

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-K**

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-39668

**Archer Aviation Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**85-2730902**

(I.R.S. Employer Identification No.)

**190 West Tasman Drive, San Jose, CA**

(Address of principal executive offices)

**95134**

(Zip Code)

**(650) 272-3233**

Registrant's telephone number, including area code

N/A

(Former name, former address, and former fiscal year, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

**Title of each class**

**Trading Symbol(s)**

**Name of each exchange on which registered**

Class A common stock, par value \$0.0001 per share

ACHR

New York Stock Exchange

Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share

ACHR WS

New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of June 30, 2024, the last business date of the registrant's recently completed second fiscal quarter, was approximately \$1.1 billion, based on the closing price reported for such date on the New York Stock Exchange.

As of February 21, 2025, the number of shares of the registrant's Class A common stock outstanding was 542,470,264. There were no shares of the registrant's Class B common stock outstanding as of the same date.

Part III of this Form 10-K (the “Annual Report”) incorporates by reference certain information from the Registrant’s Definitive Proxy Statement (“Proxy Statement”) relating to the 2025 Annual Meeting of Stockholders or an amendment to this report under cover of Form 10-K/A to be filed within 120 days of the end of its fiscal year ended December 31, 2024.

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**Archer Aviation Inc.**  
**10-K**  
**For the Fiscal Year Ended December 31, 2024**

**Table of Contents**

|  | Page |
|--|------|
| <a href="#">Special Note Regarding Forward-Looking Statements</a>  | ii   |
| <a href="#">Risk Factor Summary</a>  | iii  |
| <b>Part I</b>  |      |
| <a href="#">Item 1. Business</a>   | 1    |
| <a href="#">Item 1A. Risk Factors</a>  | 7    |
| <a href="#">Item 1B. Unresolved Staff Comments</a>   | 31   |
| <a href="#">Item 1C. Cybersecurity</a>   | 31   |
| <a href="#">Item 2. Properties</a>   | 32   |
| <a href="#">Item 3. Legal Proceedings</a>  | 32   |
| <a href="#">Item 4. Mine Safety Disclosures</a>  | 32   |
| <b>Part II</b>   |      |
| <a href="#">Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a> | 33   |
| <a href="#">[Reserved]</a>   | 34   |
| <a href="#">Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations</a>                        | 35   |
| <a href="#">Item 7. Quantitative and Qualitative Disclosures about Market Risk</a>   | 43   |
| <a href="#">Item 8. Financial Statements and Supplementary Data</a>  | 44   |
| <a href="#">Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>                         | 83   |
| <a href="#">Item 9A. Controls and Procedures</a>   | 83   |
| <a href="#">Item 9B. Other Information</a>   | 83   |
| <a href="#">Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>   | 83   |
| <b>Part III</b>  |      |
| <a href="#">Item 10. Directors, Executive Officers and Corporate Governance</a>  | 85   |
| <a href="#">Item 11. Executive Compensation</a>  | 85   |
| <a href="#">Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>              | 85   |
| <a href="#">Item 13. Certain Relationships and Related Transactions, and Director Independence</a>                                   | 85   |
| <a href="#">Item 14. Principal Accountant Fees and Services</a>  | 85   |
| <b>Part IV</b>   |      |
| <a href="#">Item 15. Exhibits and Financial Statement Schedules</a>  | 86   |
| <a href="#">Item 16. Form 10-K Summary</a>   | 88   |
| <a href="#">Signatures</a>   | 89   |

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements. All statements, other than statements of present or historical fact, included or incorporated by reference in this Annual Report regarding our future financial performance, as well as our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans, and objectives of management are forward-looking statements. When used in this Annual Report, the words "anticipate," "believe," "continue," "could," "estimate," "expect," "future," "intends," "may," "might," "plan," "possible," "potential," "predict," "project," "seek," "should," "will," "would," the negative of such terms and other similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

These forward-looking statements are based on information available as of the date of this Annual Report, and current expectations, assumptions, hopes, beliefs, intentions and strategies regarding future events. Accordingly, forward-looking statements in this Annual Report and in any document incorporated herein by reference should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Some factors that could cause actual results to differ include those described in Part I, Item 1A, "Risk Factors" in this Annual Report. Readers are urged to carefully review and consider the various disclosures made in this Annual Report and other documents we file from time to time with the Securities and Exchange Commission ("SEC") that disclose risks and uncertainties that may affect our business. Moreover, new risks emerge from time to time. It is not possible for us to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements we may make. In light of these risks and uncertainties, the future events and circumstances discussed in this Annual Report may not occur and actual results could differ materially and adversely from those anticipated or implied in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Annual Report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely upon these statements.

As used herein, "Archer," the "Company," "Registrant," "we," "us," "our," and similar terms include Archer Aviation Inc. and its subsidiaries, unless the context indicates otherwise.

"Archer" and our other registered and common law trade names and trademarks of ours appearing in this Annual Report are our property. This Annual Report contains additional trade names and trademarks of other companies. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

## RISK FACTOR SUMMARY

Our business is subject to numerous risks and uncertainties, including those described in Part I, Item 1A, “Risk Factors” in this Annual Report. You should carefully consider these risks and uncertainties when investing in our Class A common stock. Some of the principal risks and uncertainties include the following:

- We are an early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the foreseeable future.
- We are still developing our eVTOL aircraft, have not yet obtained governmental certification of our eVTOL aircraft under development and have yet to manufacture or deliver any aircraft to customers, which makes evaluating our business and future prospects difficult and increases the risk of investment in our securities.
- The eVTOL aircraft industry may not continue to develop, eVTOL aircraft may not be adopted by the market, eVTOL aircraft may not be certified by government authorities or eVTOL aircraft may not be an attractive alternative to existing modes of transportation, any of which could adversely affect our prospects, business, financial condition and results of operations.
- We are in the early stages of developing our defense program and have not developed, and may be unable to develop a VTOL aircraft that meets the requirements of the defense industry, and we can provide no assurance that we will achieve some or any of the expected benefits of the program.
- The markets for our offerings are still in development, and if such markets do not materialize, or grow more slowly than we expect or fail to grow as large as we expect, our business, financial condition and results of operations could be harmed.
- Operation of aircraft involves a degree of inherent risk. We could suffer losses and adverse publicity stemming from any accident involving small aircraft, helicopters or charter flights and in particular from any accident involving eVTOL aircraft.
- Our aerial ride sharing operations will initially be concentrated in a small number of metropolitan areas, which makes our business particularly susceptible to infrastructure, economic, social, weather, regulatory conditions or other circumstances affecting these areas.
- We expect that the purchase agreements with Archer Direct customers could be subject to indexed price escalation clauses which would subject us to losses if we have cost overruns or if increases in our costs exceed the applicable escalation rate.
- We are party to certain purchase agreements and other contract orders for our Midnight aircraft and the provision of related services that contain conditions with respect to the purchase of our aircraft or that require us to perform and provide certain deliverables. If the conditions to or performance obligations under such contracts are not met, or if such contracts are otherwise canceled, modified or delayed, our prospects, results of operations, liquidity and cash flow will be harmed.
- Some of the contract orders for our Midnight aircraft are with U.S. government entities, which are subject to unique risks.
- Our business plan requires a significant amount of capital. In addition, our future capital needs may require us to issue additional equity or debt securities that may dilute our stockholders or introduce covenants that may restrict our operations or our ability to pay dividends.
- Our future success depends on the continuing efforts of our key personnel and on our ability to attract and retain highly skilled personnel and senior management.
- We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.
- We currently rely and will continue to rely on third-party partners to provide and store the parts and components required to manufacture our aircraft, and to supply critical components and systems, which exposes us to a number of risks and uncertainties outside our control.
- We are or may be subject to risks associated with strategic relationships or other opportunities and may not be able to identify adequate strategic relationship opportunities, or form strategic relationships, in the future.
- Our business may be adversely affected by the current global political and macroeconomic challenges, including the effects of inflation, volatile interest rates or an economic downturn or recession.
- Our long-term success and ability to significantly grow our revenue will depend, in part, on our ability to establish and expand into international markets and/or expand market segments.

- If we experience harm to our reputation and brand, our business, financial condition and results of operations could be adversely affected.
- Our ability to effectively compete and generate revenue from our products and services depends upon our ability to distinguish our products and services from our competitors and their products and services.
- Failure to comply with applicable laws and regulations relating to the aviation business in general and eVTOL aircraft specifically, could adversely affect our business and our financial condition.
- We are subject to cybersecurity risks to our operational systems, security systems, infrastructure, integrated software in our aircraft, as well as our customer and other confidential data or proprietary information processed by us or third-party vendors.
- Failure to comply with laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current laws and regulations or the enactment of new laws or regulations in these areas, could adversely affect our business and our financial condition.
- The price of our Class A common stock and warrants may be volatile, and you could lose all or part of your investment as a result.

## Part I

### Item 1. Business

#### Overview

Headquartered in Silicon Valley, California, Archer is developing the technologies and aircraft to power the future of advanced aviation. We plan to provide customers with advanced aircraft and related technologies and services in the United States and internationally in both the commercial and defense sectors. We unveiled our first planned production aircraft, an electric vertical take-off and landing (“eVTOL”) aircraft, Midnight, in November 2022. In December 2024, we launched Archer Defense, entering into a strategic partnership with Anduril Industries Inc. (“Anduril”) to jointly develop a next-generation aircraft for defense applications. In December 2024, we completed construction of our high-volume aircraft manufacturing facility, ARC, located in Covington, Georgia. We plan to start our initial production of aircraft at this facility in the first half of 2025 and ramp our production there to support our commercialization efforts. We are first and foremost working to commercialize our Midnight aircraft which is intended to be used in air taxi operations in and around major cities around the world. To do so, we are working with aviation authorities, countries, cities, and strategic partners in select locations globally to obtain certification of our Midnight aircraft and build out urban air mobility (“UAM”) networks that will utilize our Midnight aircraft in their operations. Our goal is to begin early commercial operations with our Midnight aircraft in Abu Dhabi in the United Arab Emirates (“UAE”) and ramp our operations from there. In parallel, we plan to continue to advance the development of our aircraft for Archer Defense, as well as other technologies to support the future of advanced aviation.

#### Our Planned Lines of Business

By maintaining an innovative and disciplined approach to new product and service development, manufacturing, and commercialization we believe that we can deliver advanced aviation technologies and solutions that can service a broad range of industries and applications. We intend to operate in the following areas:

- **Commercial:** This is planned to consist of the sale of our commercial aircraft (“Archer Direct”), such as Midnight, to aircraft operators as well as technologies and services related thereto, including, commercial launch (i.e., certification, testing, training, demonstration, market survey and early trial operations), and maintenance and repair. In addition, we plan to provide direct-to-consumer aerial ride share services utilizing our aircraft and potentially others in select metropolitan areas around the world with consumers being able to book rides via an app-based platform (“Archer UAM”).
- **Defense:** This is planned to consist of the sale of next-generation aircraft and related technologies for defense applications. Our initial product is intended to be a hybrid-propulsion, vertical take-off and landing (“VTOL”) aircraft that we are jointly developing with Anduril. We have also been partnering with the Department of Defense (“DoD”) since 2021 on a series of projects through the United States Air Force’s (“USAF”) AFWERX program with the goal of helping the AFWERX Agility Prime program assess the transformational potential of the vertical flight market and eVTOL technologies for DoD purposes. We continue to advance this partnership and deliver under the related contracts we have entered into with the USAF, which include the delivery of our Midnight aircraft to the USAF, the sharing of additional flight test data and certification related test reports, pilot training, and the development of maintenance and repair operations.

To date, we have not generated significant revenue from either of these planned areas. We will use our cash and cash equivalents for the foreseeable future as we continue to develop our commercial aircraft, defense aircraft, related technologies, manufacturing operations and work to commercialize our commercial and defense aircraft. The amount and timing of any future capital requirements will depend on many factors, including the pace and results of the design and development of our aircraft and manufacturing operations, as well as our progress in obtaining necessary aircraft certifications and other government approvals to begin commercial operations. For example, any significant delays in obtaining such certifications and other government approvals may require us to raise additional capital above our existing cash on hand and delay our generation of significant revenues.

## Our Aircraft

Our Midnight aircraft is designed around our proprietary 12-tilt-6 distributed electric propulsion platform. Midnight is the evolution of our demonstrator aircraft, Maker, which we developed and used to validate its aircraft configuration and key enabling technologies. Midnight is designed to carry four passengers plus a pilot, bring an enhanced level of safety and deliver on a reduced level of noise as compared to traditional helicopters. Our Midnight aircraft is built around key advanced aviation technologies we have developed, including what we believe to be cutting-edge electric propulsion and flight control systems. We have paired those with systems and components sourced from leading aerospace suppliers many of which are already being used on certified aircraft today, with the goal of reducing Midnight's certification risk, as well as its development timelines and costs. The aircraft is purpose-built for its intended use case of air taxi operations in major cities across the globe, with its range and payload being optimized around back-to-back short distance trips of around 20-miles, with minimal charging time between trips. Our approach to designing Midnight focuses on combining high function and high emotion, with the goal of inspiring passengers to want to experience it, similar to the feeling that was evoked during the Golden Age of aviation in the 1950s.

We continue to work to optimize our Midnight aircraft design for both manufacturing and certification. The development of an eVTOL aircraft that meets our business requirements demands significant design and development efforts on all facets of the aircraft. We believe that by bringing together a mix of talent with eVTOL, traditional commercial aerospace, as well as electric propulsion backgrounds, we have built a team that enables us to move through the design, development, and certification of our eVTOL aircraft, thus helping us to achieve our end goal of bringing to market our eVTOL aircraft as efficiently as possible. We continue to work to certify Midnight with certain aviation authorities around the globe so that it can be used in our planned commercial operations as soon as possible.

Our aircraft under development for Archer Defense is planned to be a hybrid-propulsion, Midnight-like VTOL aircraft with both a low thermal and acoustic signature purpose built for next generation defense use cases. We are jointly developing this aircraft with Anduril. Our goal is to bring together our ability to rapidly develop advanced VTOL aircraft using existing commercial parts and supply chains and Anduril's deep expertise in artificial intelligence, missionization, and systems integration, to accelerate the speed to market for critical hybrid VTOL aircraft capabilities at a fraction of the cost of more traditional alternatives. To support this effort, we intend to invest in the development of our hybrid-propulsion platform, as well as in critical capabilities like the manufacturing of composites and battery cells needed for this aircraft and also potentially on our commercial aircraft.

## Manufacturing Operations & Supply Chain Build-Out

We are in the process of developing the infrastructure necessary to manufacture our aircraft and propulsion systems reliably, at scale, and in a cost effective manner. That involves two main aspects: developing the necessary component supply chain and building out our manufacturing operations.

With regards to the sourcing of our components, a key aspect of our strategy has been to focus our internal component development efforts on only the key enabling technologies like our electric and hybrid propulsion systems, flight control software and composites. For those areas that are not differentiating technologies we aim to leverage the existing aerospace supply base to supply us with components many of which are already being used in certified aircraft today. We continued to mature our portfolio of suppliers that will provide us with components for the scaled manufacturing of our Midnight aircraft. We are dependent on the ability of a number of U.S. and non-U.S. suppliers and service providers to meet performance specifications, quality standards and delivery schedules at our targeted costs as we work towards developing and manufacturing, and ultimately commercialization of, our aircraft. The most important raw materials used by our suppliers in the manufacturing of the components for our aircraft Midnight include aluminum and composites.

With regards to our manufacturing operations, we currently have manufacturing facilities in Silicon Valley, California and Covington, Georgia. Our manufacturing facilities in Silicon Valley are being utilized to build certain of the initial Midnight aircraft used as part of our certification and early commercialization efforts, as well as the electric propulsion systems that are used in the Midnight aircraft and will be used in our production aircraft post-certification. Our manufacturing facility in Covington, ARC, is to be utilized for ramping manufacturing of our aircraft to a high rate. We completed construction of this facility in December 2024 and plan to begin manufacturing aircraft there in the first half of 2025 and ramp our production from there to support our commercialization efforts. This facility is a 350,000 square-foot facility that is designed to be capable of ramping up to support production of up to 650 aircraft per year. We have also designed that facility so that it can be expanded to approximately 900,000 square feet to support our longer-term production targets of over 2,000 aircraft per year. We are working to finalize our planned agreement with Stellantis N.V. ("Stellantis") pursuant to which they will serve as the contract manufacturer of our Midnight aircraft at ARC with the goal of helping us scale Midnight's manufacturing to 650 aircraft annually by 2030 through an obligation to cover manufacturing labor costs as well as certain capital expenditures. Pursuant to this planned arrangement, we expect to issue to Stellantis shares of our Class A common stock from time to time, with the number of such shares of Class A common stock to be based on the labor, capital expenditures and certain other costs incurred by Stellantis in connection with the contract manufacturing relationship. We expect that this facility will also be able to support the scaling of our defense aircraft that is under development.

## **Competition**

The commercial aerospace and defense industries include many strong U.S. and international competitors. Key characteristics of the commercial aerospace and defense industry include long development cycles and intense competition. Key competitive factors in developing products and services for the commercial and defense industries include technological innovation, safety, performance, quality, reliability, performance, serviceability, and cost. In the defense industry specifically, it is typical to work on development programs in partnership with companies who may also be your competitors and involve a competitive bid process to be awarded a contract.

Furthermore, for us, competition within our planned commercial air taxi service will include competition with ground based alternatives, such as personal automobiles and ride-sharing services, as well as existing aircraft and helicopter charter services. The market for these services is intensely competitive and characterized by rapid changes in technology, shifting levels of demand and frequent introduction of new services and offerings. Key competitive factors include safety, trip duration, technology, overall user experience, and cost.

Our goal in the commercial area is to differentiate ourselves by delivering aircraft, and related technologies and services that deliver superior design and performance, safety, reliability and quality. Our goal in the defense area is to differentiate ourselves by delivering aircraft and related technologies and services that accelerate the time to market for critical advanced aviation technologies at a fraction of the cost of more traditional alternatives. For additional information about competition, see "Risk Factors" in Item 1A of this Annual Report.

## **Government Regulation and Compliance**

Globally, our commercial aircraft will be required to comply with regulations governing aircraft design, production and airworthiness. In the United States, the regulations are put forth by the Federal Aviation Administration ("FAA") and Department of Transportation ("DOT"). Outside the United States, similar requirements are generally administered by the national civil aviation and transportation authorities of each country. We continue to focus our efforts on obtaining certification from the FAA of our aircraft in the United States, the General Civil Aviation Authority ("GCAA") of the UAE and engaging with key decision makers in the initial cities in the United States and UAE which we plan to operate our aircraft. We also work with similar government authorities in the other international markets where we are targeting commercialization.

## [Table of Contents](#)

The following describes the key certifications necessary for us to design, manufacture, sell and operate our aircraft in the United States:

- **Designing our aircraft:** Type certification in the United States is the FAA's approval process for new aircraft designs and covers the design of the aircraft and all required components and parts. Our initial aircraft type certification will be required to meet the criteria set forth by the FAA through a "special class" definition under 14 CFR Part 21.17(b). In May 2024, the FAA published the Final Rule with the final airworthiness criteria for our Midnight aircraft and in June 2024, we then finalized our certification basis with the FAA. We are continuing to work with the FAA to agree on the Means of Compliance with the FAA, which is the detailed list of design, analysis and testing standards that will be used to demonstrate that the aircraft is safe and complies with the Airworthiness Criteria. We initially submitted a comprehensive proposal for Midnight's Means of Compliance to the FAA back in December of 2021. We are continuing to work with the FAA to close out our remaining Means of Compliance with the FAA publication of our final rule Airworthiness Criteria and we do not see any significant design risks with the remaining Means of Compliance areas that have not yet been agreed to. Lastly, we are also working with the FAA to review and provide final acceptance of our subject specific certification plans ("SSCPs"). SSCP provide precise detail on each of the specific tests and analyses that will be completed during the implementation phase of our Type Certification program, in which we actually demonstrate to the FAA that Midnight meets all relevant FAA requirements necessary to receive Type Certification.
- **Producing our aircraft:** Production certification is the FAA's approval for us to be able to manufacture our Midnight aircraft as approved by the FAA per the Type Certified design. To obtain production certification from the FAA, we must demonstrate that our organization and our personnel, facilities, and quality system can produce our aircraft such that they conform to its approved design. As discussed above, we are working to develop the systems and processes we will need to obtain our FAA production certification with the goal of obtaining such certification shortly following receipt of Midnight's Type Certification approval.
- **Selling our aircraft:** Production certification is the FAA's approval for us to be able to manufacture our Midnight aircraft as approved by the FAA per the Type Certified design. To obtain production certification from the FAA, we must demonstrate that our organization and our personnel, facilities, and quality system can produce our aircraft such that they conform to its approved design. As discussed above, we are working to develop the systems and processes we will need to obtain our FAA production certification with the goal of obtaining such certification shortly following receipt of Midnight's Type Certification approval.
- **Operating our UAM service:** The FAA and the DOT have primary regulatory authority over air transportation operations in the United States. To operate our UAM service, we are required to hold a Part 135 Air Carrier and Operator Certificate and register as an air taxi operator with the DOT. In 2024, we obtained our Part 135 Air Carrier and Operator Certificate from the FAA, which allows us to begin operating aircraft commercially to refine our systems and procedures in advance of launching Midnight into commercial service. In February 2024, we received our Part 145 Repair Station Certificate, which lays the foundation for us to operate repair stations that perform maintenance, repair and overhaul services on our aircraft and we received our Part 141 Certificate which enables us to train and qualify pilots in our training academy. We expect that as we build out our UAM service there will be additional federal, state and local laws, regulations and other requirements that will cover our operations. For example, take-off and landing locations (e.g., airports and heliports) typically require state and local approval for zoning and land use and their ongoing use are subject to regulations by local authorities in addition to the FAA requirements. Therefore, we have already begun, and will continue to grow, our engagement and collaboration with the cities in which we intend to operate our UAM service in an effort to ensure that it operates in a safe manner.

We believe we are in material compliance with laws and regulations currently applicable to our business. We continue to monitor existing and pending laws and regulations and while the impact of regulatory changes cannot be predicted with certainty, we do not expect compliance to have a material adverse effect on our business. See Part I, Item 1A, "Risk Factors" in this Annual Report for a more comprehensive description of risks related to government regulation affecting our business.

## **Facilities**

We are currently headquartered in Silicon Valley, California with additional offices, research and development facilities, and flight test facilities in the San Francisco Bay Area and Salinas, California. We have manufacturing facilities in both Silicon Valley, California and Covington, Georgia.

## Our Employees and Human Capital

Our strategy has been and continues to be to hire top talent across various disciplines to build the best products and deliver the best services possible. We believe we have assembled a world-class team with extensive experience across the key engineering and manufacturing disciplines, including, in aerodynamics, electric propulsion, batteries, and flight controls, as well as key personnel necessary to help us ensure that we progress efficiently through the certification of our aircraft and towards the operation of our commercial business. The fabric of this team is that we are curious, talented, and passionate people. We embrace collaboration and creativity and encourage the iteration of ideas to address the complex challenges our industry faces. We believe our team and culture differentiates us versus our competitors and will be a key driver of our long-term success.

Because we recognize that our people are critical for our continued success, we work hard to create an environment where employees can have fulfilling careers, and be happy, healthy, and productive. Furthermore, we are committed to making safety a part of everything we do. Our approach to safety is a part of every aspect of our company, from design and engineering to our manufacturing, flight test, and aircraft operations. We are committed to not just meeting, but exceeding, the rigorous safety standards of our industry. We work hard to foster a robust employee safety culture that emphasizes accountability and transparency. The safety culture we want at Archer is focused on the following key principles:

- Safety is a part of our ethical responsibility to our employees, customers, and the communities in which we do business
- Safety is essential to our success, and therefore we must not leave safety questions unanswered, we must work to address risks when they are discovered
- Safety cannot be delegated, all Archer's must take personal responsibility for fostering the safety culture at Archer

As of December 31, 2024, we had a workforce of 1,148 people, including 774 full-time employees and 374 contingent workers. We have not experienced any work stoppages and generally consider our relationship with our employees to be good. None of our employees are subject to a collective bargaining agreement or represented by a labor union.

## Intellectual Property

We rely on various intellectual property laws, confidentiality procedures and contractual terms to protect our proprietary technology and our brand. We have registered and applied for the registration of U.S. and international trademarks, service marks and domain names. We have also filed patent applications in the United States and foreign countries covering certain of our technology. In general, our issued patents expire between 2040 and 2045.

## Business Combination

We went public through a de-SPAC transaction in September 2021 as a result of the merger agreement that was entered into in February 2021 (the “Business Combination Agreement”) by Archer Aviation Inc., a Delaware corporation (that existed prior to the closing of the Business Combination (as defined below), “Legacy Archer”), Atlas Crest Investment Corp., a Delaware Corporation (“Atlas”) and Artemis Acquisition Sub Inc., a Delaware corporation and a direct, wholly-owned subsidiary of Atlas (“Merger Sub”). Pursuant to the terms of the Business Combination Agreement, a business combination of Legacy Archer and Atlas was effected by the merger of Merger Sub with and into Legacy Archer, with Legacy Archer surviving the merger as a wholly-owned subsidiary of Atlas (collectively with the other transactions described in the Business Combination Agreement, the “Business Combination”). Following the consummation of the Business Combination on September 16, 2021, Legacy Archer changed its name to Archer Aviation Operating Corp., and Atlas changed its name to Archer Aviation Inc. and it became the successor registrant with the Securities and Exchange Commission (“SEC”). Our Class A common stock and public warrants are listed on the NYSE under the symbols “ACHR” and “ACHR WS,” respectively. Our Class A common stock and public warrants are listed on the NYSE under the symbols “ACHR” and “ACHR WS,” respectively.

## Available Information

Our website is located at [www.archer.com](http://www.archer.com) and our investor relations website is located at [investors.archer.com](http://investors.archer.com). Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and our Proxy Statements, and any amendments to these reports, are and will be available through our investor relations website, free of charge, after we file them with the SEC.

Further, corporate governance information, including our amended and restated certificate of incorporation, amended and restated bylaws, corporate governance guidelines, board committee charters, and code of business conduct and ethics, and other policies, are also available on our investor relations website under the heading “Governance Documents.”

The live webcasts and replays of our earnings calls are made available via our investor relations website. Our investor relations website also provides notifications of news or announcements regarding our financial performance and certain other news and information that may be material or of interest to our investors, including SEC filings, investor events, press and earnings releases. We use the following, as well as other social media channels, to disclose public investors, the media and others:

- our website ([www.archer.com](http://www.archer.com));
- Facebook account (<https://www.facebook.com/FlyArcher>);
- X (@ArcherAviation and @adamgoldstein13);
- LinkedIn (<https://www.linkedin.com/company/flyarcher> and <https://www.linkedin.com/in/adam-goldstein-7b662121/>);
- Instagram (<https://www.instagram.com/flyarcher/> and <https://www.instagram.com/adamgoldstein.archer/>) and
- YouTube (<https://www.youtube.com/c/ArcherAviation>).

Our officers may use similar social media channels to disclose public information. It is possible that certain information we or our officers post on our website and on social media could be deemed material, and we encourage investors, the media and others interested in Archer to review the business and financial information we or our officers post on our website and on the social media channels identified above. The information on our website and those social media channels is not incorporated by reference into this Annual Report on Form 10-K.

## Item 1A. Risk Factors

*Investing in our securities involves risks. You should consider carefully the risks and uncertainties described below, together with all of the other information in this Annual Report, including Part II, Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes, before deciding whether to purchase any of our securities. Our business, results of operations, financial condition, and prospects could also be harmed by risks and uncertainties that are not presently known to us or that we currently believe are not material. If any of these risks actually occur, our business, results of operations, financial condition, and prospects could be materially and adversely affected. Unless otherwise indicated, references in these risk factors to our business being harmed will include harm to our business, reputation, brand, financial condition, results of operations, and prospects. In any such event, the market price of our securities could decline, and you could lose all or part of your investment.*

### Risks Related to Our Business and Industry

*We are an early-stage company with a history of losses, and we expect to incur significant expenses and continuing losses for the foreseeable future.*

As of December 31, 2024, we incurred a net loss of \$536.8 million, and we have incurred a net loss of approximately \$1.7 billion since inception. We believe that we will continue to incur operating and net losses each quarter until at least the time we begin generating significant revenues from our planned lines of business. Even if we are able to successfully launch our planned lines of business, there can be no assurance that such lines of business will be financially viable.

