf. Section 17 of the Norwegian Competition Act.

The Transaction is subject to a merger notification in Norway pursuant to Section 18 cf. Section 17 of the Norwegian Competition Act, as each of the undertakings concerned achieved a turnover in 2023 exceeding NOK 100 million and their combined turnover exceeded NOK 1 billion in Norway in 2023.

The Transaction is not subject to merger control notifications in other jurisdictions than Norway.

3 THE CONDITIONS FOR SUBMITTING SIMPLIFIED NOTIFICATION ARE SATISFIED

The Transaction qualifies for a simplified notification in accordance with Section 3 first paragraph item 3 letter b) of the Regulation on the Notification of Concentrations. As further explained below, the Transaction may lead to a potential horizontal and/or vertical relation between the Parties, but the Parties' individual and joint market share is well below 20%.

4 THE STRUCTURE AND BUSINESS AREAS OF THE UNDERTAKINGS

4.1 Archer

4.1.1 Legal and organisational structure

Archer Norge is a private limited liability company incorporated in Norway. Archer Norge is a wholly owned subsidiary of Archer Limited (together with all subsidiaries, "**Archer**"), an exempted, limited company incorporated under the laws of Bermuda, with registration number 40612 and registered office at Par la Ville Place, 14 Par la Ville Road, Hamilton HM 08, Bermuda. Archer Limited is listed on the Oslo Stock Exchange under the ticker ARCH.

Archer operates primarily in Norway, the United Kingdom and Argentina, but also has operations in Asia, Oceania, Eastern Europe, North America, South America, the Middle East and Africa. Archer currently has approximately 4,850 employees globally.

In Norway, the Archer Group has four wholly owned registered subsidiaries: Archer Norge, Archer AS, Archer Oiltools AS, and Archer Consulting AS. Archer Norge owns 50% of Comtrac AS.

An overview of all Archer's subsidiaries may be found in its annual report, see section 8 below.

4.1.2 Areas of business

Archer provides drilling services, well integrity and intervention, plug and abandonment and decommissioning to its upstream oil and gas clients, and operates in 40 locations.

Archer's operations are managed through three segments: Platform Operations, Well Services and Land Drilling:

- **Platform Operations:** The Platform Operations segment includes the divisions: platform drilling, engineering and the modular rigs. Within platform drilling, Archer offers personnel and processes for drilling and other technical operations on 46 offshore platforms, predominantly in the North Sea. Within engineering, Archer offers lifecycle engineering services encompassing project management, construction and installations, multidiscipline engineering, consulting and inspection. The modular rigs division consist of modular drilling through Archer's two modular offshore platforms.
- **Well Services:** The global Well Services capabilities include a wide range of products and services for well imaging, well integrity, production logging, well interventions, wellbore and blowout preventer clean outs, casing cutting and sidetracks, temporary or permanent plugging and abandonments, and decommissioning, all of which are aimed at improving well performance and extending well life, while reducing overall service operating time. Archer supports customers in critical processes such as well construction, well completion, well intervention and well plugging and abandonment. The differentiated technologies in wellbore imaging, well construction and well integrity are an important and integral part of Archer's strategy to support customers in delivering better wells. Archer has over time developed and invested in both well plug and abandonment services and technologies.
- **Land Drilling:** Archer's services within Land Drilling consist of land drilling through 77 rigs, including 32 drilling rigs and 45 service rigs operating in Argentina and Bolivia.

As mentioned above, Archer operates in Norway through four subsidiaries:

- Archer Norge is the owner of all Archer subsidiaries in Norway. It operates in platform operations, engineering services, and well services. The company holds various contracts and is the employer for the majority of Archer's onshore employees working in Norway.
- Archer AS operates in platform drilling, engineering services, and wireline operations. The company holds, among others, the contracts for the provision of mechanical wireline operation services to ConocoPhillips and Equinor. The majority of Archer's employees working offshore in Norway are employed by Archer AS.¹
- Archer Oiltools AS provides all services to Archer's divisions within the Oiltools division in Norway (including customer contracts). Archer Oiltools delivers a range of technologies designed to deliver better wells by extending the well's lifespan, maximising well

¹ We note that Bergen Technology Center AS and Archer Integrated Services AS were merged into Archer AS in 2023.

performance, and reducing environmental impact. Oiltools' product portfolio includes, among others, plugs & plug solutions, permanent plugging solutions for wells (P&A), cementing solutions, and well cleaning services. All employees within these divisions are also employed by Archer Oiltools AS.