We expect the rate at which we will incur losses could be significantly higher in future periods as we:

- continue to design, develop, manufacture, certify and market our aircraft;
- continue to design and develop UAM networks;
- initiate and develop our new defense program;
- continue to utilize third parties to assist us with the design, development, manufacturing, certification and marketing of our aircraft and UAM network;
- continue to attract, retain and motivate talented employees;
- expand our aircraft manufacturing capabilities, including costs associated with the manufacturing of our aircraft;
- build up inventories of parts and components for our aircraft;
- manufacture an inventory of our aircraft;
- expand our design, development and servicing capabilities;
- increase our sales and marketing activities and develop our distribution infrastructure;
- work with third-party partners to develop pilot training programs; and
- increase our general and administrative functions to support our growing operations and operations as a public company.

Because we expect to incur the costs and expenses from these efforts before we receive any significant revenues with respect thereto, our losses in future periods are expected to be significant. In addition, we may find that these efforts are more expensive than we currently anticipate or that these efforts may not result in the revenues we expect, which could further increase our losses.

***We are still developing our eVTOL aircraft, have not yet obtained governmental certification of our eVTOL aircraft under development and have yet to manufacture or deliver any aircraft to customers, which makes evaluating our business and future prospects difficult and increases the risk of investment in our securities.***

We were incorporated in October 2018 and have a limited operating history in designing, developing, and working to certify an eVTOL aircraft. Our eVTOL aircraft is in the development stage and we are still working with the FAA in the U.S. and equivalent government authorities in certain other countries in an attempt to obtain type certification of our eVTOL aircraft. While we have received our Part 135 Air Carrier Certificate in the U.S. from the FAA and anticipate being able to obtain the remaining required authorizations and certifications, we may be unable to do so on our projected timeline or at all. As an organization, we have no experience in volume manufacturing of aircraft. Some of our current and potential competitors are larger and have substantially greater resources than we have and expect to have in the future. As a result, those competitors may be able to devote greater resources to the development of their current and future technologies, the promotion and sale of their offerings, and/or offer their technologies at lower prices. In particular, our competitors may be able to receive type, production or airworthiness certification from the FAA covering their eVTOL aircraft prior to us receiving such certifications. Our current and potential competitors may also establish cooperative or strategic relationships amongst themselves or with third parties that may further enhance their resources and offerings. Further, it is possible that domestic or foreign companies or governments, some with greater experience in the aerospace industry or greater financial resources than we possess, will seek to provide products or services that compete directly or indirectly with ours in the future. Any such foreign competitor, for example, could benefit from subsidies from, or other protective measures by, its home country from which we may not be able to benefit.

We cannot assure you that we or our partners will be able to develop manufacturing and supply chain capabilities that will enable us to meet the quality, price, engineering, design and production standards, as well as the production volumes, required to successfully commercialize our aircraft. You should consider our business and prospects in light of the risks and significant challenges we face as a new entrant into a new industry, including, among other things, with respect to our ability to:

- design and manufacture safe, reliable and quality aircraft on an ongoing basis;
- obtain the necessary regulatory approvals in a timely manner, including receipt of FAA certifications covering our aircraft and, in turn, any other government approvals necessary for manufacturing, marketing, selling and operating UAM networks or selling our aircraft, or for operating our defense program;
- build a well-recognized and respected brand;
- establish and expand our customer base;
- successfully market not just our aircraft but also the other services we intend to provide, such as aerial ride sharing services;
- successfully service our aircraft after sales and maintain a good flow of spare parts and customer goodwill;
- improve and maintain our operational efficiency;
- successfully execute our manufacturing and production model and maintain a reliable, secure, and scalable technology infrastructure;
- predict our future revenues and appropriately budget for our expenses;
- attract, retain and motivate talented employees;
- anticipate trends that may emerge and affect our business;
- anticipate and adapt to changing market conditions, including technological developments and changes in competitive landscape; and
- navigate an evolving and complex global regulatory environment.

If we fail to adequately address any or all of these risks and challenges, our business may be harmed.

***Our business plan requires a significant amount of capital. In addition, our future capital needs may require us to issue additional equity or debt securities that may dilute our stockholders or introduce covenants that may restrict our operations or our ability to pay dividends.***

We expect our capital expenditures and operating expenses to continue to be significant in the foreseeable future as we develop our aircraft and business, and that our level of capital expenditures and operating expenses will be significantly affected by the aircraft development and certification process as well as subsequent customer demand for our aircraft. We believe our current cash and cash equivalents and other sources of liquidity, including borrowings under our Credit Agreement, will be sufficient to fund our current operating plan for at least the next 12 months. However, we expect that over the coming years we will continue to make significant investments in our business, including development of our aircraft and related technologies, ramping up manufacturing, building out our UAM networks, development of our defense program, and investments in our brand.

Our investments and expenses may be greater than currently anticipated or there may be investments or expenses that are unforeseen, and we may not succeed in acquiring sufficient capital to offset these expenses and achieve significant revenue generation. We have a limited operating history and no historical data on the demand for our planned commercial and defense areas of our business. As a result, our future capital requirements are difficult to predict and our actual capital requirements may be different from those we currently anticipate. We may need to seek equity or debt financing to finance a portion of our future capital requirements. Such financing might not be available to us when needed or on terms that are acceptable, or at all.

Our ability to obtain the necessary capital to carry out our business plan is subject to a number of factors, including general economic and market conditions, as well as investor sentiment regarding our planned business. These factors may make the timing, amount, terms and conditions of any such financing unattractive or unavailable to us. The current macroeconomic environment may increase our cost of financing or make it more difficult to raise additional capital on favorable terms, if at all. If we are unable to raise sufficient capital, we may have to significantly reduce our spending and/or delay or cancel our planned activities. We might not be able to obtain any financing, and we might not have sufficient capital to conduct our business as projected, both of which could mean that we would be forced to curtail or discontinue our operations.

Actual events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity problems. If any of our counterparties to our financial instruments, including funds held in uninsured deposit accounts, credit agreements, letters of credit and certain other financial instruments, are impacted by liquidity issues and placed into receivership, we may be unable to access such funds. If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash, cash equivalents and investments may be threatened and could have a material adverse effect on our business and financial condition.

In addition, our future capital needs and other business needs or plans could require us to issue additional equity or debt securities or obtain a credit facility. The issuance of additional equity or equity-linked securities could dilute our stockholders. The incurrence of indebtedness would result in increased debt service obligations and could result in operating and financing covenants that would restrict our operations or our ability to pay dividends to our stockholders.

If we cannot raise additional capital when we need or want to, our operations and prospects could be negatively affected.

***The markets for our offerings are still in development, and if such markets do not materialize, or grow more slowly than we expect or fail to grow as large as we expect, our business, financial condition and results of operations could be harmed.***

The markets for eVTOL aircraft are still in development, and our success in these markets is dependent upon our ability to effectively design, develop, and certify eVTOL aircraft and to market and gain traction of air UAM as a substitute for existing methods of transportation, as well as the effectiveness of our other marketing and growth strategies. If the public, or in the case of our defense program, government entities, do not perceive eVTOL aircraft/UAM as beneficial or choose not to adopt eVTOL aircraft/UAM as a result of concerns regarding safety, noise, affordability or for other reasons, then the market for our offerings may not materialize, may develop more slowly than we expect or may not achieve the growth potential we expect, any of which could harm our business, financial condition and results of operations.

Growth of our business will require significant investments in our infrastructure, technology, and sales and marketing efforts. If our business does not have sufficient capital required to support these investments, our results of operations will be negatively affected. Further, our ability to effectively manage growth and expansion of our operations will also require us to enhance our operational systems, internal controls and infrastructure, human resources policies and reporting systems. These enhancements will require significant capital expenditures and allocation of valuable management and employee resources.

***The eVTOL aircraft industry may not continue to develop, eVTOL aircraft may not be adopted by the market, eVTOL aircraft may not be certified by government authorities or eVTOL aircraft may not be an attractive alternative to existing modes of transportation, any of which could adversely affect our prospects, business, financial condition and results of operations.***

eVTOL aircraft involve a complex set of technologies, which we must continue to further develop and rely on our commercial and defense program customers to adopt. However, before eVTOL aircraft can fly passengers, we must receive requisite certifications and approvals from applicable governmental authorities. There are currently no eVTOL aircraft certified by the FAA for commercial operations in the United States, and there can be no assurance that our design, development and certification efforts will result in our receiving FAA certification of our aircraft. In order to achieve FAA certification, the performance, reliability and safety of eVTOL aircraft must be established, none of which can be assured. In particular, there is a risk that we will not obtain one or more certifications from the FAA that are required for ultimate commercial use of our aircraft, or that we will experience delays in receiving one or more of these certifications. Even if our eVTOL aircraft receive type certification, production certification, and airworthiness certification, eVTOL aircraft operators must conform eVTOL aircraft to their operational licenses, which requires FAA approval, and individual pilots also must be licensed and approved by the FAA to fly eVTOL aircraft, which could contribute to delays in any widespread use of eVTOL aircraft and potentially limit the number of eVTOL aircraft operators available to purchase aircraft from or partner with us.

Additional challenges to the adoption of our aircraft, technologies and related services, all of which are outside of our control, include:

- market acceptance of eVTOL aircraft;
- state, federal or municipal regulatory and licensing requirements for our eVTOL aircraft and UAM network operations;
- necessary changes to existing infrastructure to enable adoption, including installation of necessary charging and other equipment; and
- public perception regarding the safety of eVTOL aircraft.

There are a number of existing laws, regulations and standards that may apply to eVTOL aircraft, including standards that were not originally intended to apply to electric aircraft. The promulgation of additional federal, state, and local laws and regulations that address eVTOL aircraft more specifically, such as the operational regulations, or Special Federal Aviation Regulation ("SFAR"), adopted by the FAA in October 2024, could delay our ability to commercially launch our eVTOL aircraft and UAM network. In addition, depending on the nature of any revised regulations, we may need to modify our approach to certification, it may be difficult for us to timely comply with such regulations, and we may not be able to timely achieve FAA type certification for our aircraft. Further, we have designed our aircraft to be certified under the current FAA regulatory framework. If the applicable FAA regulations are substantially changed or new regulations are adopted, we may need to modify the design of our aircraft to comply with the new regulations, which could cause us to incur significant expenses and scheduling delays in commercializing our aircraft and launching UAM services, which could adversely affect our prospects, business, financial condition and results of operations.

In addition, there can be no assurance that the market will accept eVTOL aircraft, that we will be able to execute on our business strategy, or that our offerings utilizing eVTOL aircraft will obtain the necessary government approvals or be successful in the market. There may be heightened public skepticism of this nascent technology and its adopters. In particular, there could be negative public perception surrounding eVTOL aircraft, including the overall safety and the potential for injuries or death occurring as a result of accidents involving eVTOL aircraft, regardless of whether any such safety incidents occur involving us. Any of the foregoing risks and challenges could adversely affect our prospects, business, financial condition and results of operations.

***Our future success depends on the continuing efforts of our key personnel and on our ability to attract and retain highly skilled personnel and senior management.***

Our future success depends, in part, on our ability to continue to attract and retain highly skilled personnel. In particular, we are highly dependent on the contributions of Adam Goldstein, our founder and CEO, as well as other members of our management team. The loss of any key personnel could make it more difficult to achieve our business plans. Although we have generally entered into employment offer letters with our key personnel, these letters have no specific duration and provide for at-will employment, which means our key personnel may terminate their employment relationship with us at any time.

Compensation packages for highly skilled personnel have increased over time and will likely continue to increase, and competition for highly skilled personnel is often intense, especially in the San Francisco Bay Area market where our headquarters is located, and we may incur significant costs to attract and retain our personnel. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled personnel with appropriate qualifications. In addition, job candidates and existing personnel often consider the value of the equity awards they receive in connection with their service. If the perceived value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled personnel. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business, operating results, financial condition and future growth prospects could be harmed.

***We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy.***

If our business grows as planned, of which there can be no assurance, we will need to expand our sales, marketing, operations, and the number of partners with whom we do business. Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring, training and managing an increasing number of personnel. These difficulties may result in the erosion of our brand image, divert the attention of management and key personnel and impact financial and operational results. The continued expansion of our business may also require additional office space for administrative support. If we are unable to drive commensurate growth, these costs, which include lease commitments, marketing costs and headcount, could result in decreased margins, which could have an adverse effect on our business, financial condition and results of operations.

***Operation of aircraft involves a degree of inherent risk. We could suffer losses and adverse publicity stemming from any accident involving small aircraft, helicopters or charter flights and in particular from any accident involving eVTOL aircraft.***

The operation of aircraft is subject to various risks, and demand for air transportation, including our UAM offerings and defense program, has and may in the future be impacted by accidents or other safety issues regardless of whether such accidents or issues involve our eVTOL aircraft or third-party eVTOL aircraft. Air transportation hazards, such as adverse weather conditions and fire and mechanical failures, may result in death or injury to personnel and passengers, which could impact client or passenger confidence in a particular aircraft type or the air transportation services industry as a whole and could lead to a reduction in passenger volume, particularly if such accidents or disasters were due to a safety fault. Safety statistics for air travel are reported by multiple parties, including the DOT and National Transportation Safety Board, and are often separated into categories of transportation. Because our UAM offerings and defense program may include a variety of transportation methods, fliers may have a hard time determining how safe eVTOL aircraft and UAM services are and their confidence in eVTOL aircraft and UAM may be impacted by, among other things, the classification of accidents in ways that reflect poorly on eVTOL aircraft and UAM services, including the transportation methods UAM services utilize.

We believe that safety and reliability are two of the primary attributes our potential customers consider when selecting air transportation services. Any failure by us to maintain standards of safety and reliability that are satisfactory to fliers could adversely impact our ability to attract and retain customers. We are at risk of adverse publicity stemming from any public incident involving us, our people or our brand. Such an incident could involve the actual or alleged behavior of our employees, contractors, or partners. Further, if our eVTOL aircraft, whether operated by us or a third party, were to be involved in a public incident, accident, catastrophe or regulatory enforcement action, we could be exposed to significant reputational harm and potential legal liability. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident, catastrophe or action. In the event that our insurance is inapplicable or inadequate, we may be forced to bear substantial losses from an incident or accident. In addition, any such incident, accident, catastrophe or action involving our eVTOL aircraft or eVTOL aircraft generally could create an adverse public perception, which could harm our reputation, result in air travelers being reluctant to use our services, and adversely impact our business, results of operations and financial condition. If we or one of our third-party aircraft operators were to suffer an accident or lose the ability to fly certain aircraft due to safety concerns or investigations, we or such operators may be required to cancel or delay certain flights until replacement aircraft and personnel are obtained.

Our operations may also be negatively impacted by accidents or other safety-related events or investigations that occur in or near the take-off and landing infrastructure we plan to utilize for our UAM services. For example, if an accident were to occur at a heliport we rely on for certain flights in the future (assuming we are granted government operating authority to do so), we may be unable to fly into or out of that heliport until the accident has been cleared, any damage to the facilities have been repaired and any insurance, regulatory or other investigations have been completed.

Additionally, the battery packs in our aircraft are expected to use lithium-ion cells. On rare occasions, lithium-ion cells can rapidly release the energy they contain by venting smoke and flames in a manner that can ignite nearby materials as well as other lithium-ion cells. While we have taken measures to enhance the safety of our electric propulsion system, a field or testing failure of our aircraft could occur in the future, which could subject us to lawsuits, product recalls, or redesign efforts, any of which would be time-consuming and expensive. Also, negative public perceptions regarding the suitability of lithium-ion cells for aerospace applications or any future incident involving lithium-ion cells such as an aircraft or other fire, even if such incident does not involve our aircraft, could seriously harm our business.

From time to time, we are expected to store varying amounts of lithium-ion cells at our facilities. In addition, our manufacturing partners and suppliers are expected to store a significant number of lithium-ion cells at their facilities. Any mishandling of battery cells may cause disruption to the operation of our facilities or our manufacturers. A safety issue or fire related to the cells could disrupt operations or cause manufacturing delays. Such damage or injury could lead to adverse publicity and potentially a safety recall. Moreover, any such failure of a competitor's eVTOL aircraft may cause indirect adverse publicity for us and our aircraft. Such adverse publicity could negatively affect our brand and harm our business, prospects, financial condition and operating results.

***We currently rely and will continue to rely on third-party partners to provide and store the parts and components required to manufacture our aircraft, and to supply critical components and systems, which exposes us to a number of risks and uncertainties outside our control.***

We are substantially reliant on our relationships with our suppliers and service providers for the parts and components in our aircraft. If any of these suppliers or service partners were unable to meet our demand for any reason, including as a result of supply chain constraints; quality control problems; natural or man-made disasters (including events related to climate change); import/export restrictions, such as new, expanded or retaliatory tariffs, sanctions, quotas or trade barriers (including recent U.S. tariffs imposed or threatened to be imposed on China, Canada and Mexico and other countries and any retaliatory actions taken by such countries); financial issues, or if they choose to not do business with us, we would have significant difficulty in procuring and producing our aircraft, and our business prospects would be significantly harmed. These disruptions would negatively impact our certification timeline, timing and amount of revenues, competitive position and reputation. In addition, our suppliers or service providers may rely on certain tax incentives that may be subject to change or elimination in the future, which could result in additional costs and delays in production if a new manufacturing site must be obtained. Further, if we are unable to successfully manage our relationship with our suppliers or service providers, the quality and availability of our aircraft may be harmed. Our suppliers or service providers could, under some circumstances, decline to accept new purchase orders from or otherwise reduce their business with us. If our suppliers or service providers stopped manufacturing our aircraft components for any reason or reduced manufacturing capacity, we may be unable to replace the lost manufacturing capacity on a timely and comparatively cost-effective basis, which would adversely impact our operations.

The manufacturing facilities of our suppliers or service providers and the equipment used to manufacture the components for our aircraft would be costly to replace and could require substantial lead time to replace and qualify for use. The inability to manufacture our aircraft components or the backlog that could develop if the manufacturing facilities of our suppliers or service providers are inoperable for even a short period of time may result in a delay in our certification timeline, as well as the loss of customers or harm to our reputation.

We do not control our suppliers or service providers or such parties' labor and other legal compliance practices, including their environmental, health and safety practices. If our current suppliers or service providers, or any other suppliers or service providers which we may use in the future, violate U.S. or foreign laws or regulations, we may be subjected to extra duties, significant monetary penalties, adverse publicity, the seizure and forfeiture of products that we are attempting to import or the loss of our import privileges. The effects of these factors could render the conduct of our business in a particular country undesirable or impractical and have a negative impact on our operating results.

***We are or may be subject to risks associated with strategic relationships or other opportunities and may not be able to identify adequate strategic relationship opportunities, or form strategic relationships, in the future.***

We have entered into strategic relationships, and may in the future enter into additional strategic relationships or joint ventures or minority equity investments, in each case with various third parties for the production or operation of our aircraft as well as with other collaborators with capabilities on data and analytics and engineering, including our previously announced partnership with Anduril to jointly develop a next generation aircraft for military applications and our proposed contract manufacturing relationship with Stellantis. We have also entered into agreements with potential partners in a number of international markets to establish operations in these markets. These alliances subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third-party and increased expenses in establishing new strategic relationships, any of which may adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffer negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

Strategic business relationships will be an important factor in the growth and success of our business. However, there can be no assurances that we will be able to continue to identify or secure suitable business relationship opportunities in the future or our competitors may capitalize on such opportunities before we do. Moreover, identifying such opportunities could require substantial management time and resources, and negotiating and financing relationships involves significant costs and uncertainties. If we are unable to successfully source and execute on strategic relationship opportunities in the future, our overall growth could be impaired, and our business, prospects, financial condition and operating results could be adversely affected.

When appropriate opportunities arise, we may acquire or license additional assets, products, technologies or businesses that are complementary to our existing business. In addition to possible stockholder approval, we may need approvals and licenses from relevant government authorities for the acquisitions or licenses and to comply with any applicable laws and regulations, which could result in increased delay and costs, and may disrupt our business strategy if we fail to do so. Furthermore, acquisitions or licenses and the subsequent integration of new assets and businesses into our own would likely require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our operations. Acquired or licensed assets or businesses may not generate the financial results we expect. Acquisitions or licenses could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant.

*We are party to certain purchase agreements and other contract orders for our Midnight aircraft and the provision of related services that contain conditions with respect to the purchase of our aircraft or that require us to perform and provide certain deliverables. If the conditions to or performance obligations under such contracts are not met, or if such contracts are otherwise canceled, modified or delayed, our prospects, results of operations, liquidity and cash flow will be harmed.*

We are party to certain purchase agreements, including the United Purchase Agreement (as defined below), as well as other contract orders for our Midnight aircraft and the provision of related services, including with the USAF (the “USAF Contracts”), that contain conditions with respect to the purchase of our aircraft or that require us to perform and deliver certain test, certificates and other services. Payment obligations under the agreement with United for the conditional purchase of up to \$1.0 billion worth of aircraft, with an option for another \$500.0 million worth of aircraft (as amended, the “United Purchase Agreement”), for example, are conditioned upon, among other things, us receiving certification of our aircraft by the FAA and further negotiation and reaching mutual agreement on certain material terms, such as aircraft specifications, warranties, usage and transfer of the aircraft, performance guarantees, delivery periods, most favored nation provisions, the type and extent of assistance to be provided by United Airlines Inc. (“United”) in obtaining certification of the aircraft for its intended use, territorial restrictions, rights to jointly developed intellectual property, escalation adjustments and other matters. The obligations of United to consummate an order pursuant to the United Purchase Agreement will arise only after all such material terms are agreed by the parties. Payment obligations under the USAF Contracts are predicated upon, among other things, our ability to complete the design, development and ground test of our Midnight aircraft, our delivery of certain test reports and certificates, the receipt of an FAA Airworthiness Certificate, the development of pilot and maintenance training workshops, the completion of flight tests and the delivery of a certain number of our Midnight production aircraft. The obligations of the USAF to provide funding will arise only after a particular deliverable has been received and accepted by the USAF. Further, with respect to the United Purchase Agreement, in addition to other termination rights set forth in the United Purchase Agreement and the Collaboration Agreement with United (the “United Collaboration Agreement”), if the parties do not agree on such material terms, either party will have the right to terminate the agreements if such party determines in its discretion that it is not likely that such material terms will be agreed in a manner that is consistent with such party’s business and operational interests (as those interests may change from time to time). The USAF Contracts may be terminated by the USAF upon advanced written notice, and may also be subject to stop orders issued by the USAF. If the United Purchase Agreement, the USAF Contracts or any future purchase agreements or contracts are canceled, modified or delayed, or otherwise not consummated, or if we are otherwise unable to convert our strategic relationships or collaborations into revenue, our prospects, results of operations, liquidity and cash flow will be affected.

*We are in the early stages of developing our defense program and have not developed, and may be unable to develop a VTOL aircraft that meets the requirements of the defense industry, and we can provide no assurance that we will achieve some or any of the expected benefits of the program.*

Our defense program is in its early stages and we have not previously developed our aircraft to meet the requirements of the defense industry. The success of our defense program and related aircraft depends on a number of factors including, among other things, anticipating and effectively addressing demands and requirements of the defense industry; timely and successful research and development; appropriate pricing strategies; effective forecasting and management of product demand, purchase commitments, and inventory levels, including relating to the U.S. government budgetary considerations; effective management of manufacturing and supply costs; and the quality of or any defects in our aircraft. Any impact to the overall success of our defense program would also impact our ability to realize the anticipated benefits of the program.

Unanticipated problems in developing aircraft for our defense program could also divert substantial research and development and other resources, which may impair our ability to develop new aircraft, or enhancements of existing aircraft, and could substantially increase our costs. Problems in the design or quality of our aircraft may also have an adverse effect on our business, financial condition, and operating results.

Accordingly, if we fail to successfully manage our defense program, including the development, manufacturing, and marketing our defense-related aircraft, we may incur higher than expected costs, weaker than anticipated demand for our defense program and aircraft, and changes in demand for existing aircraft, and our business, financial condition, and operating results could be harmed.

***Some of the contract orders for our Midnight aircraft are with U.S. government entities, which are subject to unique risks.***

We have purchase agreements with the USAF, a U.S. governmental organization, and may enter into contracts with other governmental organizations in the future. Sales to governmental organizations are subject to a number of challenges and risks that may adversely affect our business and operating results, including the following risks:

- new regulations, or changes to existing regulations, could result in increased compliance costs, and we could be subject to withheld payments and/or reduced future business if we fail to comply with new or existing requirements in the future;
- government demand and payment for our aircraft may be impacted by public sector budgetary cycles and funding authorizations, with funding reductions or delays adversely affecting public sector demand for our aircraft, including as a result of sudden, unforeseen and disruptive events such as government shut downs, governmental defaults on indebtedness, competing priorities of a new administration, war, regional geopolitical conflicts around the world, incidents of terrorism, natural disasters, and public health concerns or epidemics;
- governments routinely investigate and audit government contractors' administrative processes, and any unfavorable audit could result in the government refusing to continue buying our aircraft, which would adversely impact our revenue and operating results, or institute fines or civil or criminal liability if an investigation, audit, or other review, were to uncover improper or illegal activities;
- governments may require certain products to be manufactured, produced, or offered solely in their country or in other relatively high-cost locations, and we may not produce or offer all products in locations that meet these requirements, affecting our ability to sell these products to governmental agencies; and
- refusal to grant certain certifications or clearance by one government agency, or decision by one government agency that our products do not meet certain standards, may cause reputational harm and cause concern with other government agencies.

The occurrence of any of the foregoing could cause governmental organizations to delay or refrain from purchasing our aircraft in the future or otherwise adversely affect our business and operating results.

***Failure to comply with the covenants in our Credit Agreement could result in our inability to borrow additional funds and adversely impact our business.***

Our Credit Agreement with Synovus Bank imposes numerous financial and other restrictive covenants on our operations, including covenants relating to our liquidity. As of December 31, 2024, we were in compliance with the covenants imposed by the Credit Agreement. If we violate these or any other covenants, any loan under the Credit Agreement could become due and payable prior to their stated maturity dates, and Synovus Bank could proceed against the collateral in our collateral account and our ability to borrow funds under the Credit Agreement in the future may be restricted or eliminated. These restrictions may also limit our ability to borrow additional funds and pursue other business opportunities or strategies that we would otherwise consider to be in our best interests.

***Our business may be adversely affected by the current global political and macroeconomic challenges, including the effects of inflation, volatile interest rates or an economic downturn or recession.***

Current global political and macroeconomic conditions and the effects thereof, including inflation, volatile interest rates, changes in trade agreements or regulations, tariffs, uncertainty with respect to the federal budget and federal debt ceiling and potential government shutdowns related thereto, actual or perceived instability in the global banking sector, the war in Ukraine and conflicts in the Middle East, supply chain issues, and any economic downturn or recession in certain regions or worldwide have, and may continue to, adversely affect our business, financial condition and results of operations. The existence of inflation in certain economies has resulted in, and may continue to result in, volatile interest rates and capital costs, supply shortages, increased costs of labor, components, manufacturing and shipping, as well as weakening exchange rates and other similar effects. As a result, we have experienced and may continue to experience cost increases. Although we take measures to mitigate the effects of macroeconomic challenges, if these measures are not effective, our business, financial condition, results of operations and liquidity could be materially adversely affected. Even if such measures are effective, there could be a delay between the adverse effect of macroeconomic conditions and the timing of when those beneficial actions impact our results of operations.

***Our aerial ride sharing operations will initially be concentrated in a small number of metropolitan areas, which makes our business particularly susceptible to infrastructure, economic, social, weather, regulatory conditions or other circumstances affecting these areas.***

We expect to initially launch our aerial ride sharing offering in limited jurisdictions subject to receipt of the necessary approvals. Accordingly, our business and results of operations are particularly susceptible to adverse infrastructure, economic, social, weather, regulatory, and other conditions in these markets. As a result of our geographic concentration, our business and financial results relating to our aerial ride sharing operations will be particularly susceptible to the impacts of these conditions or other circumstances in each of these metropolitan areas. In addition, any changes to local laws or regulations within these urban areas that affect our ability to operate or increase our operating expenses in these markets would have an adverse effect on our business, financial condition and operating results.

Disruption of operations at the locations where our take off and landing facilities are expected to initially be located, whether caused by labor relations, utility or communications issues or challenges with obtaining charging infrastructure, could harm our business. Certain locations may regulate flight operations, such as limiting the number of take offs and landings, which could reduce our aerial ride sharing operations. Bans on eVTOL aircraft operations or the introduction of any new permitting requirements would significantly disrupt our operations. In addition, demand for our Archer UAM services could be impacted if drop-offs or pick-ups of fliers become inconvenient because of take-off and landing rules or regulations, or more expensive for fliers because of take-off and landing related fees, which would adversely affect our business, financial condition and operating results.

***Our long-term success and ability to significantly grow our revenue will depend, in part, on our ability to establish and expand into international markets and/or expand market segments.***

Our future results will depend, in part, on our ability to establish and expand our presence within international markets and may also depend on our expansion into additional market segments, such as defense or logistics/cargo. Our ability to expand into new markets, including, for example, our recently launched defense program involves various risks, including, but not limited to, the need to invest significant resources in such expansion, and the possibility that returns on such investments will not be achieved in the near future or at all in these less familiar competitive environments. Our ability to expand internationally will depend upon our ability to, among other things, obtain the necessary government approvals, adapt to international markets and new market segments, understand the local customer base, and address any unique local technological requirements. We may also choose to conduct our international business through joint ventures, minority investments or other partnerships with local companies as well as co-marketing with other established brands. If we are unable to identify partners or negotiate favorable terms, our international growth may be limited. In addition, we may incur significant expenses in advance of generating revenues, if any, as we attempt to establish our presence in particular international markets or market segments outside of aircraft sales, operating a UAM network to carry passengers and our defense program.

***If we experience harm to our reputation and brand, our business, financial condition and results of operations could be adversely affected.***

Continuing to increase the strength of our reputation and brand for achieving our business plans is critical to our ability to attract and retain personnel, customers, investors, and other business partners. In addition, our growth strategy may include expansion through joint ventures, minority investments or other partnerships with strategic business partners, which may include event activities and cross-marketing with other established brands, all of which may be dependent on our ability to build our reputation and brand recognition. The successful development of our reputation and brand will depend on a number of factors, many of which are outside our control. Negative perception of our technology, industry or our company may harm our reputation and brand, including as a result of:

- complaints or negative publicity or reviews about our aircraft or service offerings from our customers or negative publicity reviews about other brands or events we are associated with, even if factually incorrect or based on isolated incidents;
- changes to our operations, safety and security, privacy or other policies that users or others perceive as overly restrictive, unclear or inconsistent with our values;
- illegal, negligent, reckless or otherwise inappropriate behavior by our management team or other employees, our customers or our other business partners;

- actual or perceived disruptions or defects in our aircraft or aerial ride sharing platform, such as data security incidents, platform outages, payment processing disruptions or other incidents that impact the availability, reliability or security of our offerings;
- accidents or incidents involving aircraft operated by one of our commercial partners or another member of the aerospace industry;
- litigation over, or investigations by regulators into, our aircraft or our operations or those of our customers or other business partners;
- a failure to operate our business in a way that is consistent with our values;
- negative responses by customers to our UAM offerings;
- perception of our treatment of employees, contractors, customers or our other business partners and our response to their sentiment related to political or social causes or actions of management; or
- any of the foregoing with respect to our competitors, to the extent such resulting negative perception affects the public's perception of us or our industry as a whole.

In addition, changes we may make to enhance and improve our offerings and balance the needs and interests of our various customers may be viewed positively from one group's perspective (such as our UAM customers) but negatively from another's perspective (such as third-party companies that purchase and operate our aircraft), or may not be viewed positively by any of our customers. If we fail to balance the interests of these various customer bases or make changes that they view negatively, our customers may stop purchasing our aircraft or stop using our UAM or other service, any of which could adversely affect our reputation, brand, business, financial condition and results of operations.

***Our ability to effectively compete and generate revenue from our products and services depends upon our ability to distinguish our products and services from our competitors and their products and services.***

- Our ability to compete effectively is dependent on many factors, including, without limitation, the following:
- speed to market of our initial aircraft and UAM and other services;
- effective strategy and execution of aircraft and service offerings;
- product and service safety and performance;
- product and service pricing; and
- quality of customer support.

We will have to demonstrate to potential customers that our products and services are attractive alternatives to other transportation offerings, by differentiating our products and services on the basis of such factors as innovation, performance, brand name, service, and price. This is difficult to do, especially in a competitive market. Some of our competitors may have more established customer relationships than we do, which could inhibit our market penetration efforts. If we are unable to compete effectively, our revenue and profitability will be adversely impacted.

***Our business may be adversely affected by labor and union activities.***

Although none of our employees are currently represented by a labor union, it is common throughout the aerospace industry generally for many employees at aerospace companies to belong to a union, which can result in higher employee costs and increased risk of work stoppages. We may also directly and indirectly depend upon other companies with unionized work forces, such as parts suppliers and trucking and freight companies, and work stoppages or strikes organized by such unions could harm our business, financial condition or operating results.

***We expect that the purchase agreements with Archer Direct customers could be subject to indexed price escalation clauses which would subject us to losses if we have cost overruns or if increases in our costs exceed the applicable escalation rate.***

Commercial aircraft sales contracts are often entered into years before the aircraft are delivered. In order to help account for economic fluctuations between the contract date and delivery date, aircraft pricing generally consists of a fixed amount as modified by price escalation formulas derived from labor, commodity and other price indices. Our revenue estimates are based on current expectations with respect to these escalation formulas, but the actual escalation amounts are outside of our control. Escalation factors can fluctuate significantly from period to period and changes in escalation amounts can significantly impact revenues and operating margins in our business. We can make no assurance that any customer, current or future, will exercise purchase options, fulfill existing purchase commitments or purchase additional products or services from us. The terms and conditions of the United Purchase Agreement regarding price escalation clauses are yet to be determined, and there is no assurance that they will be determined in a manner that will mitigate the risks described above.

***The final terms of our proposed contract manufacturing relationship with Stellantis and its affiliates remain uncertain and are subject to the negotiation of definitive documentation.***

We entered into a Memorandum of Understanding effective November 1, 2024 with FCA US LLC, a wholly-owned subsidiary of Stellantis, containing additional detail regarding the terms of the planned contract manufacturing relationship with Stellantis. We have not yet executed the final agreement and there is no assurance that we will execute the contract manufacturing agreement in the near term or at all.

***Failure to maintain effective systems of internal controls and disclosure controls could have a material adverse effect on our business, operating results, and financial condition.***

Effective internal and disclosure controls are necessary for us to provide reliable financial reports and effectively prevent fraud and to operate successfully as a public company. We are required by the Sarbanes-Oxley Act to design and maintain a system of internal control over financial reporting and disclosure controls and procedures. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results could be harmed.

Our current controls and any new controls we develop may become inadequate because of changes in conditions in our business. Further, weaknesses in our internal controls have in the past and may be discovered in the future. Any failure to develop, implement or maintain effective controls, or any difficulties encountered in their implementation or improvement, could harm our operating results, may result in a restatement of our financial statements for prior periods, cause us to fail to meet our reporting obligations, and could adversely affect the results of periodic management evaluations and annual independent registered public accounting firm attestation reports regarding the effectiveness of our internal control over financial reporting that we are required to include in the periodic reports we will file with the SEC. Our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting. Our independent registered public accounting firm has in the past or may in the future issue a report that is adverse in the event it is not satisfied with the level at which our internal control over financial reporting is documented, designed or operating.

***Ineffective disclosure controls and procedures and internal control over financial reporting could also cause investors to lose confidence in our reported financial and other information, which would likely have a negative effect on the market price of our Class A common stock.***

We have incurred and expect to continue to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act. As a result of the complexity involved in complying with the rules and regulations applicable to public companies, our management's attention may be diverted from other business concerns, which could harm our business, operating results, and financial condition. Although we have already hired additional employees to assist us in complying with these requirements, we may need to hire more employees in the future, or engage outside consultants, which will increase our operating expenses.

***We have been, and may in the future be, adversely affected by public health threats, the duration and economic, governmental and social impact of which is difficult to predict, which could significantly harm our business, prospects, financial condition and operating results.***

We face various risks related to public health issues, including epidemics, pandemics and other outbreaks that could significantly harm our operations and financial results. For example, COVID-19 created a disruption in the manufacturing, delivery and overall supply chain of aircraft manufacturers and suppliers. The extent to which the health epidemics or pandemics can impact our business, prospects and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of such health epidemics or pandemics, their severity, the actions taken by governments and others in response to such health epidemics and pandemics and how quickly and to what extent normal economic and operating activities can resume. Even after health epidemics or pandemics have subsided, we may continue to experience an adverse impact to our business as a result of such public health threats, including ongoing supply chain shortages.

***Failure to comply with applicable laws and regulations relating to the aviation business in general and eVTOL aircraft specifically, could adversely affect our business and our financial condition.***

Our eVTOL aircraft and the operation of our UAM and other services will be subject to substantial regulation in the jurisdictions in which we intend our eVTOL aircraft to operate. We expect to incur significant costs in complying with these regulations. Regulations related to the eVTOL industry, including aircraft certification, production certification, passenger operation, flight operation, airspace operation, security regulation and infrastructure regulation are currently evolving, and we face risks associated with the development and evolution of these regulations. For example, in October 2024, the FAA published the operational regulations, or SFAR, for eVTOL aircraft. Any other regulatory changes or revisions could delay our ability to obtain type certification, and could delay our ability to launch our UAM and other services.

Further, our aircraft must be certified with the FAA in the United States or other comparable regulatory agencies in international jurisdictions. Operating our aircraft in the United States and providing our passenger transportation services must comply with U.S. laws, regulations, safety standards, and customer service regulations.

Rigorous testing and the use of approved materials and equipment are among the requirements for achieving certification. Our failure to obtain or maintain certification for our aircraft or infrastructure would have a material adverse effect on our business and operating results. In addition to obtaining and maintaining certification of our aircraft, we will need to obtain and maintain operational authority necessary to provide our envisioned UAM and other services. A transportation or aviation authority may determine that we cannot manufacture, provide, or otherwise engage in those services as we have contemplated. The inability to implement our envisioned services could materially and adversely affect our results of operations, financial condition, and prospects.

To the extent the laws change, our aircraft and our services may not comply with those laws, which would have an adverse effect on our business. Complying with changing laws could be burdensome, time consuming, and expensive. To the extent compliance with new laws is cost prohibitive, our business, prospects, financial condition and operating results could be adversely affected.

If we expand beyond the United States, such as into the Middle East, Asia, Europe and/or South America, there will be additional laws and regulations we must comply with, and there may be laws and regulations in other jurisdictions we have not yet entered or laws we are unaware of in jurisdictions we have entered that may restrict our operations or business practices or that are difficult to interpret and change rapidly.

Continued regulatory limitations and other obstacles interfering with our business operations could have a negative and material impact on our business, prospects, financial condition and results of operations.

***We are subject to cybersecurity risks to our operational systems, security systems, infrastructure, integrated software in our aircraft, as well as our customer and other confidential data or proprietary information processed by us or third-party vendors.***

We are at risk for interruptions, outages and breaches of our: (a) operational systems, including business, financial, accounting, product development, data processing or production processes, owned by us or our third-party vendors or suppliers; (b) facility security systems, owned by us or our third-party vendors or suppliers; (c) aircraft technology, including powertrain and avionics and flight control software, owned by us or our third-party vendors or suppliers; (d) the integrated software in our aircraft; or (e) customer data that we process or our third-party vendors or suppliers process on our behalf. Such incidents could: disrupt our operational systems; result in loss of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers, or others; jeopardize the security of our facilities; or affect the performance of in-product technology and the integrated software in our aircraft.

We plan to collect, store, transmit and otherwise process data from our aircraft, our customers, our employees and others as part of our business and operations, which may include personal information or confidential or proprietary information. We also work with partners and third-party service providers or vendors that collect, store and process such data on our behalf and in connection with our aircraft. There can be no assurance that any security measures that we or our third-party service providers or vendors have implemented will be effective against current or future security threats. If a compromise of data were to occur, we may become liable under our contracts with other parties and under applicable law for damages and incur penalties and other costs to respond to, investigate and remedy such an incident. Our systems, networks and physical facilities could be breached, or personal information could otherwise be compromised due to employee error or malfeasance, if, for example, third parties attempt to fraudulently induce our employees or our customers to disclose information or usernames and/or passwords. Third parties may also exploit vulnerabilities in, or obtain unauthorized access to, platforms, systems, networks and/or physical facilities utilized by our third-party service providers and vendors.

We plan to include avionics and flight control software services and functionality that utilize data connectivity to monitor aircraft performance and to enhance safety and enable cost-saving preventative maintenance. The availability and effectiveness of our services depend on the continued operation of information technology and communications systems. Our systems will be vulnerable to damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, worms, trojan horses, distributed denial or degradation of service attacks, ransomware, social engineering schemes, insider theft or misuse or other attempts to harm our systems. We intend to use our avionics and flight control software and functionality to log information about each aircraft's use in order to aid us in aircraft diagnostics and servicing. Our customers may object to the use of this data, which may increase our vehicle maintenance costs and harm our business prospects.

Our aircraft contain complex information technology systems and built-in data connectivity to share aircraft data with ground operations infrastructure. We plan to design, implement and test security measures intended to prevent unauthorized access to our information technology networks, our aircraft and related systems. However, hackers may attempt to gain unauthorized access to modify, alter and use such networks, aircraft and systems to gain control of or to change our aircraft's functionality, performance characteristics, or to gain access to data stored in or generated by the aircraft. A significant breach of our third-party service providers' or vendors' or our own network security and systems could have serious negative consequences for our business and future prospects, including possible fines, penalties and damages, reduced customer demand for our aircraft or urban aerial ride sharing services and harm to our reputation and brand.

There are inherent risks associated with developing, improving, expanding and updating our current systems, such as the disruption of our data management, procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, to procure parts or supplies or to manufacture, deploy, deliver and service our aircraft, to adequately protect our intellectual property or achieve and maintain compliance with, or to realize available benefits under, applicable laws, regulations and contracts. We cannot be sure that these systems upon which we rely, including those of our third-party vendors or suppliers, will be effectively implemented, maintained or expanded as planned. If we do not successfully implement, maintain or expand these systems as planned, our operations may be disrupted and our ability to accurately and timely report our financial results could be impaired. Moreover, our proprietary information or intellectual property could be compromised or misappropriated, and our reputation may be adversely affected. If these systems do not operate as we expect them to, we may be required to expend significant resources to make corrections or find alternative sources for performing these functions.

Techniques used to obtain unauthorized access or sabotage technology systems change frequently and generally are not identified until they are launched against a target, and cybersecurity threats continue to evolve and are difficult to predict due to advances in the technological capabilities of threat actors and the new and sophisticated methods used by criminals, including phishing, social engineering or other illicit acts. We may be unable to anticipate these techniques or to implement adequate preventative measures. Threat actors, nation-states, and nation-state-supported actors now engage, and are expected to continue to engage, in cyber-attacks, including for geopolitical reasons and in connection with military conflicts and operations. During times of war and other major conflicts, we and our third-party vendors or suppliers may be vulnerable to heightened risk of these attacks.

The landscape of laws, regulations, and industry standards related to cybersecurity is evolving globally. We may be subject to increased compliance burdens by regulators and customers with respect to our aircraft, as well as additional costs to oversee and monitor security risks. Most jurisdictions have enacted laws mandating companies to inform individuals, stockholders, regulatory authorities, and others of security breaches. In addition, certain of our customer agreements may require us to promptly report security breaches involving their data on our systems or those of subcontractors processing such data on our behalf. These mandatory disclosures can be costly, harm our reputation, erode customer trust, and require significant resources to mitigate issues stemming from actual or perceived security breaches.

While we currently maintain cybersecurity insurance, our insurance may be insufficient or may not cover all liabilities we could incur. The successful assertion of one or more large claims against us that exceeds our available cybersecurity insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co-insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing cybersecurity insurance coverage will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim.

***Failure to comply with laws and regulations relating to privacy, data protection and consumer protection, or the expansion of current laws and regulations or the enactment of new laws or regulations in these areas, could adversely affect our business and our financial condition.***

We are subject to or impacted by a number of federal, state and foreign laws and regulations, as well as contractual obligations and industry standards, that impose certain obligations and restrictions with respect to data privacy and security, and govern our collection, storage, retention, protection, use, processing, transmission, sharing and disclosure of personal information including that of our employees, customers and others.

The global data protection landscape is rapidly evolving, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. We may not be able to monitor and react to all developments in a timely manner.

In the United States, there are numerous federal and state consumer, privacy and data security laws and regulations governing the collection, use, disclosure, processing and protection of personal information, including security breach notification laws. Additionally, the Federal Trade Commission and many state attorneys general interpret federal and state consumer protection laws to impose standards on the collection, use, dissemination, and security of data. Over a third of U.S. states have enacted comprehensive consumer privacy laws and many others are considering enacting such laws. For example, California adopted the California Consumer Privacy Act (as amended, the “CCPA”), which established a privacy framework for covered businesses, including an expansive definition of personal information and data privacy rights for California residents. The CCPA includes a framework with potentially severe statutory damages and private rights of action. The CCPA requires covered businesses to provide new disclosures to California residents, provide them new ways to opt-out of certain disclosures of personal information, and allow for a new cause of action for data breaches. As we expand our operations, the CCPA and other state laws may increase our compliance costs and potential liability. Compliance with any applicable privacy and data security laws and regulations is a rigorous and time-intensive process, and we may be required to put in place additional mechanisms to comply with such laws and regulations.

In addition, we are or may become subject to a variety of foreign laws and regulations regarding privacy, data protection, and data security. These laws and regulations are continuously evolving and developing. The scope and interpretation of the laws that are or may be applicable to us are often uncertain and may be conflicting, particularly with respect to foreign laws. Such laws and regulations often have changes in scope, may be subject to differing interpretations, and may be inconsistent among different jurisdictions. For example, the European and United Kingdom’s respective General Data Protection Regulations (collectively, “GDPR”) include operational requirements for companies that receive or process personal data of residents of the European Union or United Kingdom that are broad and stringent. The GDPR includes significant penalties for non-compliance, including fines of up to €20 million (£17.5 million) or 4% of total worldwide revenue.

Some countries are considering or have passed legislation requiring local storage and processing of data, or particular compliance mechanisms and safeguards before data is transferred outside their borders, which could increase the cost and complexity of services if we were to operate in those countries. If we are required to implement complex measures to transfer data around the world, this could increase our compliance costs, and could adversely affect our business, financial condition and results of operations.

Governments and regulators throughout the United States and around the world are continuing to focus on privacy and data security, and it is possible that new privacy or data security laws will be enacted or existing laws will be amended in a way that is material to our business. Any significant change to applicable laws, regulations, or industry practices regarding our users' data could require us to modify our services and features, possibly in a material manner, and may limit our ability to develop new products, services, and features. Although we have made efforts to design our policies, procedures, and systems to comply with the current requirements of applicable laws, changes to applicable laws and regulations in this area could subject us to additional regulation and oversight, any of which could significantly increase our operating costs.

We publish privacy policies and other documentation regarding our collection, processing, use and disclosure of personal information and/or other confidential information. Although we endeavor to comply with our published policies and other documentation, we may at times fail to do so or may be perceived to have failed to do so. Moreover, despite our efforts, we may not be successful in achieving compliance if our employees, contractors, service providers or vendors fail to comply with our published policies and documentation. Such failures can subject us to potential local, state and federal action if we are found to be deceptive, unfair, or misrepresentative of our actual practices. Claims that we have violated individuals' privacy rights or failed to comply with data protection laws or applicable privacy notices even if we are not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm our business.

***We currently have a subsidiary located outside of the United States and plan for international operations in the future, which could subject us to political, operational and regulatory challenges.***

We currently have a subsidiary in Brazil engaged in limited test manufacturing, research and development and other activities and plan to eventually expand our international operations, including in the UAE. We have established relationships with suppliers and potential partners in select international markets and have begun working with regulators in other countries to pursue commercialization opportunities in those markets. International operations are subject to a number of risks, including regulations that may differ from or be more stringent than analogous U.S. regulations, local political or economic instability, cross-border political tensions, import and export compliance, privacy, data protection, information security, labor and employment matters, and exposure to potential liabilities under anti-corruption or anti-bribery laws and similar laws and regulations. If any of these risks materialize, it could adversely impact our business.

***We are subject to risks associated with climate change, including the potential increased impacts of severe weather events on our operations and infrastructure.***

The potential physical effects of climate change, such as increased frequency and severity of high wind conditions, storms, floods, fires, fog, mist, freezing conditions, sea-level rise and other climate-related events, could affect our operations, infrastructure and financial results. Climate change risks could result in but are not limited to operational risk from the physical effect of climate events on our terminal facilities, production facilities and other assets, as well as transitional risks, including new or more stringent regulatory requirements, increased monitoring and disclosure requirements, and potential effects on our reputation and/or changes in our business. We could incur significant costs to improve the climate resiliency of our aircraft or infrastructure and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change.

***The requirements of being a public company may strain our resources, divert management's attention and affect our ability to attract and retain additional executive management and qualified board members.***

We are subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of the NYSE and other applicable securities rules and regulations. Compliance with these rules and regulations has increased, and will continue to increase, our legal and financial compliance costs, make some activities more difficult, time-consuming, or costly, and increase demand on our systems and resources. The Exchange Act requires, among other things, that we file annual, quarterly, and current reports with respect to our business and operating results. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight have been and may in the future be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business and operating results. Although we have already hired additional employees to comply with these requirements, we may need to hire more employees in the future or engage outside consultants, which would increase our costs and expenses.

In the future, changes in laws or regulations governing our operations, changes in the interpretation thereof or newly enacted laws or regulations and any failure by us to comply with these laws or regulations, could have a materially adverse effect on our business. In addition, changing laws, regulations, and standards relating to corporate governance and public disclosure could create uncertainty for public companies, increase legal and financial compliance costs, and make some activities more time consuming. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve or otherwise change over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. We intend to invest resources to comply with evolving laws, regulations, and standards (or changing interpretations of them), and this investment may result in increased selling, general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us, and our business may be adversely affected. As a public company, we have also had to incur increased expenses in order to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to maintain the same or similar coverage or obtain coverage in the future. These factors could also make it more difficult for us to attract and retain qualified members of our board of directors, particularly to serve on our audit committee, compensation committee, and nominating and governance committee, and qualified executive officers.

As a result of disclosure of information in the filings required of a public company, our business and financial condition is more visible, which may result in threatened or actual litigation, including by competitors. If such claims are successful, our business and operating results could be adversely affected, and even if the claims do not result in litigation or are resolved in our favor, these claims, and the time and resources necessary to resolve them, could divert the resources of our management and adversely affect our business and operating results. In addition, as a result of our disclosure obligations as a public company, we have reduced flexibility and are under pressure to focus on short-term results, which may adversely affect our ability to achieve long-term profitability.

***We are, and may in the future become, subject to legal proceedings, which may be time-consuming and expensive and, if adversely determined, could delay, limit or prevent our ability to commercialize our aircraft or otherwise execute on our business plans.***

Pending legal proceedings and other future legal proceedings against us or our employees, regardless of outcome or merit, could be time consuming and expensive to defend or resolve, result in substantial diversion of management and technical resources, delay, limit or prevent our ability to make, develop, commercialize or deploy our aircraft and aerial ride sharing services and deteriorate our reputation and our business relationships, any of which could make it more difficult or impossible for us to operate our business or otherwise execute on our business plan and significantly adversely affect our business, financial condition, or results of operations. In the event of an adverse outcome of litigation, we may have to cease developing and/or using the asserted intellectual property, which could significantly adversely impact our business, financial condition, or results of operation.

***Our business may be adversely affected if we are unable to protect our intellectual property rights from unauthorized use by third parties.***

Failure to adequately protect our intellectual property rights could result in our competitors offering similar products or services, potentially resulting in the loss of some of our competitive advantage and a decrease in our revenue, which could adversely affect our business, prospects, financial condition and operating results. Our success depends, at least in part, on our ability to protect our key technology and intellectual property. To accomplish this, we will rely on a combination of patents, trade secrets (including know-how), employee and third-party non-disclosure agreements, copyrights, trademarks, intellectual property licenses and other contractual rights to establish and protect our rights in our technology.

The protection of our intellectual property rights will be important to our future business opportunities. However, the measures we take to protect our intellectual property from unauthorized use by others may not be effective for various reasons, including the following:

- any patent applications we submit may not result in the issuance of patents (and patents have not yet issued to us based on our pending applications);
- the scope of our patents that may subsequently issue may not be broad enough to protect our proprietary rights;
- our issued patents may be challenged or invalidated by third parties;
- our employees or business partners may breach their confidentiality, non-disclosure and non-use obligations to us;
- third parties may independently develop technologies that are the same or similar to ours;
- the costs associated with enforcing patents, confidentiality and invention agreements or other intellectual property rights may make enforcement impracticable; and
- current and future competitors may circumvent or otherwise design around our patents.

Patent, trademark, copyright and trade secret laws vary throughout the world. The laws in some foreign countries do not protect intellectual property rights to the same extent as the laws of the United States. Furthermore, policing the unauthorized use of our intellectual property rights in foreign jurisdictions may be difficult. Therefore, our intellectual property rights may not be as strong or as easily enforced outside of the United States.

Also, while we have registered and applied for trademarks in an effort to protect our investment in our brand and goodwill with customers, competitors may challenge the validity of those trademarks and other brand names in which we have invested. Such challenges can be expensive and may adversely affect our ability to maintain the goodwill gained in connection with a particular trademark.

To the extent we expand our international activities, our exposure to unauthorized use of our technologies and proprietary information may increase. We may also fail to detect unauthorized use of our intellectual property, or be required to expend significant resources to monitor and protect our intellectual property rights, including engaging in litigation, which may be costly, time-consuming, and divert the attention of management and resources, and may not ultimately be successful. If we fail to meaningfully establish, maintain, protect and enforce our intellectual property rights internationally, our business, financial condition and results of operations could be adversely affected.

***Our management team has limited experience managing a public company.***

Most members of our management team have limited experience managing a publicly traded company, interacting with public company investors and regulators, and complying with the increasingly complex laws pertaining to public companies. Our management team may not successfully or efficiently manage our transition to being a public company subject to significant regulatory oversight and reporting obligations under the federal securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents require significant attention from our senior management and could divert their attention away from the day-to-day management of our business, which could adversely impact our business, operating results, and financial condition.

***Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that derivative actions brought in our name, actions against our directors, officers, other employees or stockholders for breach of fiduciary duty and other similar actions may be brought only in the Court of Chancery in the State of Delaware, which may have the effect of discouraging lawsuits against our directors, officers, other employees or stockholders.***

Our amended and restated certificate of incorporation provides that (i) unless we consent in writing to the selection of an alternative forum, to the fullest extent permitted by the applicable law, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any stockholder (including a beneficial owner) to bring (1) any derivative action or proceeding brought on behalf of us, (2) any action or proceeding asserting a claim of breach of a fiduciary duty owed by any current or former director, officer or other employee of ours or any stockholder of ours to us or our stockholders, (3) any action or proceeding asserting a claim against us or any of our current or former directors, officers or other employees or any stockholder arising pursuant to any provision of the Delaware General Corporation Law (the “DGCL”), our amended and restated certificate of incorporation or our amended and restated bylaws, (4) any action or proceeding to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws (or any right, obligation or remedy thereunder), (5) any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware, and (6) any action asserting a claim against us or any director, officer or other employee of ours or any stockholder, governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court’s having personal jurisdiction over the indispensable parties named as defendants, and (ii) unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall, to the fullest extent permitted by law, be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act or the rules and regulations promulgated thereunder. Any person holding, owning or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and to have consented to this forum selection provision.