- Archer Consulting AS provides consultancy services to operator companies on the Norwegian Continental Shelf, as well as some secondments to the other Norwegian companies within Archer.
- Comtrac AS is owned 50% by Archer Norge and 50% by IKM Gruppen AS. Comtrac AS is a technology company which designs and fabricates the comtrac carbon fibre rod which is used by various Archer companies globally. The comtrac rod is technology designed to convey electric, electromechanical and mechanical services, down hole, within the same rig-up.

More information may be found at <https://www.archerwell.com/>.

4.2 Target

4.2.1 *Legal and organisational structure*

Vertikal was established in 2003 and became a limited company in 2007. Vertikal has no subsidiaries, but two registered departments: (i) Offshore and (ii) Renewables. They are headquartered in Volda, Norway, with offices in Egersund, Drammen, Kristiansund and Stavanger.

Per 2023, Vertikal had approximately 125 employees and 80 hired contractors.

For more information, please see <https://vertikalservice.no/>.

4.2.2 *Areas of business*

Vertikal is a multidisciplinary service company to the offshore and onshore industry. Vertikal provides a broad range of maintenance, installation, and repair services. It's core service is rope access projects. This means that Vertikal specialises in projects where maintenance, service or repair services require personnel hanging from ropes executing the required work. With this expertise, Vertikal provides its services to hydropower and wind power installations, onshore infrastructure such as dams, and to oil and gas platforms, as well as other industries where rope access can contribute to safe and efficient project execution.

Vertikal's customers entail, *inter alia*, Equinor, [REDACTED], Statkraft and [REDACTED]

5 TURNOVER AND OPERATING RESULT IN NORWAY FOR THE LAST FISCAL YEAR (2023)

| Name | Turnover (in thousand NOK) | Operating result (in thousand NOK) |
|----------|-------------------------------|---------------------------------------|
| Archer | 6 375 555 | 442 427 |
| Vertikal | 220 364 | 34 669 |

6 NO AFFECTED MARKETS

As stated above, Archer is active within a broad range of services. Relevant for this notification are Archer's services relating to its engineering activities and drilling operation services in which it provides maintenance and support services to existing oil and gas platforms. Archer regularly hires in services from temporary work agencies etc. for its engineering and platform drilling operations. This may include services from companies specialising in a specific task or service, e.g. rope access services. Archer uses rope access suppliers for various aspects of its modification, refurbishment, decommissioning, and general maintenance scopes of work offshore.

Archer exclusively provides its MMO services to oil and gas platforms, and is not active within services to wind or hydropower installations, nor to onshore infrastructure.

Vertikal provides a range of maintenance services including reparation, modifications and installation services. However, Vertikal's core service is rope access, entailing providing services by way of ropework to access locations otherwise difficult to reach or which would result in costly and complicated procedures to be able to reach. Rope access services require trained technicians who provide work suspended in harnesses.

Vertikal provides maintenance services to wind farms and to hydropower plants, as well as to onshore infrastructure such as dams, and to offshore oil and gas platforms. During the last five years, Vertikal's focus has been the renewables sector, which makes up approximately half of Vertikal's activities today, with oil and gas making up the other half. Potential customers of Vertikal within oil and gas also engage service providers using other methods of access in most projects, i.e. not rope access services. Thus, Vertikal competes equally with providers of services to oil and gas platforms by different means of access.

The European Commission ("Commission") has previously assessed a market for the maintenance, modification and operation ("MMO") services to existing oil and gas platforms over the entire lifetime of a developed field. The Commission has considered that the geographical scope of the MMO services market is the Norwegian Continental Shelf.²

² COMP/M.7316 - DET NORSKE OLJESELSKAP/MARATHON OIL NORGE

Further, the Commission has defined a separate market for the operation, maintenance and services ("OMS") to wind farms.³ The Commission has segmented between OMS to onshore and offshore wind farms. The Parties are not aware that the Commission or the Norwegian Competition Authority have previously assessed services to hydropower plants.

Thus, the Parties may be considered to be active in the market for maintenance, modification and operation ("MMO") services to oil and gas platforms. This market has not been further segmented in past decisional practice, and the Parties are not aware that the Commission or the Norwegian Competition Authority has previously assessed a market for rope access services.

For the purpose of this notification, it is not necessary to conclude on the relevant market. A further segmentation of the market for MMO services would not result in any overlap between the Parties' activities as only Vertikal provides rope access services.

The potential overlap between Archer and Vertikal's services can therefore be assessed as the provision of MMO services to existing oil and gas platforms. Archer's estimated market share for MMO services on the Norwegian Continental Shelf is [REDACTED].⁴ Vertikal is a marginal player in the same market, with an estimated market share of <1 %.

The Parties therefore have a combined market share well below 20%.

Moreover, there may be a hypothetical vertical link, in the sense that Archer hires in services from service providers similar to Vertikal. There are multiple suppliers of similar services in the offshore oil and gas market that Archer uses for its offshore scopes of work, including [REDACTED]

[REDACTED] The minor market shares of the Parties exclude any potential adverse effects on competition.

7 THE PARTIES' MAIN COMPETITORS, CUSTOMERS AND SUPPLIERS

As it may be considered that the Parties are part of the same relevant market, an overview of the Parties' main competitors, customers and suppliers is provided in the tables below, cf. Section 3 second paragraph letter d) of the Regulation on the Notification of Concentrations.

³ Case M.9582 - SIEMENS GAMESA RENEWABLE ENERGY / SENVION (EUROPEAN ONSHORE WIND TURBINE SERVICE) / RIA BLADES, paras. 41, 81. OMS can be provided as a bundle or on a standalone basis. When provided on a standalone basis, OMS can be provided by independent service providers. Standalone OMS was assessed by the Commission as a separate market from captive OMS, whereas captive OMS is when OMS is supplied as an integral part of supplying the wind turbine.

⁴ The market shares have been calculated using a total market based on the Norwegian Offshore Directorate overview of operating costs on the Norwegian Continental Shelf. The MMO market (with the categories: ordinary operating costs, maintenance excl. wells and modifications) is estimated to be around NOK 50 billion in 2024. [REDACTED]

Table 1: Archer's main competitors, customers and suppliers in the market for MMO services to existing platforms on the Norwegian Continental Shelf

| Competitors | Customers | Suppliers |
|--------------------|-----------|-----------|
| [Redacted content] | | |

Table 2: Vertikal's main competitors, customers and suppliers in the market for MMO services to existing platforms on the Norwegian Continental Shelf

| Competitors | Customers | Suppliers |
|--------------------|-----------|-----------|
| [Redacted content] | | |

8 ANNUAL REPORTS AND FINANCIAL STATEMENTS

Archer's annual reports are available at <https://www.archerwell.com/investor-relations/annual-reports/>.

We note that Archer Norge and Vertikal's Annual Reports and Financial Statements can be found at Brønnøysundregisteret.

9 DISCLOSURE/PUBLIC ACCESS

This notification contains business secrets, cf. Section 18 b of the Competition Act. A proposal for a public version of the notification is enclosed. Enclosed is also an overview which explains why each type of redacted information constitutes business secrets. This explanation document is also considered as business secrets in its entirety.

Appendix 1: Public version of the notification

Appendix 2: Justification of business secrets

In the event that the notification or other documents in the case are not published on the Competition Authority's website, we kindly ask to be notified should the Competition Authority receive any requests for access to such documents.

Best regards,
Advokatfirmaet Thommessen AS



Heidi Jorkjend
Advokat