This choice of forum provision may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims, although such stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. However, there is no assurance that a court would enforce the choice of forum provision contained in our amended and restated certificate of incorporation. If a court were to find such provision to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

***Certain of our warrants are accounted for as liabilities and changes in the value of these warrants could have a material effect on our financial results.***

On April 12, 2021, the staff of the SEC (the “SEC Staff”) expressed its view that certain terms and conditions common to special purpose acquisition company (“SPAC”) warrants may require the warrants to be classified as liabilities instead of equity on a SPAC’s balance sheet. As a result of the SEC Staff’s statement, Atlas reevaluated the accounting treatment of its public warrants and private placement warrants, and determined to classify the warrants as derivative liabilities measured at fair value, with changes in fair value reported in its statement of operations for each reporting period.

See Note 11 - Liability Classified Warrants to our audited consolidated financial statements for the year ended December 31, 2024, for additional information about our public and private warrants that were originally issued by Atlas. Accounting Standards Codification (“ASC”) 815-40 provides for the remeasurement of the fair value of such derivatives at each balance sheet date, with a resulting non-cash gain or loss related to the change in the fair value being recognized in the consolidated statements of operations. As a result of the recurring fair value measurement, our financial statements and results of operations may fluctuate quarterly based on factors which are outside of our control. Due to the recurring fair value measurement, we expect that we will recognize non-cash gains or losses on our warrants each reporting period and that the amount of such gains or losses could be material.

***Evolving scrutiny and changing expectations from global regulators and our stakeholders regarding our environmental, social and governance (ESG) practices and value proposition could adversely affect our business, brand and reputation.***

There is evolving focus, including from investors, customers, regulators, employees and other stakeholders concerning corporate responsibility, specifically related to ESG matters. If our practices do not meet investor or other stakeholder expectations and standards, including related to climate change, environmental sustainability, human capital management, supply chain management, and human rights, or do not meet related regulations and expectations for increased transparency, which continue to increase, our reputation may be negatively impacted, and we may be subject to litigation risk and/or regulatory enforcement. In addition, we could be criticized for the scope of our initiatives or goals or perceived as not acting responsibly in connection with these matters, and that evaluation may be based on factors unrelated to the impact of these matters on our business, financial or otherwise. Our failure, or perceived failure, with these initiatives or more generally to manage reputational threats and meet shifting and in certain cases, inconsistent, stakeholder expectations or consumer preferences could negatively impact our brand, image, reputation, credibility, employee and franchisee retention, and the willingness of our customers and franchisees to do business with us. Additionally, changes in ESG-related reporting frameworks and guidance and negative consumer attitudes related to both taking ESG activities and not taking ESG activities, create a new and evolving set of risks that could broadly affect us, increase compliance and other costs, or divert management attention. Increased regulatory and legal requirements concerning ESG issues may also lead to increased operational costs. If we fail to adapt to evolving stakeholder expectations, regulatory and legal requirements and general environmental conditions, our reputation and business and operating results could be adversely impacted.

***Changes in financial accounting standards may cause adverse unexpected fluctuations and affect our reported results of operations.***

A change in accounting standards or practices, and varying interpretations of existing or new accounting pronouncements, as well as significant costs incurred or that may be incurred to adopt and to comply with these new pronouncements, could have a significant effect on our reported financial results or the way we conduct our business. If we do not ensure that our systems and processes are aligned with the new standards, we could encounter difficulties generating quarterly and annual financial statements in a timely manner, which could have an adverse effect on our business, our ability to meet our reporting obligations and compliance with internal control requirements.

Management will continue to make judgments and assumptions based on our interpretation of new standards. If our circumstances change or if actual circumstances differ from our assumptions, our operating results may be adversely affected and could fall below our publicly announced guidance or the expectations of securities analysts and investors, resulting in a decline in the market price of our Class A common stock.

***Our ability to use our net operating loss carryforwards and certain other tax attributes may be limited.***

As of December 31, 2024, we had approximately \$616.5 million and \$58.2 million of federal and state net operating loss carryforwards (“NOLs”) and \$53.2 million and \$27.9 million federal and state research and development tax credits. Under current law unused federal NOLs generated in tax years beginning after December 31, 2017, will not expire and may be carried forward indefinitely but the deductibility of such federal NOLs for any year is limited to no more than 80% of the excess, if any, of current year taxable income (without regard to deductions). In addition, both our current and our future unused losses and other tax attributes may be subject to limitation under Sections 382 and 383 of the U.S. Internal Revenue Code of 1986, as amended, (the “Code”), if we undergo, or have undergone, an “ownership change,” generally defined as a greater than 50 percentage point change (by value) in our equity ownership by certain stockholders or groups of stockholders over a three-year period. We may have experienced ownership changes in the past and may experience ownership changes in the future as a result of subsequent shifts in our stock ownership (some of which shifts are outside our control), which may further limit our ability to use our pre-change net operating loss carryforwards and other pre-change tax attributes (such as research tax credits) to offset our post-change income or taxes. Similar provisions of state tax law may also apply to limit our use of accumulated state tax attributes. In addition, at the state level, there may be periods during which the use of net operating losses is suspended or otherwise limited, which could accelerate or permanently increase state taxes owed. As a result, even if we attain profitability, we may be unable to use all or a material portion of our net operating losses and other tax attributes, which could have an adverse impact on our business, financial condition and results of operations.

***Changes in tax laws or regulations that are applied adversely to us may have a material adverse effect on our business, cash flows, financial condition or results of operations.***

New income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted at any time, which could adversely affect our business operations and financial performance. Further, existing tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. Future changes in corporate tax rates, the realization of net deferred tax assets relating to our operations, the taxation of foreign earnings, and the deductibility of expenses could have a material impact on the value of our deferred tax assets, could result in significant one-time charges, and could increase our future U.S. tax expense. For tax years beginning after December 31, 2021, current law requires taxpayers to capitalize and amortize certain research and development expenditures over five years if incurred in the United States and fifteen years if incurred in foreign jurisdictions, rather than deducting them concurrently. Although there have been legislative proposals to repeal or defer the capitalization requirement to later years, there can be no assurance that the provision will be repealed or otherwise modified.

**Risks Related to Ownership of Our Securities**

***The price of our Class A common stock and warrants may be volatile, and you could lose all or part of your investment as a result.***

The price of our Class A common stock and warrants may fluctuate due to a variety of factors, including:

- changes in macroeconomic or market conditions or trends in our industry or markets, such as inflation, recessions, volatility in interest rates, ongoing supply chain shortages, local and national elections, international currency fluctuations, uncertainty with respect to the federal budget and federal debt ceiling and potential government shutdowns related thereto, actual or perceived instability in the global banking sector, political instability and acts of war, such as the war in Ukraine and conflicts in the Middle East, or terrorism;
- results of operations that vary from the expectations of securities analysts and investors;
- results of operations that vary from those of our competitors;
- changes in expectations as to our future financial performance, including financial estimates and investment recommendations by securities analysts and investors;
- declines in the market prices of stocks generally;
- strategic actions by us or our competitors;
- announcements by us or our competitors of significant contracts, acquisitions, joint ventures, other strategic relationships or capital commitments;
- any significant change in our management;
- changes in business or regulatory conditions, including new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- future sales of our Class A common stock or other equity or debt securities;
- investor perceptions or the investment opportunity associated with our Class A common stock relative to other investment alternatives;
- the public's response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation involving us, our industry, or both, or investigations by regulators into our operations or those of our competitors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- the development and sustainability of an active trading market for our securities;
- actions by institutional or activist stockholders;

- changes in accounting standards, policies, guidelines, interpretations or principles; and
- other events or factors, including those resulting from natural disasters, war, acts of terrorism or responses to these events.

These broad market and industry fluctuations may adversely affect the market price of our Class A common stock and warrants, regardless of our actual operating performance. In addition, price volatility may be greater if the public float and trading volume of our Class A common stock is low.

In the past, following periods of market volatility, stockholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

***We may be required to take write-downs or write-offs, or may be subject to restructuring, impairment or other charges that could have a significant negative effect on our financial condition, results of operations and the price of our Class A common stock, which could cause you to lose some or all of your investment.***

Factors outside of our control may, at any time, arise. As a result of these factors, we may be forced to later write-down or write-off assets, restructure operations, or incur impairment or other charges that could result in reporting losses. Unexpected risks may arise, and previously known risks may materialize. Even though these charges may be non-cash items and therefore not have an immediate impact on our liquidity, we must report charges of this nature which could contribute to negative market perceptions about us or our securities. In addition, charges of this nature may cause us to be unable to obtain future financing on favorable terms or at all.

***There can be no assurance that we will be able to comply with the continued listing standards of the NYSE. If we are unable to comply with its continued listing requirements, the NYSE may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions.***

Our Class A common stock and public warrants are listed on the NYSE under the symbols “ACHR” and “ACHR WS,” respectively. We cannot assure you that our securities will continue to be listed on the NYSE. We are required to demonstrate compliance with the NYSE’s continued listing requirements in order to continue to maintain the listing of our securities on the NYSE. If the NYSE delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, our securities could be quoted on an over-the-counter market. If this were to occur, we could face significant adverse consequences, including:

- a limited availability of market quotations for our securities;
- reduced liquidity for our securities;
- a determination that our Class A common stock is a “penny stock” which will require brokers trading in our Class A common stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities;
- a limited amount of news and analyst coverage; and
- a decreased ability to issue additional securities or obtain additional financing in the future.

***Because there are no current plans to pay cash dividends on our common stock for the foreseeable future, you may not receive any return on investment unless you sell your common stock for a price greater than that which you paid for it.***

We intend to retain future earnings, if any, for future operations, expansion and debt repayment and there are no current plans to pay any cash dividends for the foreseeable future. The declaration, amount and payment of any future dividends on shares of our common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax, and regulatory restrictions, implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by covenants of our existing and outstanding indebtedness and may be limited by covenants of any future indebtedness we incur. As a result, you may not receive any return on an investment in our common stock unless you sell our common stock for a price greater than that which you paid for it.

***If securities analysts do not publish research or reports about our business or if they downgrade our Class A common stock or our sector, our Class A common stock price and trading volume could decline.***

The trading market for our Class A common stock will rely in part on the research and reports that industry or financial analysts publish about us or our business. We will not control these analysts. In addition, some financial analysts may have limited expertise with our model and operations. Furthermore, if one or more of the analysts who do cover us downgrade our Class A common stock or industry, or the stock of any of our competitors, or publish inaccurate or unfavorable research about our business, the price of our Class A common stock could decline. If one or more of these analysts ceases to cover us or fails to initiate coverage or publish reports on us regularly, we could lose visibility in the market, which in turn could cause our Class A common stock price or trading volume to decline.

***Future sales, or the perception of future sales, by us or our stockholders in the public market could cause the market price for our Class A common stock to decline.***

The sale of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

All shares issued in the Business Combination that were registered on our registration statement on Form S-4, which was declared effective on August 11, 2021, are freely tradable without restriction by persons other than our “affiliates,” (as defined under Rule 144 of the Securities Act (“Rule 144”)), including our directors, executive officers and other affiliates.

We have also entered into subscription agreements from time to time with certain investors, pursuant to which we have issued in aggregate 142,348,733 shares of Class A common stock in private placements and subsequently registered such shares for resale by the investors.

In May 2024, we filed a shelf registration statement on Form S-3 to sell up to \$95.0 million in the aggregate of any combination of different types of securities, including shares of our Class A common stock, from time to time in one or more offerings. As of December 31, 2024, we have approximately \$18.7 million available for issuance to certain vendors. As of December 31, 2024, we have approximately \$47.5 million available for issuance under our “at the market” offering program pursuant to a registration statement filed in November 2024.

As restrictions on resale end or if these stockholders exercise their registration rights, the market price of our Class A common stock could drop significantly if the holders of these shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our Class A common stock or other securities.

In addition, outstanding warrants to purchase an aggregate of 25,398,947 shares of our Class A common stock became exercisable on October 30, 2021. Each warrant entitles the holder thereof to purchase one (1) share of our Class A common stock at a price of \$11.50 per whole share, subject to adjustment. Moreover, as of December 31, 2024, we have an additional 20,753,630 outstanding warrants issued to certain parties, 12,948,354 of which remain subject to vesting conditions. These warrants may be exercised only for a whole number of shares of our Class A common stock. To the extent such warrants are exercised, additional shares of our Class A common stock will be issued, which will result in dilution to the then existing holders of our Class A common stock and increase the number of shares eligible for resale in the public market.

Moreover, the shares of our common stock reserved for future issuance under our equity incentive plans will become eligible for sale in the public market once those shares are issued, subject to provisions relating to various vesting agreements and, in some cases, limitations on volume and manner of sale applicable to affiliates under Rule 144, as applicable. We have filed registration statements on Form S-8 to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our equity incentive plans. We expect to file additional registration statements on Form S-8 in the future to register additional shares reserved for future issuance under our equity incentive plans, and Form S-8 registration statements automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market.

In the future, we may also issue our securities in connection with investments or acquisitions. The number of shares of our common stock issued in connection with an investment or acquisition could constitute a material portion of our then-outstanding Class A common stock. Any issuance of additional securities in connection with investments or acquisitions may result in additional dilution to our stockholders.

***Anti-takeover provisions in our governing documents could delay or prevent a change of control.***

Certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws have an anti-takeover effect and may delay, defer or prevent a merger, acquisition, tender offer, takeover attempt or other change of control transaction that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by our stockholders.

These provisions provide for, among other things:

- the ability of our board of directors to issue one or more series of preferred stock;
- a classified board;
- advance notice for nominations of directors by stockholders and for stockholders to include matters to be considered at our annual meetings;
- certain limitations on convening special stockholder meetings;
- limiting the ability of stockholders to act by written consent; and
- our board of directors has the express authority to make, alter or repeal our amended and restated bylaws.

These anti-takeover provisions could make it more difficult for a third party to acquire us, even if the third party's offer may be considered beneficial by many of our stockholders. As a result, our stockholders may be limited in their ability to obtain a premium for their shares. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

**Item 1B. Unresolved Staff Comments**

None.

**Item 1C. Cybersecurity**

We understand the importance of maintaining an active cybersecurity risk management and strategy program. As an emerging technology company, we understand that we may face cyber threats that range from common cyberattacks, such as ransomware, to more advanced attacks such as advanced persistent threats perpetrated by nation-state actors and other highly organized actors. Our cybersecurity risk management program is guided by industry standards, such as the National Institute of Standards and Technology ("NIST"). We strategically partner with industry leading external vendors to perform cybersecurity assessments, as well as regular penetration testing to better understand our potential vulnerabilities, threat vectors, and impact on critical assets or operations. As part of these processes, our cybersecurity team identifies and prioritizes risks to devise our annual cybersecurity mitigation strategy and address operational risks. Our cybersecurity program is organized around the following key areas:

***Risk Management and Strategy***

*Insider Risk Management.* We recognize that not all threats are external. We have an insider risk management program and are working to improve our data loss protection technology to protect our critical data.

*Security Awareness Education.* Understanding the need for regular cybersecurity training, we have instituted a mandatory training program for all employees around information security and data privacy.

*Technical Safeguards.* We have improved our endpoint security postures through the implementation of an Enterprise Mobile Management system, and continue to increase our investment in strengthening email, DNS, and other network security services.

*Threat Detection and Response.* In addition to aligning our cybersecurity risk management program to NIST standards, we have also engaged with third party providers of security information and event management and cybersecurity services to provide continuous monitoring and operational threat detection and response. Our partners integrate threat intelligence into their platforms, providing us with a proactive view of possible threats.

*Incident Response.* We have implemented a holistic review of incident response, with workflows in place for cybersecurity incidents, including provisions for assessing materiality, and defined escalation procedures.

*Third Party Risk Management.* To manage third-party risks, our cybersecurity team evaluates our partners, to provide an additional layer of scrutiny, and supervises and identifies material risks associated with the use of third-party service providers. These processes include a review of security controls and supplier contractual obligations for security and data protection requirements.

*Cybersecurity Service Providers and Third-party Consultants.* We engage cybersecurity consultants and other third parties to assess and enhance our information security practices. These third parties conduct assessments, penetration testing, and vulnerability assessments to identify weaknesses and recommend improvements. We also utilize third-party tools and technologies to support our efforts to enhance our cybersecurity functions.

***Governance***

Our Audit Committee is primarily responsible for assisting our Board of Directors in fulfilling its ultimate oversight responsibilities relating to risk assessment and cyber governance. In that capacity, our Audit Committee conducts quarterly reviews of, and meets with our Chief Information Officer and other senior management to discuss technology and cybersecurity risks and the Company's risk assessment and risk management policies, practices, programs and/or procedures that have been adopted to monitor, control, mitigate and manage such risks. In addition, the Audit Committee reviews management's reports on topics, including risks and incidents relating to cybersecurity threats, compliance with disclosure requirements, cooperation with law enforcement, cybersecurity and other information securities policies and practices and related internal controls. The Audit Committee reports any findings and recommendations, as appropriate, to the full Board of Directors for consideration.

Our Board of Directors is committed to maintaining a well-informed and cybersecurity-aware posture, regularly engaging by receiving scheduled and requested updates on our strategy and evolving threat landscape as well as bolstering existing cybersecurity knowledge and continued education of recent cybersecurity trends.

We are continuing to develop and refine processes to continuously monitor, analyze emerging threats, and to develop and implement risk mitigation strategies and our management team plays a pivotal role in assessing and managing material risks from cybersecurity threats. Our Chief Information Officer, who has served in various leadership roles in information technology for over 20 years, provides leadership for our cybersecurity team. He also leads our overall corporate technology team, which has over 20 years of combined information security experience.

In 2024, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite our efforts, we cannot eliminate all risks from cybersecurity threats, or provide assurances that we have not experienced undetected cybersecurity incidents. For more information regarding cybersecurity risks that we face and potential impacts on our business related thereto, see the section entitled “Risk Factors— We are subject to cybersecurity risks to our operational systems, security systems, infrastructure, integrated software in our aircraft, as well as our customer and other confidential data or proprietary information processed by us or third-party vendors.”

**Item 2. Properties**

We currently lease our headquarters in Silicon Valley, California. We lease additional offices, research and development facilities, and manufacturing facilities in the San Francisco Bay Area, California, and flight test facilities at Salinas Municipal Airport in Salinas, California. We also lease a property for our high-volume manufacturing facility in Covington, Georgia. We believe our existing leased facilities are in good condition and suitable for the conduct of our business.

**Item 3. Legal Proceedings**

For a description of our material pending legal proceedings, see Note 7 - Commitments and Contingencies of the notes to the consolidated financial statements included in Part II, Item 8 of this Annual Report, which is incorporated herein by reference. From time to time, we may bring or be subject to other legal proceedings and claims in the ordinary course of business. While management currently believes that resolving claims against us, individually or in aggregate, will not have a material adverse impact on our financial position, results of operations or statement of cash flows, these matters are subject to inherent uncertainties and management's view of these matters may change in the future. If an unfavorable final outcome were to occur, it may have a material adverse impact on our financial position, results of operations or cash flows for the period in which the effect can be reasonably estimated.

**Item 4. Mine Safety Disclosures**

Not applicable.

## Part II

### Item 5. Market for Registrants' Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information for Common Stock

Our Class A common stock and warrants trade on the New York Stock Exchange under the symbols "ACHR" and "ACHR WS".

#### Holders of Record

As of February 21, 2025, there were 64 stockholders of record of our Class A common stock. There are no stockholders of record of our Class B common stock following the automatic conversion of all shares of our Class B common stock into shares of Class A common stock effective December 31, 2024 pursuant to the terms of our amended and restated certificate of incorporation. The actual number of holders of our Class A common stock is greater than the number of record holders and includes stockholders who are beneficial owners, but whose shares are held in street name by brokers or other nominees. The number of holders of record presented here also does not include stockholders whose shares may be held in trust by other entities.

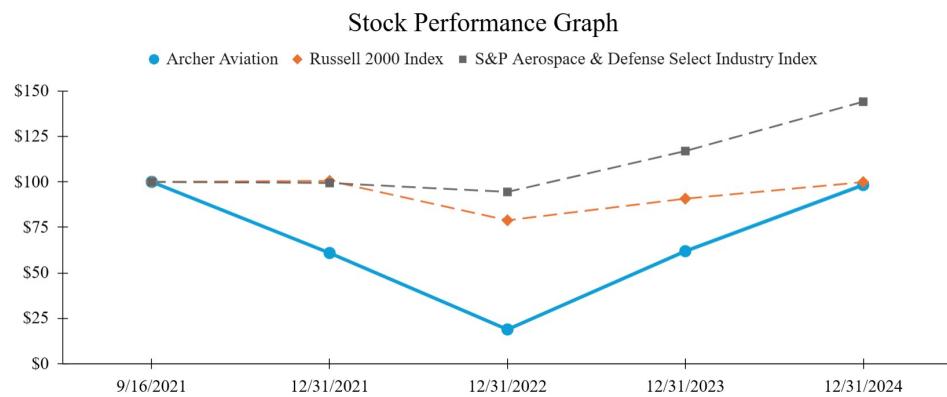
#### Dividend Policy

We have never declared nor paid any cash dividends on our capital stock. We anticipate that we will retain all of our future earnings, if any, for use in the operation and expansion of our business and do not anticipate paying cash dividends in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the sole discretion of our board of directors and will depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions and other factors that our board of directors may deem relevant.

#### Stock Performance Graph

*This performance graph shall not be deemed "soliciting material" or to be "filed" with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of Archer Aviation Inc. under the Securities Act, or the Exchange Act. The returns shown are based on historical results and are not intended to suggest future performance.*

The following graph compares the cumulative total stockholder return of our Class A common stock of \$100 invested in our Class A common stock as of September 16, 2021, the Closing Date of the Business Combination, through December 31, 2024 to the Russell 2000 Index and S&P Aerospace & Defense Select Industry Index.



**Recent Sales of Unregistered Securities**

None.

**Use of Proceeds**

None.

**Issuer Purchases of Equity Securities**

None.

**Item 6. [Reserved]**

## **Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related accompanying notes included elsewhere in this Annual Report. Refer to [Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) located in our Annual Report on Form 10-K for the year ended December 31, 2023, filed on February 29, 2024, for a comparison of our results of operations for the years ended December 31, 2023 and 2022. The following discussion includes forward-looking statements, which are based on our current expectations and beliefs concerning future developments and the potential effects of such developments on us. There can be no assurance that future developments affecting us will be those that we have anticipated. See the section titled "Special Note Regarding Forward-Looking Statements" in this Annual Report. Our actual results could differ materially from such forward-looking statements. Factors that could cause or contribute to those differences include, but are not limited to, those set forth in Part I, Item 1A, "Risk Factors" in this Annual Report.*

### **Overview**

Headquartered in Silicon Valley, California, Archer is developing the technologies and aircraft to power the future of advanced aviation. We plan to provide customers with advanced aircraft and related technologies and services in the United States and internationally in both the commercial and defense sectors. We unveiled our first planned production aircraft, an eVTOL aircraft, Midnight, in November 2022. In December 2024, we launched Archer Defense, entering into a strategic partnership with Anduril to jointly develop a next-generation aircraft for defense applications. In December 2024, we completed construction of our high-volume aircraft manufacturing facility, ARC, located in Covington, Georgia. We plan to start our initial production of aircraft at this facility in the first half of 2025 and ramp our production there to support our commercialization efforts. We are first and foremost working to commercialize our Midnight aircraft which is intended to be used in air taxi operations in and around major cities around the world. To do so, we are working with aviation authorities, countries, cities, and strategic partners in select locations globally to obtain certification of our Midnight aircraft and build out UAM networks that will utilize our Midnight aircraft in their operations. Our goal is to begin early commercial operations with our Midnight aircraft in Abu Dhabi in the UAE and ramp our operations from there. In parallel, we plan to continue to advance the development of our aircraft for Archer Defense, as well as other technologies to support the future of advanced aviation.

### **Our Planned Lines of Business**

By maintaining an innovative and disciplined approach to new product and service development, manufacturing, and commercialization we believe that we can deliver advanced aviation technologies and solutions that can service a broad range of industries and applications. We intend to operate in the following areas:

- **Commercial:** This is planned to consist of the sale of our commercial aircraft ("Archer Direct"), such as Midnight, to aircraft operators as well as technologies and services related thereto, including, commercial launch (i.e., certification, testing, training, demonstration, market survey and early trial operations), and maintenance and repair. In addition, we plan to provide direct-to-consumer aerial ride share services utilizing our aircraft and potentially others in select metropolitan areas around the world with consumers being able to book rides via an app-based platform ("Archer UAM").
- **Defense:** This is planned to consist of the sale of next-generation aircraft and related technologies for defense applications. Our initial product is intended to be a hybrid-propulsion VTOL aircraft that we are jointly developing with Anduril. We have also been partnering with the DoD since 2021 on a series of projects through the USAF AFWERX program with the goal of helping the AFWERX Agility Prime program assess the transformational potential of the vertical flight market and eVTOL technologies for DoD purposes. We continue to advance this partnership and deliver under the related contracts we have entered into with the USAF, which include the delivery of our Midnight aircraft to the USAF, the sharing of additional flight test data and certification related test reports, pilot training, and the development of maintenance and repair operations.

To date, we have not generated significant revenue from either of these planned areas. We will use our cash and cash equivalents for the foreseeable future as we continue to develop our aircraft and technologies and services related thereto, manufacturing operations and work to commercialize our aircraft. The amount and timing of any future capital requirements will depend on many factors, including the pace and results of the design and development of our aircraft and manufacturing operations, as well as our progress in obtaining necessary aircraft certifications and other government approvals to begin commercial operations. For example, any significant delays in obtaining such certifications and other government approvals may require us to raise additional capital above our existing cash on hand and delay our generation of significant revenues.

## Our Aircraft

Our Midnight aircraft is designed around our proprietary 12-tilt-6 distributed electric propulsion platform. Midnight is the evolution of our demonstrator aircraft, Maker, which we developed and used to validate its aircraft configuration and key enabling technologies. Midnight is designed to carry four passengers plus a pilot, bring an enhanced level of safety and deliver on a reduced level of noise as compared to traditional helicopters. Our Midnight aircraft is built around key advanced aviation technologies we have developed, including what we believe to be cutting-edge electric propulsion and flight control systems. We have paired those with systems and components sourced from leading aerospace suppliers many of which are already being used on certified aircraft today, with the goal of reducing Midnight's certification risk, as well as its development timelines and costs. The aircraft is purpose-built for its intended use case of air taxi operations in major cities across the globe, with its range and payload being optimized around back-to-back short distance trips of around 20-miles, with minimal charging time between trips. Our approach to designing Midnight focuses on combining high function and high emotion, with the goal of inspiring passengers to want to experience it, similar to the feeling that was evoked during the Golden Age of aviation in the 1950s.

We continue to work to optimize our Midnight aircraft design for both manufacturing and certification. The development of an eVTOL aircraft that meets our business requirements demands significant design and development efforts on all facets of the aircraft. We believe that by bringing together a mix of talent with eVTOL, traditional commercial aerospace, as well as electric propulsion backgrounds, we have built a team that enables us to move through the design, development, and certification of our eVTOL aircraft, thus helping us to achieve our end goal of bringing to market our eVTOL aircraft as efficiently as possible. We continue to work to certify Midnight with certain aviation authorities around the globe so that it can be used in our planned commercial operations as soon as possible.

Our aircraft under development for Archer Defense is planned to be a hybrid-propulsion, Midnight-like VTOL aircraft with both a low thermal and acoustic signature purpose built for next generation defense use cases. We are jointly developing this aircraft with Anduril. Our goal is to bring together our ability to rapidly develop advanced VTOL aircraft using existing commercial parts and supply chains and Anduril's deep expertise in artificial intelligence, missionization, and systems integration, to accelerate the speed to market for critical hybrid VTOL aircraft capabilities at a fraction of the cost of more traditional alternatives. To support this effort, we intend to invest in the development of our hybrid-propulsion platform, as well as in critical capabilities like the manufacturing of composites and battery cells needed for this aircraft and also potentially on our commercial aircraft.

## Components of Results of Operations

### *Revenue*

We are still working to design, develop, certify, and bring up manufacturing of our aircraft and thus have not generated revenue from any of our planned lines of business. We do not expect to begin generating significant revenues until we are able to complete the design, development, certification, and manufacturing bring up of our aircraft and development of related technologies and services.

### *Operating Expenses*

#### *Research and Development*

Research and development activities represent a significant part of our business. Our research and development efforts focus on the design and development of our eVTOL aircraft, including certain of the systems that are used in it. As part of those activities, we continue to work closely with the Federal Aviation Administration ("FAA") towards our goal of achieving certification of our eVTOL aircraft on an efficient timeline. Research and development expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for employees focused on research and development activities, costs associated with developing and building prototype aircraft, associated facilities costs, and depreciation. We expect research and development expenses to increase significantly as we progress towards the certification and manufacturing of our eVTOL aircraft.

We cannot determine with certainty the timing, duration or the costs necessary to complete the design, development, certification, and manufacturing bring up of our eVTOL aircraft due to the inherently unpredictable nature of our research and development activities. Development timelines, the probability of success, and development costs may differ materially from expectations.

**General and Administrative**

General and administrative expenses consist primarily of personnel-related costs (including salaries, bonuses, benefits, and stock-based compensation) for employees associated with administrative services such as finance, legal, human resources, information technology, associated facilities costs, depreciation, and technology and dispute resolution agreements expense. We expect our general and administrative expenses to increase as we hire additional personnel and consultants to support our operations and comply with applicable regulations.

**Other Warrant Expense**

Other warrant expense consists entirely of non-cash expense related to the vesting of warrants issued in conjunction with the execution of the United Purchase Agreement and the Warrant to Purchase Shares Agreement with United Airlines Inc. ("United").

**Other Income (Expense), Net**

Other income (expense), net consists of miscellaneous income and expense items, including the change in fair value of our warrant liabilities.

**Interest Income, Net**

Interest income, net primarily consists of interest income from our cash and cash equivalents and short-term investments in marketable securities, net of interest on notes payable.

**Results of Operations**

The following table sets forth our consolidated statements of operations for the periods indicated:

|   | Year Ended December 31, |                   | Change \$        | Change %      |  |  |
|---|-------------------------|-------------------|------------------|---------------|--|--|
|   | 2024                    | 2023              |                  |               |  |  |
|   | (In millions)           |                   |                  |               |  |  |
| <b>Operating expenses:</b>                |                         |                   |                  |               |  |  |
| Research and development <sup>(1)</sup>   | \$ 357.7                | \$ 276.4          | \$ 81.3          | 29.4 %        |  |  |
| General and administrative <sup>(1)</sup> | 152.0                   | 168.4             | (16.4)           | (9.7)%        |  |  |
| Other warrant expense                     | —                       | 2.1               | (2.1)            | (100.0)%      |  |  |
| <b>Total operating expenses</b>           | <b>509.7</b>            | <b>446.9</b>      | <b>62.8</b>      | <b>14.1 %</b> |  |  |
| Loss from operations                      | (509.7)                 | (446.9)           | (62.8)           | 14.1 %        |  |  |
| Other income (expense), net               | (48.8)                  | (26.9)            | (21.9)           | 81.4 %        |  |  |
| Interest income, net                      | 21.9                    | 16.4              | 5.5              | 33.5 %        |  |  |
| <b>Loss before income taxes</b>           | <b>(536.6)</b>          | <b>(457.4)</b>    | <b>(79.2)</b>    | <b>17.3 %</b> |  |  |
| Income tax expense                        | (0.2)                   | (0.5)             | 0.3              | (60.0)%       |  |  |
| <b>Net loss</b>                           | <b>\$ (536.8)</b>       | <b>\$ (457.9)</b> | <b>\$ (78.9)</b> | <b>17.2 %</b> |  |  |

<sup>(1)</sup> Includes stock-based compensation expense as follows:

|   | Year Ended December 31, |                |
|---|-------------------------|----------------|
|   | 2024                    | 2023           |
| Research and development                      | \$ 49.0                 | \$ 28.9        |
| General and administrative                    | 59.8                    | 16.3           |
| <b>Total stock-based compensation expense</b> | <b>\$ 108.8</b>         | <b>\$ 45.2</b> |

**Comparison of the Year Ended December 31, 2024 and 2023**

**Research and Development**

Research and development expenses increased by \$81.3 million, or 29.4%, for the year ended December 31, 2024, compared to the year ended December 31, 2023, as we invested in people and materials to advance our technology development. The increase was primarily due to an increase of \$42.4 million in personnel-related expenses due to a significant increase in our workforce from the prior year, an increase of \$20.1 million in stock-based compensation expenses, and an increase of \$17.4 million in costs related to professional services and tools and materials to support our increased research and development activities. The remainder of the increase was made up of other incidental items.

**General and Administrative**

General and administrative expenses decreased by \$16.4 million, or 9.7%, for the year ended December 31, 2024, compared to the year ended December 31, 2023. The decrease was primarily due to a decrease of \$58.3 million in the charge for the warrant issued to Wisk Aero LLC, to purchase up to 13,176,895 shares of our Class A common stock with an exercise price of \$0.01 per share (the “Wisk Warrant”), and a decrease of \$14.7 million in professional service expenses mainly due to legal fees and expenses. The decrease was partially offset by a reversal of previously recognized stock-based compensation expense of \$59.1 million associated with the forfeiture of the unvested portion of the restricted stock units (“RSUs”) granted to our founders pursuant to the terms and conditions of the Business Combination Agreement immediately prior to closing (the “Founder Grant”) issued to the Company’s former co-CEO. See Note 7 - Commitments and Contingencies and Note 9 - Stock-Based Compensation to our consolidated financial statements for further details on our commitments and contingencies and stock-based compensation, respectively. The remainder of the decrease was made up of other incidental items.

**Other Warrant Expense**

Other warrant expense decreased by \$2.1 million, or 100.0%, for the year ended December 31, 2024, compared to the year ended December 31, 2023. The decrease was primarily due to the vesting of United warrants associated with specific milestones during the year ended December 31, 2023. The warrants associated with the specific milestones fully vested in the first quarter of 2023. See Note 9 - Stock-Based Compensation to our consolidated financial statements for further details on our warrants.

**Other Income (Expense), Net**

Other income (expense), net decreased by \$21.9 million, or 81.4%, for the year ended December 31, 2024, compared to the year ended December 31, 2023. The decrease was primarily due to changes in fair value of our warrant liabilities. See Note 3 - Summary of Significant Accounting Policies to our consolidated financial statements for further details.

**Interest Income, Net**

Interest income, net increased by \$5.5 million, or 33.5%, for the year ended December 31, 2024, compared to the year ended December 31, 2023. The increase was primarily due to interest income from our cash and cash equivalents.

**Liquidity and Capital Resources**

As of December 31, 2024, our principal sources of liquidity were cash and cash equivalents of \$834.5 million. We have incurred net losses since our inception and to date have not generated any revenues. We expect to incur additional losses and higher operating expenses for the foreseeable future. We believe that our existing cash and cash equivalents will be sufficient for at least the next 12 months to meet our requirements and plans for cash, including meeting our working capital requirements and capital expenditure requirements.

On October 5, 2023, we entered into a credit agreement (the “Credit Agreement”) with Synovus Bank, as administrative agent and lender, and the additional lenders (the “Lenders”) from time to time. We may request the Lenders to provide multiple delayed term loan advances (together, the “Loan”) in an aggregate principal amount of up to \$65.0 million for the construction and development of our manufacturing facility in Covington, Georgia. The Loan under the Credit Agreement shall accrue interest from and including the date the applicable advance is made but excluding the repayment date at a rate of the secured overnight financing rate (“SOFR”), plus 2.0% subject to a SOFR floor of 0.0%. We are required to make interest-only payments for 36 months on the Loan starting on November 14, 2023, followed by monthly interest and principal payments for the remaining maturity, with any outstanding principal, interest and other then outstanding indebtedness due at maturity. The Credit Agreement matures on the earlier of October 5, 2033 or the date on which the outstanding Loan has been declared or automatically becomes due and payable pursuant to the terms of the Credit Agreement. Our obligations under the Credit Agreement are jointly and severally guaranteed by our current and future wholly-owned domestic subsidiaries, and are secured by cash, general intangibles, instruments, securities, financial assets, security entitlements and other property maintained in a money market account at Synovus Bank. As of December 31, 2024, we had drawn down \$65.0 million of the Loan.

In November 2023, we filed a shelf registration statement on Form S-3 with the SEC and a related prospectus supplement pursuant to which we may, from time to time, sell shares of our Class A common stock, having an aggregate value of up to \$70.0 million, pursuant to a Controlled Equity Offering<sup>SM</sup> Sales Agreement (the “Sales Agreement”) with the placement agent (the “First ATM Program”). The First ATM Program was fully utilized in May 2024. During the years ended December 31, 2024 and 2023, we sold 10,275,033 and 3,109,097 shares of Class A common stock, respectively, under the First ATM Program, for net proceeds of \$48.1 million and \$19.5 million, respectively.

In May 2024, we filed a shelf registration statement on Form S-3 with the SEC that permits the offering of an aggregate of up to \$95.0 million of shares of our Class A common stock or preferred stock, debt securities, warrants, and units (the “2024 Shelf Registration Statement”), including a prospectus for the sale under the Sales Agreement of shares of our Class A common stock, having an aggregate value of up to \$70.0 million (the “Second ATM Program”). The Second ATM Program was fully utilized in November 2024. During the year ended December 31, 2024, we sold 20,644,100 shares of Class A common stock under the Second ATM Program for net proceeds of \$68.0 million.

In November 2024, we filed a shelf registration statement on Form S-3-ASR with the SEC and a related prospectus for the sale under the Sales Agreement of shares of our Class A common stock, having an aggregate value of up to \$70.0 million (the “Third ATM Program”), and together with the First ATM Program and the Second ATM Program, the “ATM Program”. During the year ended December 31, 2024, we sold 2,052,484 shares of Class A common stock under the Third ATM Program for net proceeds of \$21.7 million. As of December 31, 2024, we had \$47.5 million remaining eligible for sales under the Third ATM Program.

We pay the placement agent a commission rate of up to 3.0% of the gross proceeds from any shares of Class A common stock sold through the Sales Agreement.

On June 27, 2024, pursuant to the Forward Purchase Agreement, dated as of January 3, 2023, by and between us and Stellantis N.V. (“Stellantis Forward Purchase Agreement”), we elected to draw down the \$55.0 million remaining available under the Stellantis Forward Purchase Agreement associated with Milestone 3 (as defined in the Stellantis Forward Purchase Agreement). In accordance therewith, on July 1, 2024, we issued 17,401,153 shares of Class A common stock to Stellantis N.V. (“Stellantis”) for gross proceeds of approximately \$55.0 million.

On August 8, 2024, we entered into subscription agreements with certain investors providing for the private placement of our Class A common stock at a purchase price of \$3.35 per share (the “First 2024 PIPE Financing”), pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. A portion of the First 2024 PIPE Financing closed on August 12, 2024 for 49,283,582 shares of our Class A common stock for net proceeds of approximately \$158.0 million, after deducting offering costs. The remaining portion of the First 2024 PIPE Financing covering an aggregate of 2,982,089 shares of our Class A common stock was issued and sold to Stellantis for gross proceeds of approximately \$10.0 million on January 6, 2025.

On December 11, 2024, we entered into subscription agreements with certain investors providing for the private placement of our Class A common stock at a purchase price of \$6.65 per share (the “Second 2024 PIPE Financing”, and together with the First 2024 PIPE Financing, the “2024 PIPE Financings”), pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. A portion of the Second 2024 PIPE Financing closed on December 13, 2024 for 63,909,776 shares of our Class A common stock for net proceeds of approximately \$407.7 million, after deducting offering costs. The remaining portion of the Second 2024 PIPE Financing covering an aggregate of 751,879 shares of our Class A common stock to be issued and sold to Stellantis for anticipated gross proceeds of approximately \$5.0 million is subject to the satisfaction of certain closing conditions, including approval by our stockholders.

In the long term, our ability to support our working capital and capital expenditure requirements will depend on many factors, including:

- the level of research and development expenses we incur as we continue to develop our eVTOL aircraft and other products and services to be provided in our planned business lines;
- capital expenditures needed to bring up our aircraft manufacturing capabilities, including for both the build out of our manufacturing facilities, component purchases necessary to build our aircraft and support the development of our airline operations;
- general and administrative expenses as we scale our operations; and
- sales, marketing and distribution expenses as we build, brand and market our business lines, products and services.

Until such time as we can generate significant revenue from our business operations, we expect to finance our cash needs primarily through existing cash on hand, pre-delivery payments, equity financing and debt financing.

The following includes our short-term and long-term material cash requirements from known contractual obligations as of December 31, 2024:

#### **Notes Payable**

See Note 6 - Notes Payable to our consolidated financial statements for further details on our debt.

#### **Leases**

We lease office, lab, hangar, and storage facilities in the normal course of business. Under our operating leases as noted in Note 7 - Commitments and Contingencies to our consolidated financial statements, we have current obligations of \$6.1 million and long-term obligations of \$14.9 million.

#### **Cash Flows**

The following table summarizes our cash flows for the periods indicated:

|                                 | <b>Year Ended December 31,</b> |             |
|---------------------------------|--------------------------------|-------------|
|                                 | <b>2024</b>                    | <b>2023</b> |
|                                 | <b>(In millions)</b>           |             |
| Net cash provided by (used in): |                                |             |
| Operating activities            | \$ (368.6)                     | \$ (271.6)  |
| Investing activities            | (82.0)                         | 420.7       |
| Financing activities            | 820.4                          | 250.1       |

#### *Cash Flows Used in Operating Activities*

We continue to experience negative cash flows from operations as we are still working to design, develop, certify, and bring up manufacturing of our eVTOL aircraft and thus have not generated any revenues from any of our planned lines of business. Our cash flows from operating activities are significantly affected by our cash investments to support the growth of our research and development activities related to our eVTOL aircraft, as well as the general and administrative functions necessary to support those activities and operations as a publicly traded company. Our operating cash flows are also impacted by the working capital requirements to support growth and fluctuations in personnel-related expenditures, accounts payable, accrued interest and other current liabilities, and other current assets.

Net cash used in operating activities during the year ended December 31, 2024 was \$368.6 million, resulting from a net loss of \$536.8 million, adjusted for non-cash items consisting primarily of \$108.8 million in stock-based compensation, a gain of \$49.5 million due to a change in fair value of our warrant liabilities, \$11.7 million in depreciation, amortization and other, \$8.1 million of research and development warrant expenses related to the warrants issued to Stellantis (see Note 9 - Stock-Based Compensation to our consolidated financial statements for further details), and a \$5.6 million non-cash charge for the Wisk Warrant. The net cash used in changes in our net operating assets and liabilities was \$17.2 million.

Net cash used in operating activities during the year ended December 31, 2023 was \$271.6 million, resulting from a net loss of \$457.9 million, adjusted for non-cash items consisting primarily of a \$70.3 million non-cash charge comprised of a \$26.3 million non-cash charge associated with the initial vested tranche of shares underlying the Wisk Warrant and a \$44.0 million non-cash charge for the unvested portion of the Wisk Warrant, relating to the Technology and Dispute Resolution Agreements (see Note 7 - Commitments and Contingencies to our consolidated financial statements for further details), \$45.2 million in stock-based compensation which includes the reversal of \$59.1 million of stock-based compensation expense related to the forfeiture of one of the Founder Grants, a loss of \$32.9 million due to a change in fair value of our warrant liabilities, and \$17.5 million of research and development warrant expense related to the warrants issued to Stellantis (see Note 9 - Stock-Based Compensation to our consolidated financial statements for further details). The net cash provided by changes in our net operating assets and liabilities of \$13.2 million was primarily related to a \$9.2 million increase in accounts payable due to timing of payments.

#### *Cash Flows Provided by (Used in) Investing Activities*

Net cash used in investing activities during the year ended December 31, 2024 was \$82.0 million, driven by purchases of property and equipment within the period.

Net cash provided by investing activities during the year ended December 31, 2023 was \$420.7 million, driven by proceeds from maturities of short-term investments of \$465.0 million, offset by purchases of property and equipment of \$44.3 million within the period.

#### *Cash Flows Provided by Financing Activities*

Net cash provided by financing activities during the year ended December 31, 2024 was \$820.4 million, driven by gross proceeds from the 2024 PIPE Financings of \$590.1 million, proceeds from the total aggregate number of shares issued under the ATM Program of \$138.3 million, proceeds from issuance of debt of \$57.5 million, and proceeds from issuance of Class A common stock to Stellantis with an aggregate value of \$55.0 million, partially offset by payments of offering costs in connection with the 2024 PIPE Financings for \$24.3 million.

Net cash provided by financing activities during the year ended December 31, 2023 was \$250.1 million, driven by gross proceeds from the subscription agreements with certain investors in August 2023 providing for the private placement of our Class A common stock pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act of \$145.0 million, proceeds from the issuance of Class A common stock to Stellantis with an aggregate value of \$95.0 million, and proceeds from shares issued under the ATM Program of \$20.7 million, partially offset by the repayment of term loans to Silicon Valley Bank, a division of First-Citizens Bank & Trust Company, for \$10.0 million.

#### **Critical Accounting Policies and Estimates**

Our consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, and expenses, and related disclosures. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. We evaluate our estimates and assumptions on an ongoing basis. Actual results may differ from these estimates. To the extent that there are material differences between these estimates and our actual results, our future financial statements will be affected.

The SEC has defined a company's critical accounting policies as the ones that are most important to the portrayal of the company's financial condition and results of operations, and which require the company to make its most difficult and subjective judgements, often as a result of the need to make estimates of matters that are inherently uncertain.

We believe that the following critical accounting policies involve a greater degree of judgment or complexity than our other accounting policies. Accordingly, these are the policies we believe are the most critical to a full understanding and evaluation of our consolidated financial statements. For additional information, refer to Note 3 - Summary of Significant Accounting Policies to our consolidated financial statements.

#### **Stock-Based Compensation**

We account for stock-based compensation awards granted to employees and non-employees by recording compensation expense based on each award's grant date estimated fair value over the vesting period, in accordance with ASC 718, *Compensation — Stock Compensation*. We estimate the fair value of RSUs based on the fair value of our common stock on the date of grant.

The fair value of RSUs that vest based on service conditions is determined based on the value of the underlying common stock at the date of grant. The Founder Grants vest when either a market condition or performance condition is satisfied. We determined the fair value of the performance award by utilizing the trading price on September 16, 2021. When the applicable performance milestone is deemed probable of being achieved, we will recognize compensation expense for the portion earned to date over the requisite period. For the market condition award, we estimated the fair value using a Monte Carlo simulation model. We recognize compensation expense for the market award on a straight-line basis over the derived service period. Determining the fair value for the market condition award under this model requires subjective assumptions, including the expected volatility of the price of our common stock. If the applicable performance condition is not probable of being achieved, compensation cost for the value of the award incorporating the market condition is recognized, so long as the requisite service is provided. If the performance milestone becomes probable of being achieved, the full fair value of the award will be recognized, and any remaining expense for the market award will be cancelled.

#### **Income Taxes**

We are subject to income taxes in the United States and other jurisdictions. Our income tax provision consists of an estimate of federal, state and foreign income taxes based on enacted federal, state and foreign tax rates, as adjusted for allowable credits, deductions, uncertain tax positions, changes in the valuation of our deferred tax assets and liabilities, and changes in tax laws.

We recognize tax benefits from uncertain tax positions only if we believe that it is more-likely-than-not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. Although we believe that we have adequately reserved for our uncertain tax positions, we can provide no assurance that the final tax outcome of these matters will not be materially different. We make adjustments to these reserves when facts and circumstances change, such as the closing of issues under audit or expiration of statute of limitation, changes in or interpretations of tax law. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences may affect the provision for income taxes in the period in which such determination is made and could have a material impact on our financial condition and results of operations.

Significant judgment is applied when assessing the need for valuation allowances and includes the evaluation of historical income (loss) adjusted for the effects of non-recurring items. Areas of estimation include consideration of future taxable income. We have placed a full valuation allowance against our federal and state deferred tax assets since the recovery of the assets is uncertain. Should a change in circumstances lead to a change in judgment about the utilization of deferred tax assets in future years, the adjustment related to valuation allowances would be reported as an increase to income.

#### **Recent Accounting Pronouncements**

See Note 3 - Summary of Significant Accounting Policies to our consolidated financial statements for a discussion about accounting pronouncements recently adopted and recently issued and not yet adopted.

#### **Credit Risk**

Financial instruments, which subject us to concentrations of credit risk, consist primarily of cash and cash equivalents. Our cash and cash equivalents are held at several long-standing financial institutions located in the United States. At times, cash account balances with any one financial institution may exceed Federal Deposit Insurance Corporation insurance limits (\$250 thousand per depositor per institution). We have not experienced any losses due to these excess deposits and believe this risk is not significant. We have established guidelines regarding diversification of our investments and their maturities that are designed to preserve principal and achieve liquidity requirements. We review these guidelines and modify them as necessary based on updated liquidity needs and changes in our operations and financial position.

**Item 7A. Quantitative and Qualitative Disclosures about Market Risk**

**Interest Rate Risk**

We are exposed to market risk for changes in interest rates applicable to our borrowings and investments in money market funds. The Loan under the Credit Agreement accrues interest from and including the date the applicable advance is made but excluding the repayment date at a rate of the SOFR, plus 2.0% subject to a SOFR floor of 0.0%. Additionally, we had cash, cash equivalents, and restricted cash totaling \$841.3 million as of December 31, 2024. Cash equivalents were invested in money market funds. The primary objectives of our investment activities are to preserve principal and achieve liquidity requirements. We do not enter into investments for trading or speculative purposes. A hypothetical 100 basis point change in interest rates applicable to the Loan under the Credit Agreement or with respect to our investment portfolio would not have had a material impact on the fair value of our portfolio for the periods presented and our future interest income and expense.

**Item 8. Financial Statements and Supplementary Data**

**Index to Consolidated Financial Statements**

|  |    |
|--|----|
| <a href="#">Report of Independent Registered Public Accounting Firm</a> (PCAOB ID 238) | 45 |
| <a href="#">Consolidated Balance Sheets</a>  | 47 |
| <a href="#">Consolidated Statements of Operations</a>                                  | 48 |
| <a href="#">Consolidated Statements of Comprehensive Loss</a>                          | 49 |
| <a href="#">Consolidated Statements of Stockholders' Equity</a>                        | 50 |
| <a href="#">Consolidated Statements of Cash Flows</a>                                  | 52 |
| <a href="#">Notes to Consolidated Financial Statements</a>                             | 53 |

**Report of Independent Registered Public Accounting Firm**

To the Board of Directors and Stockholders of Archer Aviation Inc.

***Opinions on the Financial Statements and Internal Control over Financial Reporting***

We have audited the accompanying consolidated balance sheets of Archer Aviation Inc. and its subsidiaries (the "Company") as of December 31, 2024 and 2023, and the related consolidated statements of operations, of comprehensive loss, of stockholders' equity and of cash flows for each of the three years in the period ended December 31, 2024, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

***Basis for Opinions***

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

***Definition and Limitations of Internal Control over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Critical Audit Matters**

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

**Research and Development Costs**

As described in Note 3 to the consolidated financial statements, research and development (“R&D”) costs are expensed as incurred and are primarily comprised of personnel-related costs including salaries, bonuses, benefits, and stock-based compensation for employees focused on R&D activities, costs associated with building prototype aircraft, other related costs, depreciation, and an allocation of general overhead. R&D efforts focus on the design and development of the Company’s eVTOL aircraft, including certain of the systems that are used in it. The Company’s research and development expense for the year ended December 31, 2024 was \$357.7 million.

The principal consideration for our determination that performing procedures relating to research and development costs is a critical audit matter is a high degree of auditor effort in performing procedures related to the Company’s research and development costs.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to research and development costs. These procedures also included, among others, testing, on a sample basis, the completeness and accuracy of research and development costs by obtaining and inspecting source documents, such as underlying contracts, purchase orders, invoices received, and information received from certain third-party service providers, where applicable.

/s/ PricewaterhouseCoopers LLP

Irvine, California  
February 27, 2025

We have served as the Company’s auditor since 2020.

**Archer Aviation Inc.**  
**Consolidated Balance Sheets**  
**(In millions, except share and per share data)**

|  | As of December 31, |                 |
|--|--------------------|-----------------|
|  | 2024               | 2023            |
| <b>Assets</b>  |                    |                 |
| Current assets   |                    |                 |
| Cash and cash equivalents  | \$ 834.5           | \$ 464.6        |
| Restricted cash  | 6.8                | 6.9             |
| Prepaid expenses   | 12.5               | 7.9             |
| Other current assets   | 4.6                | 0.8             |
| Total current assets   | <u>858.4</u>       | <u>480.2</u>    |
| Property and equipment, net  | 126.8              | 57.6            |
| Intangible assets, net   | 0.3                | 0.4             |
| Right-of-use assets  | 8.1                | 8.9             |
| Other long-term assets   | 7.6                | 7.2             |
| Total assets   | <u>\$ 1,001.2</u>  | <u>\$ 554.3</u> |
| <b>Liabilities and Stockholders' Equity</b>  |                    |                 |
| Current liabilities  |                    |                 |
| Accounts payable   | \$ 14.6            | \$ 14.3         |
| Current portion of lease liabilities   | 3.7                | 2.8             |
| Accrued expenses and other current liabilities   | 52.8               | 96.9            |
| Total current liabilities  | <u>71.1</u>        | <u>114.0</u>    |
| Notes payable  | 64.0               | 7.2             |
| Lease liabilities, net of current portion  | 11.3               | 13.2            |
| Warrant liabilities  | 89.4               | 39.9            |
| Other long-term liabilities  | 12.8               | 12.9            |
| Total liabilities  | <u>248.6</u>       | <u>187.2</u>    |
| Commitments and contingencies (Note 7)   |                    |                 |
| Stockholders' equity   |                    |                 |
| Preferred stock, \$0.0001 par value; 10,000,000 shares authorized; no shares issued and outstanding as of December 31, 2024 and 2023   | —                  | —               |
| Class A common stock, \$0.0001 par value; 1,400,000,000 and 700,000,000 shares authorized as of December 31, 2024 and 2023, respectively; 503,777,464 and 265,617,341 shares issued and outstanding as of December 31, 2024 and 2023, respectively | 0.1                | —               |
| Class B common stock, \$0.0001 par value; 300,000,000 shares authorized; 0 and 38,165,615 shares issued and outstanding as of December 31, 2024 and 2023, respectively   | —                  | —               |
| Additional paid-in capital   | 2,438.4            | 1,515.9         |
| Accumulated deficit  | (1,685.6)          | (1,148.8)       |
| Accumulated other comprehensive loss   | (0.3)              | —               |
| Total stockholders' equity   | <u>752.6</u>       | <u>367.1</u>    |
| Total liabilities and stockholders' equity   | <u>\$ 1,001.2</u>  | <u>\$ 554.3</u> |

See accompanying notes to consolidated financial statements.

**Archer Aviation Inc.**  
**Consolidated Statements of Operations**  
**(In millions, except share and per share data)**

|  | Year Ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2024                    | 2023              | 2022              |
| <b>Operating expenses</b>                              |                         |                   |                   |
| Research and development                               | \$ 357.7                | \$ 276.4          | \$ 171.5          |
| General and administrative                             | 152.0                   | 168.4             | 165.1             |
| Other warrant expense                                  | —                       | 2.1               | 10.8              |
| <b>Total operating expenses</b>                        | <b>509.7</b>            | <b>446.9</b>      | <b>347.4</b>      |
| Loss from operations                                   | (509.7)                 | (446.9)           | (347.4)           |
| Other income (expense), net                            | (48.8)                  | (26.9)            | 27.8              |
| Interest income, net                                   | 21.9                    | 16.4              | 2.3               |
| <b>Loss before income taxes</b>                        | <b>(536.6)</b>          | <b>(457.4)</b>    | <b>(317.3)</b>    |
| Income tax expense                                     | (0.2)                   | (0.5)             | —                 |
| <b>Net loss</b>  | <b>\$ (536.8)</b>       | <b>\$ (457.9)</b> | <b>\$ (317.3)</b> |
| Net loss per share, basic and diluted                  | \$ (1.42)               | \$ (1.69)         | \$ (1.32)         |
| Weighted-average shares outstanding, basic and diluted | 376,734,395             | 270,408,132       | 240,476,894       |

See accompanying notes to consolidated financial statements.

**Archer Aviation Inc.**  
**Consolidated Statements of Comprehensive Loss**  
**(In millions)**

|   | Year Ended December 31,  |                          |                          |
|---|--------------------------|--------------------------|--------------------------|
|   | 2024                     | 2023                     | 2022                     |
| Net loss  | \$ (536.8)               | \$ (457.9)               | \$ (317.3)               |
| Other comprehensive income (loss):                                  |                          |                          |                          |
| Unrealized gain (loss) on available-for-sale securities, net of tax | —                        | 0.8                      | (0.8)                    |
| Foreign currency translation loss                                   | (0.3)                    | —                        | —                        |
| Total other comprehensive income (loss)                             | (0.3)                    | 0.8                      | (0.8)                    |
| Comprehensive loss  | <u><u>\$ (537.1)</u></u> | <u><u>\$ (457.1)</u></u> | <u><u>\$ (318.1)</u></u> |

See accompanying notes to consolidated financial statements.

**Archer Aviation Inc.**  
**Consolidated Statements of Stockholders' Equity**  
(In millions, except share data)

|  | Common Stock |        |              |        | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Total    |  |  |  |  |
|--|--------------|--------|--------------|--------|----------------------------------|------------------------|---|----------|--|--|--|--|
|  | Class A      |        | Class B      |        |                                  |                        |   |          |  |  |  |  |
|  | Shares       | Amount | Shares       | Amount |                                  |                        |   |          |  |  |  |  |
| <b>Balance as of December 31, 2021</b>                                 | 162,789,591  | \$ —   | 74,937,945   | \$ —   | \$ 1,072.5                       | \$ (373.6)             | \$ —  | \$ 698.9 |  |  |  |  |
| Conversion of Class B common stock to Class A common stock             | 8,406,170    | —      | (8,406,170)  | —      | —                                | —                      | —   | —        |  |  |  |  |
| Issuance of restricted stock units and restricted stock expense        | 5,269,553    | —      | —            | —      | 71.3                             | —                      | —   | 71.3     |  |  |  |  |
| Exercise of stock options  | 1,435,424    | —      | 2,208,728    | —      | 0.4                              | —                      | —   | 0.4      |  |  |  |  |
| Issuance of warrants and warrant expense                               | —            | —      | —            | —      | 14.1                             | —                      | —   | 14.1     |  |  |  |  |
| Cancellation of Class B common stock (Note 9)                          | —            | —      | (5,002,306)  | —      | —                                | —                      | —   | —        |  |  |  |  |
| Stock-based compensation   | —            | —      | —            | —      | 26.7                             | —                      | —   | 26.7     |  |  |  |  |
| Net loss   | —            | —      | —            | —      | —                                | (317.3)                | —   | (317.3)  |  |  |  |  |
| Other comprehensive loss   | —            | —      | —            | —      | —                                | —                      | (0.8)   | (0.8)    |  |  |  |  |
| <b>Balance as of December 31, 2022</b>                                 | 177,900,738  | —      | 63,738,197   | —      | 1,185.0                          | (690.9)                | (0.8)   | 493.3    |  |  |  |  |
| Conversion of Class B common stock to Class A common stock             | 26,449,869   | —      | (26,449,869) | —      | —                                | —                      | —   | —        |  |  |  |  |
| Issuance of Class A common stock                                       | 1,985,559    | —      | —            | —      | 11.6                             | —                      | —   | 11.6     |  |  |  |  |
| Issuance of restricted stock units and restricted stock expense        | 7,405,542    | —      | —            | —      | (6.6)                            | —                      | —   | (6.6)    |  |  |  |  |
| Exercise of stock options  | 1,149,934    | —      | 877,287      | —      | 0.2                              | —                      | —   | 0.2      |  |  |  |  |
| Issuance of warrants and warrant expense                               | —            | —      | —            | —      | 46.0                             | —                      | —   | 46.0     |  |  |  |  |
| Exercise of warrants   | 2,942,778    | —      | —            | —      | —                                | —                      | —   | —        |  |  |  |  |
| Common stock withheld related to net share settlement of equity awards | (1,378,367)  | —      | —            | —      | (3.5)                            | —                      | —   | (3.5)    |  |  |  |  |
| Common stock issued under employee stock purchase plan                 | 1,228,632    | —      | —            | —      | 2.9                              | —                      | —   | 2.9      |  |  |  |  |
| Common stock issued under stock purchase agreement                     | 18,650,273   | —      | —            | —      | 89.6                             | —                      | —   | 89.6     |  |  |  |  |
| Common stock issued under at-the-market program                        | 3,109,097    | —      | —            | —      | 19.5                             | —                      | —   | 19.5     |  |  |  |  |
| PIPE financing   | 26,173,286   | —      | —            | —      | 139.0                            | —                      | —   | 139.0    |  |  |  |  |
| Stock-based compensation   | —            | —      | —            | —      | 32.2                             | —                      | —   | 32.2     |  |  |  |  |
| Net loss   | —            | —      | —            | —      | —                                | (457.9)                | —   | (457.9)  |  |  |  |  |
| Other comprehensive income   | —            | —      | —            | —      | —                                | —                      | 0.8   | 0.8      |  |  |  |  |
| <b>Balance as of December 31, 2023</b>                                 | 265,617,341  | —      | 38,165,615   | —      | 1,515.9                          | (1,148.8)              | —   | 367.1    |  |  |  |  |

|   | Common Stock       |               |              |             | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Accumulated<br>Other<br>Comprehensive<br>Loss | Total           |  |  |  |  |
|---|--------------------|---------------|--------------|-------------|----------------------------------|------------------------|---|-----------------|--|--|--|--|
|   | Class A            |               | Class B      |             |                                  |                        |   |                 |  |  |  |  |
|   | Shares             | Amount        | Shares       | Amount      |                                  |                        |   |                 |  |  |  |  |
| Conversion of Class B common stock to Class A common stock      | 43,434,962         | —             | (43,434,962) | —           | —                                | —                      | —   | —               |  |  |  |  |
| Issuance of Class A common stock                                | 1,685,994          | —             | —            | —           | 5.9                              | —                      | —   | 5.9             |  |  |  |  |
| Issuance of restricted stock units and restricted stock expense | 13,774,204         | —             | 5,002,306    | —           | 46.5                             | —                      | —   | 46.5            |  |  |  |  |
| Exercise of stock options                                       | 732,072            | —             | 267,041      | —           | —                                | —                      | —   | —               |  |  |  |  |
| Issuance of warrants and warrant expense                        | —                  | —             | —            | —           | 55.2                             | —                      | —   | 55.2            |  |  |  |  |
| Exercise of warrants  | 13,242,767         | —             | —            | —           | —                                | —                      | —   | —               |  |  |  |  |
| Common stock issued under employee stock purchase plan          | 1,723,996          | —             | —            | —           | 4.8                              | —                      | —   | 4.8             |  |  |  |  |
| Common stock issued under stock purchase agreement              | 17,401,153         | —             | —            | —           | 53.5                             | —                      | —   | 53.5            |  |  |  |  |
| Common stock issued under at-the-market program                 | 32,971,617         | —             | —            | —           | 137.8                            | —                      | —   | 137.8           |  |  |  |  |
| PIPE financing  | 113,193,358        | 0.1           | —            | —           | 565.7                            | —                      | —   | 565.8           |  |  |  |  |
| Stock-based compensation  | —                  | —             | —            | —           | 53.1                             | —                      | —   | 53.1            |  |  |  |  |
| Net loss  | —                  | —             | —            | —           | —                                | (536.8)                | —   | (536.8)         |  |  |  |  |
| Other comprehensive loss  | —                  | —             | —            | —           | —                                | —                      | (0.3)   | (0.3)           |  |  |  |  |
| <b>Balance as of December 31, 2024</b>                          | <b>503,777,464</b> | <b>\$ 0.1</b> | <b>—</b>     | <b>\$ —</b> | <b>\$ 2,438.4</b>                | <b>\$ (1,685.6)</b>    | <b>\$ (0.3)</b>                               | <b>\$ 752.6</b> |  |  |  |  |

See accompanying notes to consolidated financial statements.

**Archer Aviation Inc.**  
**Consolidated Statements of Cash Flows**  
**(In millions)**

|   | Year Ended December 31, |                 |                |
|---|-------------------------|-----------------|----------------|
|   | 2024                    | 2023            | 2022           |
| <b>Cash flows from operating activities</b>   |                         |                 |                |
| Net loss  | \$ (536.8)              | \$ (457.9)      | \$ (317.3)     |
| Adjustments to reconcile net loss to net cash used in operating activities:           |                         |                 |                |
| Depreciation, amortization and other  | 11.7                    | 6.5             | 4.4            |
| Debt discount and issuance cost amortization  | —                       | 0.7             | 0.5            |
| Stock-based compensation  | 108.8                   | 45.2            | 102.8          |
| Change in fair value of warrant liabilities and other warrant costs                   | 49.5                    | 32.9            | (22.9)         |
| Gain on issuance of common stock  | (1.5)                   | (3.6)           | —              |
| Non-cash lease expense  | 3.0                     | 3.8             | 4.6            |
| Research and development warrant expense  | 8.1                     | 17.5            | 2.9            |
| General and administrative warrant expense  | 0.2                     | —               | —              |
| Other warrant expense   | —                       | 2.1             | 10.8           |
| Technology and dispute resolution agreements expense                                  | 5.6                     | 70.3            | —              |
| Interest income on short-term investments   | —                       | —               | (0.5)          |
| Accretion and amortization income of short-term investments                           | —                       | (2.3)           | (4.9)          |
| Changes in operating assets and liabilities:  |                         |                 |                |
| Prepaid expenses  | (4.0)                   | 1.9             | (2.2)          |
| Other current assets  | (4.1)                   | 0.8             | (1.2)          |
| Other long-term assets  | (2.4)                   | (5.0)           | 0.4            |
| Accounts payable  | (0.1)                   | 9.2             | (0.1)          |
| Accrued expenses and other current liabilities  | (4.3)                   | 2.3             | 15.6           |
| Operating lease right-of-use assets and lease liabilities, net                        | (3.3)                   | 2.4             | (3.4)          |
| Other long-term liabilities   | 1.0                     | 1.6             | 10.1           |
| Net cash used in operating activities   | <u>(368.6)</u>          | <u>(271.6)</u>  | <u>(200.4)</u> |
| <b>Cash flows from investing activities</b>   |                         |                 |                |
| Purchase of short-term investments  | —                       | —               | (487.4)        |
| Proceeds from maturities of short-term investments                                    | —                       | 465.0           | 30.0           |
| Purchase of property and equipment  | (82.0)                  | (44.3)          | (6.9)          |
| Net cash provided by (used in) investing activities                                   | <u>(82.0)</u>           | <u>420.7</u>    | <u>(464.3)</u> |
| <b>Cash flows from financing activities</b>   |                         |                 |                |
| Proceeds from issuance of debt  | 57.5                    | 7.5             | —              |
| Repayment of long-term debt   | —                       | (10.0)          | (10.0)         |
| Payment of debt issuance costs  | (0.7)                   | (0.3)           | —              |
| Payments for taxes related to net share settlement of equity awards                   | —                       | (3.5)           | —              |
| Proceeds from PIPE financing  | 590.1                   | 145.0           | —              |
| Payment of offering costs in connection with PIPE financing                           | (24.3)                  | (6.0)           | —              |
| Proceeds from shares issued under at-the-market program                               | 138.3                   | 20.7            | —              |
| Payment of offering costs in connection with at-the-market program                    | (0.3)                   | (1.2)           | —              |
| Proceeds from exercise of stock options   | —                       | —               | 0.1            |
| Proceeds from shares issued under employee stock purchase plan                        | 4.8                     | 2.9             | —              |
| Proceeds from issuance of common stock  | 55.0                    | 95.0            | —              |
| Net cash provided by (used in) financing activities                                   | <u>820.4</u>            | <u>250.1</u>    | <u>(9.9)</u>   |
| Net increase (decrease) in cash, cash equivalents, and restricted cash                | 369.8                   | 399.2           | (674.6)        |
| Cash, cash equivalents, and restricted cash, beginning of period                      | 471.5                   | 72.3            | 746.9          |
| Cash, cash equivalents, and restricted cash, end of period                            | <u>\$ 841.3</u>         | <u>\$ 471.5</u> | <u>\$ 72.3</u> |
| <b>Supplemental Cash Flow Information:</b>  |                         |                 |                |
| Cash paid for interest  | \$ 2.5                  | \$ 0.8          | \$ 1.5         |
| Non-cash investing and financing activities:  |                         |                 |                |
| Purchases of property and equipment included in accounts payable and accrued expenses | 7.8                     | 10.8            | 3.1            |

See accompanying notes to consolidated financial statements.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

**Note 1 - Organization and Nature of Business*****Organization and Nature of Business***

Archer Aviation Inc. (the “Company”), a Delaware corporation, with its headquarters located in San Jose, California, is an aerospace company. The Company is developing technologies and aircraft that will power the future of advanced aviation. The Company’s primary product is an electric vertical take-off and landing (“eVTOL”) aircraft.

***The Company’s Planned Lines of Business***

The Company intends to operate the following lines of business:

***Commercial***

This is planned to consist of the sale of the Company’s commercial aircraft and related technologies and services (“Archer Direct”) and direct-to-consumer aerial ride share services in select metropolitan areas around the world (“Archer UAM”).

***Defense***

This is planned to consist of the sale of aircraft and related technologies for defense applications.

***Business Combination***

The Company went public through a de-SPAC transaction in September 2021 as a result of the merger agreement that was entered into in February 2021 (the “Business Combination Agreement”) by Archer Aviation Inc., a Delaware corporation (that existed prior to the closing of the Business Combination (as defined below), “Legacy Archer”), Atlas Crest Investment Corp., a Delaware Corporation (“Atlas”) and Artemis Acquisition Sub Inc., a Delaware corporation and a direct, wholly-owned subsidiary of Atlas (“Merger Sub”). Pursuant to the terms of the Business Combination Agreement, a business combination of Legacy Archer and Atlas was effected by the merger of Merger Sub with and into Legacy Archer, with Legacy Archer surviving the merger as a wholly-owned subsidiary of Atlas (collectively with the other transactions described in the Business Combination Agreement, the “Business Combination”). Following the consummation of the Business Combination on September 16, 2021, Legacy Archer changed its name to Archer Aviation Operating Corp., and Atlas changed its name to Archer Aviation Inc. and it became the successor registrant with the Securities and Exchange Commission (“SEC”). The Company’s Class A common stock and public warrants are listed on the NYSE under the symbols “ACHR” and “ACHR WS,” respectively.

The financial statements included in this report reflect (i) the historical operating results of Legacy Archer prior to the Business Combination; (ii) the combined results of Atlas and Legacy Archer following the closing of the Business Combination; (iii) the assets and liabilities of Legacy Archer at their historical cost; and (iv) the Company’s equity structure for all periods presented.

***Note 2 - Liquidity and Going Concern***

Since the Company’s formation, the Company has devoted substantial effort and capital resources to the design and development of its planned aircraft, UAM network and business lines. Funding of these activities has primarily been through the net proceeds received from the issuance of related and third-party debt (Note 6 - Notes Payable), and the sale of preferred and common stock to related and third parties (Note 8 - Preferred and Common Stock). Through December 31, 2024, the Company has incurred cumulative losses from operations, negative cash flows from operating activities, and has an accumulated deficit of \$1,685.6 million. As of December 31, 2024, the Company had cash and cash equivalents of \$834.5 million, which management believes will be sufficient to fund the Company’s current operating plan for at least the next 12 months from the date these consolidated financial statements were issued.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

There can be no assurance that the Company will be successful in achieving its business plans, that the Company's current capital will be sufficient to support its ongoing business plans, or that any additional financing will be available in a timely manner or on acceptable terms, if at all. If the Company's business plans require it to raise additional capital, but the Company is unable to do so, it may be required to alter, or scale back its aircraft design, development and certification programs, as well as its manufacturing capabilities, or be unable to fund capital expenditures. Any such events would have a material adverse effect on the Company's financial position, results of operations, cash flows, and ability to achieve the Company's intended business plans.

**Note 3 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States ("U.S. GAAP") and include the accounts of the Company.

***Use of Estimates***

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period.

On an ongoing basis, management evaluates its estimates, including those related to the: (i) realization of deferred tax assets and estimates of tax liabilities, (ii) fair value of debt, (iii) fair value of share-based payments, (iv) valuation of leased assets and liabilities, and (v) estimated useful lives of long-lived assets. These estimates are based on historical data and experience, as well as various other factors that management believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Such estimates often require the selection of appropriate valuation methodologies and models and may involve significant judgment in evaluating ranges of assumptions and financial inputs. Actual results may differ from those estimates under different assumptions, financial inputs, or circumstances.

***Cash, Cash Equivalents, and Restricted Cash***

Cash consists of cash on deposit with financial institutions. Cash equivalents consist of short-term, highly liquid financial instruments that are readily convertible to cash and have maturities of three months or less from the date of purchase. As of December 31, 2024 and 2023, the Company's cash and cash equivalents included money market funds of \$729.9 million and \$339.6 million, respectively.

Restricted cash consists primarily of cash held as security for the Company's standby letters of credit. Refer to Note 7 - Commitments and Contingencies for additional information.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheets that sum to amounts reported on the consolidated statements of cash flows (in millions):

|  | As of December 31, |                 |
|--|--------------------|-----------------|
|  | 2024               | 2023            |
| Cash and cash equivalents                                | \$ 834.5           | \$ 464.6        |
| Restricted cash  | 6.8                | 6.9             |
| <b>Total cash, cash equivalents, and restricted cash</b> | <b>\$ 841.3</b>    | <b>\$ 471.5</b> |

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

**Short-Term Investments**

The Company had short-term investments in marketable securities with original maturities of less than one year, including United States Treasury securities, corporate debt securities and commercial paper. The Company classifies its marketable securities as available-for-sale at the time of purchase and reevaluates such classification at each balance sheet date. These marketable securities are carried at fair value, and unrealized gains and losses are recorded in other comprehensive loss in the consolidated statements of comprehensive loss, which is reflected as a component of stockholders' equity. These marketable securities are assessed as to whether those with unrealized loss positions are other than temporarily impaired. The Company considers impairments to be other than temporary if they are related to deterioration in credit risk or if it is likely the securities will be sold before the recovery of their cost basis. If the impairment is deemed other than temporary, the security is written down to its fair value and a loss is recognized in other income (expense), net. Realized gains and losses from the sale of marketable securities and from declines in value deemed to be other than temporary are determined based on the specific identification method and recognized in other income (expense), net in the consolidated statements of operations. As of December 31, 2024 and 2023, the Company had no short-term investments.

**Fair Value Measurements**

The Company applies the provisions of Accounting Standards Codification ("ASC") 820, *Fair Value Measurement*, which defines a single authoritative definition of fair value, sets out a framework for measuring fair value, and expands on required disclosures about fair value measurements. The provisions of ASC 820 relate to financial assets and liabilities as well as other assets and liabilities carried at fair value on a recurring and nonrecurring basis. The standard clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the standard establishes a three-tier value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

Level 2 Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

The carrying amounts of the Company's cash, accounts payable, accrued compensation, and accrued liabilities approximate their fair values due to the short-term nature of these instruments.

The following tables present information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2024 and 2023 and indicate the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value (in millions):

| Description                                    | As of December 31, 2024 |         |         |          |
|--|-------------------------|---------|---------|----------|
|  | Level 1                 | Level 2 | Level 3 | Total    |
| <b>Assets:</b>                                 |                         |         |         |          |
| Cash equivalents:                              |                         |         |         |          |
| Money market funds                             | \$ 729.9                | \$ —    | \$ —    | \$ 729.9 |
| <b>Liabilities:</b>                            |                         |         |         |          |
| Warrant liability – public warrants            | \$ 56.0                 | \$ —    | \$ —    | \$ 56.0  |
| Warrant liability – private placement warrants | \$ —                    | \$ —    | \$ 33.4 | \$ 33.4  |

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

| Description   | As of December 31, 2023 |         |         |         |          |  |  |
|---|-------------------------|---------|---------|---------|----------|--|--|
|   | Level 1                 | Level 2 | Level 3 | Total   |          |  |  |
| <b>Assets:</b>  |                         |         |         |         |          |  |  |
| Cash equivalents:   |                         |         |         |         |          |  |  |
| Money market funds  | \$ 339.6                | \$ —    | \$ —    | \$ —    | \$ 339.6 |  |  |
| <b>Liabilities:</b>   |                         |         |         |         |          |  |  |
| Warrant liability – public warrants                             | \$ 25.4                 | \$ —    | \$ —    | \$ —    | \$ 25.4  |  |  |
| Warrant liability – private placement warrants                  | \$ —                    | \$ —    | \$ 14.5 | \$ 14.5 | \$ 14.5  |  |  |
| Accrued technology and dispute resolutions agreements liability | \$ —                    | \$ —    | \$ 44.0 | \$ 44.0 | \$ 44.0  |  |  |

**Cash Equivalents**

The Company's cash equivalents consist of short-term, highly liquid financial instruments that are readily convertible to cash and have maturities of three months or less from the date of purchase. The Company classifies its money market funds as Level 1, because they are valued based on quoted market prices in active markets.

The following tables present a summary of the Company's cash equivalents as of December 31, 2024 and 2023 (in millions):

| Description              | As of December 31, 2024 |                  |                   |            |
|--------------------------|-------------------------|------------------|-------------------|------------|
|                          | Amortized Cost          | Unrealized Gains | Unrealized Losses | Fair Value |
| <b>Cash equivalents:</b> |                         |                  |                   |            |
| Money market funds       | \$ 729.9                | \$ —             | \$ —              | \$ 729.9   |
| Total                    | \$ 729.9                | \$ —             | \$ —              | \$ 729.9   |

| Description              | As of December 31, 2023 |                  |                   |            |
|--------------------------|-------------------------|------------------|-------------------|------------|
|                          | Amortized Cost          | Unrealized Gains | Unrealized Losses | Fair Value |
| <b>Cash equivalents:</b> |                         |                  |                   |            |
| Money market funds       | \$ 339.6                | \$ —             | \$ —              | \$ 339.6   |
| Total                    | \$ 339.6                | \$ —             | \$ —              | \$ 339.6   |

**Public Warrants**

The measurement of the public warrants as of December 31, 2024 is classified as Level 1 due to the use of an observable market quote in an active market under the ticker "ACHR WS". The quoted price of the public warrants was \$3.22 and \$1.46 per warrant as of December 31, 2024 and 2023, respectively.

**Private Placement Warrants**

The Company utilizes a Monte Carlo simulation model for the private placement warrants at each reporting period, with changes in fair value recognized in the consolidated statements of operations. The estimated fair value of the private placement warrant liability is determined using Level 3 inputs. Inherent in a Monte Carlo simulation model are assumptions related to expected share-price volatility, expected life, risk-free interest rate, and dividend yield.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The key inputs into the Monte Carlo simulation model for the private placement warrants are as follows:

| Input           | December 31,<br>2024 | December 31,<br>2023 |
|-----------------|----------------------|----------------------|
| Stock price     | \$ 9.75              | \$ 6.14              |
| Strike price    | \$ 11.50             | \$ 11.50             |
| Term (in years) | 1.7                  | 2.7                  |
| Risk-free rate  | 4.2 %                | 4.0 %                |
| Volatility      | 92.1 %               | 70.2 %               |
| Dividend yield  | 0.0 %                | 0.0 %                |

*Accrued Technology and Dispute Resolution Agreements Liability*

Under the Technology and Dispute Resolution Agreements, the Company recognized an accrued technology and dispute resolution agreements liability related to the Wisk Warrant (as defined below). See Note 7 - Commitments and Contingencies for additional information. The Company utilizes a Monte Carlo simulation model for the accrued technology and dispute resolution agreements liability at each reporting period, with changes in fair value recognized in the consolidated statements of operations. The estimated fair value of the accrued technology and dispute resolution agreements liability is determined using Level 3 inputs. Inherent in a Monte Carlo simulation model are assumptions related to expected share-price volatility, expected life, risk-free interest rate, and dividend yield.

The key inputs into the Monte Carlo simulation model for the accrued technology and dispute resolution agreements liability are as follows:

| Input           | December 31,<br>2023 |
|-----------------|----------------------|
| Stock price     | \$ 6.14              |
| Strike price    | \$ 0.01              |
| Term (in years) | 0.1                  |
| Risk-free rate  | 5.4 %                |
| Volatility      | 60.0 %               |
| Dividend yield  | 0.0 %                |

The following table presents the change in fair value of the Company's Level 3 private placement warrants and accrued technology and dispute resolution agreements liability during the years ended December 31, 2024 and 2023 (in millions):

|  |                |     |
|--|----------------|-----|
| Balance as of December 31, 2022  | \$ 2.5         | 2.5 |
| Additions: accrued technology and dispute resolution agreements liability          | 48.0           |     |
| Change in fair value   | 8.0            |     |
| Balance as of December 31, 2023 <sup>(1)</sup>                                     | 58.5           |     |
| Less: settlement of accrued technology and dispute resolution agreements liability | (54.3)         |     |
| Change in fair value   | 29.2           |     |
| Balance as of December 31, 2024  | <u>\$ 33.4</u> |     |

<sup>(1)</sup> As of December 31, 2023, \$14.5 million and \$44.0 million were recorded within warrant liabilities and accrued expenses and other current liabilities, respectively, in the consolidated balance sheets.

In connection with the change in fair value of the Company's private placement warrants, the Company recognized a loss of \$18.9 million and \$12.0 million during the years ended December 31, 2024 and 2023, respectively, and a gain of \$7.6 million during the year ended December 31, 2022, within other income (expense), net in the consolidated statements of operations. Refer to Note 11 - Liability Classified Warrants for additional information about the private placement warrants.

**Archer Aviation Inc.  
Notes to Consolidated Financial Statements**

In connection with the change in fair value of the accrued technology and dispute resolution agreements liability, the Company recognized a loss of \$10.3 million and a gain of \$4.0 million within general and administrative expenses in the consolidated statements of operations during the years ended December 31, 2024 and 2023, respectively. Refer to Note 7 - Commitments and Contingencies for additional information about the accrued technology and dispute resolution agreements liability.

*Financial Instruments Not Recorded at Fair Value on a Recurring Basis*

Certain financial instruments, including debt, are not measured at fair value on a recurring basis in the consolidated balance sheets. The fair value of debt as of December 31, 2024 approximates its carrying value (Level 2). Refer to Note 6 - Notes Payable for additional information.

*Assets and Liabilities Recorded at Fair Value on a Non-Recurring Basis*

Certain assets and liabilities are subject to measurement at fair value on a non-recurring basis if there are indicators of impairment or if they are deemed to be impaired as a result of an impairment review.

***Intangible Assets, Net***

Intangible assets consist solely of domain names and are recorded at cost, net of accumulated amortization, and if applicable, impairment charges. Amortization of domain names is provided over a 15-year estimated useful life on a straight-line basis or based on the pattern in which economic benefits are consumed, if reliably determinable. The Company reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company has analyzed a variety of factors to determine if any circumstance could trigger an impairment loss, and, at this time and based on the information presently known, no event has occurred and indicated that it is more likely than not that an impairment loss has been incurred. Therefore, the Company did not record any impairment charges for its intangible assets for the years ended December 31, 2024, 2023 and 2022.

As of December 31, 2024 and 2023, the net carrying amounts for domain names were \$0.3 million and \$0.4 million, respectively, and were recorded in the Company's consolidated balance sheets.

***Property and Equipment, Net***

Property and equipment are stated at historical cost less accumulated depreciation. Expenditures for major renewals and betterment are capitalized, while minor replacements, maintenance, and repairs, which do not extend the asset lives, are charged to operations as incurred. Upon sale or disposition, the cost and related accumulated depreciation is removed from the accounts, and any difference between the selling price and net carrying amount is recorded as a gain or loss in the consolidated statements of operations.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

Depreciation on property and equipment is calculated using the straight-line method over the estimated useful lives of the assets as follows:

|                                     | Useful Life<br>(In years) |   |
|-------------------------------------|---------------------------|---|
| Building                            | 40                        |   |
| Furniture, fixtures, and equipment  | 5                         |   |
| Vehicles                            | 5                         |   |
| Computer hardware                   | 3                         |   |
| Computer software                   | 3                         |   |
| Website design                      | 2                         |   |
| Building and leasehold improvements |                           | Shorter of building<br>useful life / lease term or<br>the asset standard life |

***Impairment of Long-Lived Assets***

The Company reviews its long-lived assets, consisting primarily of property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such triggering events or changes in circumstances may include: a significant decrease in the market price of a long-lived asset, a significant adverse change in the extent or manner in which a long-lived asset is being or intended to be used, a significant adverse change in legal factors or in the business climate, the impact of competition or other factors that could affect the value of a long-lived asset, a significant adverse deterioration in the amount of revenue or cash flows expected to be generated from an asset group, an accumulation of costs significantly in excess of the amount originally expected for the acquisition or development of a long-lived asset, current or future operating or cash flow losses that demonstrate continuing losses associated with the use of a long-lived asset, or a current expectation that, more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its previously estimated useful life. The Company performs impairment testing at the asset group level that represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets including any cash flows upon their eventual disposition to their carrying value. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. The Company did not identify any events or changes in circumstances that would indicate that the Company's long-lived assets may be impaired and therefore determined there was no impairment of long-lived assets during all periods presented.

***Cloud Computing Arrangements***

The Company capitalizes certain implementation costs incurred in the application development stage of projects related to its cloud computing arrangements that are service contracts. Capitalized implementation costs are recognized in other long-term assets in the consolidated balance sheets and amortized on a straight-line basis over the fixed, noncancelable term of the associated hosting arrangement plus any reasonably certain renewal periods. Costs related to preliminary project activities and post-implementation activities are expensed as incurred. As of December 31, 2024 and 2023, the net carrying amounts of the Company's capitalized cloud computing implementation costs were \$5.9 million and \$6.4 million, respectively.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

**Contract Liabilities**

The Company records contract liabilities related to differences between the timing of cash receipts from the customer and the recognition of revenue. Contract liabilities consisted of the following (in millions):

|  | Year Ended December 31, |                |
|--|-------------------------|----------------|
|  | 2024                    | 2023           |
| Current portion of contract liabilities      | \$ 0.9                  | \$ —           |
| Contract liabilities, net of current portion | 11.8                    | 10.8           |
| <b>Total</b>                                 | <b>\$ 12.7</b>          | <b>\$ 10.8</b> |

Current portion of contract liabilities is recorded in accrued expenses and other current liabilities and contract liabilities, net of current portion is recorded in other long-term liabilities in the Company's consolidated balance sheets. As of December 31, 2024 and 2023, the Company's contract liabilities included a \$10.0 million pre-delivery payment received from United Airlines, Inc. ("United") under the terms of the Amended United Purchase Agreement (defined below) (see Note 9 - Stock-Based Compensation), and installment payments received under a contract order with the United States Air Force for the design, development, and ground test of the Company's production aircraft, Midnight, of \$1.8 million and \$0.8 million, respectively. No revenues were recognized during the years ended December 31, 2024, 2023 and 2022.

**Operating Expenses**

*Research and Development*

Research and development ("R&D") costs are expensed as incurred and are primarily comprised of personnel-related costs including salaries, bonuses, benefits, and stock-based compensation for employees focused on R&D activities, costs associated with building prototype aircraft, other related costs, depreciation, and an allocation of general overhead. R&D efforts focus on the design and development of the Company's eVTOL aircraft, including certain of the systems that are used in it.

*General and Administrative*

General and administrative expenses are primarily comprised of personnel-related costs including salaries, bonuses, benefits, and stock-based compensation for employees associated with the Company's administrative services such as finance, legal, human resources, and information technology, other related costs, depreciation, and an allocation of general overhead. General and administrative expenses include charges relating to the Technology and Dispute Resolution Agreements (defined below) for the years ended December 31, 2024 and 2023, and stock-based compensation expense related to restricted stock units ("RSUs") granted to the Company's founders pursuant to the terms and conditions of the Business Combination Agreement immediately prior to closing (each, a "Founder Grant" and collectively, the "Founder Grants") for the years ended December 31, 2024, 2023 and 2022. Refer to Note 7 - Commitments and Contingencies and Note 9 - Stock-Based Compensation for additional information.

*Other Warrant Expense*

Other warrant expense consists entirely of non-cash expense related to the warrants issued in conjunction with the execution of the purchase agreement ("United Purchase Agreement"), collaboration agreement ("United Collaboration Agreement"), and warrant agreement ("United Warrant Agreement") with United. Refer to Note 9 - Stock-Based Compensation for additional information.

*Stock-Based Compensation*

The Company's stock-based compensation awards consist of options granted to employees and non-employees and RSUs granted to employees, directors, and non-employees that convert into shares of the Company's Class A common stock upon vesting. The Company recognizes stock-based compensation expense in accordance with the provisions of ASC 718, *Compensation - Stock Compensation*. ASC 718 requires the measurement and recognition of compensation expense for all stock-based compensation awards made to employees, directors, and non-employees to be based on the grant date fair values of the awards.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

#### *Fair Value of Common Stock*

The fair value of the Company's common stock is based on the closing price of the Company's Class A common stock, as quoted on the NYSE, on the date of grant.

#### *Leases*

The Company accounts for leases in accordance with ASC 842, *Leases*, and determines if an arrangement is a lease at its inception. Right-of-use ("ROU") assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses its estimated incremental borrowing rate in determining the present value of lease payments considering the term of the lease, which is derived from information available at the lease commencement date. The incremental borrowing rate is the rate of interest the Company would have to pay to borrow, on a collateralized basis, an amount equal to the lease payments for a term similar to the lease term in a similar economic environment as the lease. The lease term includes renewal options when it is reasonably certain that the option will be exercised and excludes termination options. To the extent that the Company's agreements have variable lease payments, the Company includes variable lease payments that depend on an index or a rate and excludes those that depend on facts or circumstances occurring after the commencement date, other than the passage of time.

Lease expense for leases is recognized on a straight-line basis over the lease term. The Company has elected not to recognize ROU assets and lease liabilities that arise from short-term (12 months or less) leases for any class of underlying asset. In addition, the Company has elected as an accounting policy, the practical expedient to not separate lease and non-lease components within a contract and instead treat it as a single lease component. Operating leases are included in ROU assets, current portion of lease liabilities, and lease liabilities, net of current portion in the Company's consolidated balance sheets.

#### *Income Taxes*

The Company accounts for its income taxes using the asset and liability method whereby deferred tax assets and liabilities are determined based on temporary differences between the basis used for financial reporting and income tax reporting purposes. Deferred income taxes are provided based on the enacted tax rates in effect at the time such temporary differences are expected to reverse. A valuation allowance is provided for deferred tax assets if it is more-likely-than-not that the Company will not realize those tax assets through future operations. Significant judgment is applied when assessing the need for valuation allowances and includes the evaluation of historical income (loss) adjusted for the effects of non-recurring items. Areas of estimation include consideration of future taxable income. The Company has placed a full valuation allowance against its federal and state deferred tax assets since the recovery of the assets is uncertain. Should a change in circumstances lead to a change in judgment about the utilization of deferred tax assets in future years, the adjustment related to valuation allowances would be reported as an increase to income.

The Company utilizes the guidance in ASC 740-10, *Income Taxes*, to account for uncertain tax positions. ASC 740-10 contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more-likely-than-not that the positions will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more-likely-than-not of being realized and effectively settled. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. The Company considers many factors when evaluating and estimating its tax positions and tax benefits, which may require periodic adjustments and which may not accurately forecast actual outcomes. The Company's policy is to recognize interest and penalties related to uncertain tax positions, if any, in the income tax provision.

#### *Net Loss Per Share*

Basic net loss per share is calculated by dividing net loss attributable to common stockholders by the weighted-average number of common shares outstanding. For all periods presented, the calculation of basic net loss per share excludes shares issued upon the early exercise of stock options where the vesting conditions have not been satisfied. Common stock purchased pursuant to an early exercise of stock options is not deemed to be outstanding for accounting purposes until those shares vest. The Company also excludes unvested shares subject to repurchase in the number of shares outstanding in the consolidated balance sheets and statements of stockholders' equity.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

Because the Company reported net losses for all periods presented, diluted loss per share is the same as basic loss per share.

Contingently issuable shares, including equity awards with performance conditions, are considered outstanding common shares and included in the computation of basic net loss per share as of the date that all necessary conditions to earn the awards have been satisfied. Prior to the end of the contingency period, the number of contingently issuable shares included in diluted net loss per share is based on the number of shares, if any, that would be issuable under the terms of the arrangement at the end of the reporting period.

Because the Company reported net losses for all periods presented, all potentially dilutive common stock equivalents are antidilutive and have been excluded from the calculation of net loss per share. The diluted net loss per common share was the same for Class A and Class B common shares because they are entitled to the same liquidation and dividend rights.

The following table presents the number of antidilutive shares excluded from the calculation of diluted net loss per share:

|   | Year Ended December 31, |                   |                   |
|---|-------------------------|-------------------|-------------------|
|   | 2024                    | 2023              | 2022              |
| Options to purchase common stock                                | 2,118,011               | 3,174,114         | 5,335,974         |
| Unvested restricted stock units                                 | 28,658,246              | 33,397,483        | 45,021,632        |
| Warrants  | 38,347,301              | 52,011,560        | 30,558,565        |
| Shares issuable under the Employee Stock Purchase Plan (Note 9) | 527,764                 | 931,412           | 712,838           |
| <b>Total</b>  | <b>69,651,322</b>       | <b>89,514,569</b> | <b>81,629,009</b> |

**Segments**

Operating segments are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (“CODM”) in deciding how to allocate resources to an individual segment and in assessing performance. The Company’s CODM is its Chief Executive Officer. The Company has determined that it operates as a single operating segment and one reportable segment, as the CODM reviews financial information presented on a consolidated basis. The CODM uses net loss for purposes of making operating decisions, allocating resources, and evaluating financial performance. Given the Company’s pre-revenue operating stage, it currently has no concentration exposure to products, services, or customers. Segment asset information is not used by the CODM to allocate resources.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The following table presents significant expenses provided to the CODM (in millions):

|  | Year Ended December 31, |                   |                   |
|--|-------------------------|-------------------|-------------------|
|  | 2024                    | 2023              | 2022              |
| <b>Operating expenses</b>                    |                         |                   |                   |
| Depreciation and amortization expense        | \$ 11.7                 | \$ 6.5            | \$ 3.1            |
| Research and development warrant expense     | 8.1                     | 17.5              | 2.9               |
| Stock-based compensation                     | 108.8                   | 45.2              | 102.8             |
| Technology and dispute resolution agreements | 12.0                    | 70.3              | —                 |
| General and administrative warrant expense   | 0.2                     | —                 | —                 |
| Other research and development expense       | 290.9                   | 224.6             | 140.1             |
| Other general and administrative expense     | 78.0                    | 80.7              | 87.7              |
| Other warrant expense                        | —                       | 2.1               | 10.8              |
| Total operating expenses                     | <u>509.7</u>            | <u>446.9</u>      | <u>347.4</u>      |
| Loss from operations                         | (509.7)                 | (446.9)           | (347.4)           |
| Other income (expense), net                  | (48.8)                  | (26.9)            | 27.8              |
| Interest income, net                         | 21.9                    | 16.4              | 2.3               |
| Loss before income taxes                     | (536.6)                 | (457.4)           | (317.3)           |
| Income tax expense                           | (0.2)                   | (0.5)             | —                 |
| Net loss                                     | <u>\$ (536.8)</u>       | <u>\$ (457.9)</u> | <u>\$ (317.3)</u> |

**Comprehensive Loss**

Comprehensive loss includes all changes in equity during the period from non-owner sources. The Company's comprehensive loss consists of its net loss, its unrealized gains or losses on available-for-sale securities and foreign currency translation gains or losses.

**Recent Accounting Pronouncements**

*Recently Adopted Accounting Pronouncements*

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands reportable segment disclosure requirements through enhanced disclosures about significant segment expenses, interim segment profit or loss and assets, and how the CODM uses reported segment profit or loss information in assessing segment performance and allocating resources. The Company adopted ASU 2023-07 effective January 1, 2024. Refer to Note 3 - Summary of Significant Accounting Policies for additional information.

*Recently Issued Accounting Pronouncements Not Yet Adopted*

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which requires disclosure of incremental income tax information related to the income tax rate reconciliation and expanded disclosures of income taxes paid, among other disclosure requirements. The update is effective for annual periods beginning after December 15, 2024 on a prospective basis, and retrospective application is permitted. The Company is currently evaluating the impact of ASU 2023-09 on its disclosures within its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, which requires disclosure of additional information about specific expense categories in the notes to the financial statements. The update is effective for annual periods beginning after December 15, 2026, and interim periods beginning after December 15, 2027. Early adoption is permitted. The update can be applied either (1) prospectively to financial statements issued for reporting periods after the effective date or (2) retrospectively to any of all prior periods presented in the financial statements. The Company is currently evaluating the impact of ASU 2024-03 on its disclosures within its consolidated financial statements.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

**Note 4 - Property and Equipment, Net**

Property and equipment, net, consisted of the following (in millions):

|  | As of December 31, |                |
|--|--------------------|----------------|
|  | 2024               | 2023           |
| Building                                 | \$ 64.4            | \$ —           |
| Furniture, fixtures, and equipment       | 24.7               | 7.9            |
| Vehicles                                 | 0.1                | 0.1            |
| Computer hardware                        | 5.8                | 5.3            |
| Computer software                        | 1.9                | 1.5            |
| Website design                           | 0.8                | 0.8            |
| Building and leasehold improvements      | 34.2               | 33.0           |
| Construction in progress                 | 13.3               | 18.4           |
| <b>Total property and equipment</b>      | <b>145.2</b>       | <b>67.0</b>    |
| Less: Accumulated depreciation           | (18.4)             | (9.4)          |
| <b>Total property and equipment, net</b> | <b>\$ 126.8</b>    | <b>\$ 57.6</b> |

The following table presents depreciation expense included in each respective expense category in the consolidated statements of operations (in millions):

|                                   | Year Ended December 31, |               |               |
|-----------------------------------|-------------------------|---------------|---------------|
|                                   | 2024                    | 2023          | 2022          |
| Research and development          | \$ 9.8                  | \$ 5.3        | \$ 2.3        |
| General and administrative        | 0.5                     | 0.5           | 0.8           |
| <b>Total depreciation expense</b> | <b>\$ 10.3</b>          | <b>\$ 5.8</b> | <b>\$ 3.1</b> |

**Note 5 - Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consisted of the following (in millions):

|   | As of December 31, |                |
|---|--------------------|----------------|
|   | 2024               | 2023           |
| Accrued professional fees   | \$ 6.5             | \$ 9.5         |
| Accrued employee costs  | 22.2               | 16.7           |
| Accrued parts and materials   | 12.5               | 12.1           |
| Taxes payable   | 1.1                | 1.4            |
| Accrued capital expenditures  | 5.6                | 9.2            |
| Accrued cloud computing implementation costs                            | 0.1                | 0.3            |
| Accrued technology and dispute resolution agreements liability (Note 7) | —                  | 44.0           |
| Current portion of contract liabilities                                 | 0.9                | —              |
| Other current liabilities   | 3.9                | 3.7            |
| <b>Total</b>  | <b>\$ 52.8</b>     | <b>\$ 96.9</b> |

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

**Note 6 - Notes Payable**

Notes payable consisted of the following (in millions):

|  | As of December 31,    |                      |
|--|-----------------------|----------------------|
|  | 2024                  | 2023                 |
| Synovus Bank Loan  |                       |                      |
| Loan unamortized discount and loan issuance costs                      | \$ 65.0               | \$ 7.5               |
| Total debt, net of discount and loan issuance costs                    | (1.0)                 | (0.3)                |
| Less current portion, net of discount and loan issuance costs          | 64.0                  | 7.2                  |
| Total long-term notes payable, net of discount and loan issuance costs | <u><u>\$ 64.0</u></u> | <u><u>\$ 7.2</u></u> |

***Synovus Bank Loan***

On October 5, 2023, the Company entered into a credit agreement (the “Credit Agreement”) with Synovus Bank, as administrative agent and lender, and the additional lenders (the “Lenders”) from time to time. The Company may request the Lenders to provide multiple term loan advances (together, the “Loan”) in an aggregate principal amount of up to \$65.0 million for the construction and development of the Company’s manufacturing facility in Covington, Georgia.

The Company is required to make 120 monthly interest payments from November 14, 2023 until maturity, and 84 equal monthly principal installments from November 14, 2026 until maturity. The Credit Agreement matures on the earlier of October 5, 2033 or the date on which the outstanding Loan has been declared or automatically becomes due and payable pursuant to the terms of the Credit Agreement.

The interest rate on the Loan is a floating rate per annum equal to secured overnight financing rate (as defined in the Credit Agreement) plus the applicable margin of 2.0%, which increases by 5.0% per annum upon the occurrence of an event of default.

The Company’s obligations under the Credit Agreement are secured by funds in a collateral account and the Credit Agreement is guaranteed by the Company’s domestic subsidiaries. The Company may prepay with certain premium that links to the passage of time, and in certain circumstances would be required to prepay the Loan under the Credit Agreement without payment of a premium. The Credit Agreement contains customary representations and warranties, customary affirmative and negative covenants, and customary events of default. As of December 31, 2024, the Company was in compliance with all the covenants of the Credit Agreement.

The Company has drawn down \$65.0 million of the Loan as of December 31, 2024. The effective interest rate for the draw downs ranged from 6.7% to 7.2% and 7.7% to 8.2% as of December 31, 2024 and 2023, respectively. The Company incurred issuance costs of \$1.0 million related to the loan outstanding as of December 31, 2024. The loan issuance costs will be amortized to interest expense over the contractual term of the Loan. During the years ended December 31, 2024 and 2023, the Company recognized interest expense of \$0.1 million and \$0.1 million, respectively, including an immaterial amount related to the amortization of issuance costs within interest income, net in the consolidated statements of operations. The carrying value of the Loan, net of unamortized issuance costs of \$1.0 million was \$64.0 million as of December 31, 2024.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The future scheduled principal maturities of the Loan as of December 31, 2024 are as follows (in millions):

|            |         |
|------------|---------|
| 2025       | \$ —    |
| 2026       | 0.4     |
| 2027       | 2.6     |
| 2028       | 2.6     |
| 2029       | 2.6     |
| Thereafter | 56.8    |
|            | <hr/>   |
|            | \$ 65.0 |

***Silicon Valley Bank ("SVB") Loan***

On July 9, 2021, the Company, as the borrower, entered into a Loan and Security Agreement (the "Loan and Security Agreement") with SVB and SVB Innovation Credit Fund VIII, L.P. ("SVB Innovation") as the lenders, and SVB as the collateral agent. The total principal amount of the loans is \$20.0 million (the "Term Loans"), and all obligations due under the Term Loans are collateralized by all of the Company's right, title, and interest in and to its specified personal property in favor of the collateral agent. The Term Loans include events of default and covenant provisions, whereby accelerated repayment may result if the Company were to default. On January 1, 2022, the Company began repaying the Term Loans, which are payable in 24 equal monthly installments, including principal and interest. The interest rate on the loans is a floating rate per annum equal to the greater of (i) 8.5% and (ii) the Prime Rate plus the Prime Rate Margin (each as defined in the Loan and Security Agreement), which increases by 2.0% per annum upon the occurrence of an event of default. The effective interest rate as of December 31, 2023 and 2022 were 10.2% and 9.4%, respectively. For the years ended December 31, 2023 and 2022, the Company recognized interest expense of \$0.6 million and \$1.5 million, respectively.

Additionally, in conjunction with the issuance of the Term Loans, the Company issued 366,140 warrants to SVB and 366,140 warrants to SVB Innovation, totaling 732,280 warrants. The Company issued the warrants to the lenders as consideration for entering into the Term Loans, representing a loan issuance fee. Each warrant provides SVB and SVB Innovation with the right to purchase one share of the Company's Class A common stock. The Company recorded the warrants as liabilities at their fair value and adjusts the warrants to fair value at each reporting period. This liability is subject to remeasurement at each balance sheet date until exercised, and any change in fair value is recognized as a gain or loss in the Company's consolidated statements of operations. The initial offsetting entry to the warrant liability was a debt discount recorded to reflect the loan issuance fee. See Note 11 - Liability Classified Warrants for further details. Effective March 27, 2023, the Term Loans and warrants were assigned to and assumed by First-Citizens Bank & Trust Company on the original terms and conditions of the financial instruments.

Upon the closing of the Business Combination, the SVB warrants became public warrants. The subsequent measurement of the SVB warrants is classified as Level 1 due to the use of an observable market quote in an active market under the ticker "ACHR WS". The quoted price of the public warrants was \$3.22 as of December 31, 2024.

During the years ended December 31, 2023 and 2022, the Company recognized interest expense of \$0.7 million and \$0.5 million related to the amortization of the discount and loan issuance costs, respectively. As of December 31, 2023, the Term Loans were fully repaid and the discount and loan issuance costs were fully amortized.

**Note 7 - Commitments and Contingencies**

***Operating Leases***

The Company leases office, lab, hangar, and storage facilities under various operating lease agreements with lease periods expiring between 2025 and 2030 and generally containing periodic rent increases and various renewal and termination options.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The Company's lease costs were as follows (in millions):

|                       | Year Ended December 31, |                      |                      |
|-----------------------|-------------------------|----------------------|----------------------|
|                       | 2024                    | 2023                 | 2022                 |
| Operating lease cost  | \$ 5.0                  | \$ 5.7               | \$ 5.8               |
| Short-term lease cost | 0.5                     | 0.6                  | 0.2                  |
| Total lease cost      | <u><u>\$ 5.5</u></u>    | <u><u>\$ 6.3</u></u> | <u><u>\$ 6.0</u></u> |

The Company's weighted-average remaining lease term and discount rate as of December 31, 2024 and 2023 were as follows:

|   | 2024   | 2023   |
|---|--------|--------|
| Weighted-average remaining lease term (in months) | 48     | 58     |
| Weighted-average discount rate                    | 14.4 % | 14.7 % |

The minimum aggregate future obligations under the Company's non-cancelable operating leases as of December 31, 2024 were as follows (in millions):

|  |                  |                    |
|--|------------------|--------------------|
| 2025                                   | \$               | 6.1                |
| 2026                                   |                  | 5.4                |
| 2027                                   |                  | 2.9                |
| 2028                                   |                  | 2.2                |
| 2029                                   |                  | 2.3                |
| Thereafter                             |                  | 2.1                |
| Total future lease payments            |                  | 21.0               |
| Less: leasehold improvement allowance  |                  | (0.5)              |
| Total net future lease payments        |                  | 20.5               |
| Less: imputed interest                 |                  | (5.5)              |
| Present value of future lease payments | <u><u>\$</u></u> | <u><u>15.0</u></u> |

Supplemental cash flow information and non-cash activities related to right-of-use assets and lease liabilities were as follows (in millions):

|  | Year Ended December 31, |        |        |
|--|-------------------------|--------|--------|
|  | 2024                    | 2023   | 2022   |
| Operating cash outflows from operating leases                  | \$ 5.2                  | \$ 5.0 | \$ 4.3 |
| Operating lease liabilities from obtaining right-of-use assets | 2.1                     | 0.6    | 11.7   |

#### **Finance Lease**

In February 2023, the Company entered into a lease arrangement with the Newton County Industrial Development Authority (the "Authority") for the Company's manufacturing facilities to be constructed in Covington, Georgia. In connection with the lease arrangement, the Authority issued a taxable revenue bond (the "Bond"), which was acquired by the Company. The arrangement is structured so that the Company's lease payments to the Authority equal and offset the Authority's bond payments to the Company. Accordingly, the Company offsets the finance lease obligation and the Bond on its consolidated balance sheets.

#### **Letters of Credit**

On February 28, 2023, in conjunction with a project agreement that the Company entered into with the City of Covington and the Authority for the Company's manufacturing facilities to be constructed in Covington, Georgia, the Company entered into a standby letter of credit in the amount of \$3.5 million in favor of the City of Covington, to guarantee certain performance obligations. The standby letter of credit expires on March 31, 2035.

**Archer Aviation Inc.  
Notes to Consolidated Financial Statements**

As of December 31, 2024, the Company had standby letters of credit in the aggregate outstanding amount of \$5.8 million, secured with restricted cash.

***Litigation***

During the ordinary course of the business, the Company may be subject to legal proceedings, various claims, and litigation. Such proceedings can be costly, time consuming, and unpredictable, and therefore, no assurance can be given that the final outcome of such proceedings will not materially impact the Company's financial condition or results of operations.

***Wisk Litigation and Technology and Dispute Resolution Agreements***

On April 6, 2021, Wisk Aero LLC ("Wisk") brought a lawsuit against the Company in the United States District Court for the Northern District of California alleging misappropriation of trade secrets and patent infringement. The Company filed certain counterclaims for defamation, tortious interference and unfair competition.

On August 10, 2023, the Company, the Boeing Company ("Boeing") and Wisk entered into a series of agreements that provide for, among other things, certain investments by Boeing into the Company and an autonomous flight technology collaboration between Wisk and the Company, the issuance of certain warrants to Wisk and resolution of the federal and state court litigation between the parties (the "Technology and Dispute Resolution Agreements").

Pursuant to the Technology and Dispute Resolution Agreements, the Company issued Wisk a warrant to purchase up to 13,176,895 shares of the Company's Class A Common Stock with an exercise price of \$0.01 per share (the "Wisk Warrant").

The Company recorded the initial vested tranche of shares underlying the warrant within equity at its fair value and recognized technology and dispute resolution agreements expense for the initial vested tranche of shares upon the issuance of the Wisk Warrant. The Company recorded the unvested portion of shares underlying the Wisk Warrant (the "Second Tranche") as liabilities at their fair value and adjusted the Wisk Warrant to fair value at each reporting period. This liability was subjected to remeasurement at each balance sheet date until exercised, and any change in fair value was recognized as a gain or loss in the Company's consolidated statements of operations. The initial offsetting entry to the warrant liability was technology and dispute resolution agreements expense. Upon the issuance of shares underlying the Second Tranche, the warrant liability was reclassified to equity at fair value. During the years ended December 31, 2024 and 2023, the Company recorded \$10.3 million and \$70.3 million, respectively, in general and administrative expenses.

On June 7, 2024, Wisk filed a motion in the United States District Court for the Northern District of California to enforce the Technology and Dispute Resolution Agreements in regards to a dispute between the parties with respect to the Second Tranche. The Company filed its opposition on July 10, 2024 and a hearing on Wisk's motion occurred on August 14, 2024. On September 6, 2024, the Court entered an order determining that the shares underlying the Second Tranche were exercisable and that the Company was required to pay Wisk prejudgment interest for the period from March 21, 2024 through the date of the Court's hearing on the issue, which has been paid by the Company. On November 5, 2024, the Court issued an order denying Wisk's motion for partial reconsideration of certain aspects of the Court's August order. The Wisk Warrant was fully vested and exercised in the year ended December 31, 2024.

***Delaware Class Action Litigation***

Singh. On May 17, 2024, two putative stockholders of the Company (and formerly, Atlas) filed class action lawsuits, on behalf of themselves and other similarly-situated stockholders, in the Delaware Court of Chancery against the directors and officers of Atlas, the Company, the Company's co-founders, Moelis & Company Group LP and Moelis & Company LLC. The complaint asserts claims against the defendants for breaches of fiduciary duties, aiding and abetting breaches of fiduciary duties, and unjust enrichment, in connection with the merger between Atlas and the Company. The plaintiffs request damages in an amount to be determined at trial, as well as attorneys' and experts' fees. Relatedly, on June 19, 2024, another putative stockholder of the Company filed a class action lawsuit, on behalf of himself and other similarly-situated stockholders, in the Delaware Court of Chancery asserting similar claims as the aforementioned May 17, 2024 complaint against the same defendants named in that May complaint. The Delaware Court of Chancery subsequently consolidated the related class actions and appointed a lead plaintiff. The Company along with the other defendants filed a motion to dismiss on October 3, 2024. The plaintiffs filed an answer on January 13, 2025. The hearing on the motion to dismiss is scheduled for April 17, 2025.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

Solak. On June 28, 2024, a stockholder of the Company filed a class action complaint in the Delaware Court of Chancery regarding the vote at the annual meeting of stockholders held on June 21, 2024 to approve the amendment to the Company's Amended and Restated Certificate of Incorporation filed on September 16, 2021 (the "Amended and Restated Certificate of Incorporation") to include a provision exculpating officers of the Company from certain types of duty of care claims. On July 5, 2024, the Company filed a Certificate of Correction to clarify that its Amended and Restated Certificate of Incorporation remains unchanged and the Delaware Court of Chancery subsequently dismissed the class action. On October 28, 2024, the parties entered into a settlement that releases all claims by the plaintiff and on November 7, 2024, the Company paid an immaterial amount as required under the settlement agreement.

**Note 8 - Preferred and Common Stock**

On December 26, 2024, the Company filed a Certificate of Amendment to the Company's Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware to increase the total number of authorized shares of capital stock from 1,010,000,000 to 1,710,000,000, consisting of 1,400,000,000 shares of Class A common stock, 300,000,000 shares of Class B common stock and 10,000,000 shares of preferred stock.

Effective December 31, 2024 (the "Final Conversion Date"), pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation providing for the automatic conversion of the Company's Class B common stock on the last trading day of the year during which the number of outstanding shares of Class B common stock represents less than 10.0% of the total number of outstanding shares of the Company's Class A common stock and Class B common stock, each outstanding share of Class B common stock automatically converted into the same number of shares of Class A common stock (the "Conversion"). No additional shares of Class B common stock have been or will be issued following the Final Conversion Date.

**Preferred Stock**

As of December 31, 2024, no shares of preferred stock were outstanding, and the Company has no present plans to issue any shares of preferred stock.

**Voting**

Holders of the Company's Class A common stock are entitled to one vote per share on all matters to be voted upon by the stockholders and prior to the Conversion, holders of Class B common stock were entitled to ten votes per share on all matters to be voted upon by the stockholders. As a result of the Conversion during the year, all former holders of Class B common stock received an equal number of shares of Class A common stock. In addition, the provisions of the Certificate of Incorporation and DGCL that entitled the holders of shares of Class A common stock and Class B common stock, in certain circumstances, to separate class voting rights, are no longer applicable as a result of the Conversion.

**Dividends**

Holders of Class A common stock are entitled to receive such dividends, if any, as may be declared from time to time by the Company's Board of Directors in its discretion out of funds legally available therefor. No dividends on common stock have been declared by the Company's Board of Directors through December 31, 2024, and the Company does not expect to pay dividends in the foreseeable future.

**Preemptive Rights**

Stockholders have no preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to Class A common stock.

#### *Conversion*

The Company's Class B common stock was subject to "sunset" provisions of the Company's Amended and Restated Certificate of Incorporation, pursuant to which all shares of Class B common stock would automatically convert into an equal number of shares of Class A common stock upon the earliest to occur of (i) the ten-year anniversary of the closing of the Business Combination, (ii) the date specified by the holders of two-thirds of the then outstanding Class B common stock, voting as a separate class, and (iii) when the number of Class B common stock represents less than 10% of the aggregate number of Class A common stock and Class B common stock then outstanding. During the year ended December 31, 2024, shares of the Company's Class B common stock represented less than 10% of all outstanding shares of the Company's common stock, and as such pursuant to the terms of the Company's Amended and Restated Certificate of Incorporation, each outstanding share of Class B common stock automatically converted into an equal number of Class A common stock on December 31, 2024. Following the Final Conversion Date, the Company may no longer issue any additional shares of Class B common stock.

During the years ended December 31, 2024, 2023 and 2022, 43,434,962, 26,449,869 and 8,406,170 shares of Class B common stock were converted into Class A common stock, respectively.

#### *Liquidation*

In the event of the Company's voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of the Company's common stock will be entitled to receive an equal amount per share of all of the Company's assets of whatever kind available for distribution to stockholders, after the rights of the holders of any preferred stock have been satisfied.

#### *PIPE Financing*

On August 10, 2023, the Company entered into subscription agreements with certain investors providing for the private placement of 26,173,286 shares of the Company's Class A common stock for net proceeds of approximately \$139.0 million, after deducting offering costs.

On August 8, 2024, the Company entered into subscription agreements with certain investors providing for the private placement of the Company's Class A common stock at a purchase price of \$3.35 per share (the "First 2024 PIPE Financing"), pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. A portion of the First 2024 PIPE Financing closed on August 12, 2024 for 49,283,582 shares of the Company's Class A common stock for net proceeds of approximately \$158.0 million, after deducting offering costs. The remaining portion of the First 2024 PIPE Financing covering an aggregate of 2,982,089 shares of the Company's Class A common stock to be issued and sold to Stellantis N.V. ("Stellantis") for gross proceeds of approximately \$10.0 million closed on January 6, 2025.

On December 11, 2024, the Company entered into subscription agreements with certain investors providing for the private placement of the Company's Class A common stock at a purchase price of \$6.65 per share (the "Second 2024 PIPE Financing"), pursuant to the exemption from registration contained in Section 4(a)(2) of the Securities Act. A portion of the Second 2024 PIPE Financing closed on December 13, 2024 for 63,909,776 shares of the Company's Class A common stock for net proceeds of approximately \$407.7 million, after deducting offering costs. The remaining portion of the Second 2024 PIPE Financing covering an aggregate of 751,879 shares of the Company's Class A common stock to be issued and sold to Stellantis for anticipated gross proceeds of approximately \$5.0 million is subject to the satisfaction of certain closing conditions, including approval by the Company's stockholders.

#### *At-The-Market Program*

In November 2023, the Company filed a shelf registration statement on Form S-3 with the SEC and a related prospectus supplement pursuant to which it may, from time to time, sell shares of its Class A common stock, having an aggregate value of up to \$70.0 million, pursuant to a Controlled Equity Offering<sup>SM</sup> Sales Agreement (the "Sales Agreement") with a placement agent (the "First ATM Program"). The First ATM Program was fully utilized in May 2024. During the years ended December 31, 2024 and 2023, the Company sold 10,275,033 and 3,109,097 shares of Class A common stock, respectively, under the First ATM Program, for net proceeds of \$48.1 million and \$19.5 million, respectively.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

In May 2024, the Company filed a shelf registration statement on Form S-3 with the SEC that permits the offering of an aggregate of up to \$95.0 million of shares of the Company's Class A common stock or preferred stock, debt securities, warrants, and units (the "2024 Shelf Registration Statement"), including a prospectus for the sale under the Sales Agreement of shares of its Class A common stock, having an aggregate value of up to \$70.0 million (the "Second ATM Program"). The Second ATM Program was fully utilized in November 2024. During the year ended December 31, 2024, the Company sold 20,644,100 shares of Class A common stock under the Second ATM Program for net proceeds of \$68.0 million.

In November 2024, the Company filed a shelf registration statement on Form S-3ASR with the SEC and a related prospectus for the sale under the Sales Agreement of shares of its Class A common stock, having an aggregate value of up to \$70.0 million (the "Third ATM Program"). During the year ended December 31, 2024, the Company sold 2,052,484 shares of Class A common stock under the Third ATM Program for net proceeds of \$21.7 million. As of December 31, 2024, the Company had \$47.5 million remaining eligible for sales under the Third ATM Program.

The Company pays the placement agent a commission rate of up to 3.0% of the gross proceeds from any shares of Class A common stock sold through the Sales Agreement.

**Note 9 - Stock-Based Compensation**

*Amended and Restated 2021 Plan*

In August 2021, the Company adopted the 2021 Equity Incentive Plan (the "2021 Plan"), which was approved by the stockholders of the Company in September 2021 and became effective immediately upon the closing of the Business Combination. In April 2022, the Company amended and restated the 2021 Plan (the "Amended and Restated 2021 Plan"), which was approved by the stockholders of the Company in June 2022. The aggregate number of shares of Class A common stock that may be issued under the plan increased to 34,175,708. In addition, the number of shares of Class A common stock reserved for issuance under the Amended and Restated 2021 Plan will automatically increase on January 1st of each year following this amendment, starting on January 1, 2023 and ending on (and including) January 1, 2031, in an amount equal to the lesser of (i) 5.0% of the total number of shares of Class A and Class B common stock outstanding on December 31 of the preceding year, or (ii) a lesser number of shares of Class A common stock determined by the Board of Directors prior to the date of the increase (the "EIP Evergreen Provision"). The EIP Evergreen Provision is calculated using the number of legally outstanding shares of common stock and includes shares, such as unvested shares pursuant to early exercised stock options, that are not considered outstanding for accounting purposes. In accordance therewith, the number of shares of Class A common stock reserved for issuance under the Amended and Restated 2021 Plan increased by 15,320,111 shares on January 1, 2024. The Amended and Restated 2021 Plan provides for the grant of incentive and non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock units, performance awards, and other awards to employees, directors, and non-employees.

In connection with the adoption of the 2021 Plan, the Company ceased issuing awards under its 2019 Equity Incentive Plan (the "2019 Plan"). Following the closing of the Business Combination, the Company assumed the outstanding stock options under the 2019 Plan and converted such stock options into options to purchase the Company's common stock. Such stock options will continue to be governed by the terms of the 2019 Plan and the stock option agreements thereunder, until such outstanding options are exercised or until they terminate or expire.

**Employee Stock Purchase Plan**

In August 2021, the Company adopted the 2021 Employee Stock Purchase Plan (the “ESPP”), which became effective immediately upon the closing of the Business Combination. The ESPP permits eligible employees to purchase shares of Class A common stock at a price equal to 85.0% of the lower of the fair market value of Class A common stock on the first day of an offering or on the date of purchase. Additionally, the number of shares of Class A common stock reserved for issuance under the ESPP will automatically increase on January 1st of each year, beginning on January 1, 2022 and continuing through and including January 1, 2031, by the lesser of (i) 1.0% of the total number of shares of Class A common stock outstanding on December 31 of the preceding year; (ii) 9,938,118 shares of Class A common stock; or (iii) a lesser number of shares of Class A common stock determined by the Board of Directors prior to the date of increase (the “ESPP Evergreen Provision”). The ESPP Evergreen Provision is calculated using the number of legally outstanding shares of common stock and includes shares, such as unvested shares pursuant to early exercised stock options, that are not considered outstanding for accounting purposes. In accordance therewith, the number of shares of Class A common stock reserved for issuance under the ESPP increased by 2,679,473 on January 1, 2024. As of December 31, 2024, the maximum number of shares authorized for issuance under the ESPP was 11,085,810, of which 8,133,182 shares remained available under the ESPP.

The Company currently offers six-month offering periods, and at the end of each offering period, which occurs every six months on May 31 and November 30, employees can elect to purchase shares of the Company’s Class A common stock with contributions of up to 15.0% of their base pay, accumulated via payroll deductions, subject to certain limitations.

During the year ended December 31, 2024, for the six-month ESPP offering periods that ended on May 31, 2024 and November 30, 2024, employees purchased 812,544 shares at a price of \$2.78 per share and 911,452 shares at a price of \$2.78 per share, respectively.

The Company uses the Black-Scholes option pricing model to calculate the grant date fair value of each award granted under the ESPP. The following table sets forth the key assumptions and fair value results for each award granted in the Company’s six-month offering period that started on December 1, 2024:

| Input                           | December 1, 2024 |
|---------------------------------|------------------|
| Stock price                     | \$ 9.57          |
| Term (in years)                 | 0.5              |
| Risk-free interest rate         | 4.4 %            |
| Volatility                      | 85.0 %           |
| Dividend yield                  | 0.0 %            |
| Grant date fair value per share | \$ 3.67          |

During the years ended December 31, 2024, 2023 and 2022, the Company recognized stock-based compensation expense of \$2.6 million, \$1.2 million and \$0.1 million for the ESPP, respectively.

As of December 31, 2024, the total remaining stock-based compensation expense was \$1.6 million for the ESPP, which is expected to be recognized over the current six-month offering period until May 31, 2025.

**Annual Equity Awards**

Subject to the achievement of certain performance goals established by the Company from time to time, the Company’s employees are eligible to receive an annual incentive bonus that will entitle them to an annual grant of RSUs that are fully vested on the date of grant. Furthermore, all the annual equity awards are contingent and issued only upon approval by the Company’s Board of Directors or the Compensation Committee. During the years ended December 31, 2024, 2023 and 2022, the Company recognized stock-based compensation expense of \$17.8 million, \$11.5 million and \$9.5 million, respectively, related to these annual equity awards.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

**Stock Options**

A summary of the Company's stock option activity is as follows:

|  | Number of Shares        | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value (In millions) |
|--|-------------------------|---------------------------------|---|---|
| <b>Outstanding as of January 1, 2024</b>                   | 3,174,114               | \$ 0.12                         | 6.7   | \$ 19.1                                 |
| Exercised  | (999,115)               | 0.08                            |   | 4.5                                     |
| Expired/forfeited  | (56,988)                | 0.10                            |   |   |
| <b>Outstanding as of December 31, 2024</b>                 | <u><u>2,118,011</u></u> | 0.13                            | 5.8   | 20.4                                    |
| <b>Exercisable as of December 31, 2024</b>                 | 1,551,567               | \$ 0.13                         | 5.8   | \$ 14.9                                 |
| <b>Vested and expected to vest as of December 31, 2024</b> | 2,118,011               | 0.13                            | 5.8   | 20.4                                    |

There were no options granted for the years ended December 31, 2024, 2023 and 2022.

The Company recognized stock-based compensation expense of \$2.5 million, \$2.8 million and \$3.8 million for stock options for the years ended December 31, 2024, 2023 and 2022, respectively.

As of December 31, 2024, the total remaining stock-based compensation expense for unvested stock options was \$2.2 million, which is expected to be recognized over a weighted-average period of 0.4 years.

**Restricted Stock Units**

A summary of the Company's RSU activity is as follows:

|  | Number of Shares         | Weighted Average Grant Fair Value |
|--|--------------------------|-----------------------------------|
| <b>Outstanding as of January 1, 2024</b>   | 31,522,483               | \$ 4.99                           |
| Granted                                    | 18,608,964               | 4.78                              |
| Vested                                     | (18,837,707)             | 4.87                              |
| Forfeited                                  | (2,635,494)              | 4.06                              |
| <b>Outstanding as of December 31, 2024</b> | <u><u>28,658,246</u></u> | 5.02                              |

During the year ended December 31, 2024, the Company granted 2,735,840 RSUs under the Amended and Restated 2021 Plan, representing the annual equity awards for 2023. The RSUs were fully vested on the date of grant and settled in Class A common stock on a one-for-one basis. In addition, the Company granted 14,254,746 RSUs under the Amended and Restated 2021 Plan, which generally vest over a three- or four-year period with a one-year cliff and remain subject to forfeiture if vesting conditions are not met. Upon vesting, RSUs are settled in Class A common stock on a one-for-one basis. The shares of Class A common stock underlying RSU grants are not issued and outstanding until the applicable vesting date.

During the year ended December 31, 2024, the Company granted 1,322,520 RSUs under the Amended and Restated 2021 Plan to certain executives, which vest over a three-year period with a payout based on the Company's relative performance of total shareholder return ("TSR") compared with the annualized TSR of certain peer companies for the service period (the "PSUs"). The award payout can range from 0.0% to 200.0% of the initial grant, and is measured on each anniversary of the grant date. Upon vesting, the PSUs are settled in Class A common stock on a one-for-one basis. If an executive's employment ends due to disability, death, termination without cause or resignation for good reason, the executive (or beneficiary) remains eligible under the award and, if the award is earned, will receive a proration of the PSUs based on active employment during the annual service periods. In all other cases, the award will not vest and all rights to the PSUs will terminate.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The Company also granted 295,858 RSUs under the Amended and Restated 2021 Plan to an employee that pays out based on attainment of predefined performance goals so long as the employee remains employed by the Company over the ten-year performance period. The award payout can range from 0.0% to 100.0% of the initial grant.

The Company determined the fair value of the PSUs using a Monte Carlo simulation model on the grant date. The Company will recognize compensation expense for the PSUs on a straight-line basis over the three-year performance period.

The following assumptions were used to estimate the fair value, using the Monte Carlo simulation, of the PSUs:

|                         | December 18, 2024 | March 26, 2024 |
|-------------------------|-------------------|----------------|
| Stock price             | \$ 8.95           | \$ 4.79        |
| Term (in years)         | 3.0               | 3.0            |
| Risk-free interest rate | 4.3 %             | 4.3 %          |
| Volatility              | 87.3 %            | 87.1 %         |
| Dividend yield          | 0.0 %             | 0.0 %          |

Immediately prior to closing of the Business Combination, each of the Company's founders was granted 20,009,224 RSUs under the 2019 Plan pursuant to the terms and conditions of the Business Combination Agreement. One-quarter of each of the Founder Grants was intended to vest upon the achievement of the earlier to occur of (i) a price-based milestone or (ii) a performance-based milestone, with a different set of such price and performance-based milestones applying to each quarter of each of the Founder Grants and so long as the achievement occurs within seven years following the closing of the Business Combination.

The Company accounts for the Founder Grants as four separate tranches, with each tranche consisting of two award conditions, a performance award condition and market award condition. Each tranche vests when either the market condition or performance condition is satisfied (only one condition is satisfied). The Company determined the fair value of the performance award by utilizing the trading price on the Closing Date. When the applicable performance milestone is deemed probable of being achieved, the Company will recognize compensation expense for the portion earned to date over the requisite period. For the market award, the Company determined both the fair value and derived service period using a Monte Carlo simulation model on the Closing Date. The Company will recognize compensation expense for the market award on a straight-line basis over the derived service period. If the applicable performance condition is not probable of being achieved, compensation cost for the value of the award incorporating the market condition is recognized, so long as the requisite service is provided. If the performance milestone becomes probable of being achieved, the full fair value of the award will be recognized, and any remaining expense for the market award will be canceled.

One-quarter of each of the Founder Grants, totaling 10,004,612 shares of Class B common stock, vested immediately prior to the Closing Date pursuant to the terms and conditions of the Business Combination Agreement. On April 14, 2022, the vested 5,002,306 shares of Class B common stock of the Company's former co-CEO were cancelled. On July 13, 2023, following the expiration of 15 months from the separation of the former co-CEO from the Company on April 13, 2022, the former officer's unvested 15,006,918 shares of Class B common stock for the remaining three tranches were forfeited. The Company then reversed the previously recognized stock-compensation expense of \$59.1 million associated with these shares. During the year ended December 31, 2024, the Company's Board of Directors determined that the performance milestone for the second tranche of the outstanding Founder Grant, covering 5,002,306 shares of Class B common stock, was achieved. As of December 31, 2024, there were 10,004,612 RSUs outstanding, representing the remaining two tranches of the outstanding Founder Grant.

For the years ended December 31, 2024, 2023 and 2022, the Company recorded \$33.1 million, \$49.7 million and \$64.9 million of stock-based compensation expense, respectively, for the remaining three tranches of the outstanding Founder Grant in general and administrative expenses in the consolidated statements of operations. Of the amounts recorded during the years ended December 31, 2023 and 2022, approximately \$17.3 million and \$32.4 million of stock-based compensation expense, respectively, associated with the forfeiture were reversed in July 2023 and recorded during the year ended December 31, 2023.

For the years ended December 31, 2024, 2023 and 2022, the Company recorded \$47.4 million, \$27.0 million and \$22.8 million of stock-based compensation expense, respectively, related to RSUs (excluding the Founder Grants).

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

As of December 31, 2024, the total remaining stock-based compensation expense for unvested RSUs (including the remaining Founder Grant) was \$114.5 million, which is expected to be recognized over a weighted-average period of 0.9 years.

**Restricted Stock**

In August 2023, the Company issued 1,985,559 shares of Class A common stock to an outside vendor to satisfy \$11.0 million of the Company's outstanding payable to that vendor. Accordingly, the Company reclassified \$11.6 million, representing the grant date fair value of the award, of legal expense to stock-based compensation expense within general and administrative expenses in the consolidated statements of operations during the year ended December 31, 2023.

**Issuance of Class A Common Stock**

During the year ended December 31, 2024, the Company issued 1,685,994 shares of Class A common stock pursuant to its 2024 Shelf Registration Statement to certain service providers to satisfy \$5.8 million of the Company's outstanding amounts payable to those service providers.

The Company records stock-based compensation expense for stock-based compensation awards based on the fair value on the date of grant. The stock-based compensation expense is recognized ratably over the course of the requisite service period.

The Company has elected to account for forfeitures as they occur and will record stock-based compensation expense assuming all stockholders will complete the requisite service period. If an employee forfeits an award because they fail to complete the requisite service period, the Company will reverse stock-based compensation expense previously recognized in the period the award is forfeited.

The following table presents stock-based compensation expense included in each respective expense category in the consolidated statements of operations (in millions):

|   | Year Ended December 31, |                |                 |
|---|-------------------------|----------------|-----------------|
|   | 2024                    | 2023           | 2022            |
| Research and development                      | \$ 49.0                 | \$ 28.9        | \$ 26.1         |
| General and administrative                    | 59.8                    | 16.3           | 76.7            |
| <b>Total stock-based compensation expense</b> | <b>\$ 108.8</b>         | <b>\$ 45.2</b> | <b>\$ 102.8</b> |

**Warrants**

A summary of the Company's warrant activity is as follows:

|   | Number of Shares  | Weighted Average Exercise Price | Weighted Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value (In millions) |
|---|-------------------|---------------------------------|---|---|
| <b>Outstanding as of January 1, 2024</b>              | 20,788,247        | \$ 0.01                         | 4.5   | \$ 127.4                                |
| Issued  | 57,050            | 0.01                            |   |   |
| Exercised   | (91,667)          | 0.01                            |   | 0.8                                     |
| <b>Outstanding as of December 31, 2024</b>            | <b>20,753,630</b> | <b>0.01</b>                     | <b>3.5</b>  | <b>202.1</b>                            |
| <b>Vested and exercisable as of December 31, 2024</b> | <b>7,805,276</b>  | <b>\$ 0.01</b>                  | <b>2.4</b>  | <b>\$ 76.0</b>                          |

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

*United Airlines*

On January 29, 2021, the Company entered into the United Purchase Agreement, United Collaboration Agreement, and United Warrant Agreement. Under the terms of the United Purchase Agreement, United has a conditional purchase order for up to 200 of the Company's aircraft, with an option to purchase an additional 100 aircraft. Those purchases are conditioned upon the Company meeting certain conditions that include, but are not limited to, the certification of the Company's aircraft by the Federal Aviation Administration ("FAA") and further negotiation and reaching of mutual agreement on certain material terms related to the purchases. The Company issued 14,741,764 warrants to United to purchase shares of the Company's Class A common stock. Each warrant provides United with the right to purchase one share of the Company's Class A common stock at an exercise price of \$0.01 per share. The warrants were initially expected to vest in four installments in accordance with the following milestones: the execution of the United Purchase Agreement and the United Collaboration Agreement, the completion of the Business Combination, the certification of the aircraft by the FAA, and the sale of aircraft to United.

On August 9, 2022, the Company entered into Amendment No. 1 to the United Purchase Agreement (the "Amended United Purchase Agreement") and Amendment No. 1 to the United Warrant Agreement (the "Amended United Warrant Agreement"). In association with the Amended United Purchase Agreement, the Company received a \$10.0 million pre-delivery payment from United for 100 of the Company's aircraft (the "Pre-Delivery Payment"), which was recognized as a contract liability in other long-term liabilities in the Company's consolidated balance sheets. Pursuant to the Amended United Warrant Agreement, the vesting condition of the fourth milestone of the United Warrant Agreement was modified, and the warrants now vest in four installments in accordance with the following sub-milestones: (i) 737,088 warrants vested upon receipt by the Company of the Pre-Delivery Payment on August 9, 2022; (ii) 2,211,264 warrants vested on February 9, 2023 upon the six-month anniversary of the amendment date; (iii) 3,685.45 warrants shall vest upon the acceptance and delivery of each of the Company's 160 aircraft; and (iv) 22,112.65 warrants shall vest upon the acceptance and delivery of each of the Company's 40 aircraft.

The Company accounts for the Amended United Purchase Agreement and the United Collaboration Agreement under ASC 606, *Revenue from Contracts with Customers*. The Company identified the sale of each aircraft ordered by United as a separate performance obligation in the contract. As the performance obligations have not been satisfied, the Company has not recognized any revenue as of December 31, 2024.

With respect to the warrant vesting milestones outlined above, the Company accounts for them as consideration payable to a customer under ASC 606 related to the future purchase of aircraft by United. The Company determined that the warrants are classified as equity awards based on the criteria of ASC 480, *Distinguishing Liabilities from Equity* and ASC 718. Pursuant to ASC 718, the Company measured the grant date fair value of the warrants to be recognized upon the achievement of each of the original four milestones and the vesting of the related warrants, which was determined to be \$13.35, based on a valuation of the Company's Class A common stock on January 29, 2021.

For the first milestone, issuance of warrants in conjunction with the execution of the United Purchase Agreement and the United Collaboration Agreement, the Company recorded the grant date fair value of the respective warrant tranche at the vesting date upon satisfaction of the milestone, and the related costs were recorded in other warrant expense due to the absence of historical or probable future revenue. For the second milestone, the completion of the Business Combination transaction, the related costs were also recorded in other warrant expense due to the absence of historical or probable future revenue. A total of 8,845,058 warrants vested from achievement of the first two milestones and were exercised. For the third milestone, the certification of the aircraft by the FAA, the Company will assess whether it is probable that the award will vest at the end of every reporting period. If and when the award is deemed probable of vesting, the Company will begin capitalizing the grant date fair value of the associated warrants as an asset through the vesting date and subsequently amortize the asset as a reduction to revenue as it sells the new aircraft to United.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

For the original fourth milestone, the sale of aircraft to United, the Company was initially expected to record the cost associated with the vesting of each portion of warrants within this milestone as a reduction of the transaction price as revenue is recognized for each sale of the aircraft. In connection with the Amended United Warrant Agreement, the Company evaluated the accounting implications associated with the amendment to the fourth milestone in accordance with ASC 606 and ASC 718. For the first sub-milestone, the receipt of the Pre-Delivery Payment, the Company accounted for it as a modification under ASC 718 and recorded the modification date fair value of the associated warrants in other warrant expense upon satisfaction of the sub-milestone on August 9, 2022. For the second sub-milestone, the vesting of warrants on February 9, 2023, the Company accounted for it as a modification under ASC 718 and recorded the modification date fair value of the associated warrants in other warrant expense on a straight-line basis over six months following the amendment date. The modification date fair value of each warrant associated with the first and second sub-milestones was determined to be \$4.37, which was the closing price of the Company's Class A common stock on the modification date. For the third and fourth sub-milestones, the sale of 160 aircraft and 40 aircraft, respectively, the Company determined that the amendment does not represent a modification under ASC 718. The Company will record the cost associated with the vesting of each portion of the associated warrants as a reduction of the transaction price based on the original grant date fair value as revenue is recognized for each sale of the aircraft.

There was no other warrant expense recognized for the year ended December 31, 2024.

For the year ended December 31, 2023, the Company recorded \$2.1 million in other warrant expense in the consolidated statements of operations related to the second sub-milestone under the fourth milestone, and a total of 2,211,264 warrants vested from achievement of this milestone.

For the year ended December 31, 2022, the Company recorded \$10.8 million in other warrant expense in the consolidated statements of operations related to the first two sub-milestones under the fourth milestone, and a total of 737,088 warrants vested from achievement of the first sub-milestone under the fourth milestone.

In August 2023, the Company issued 2,942,778 shares of Class A common stock to United, who cashless net exercised 2,948,352 warrants related to the achievement of the first two sub-milestones under the fourth milestone.

*Stellantis N.V.*

On January 3, 2023, the Company entered into a manufacturing and collaboration agreement with Stellantis, pursuant to which the Company and Stellantis will collaborate on the development and implementation of the Company's manufacturing operations for the production of its eVTOL aircraft products (the "Stellantis Collaboration Agreement"). In connection with the Stellantis Collaboration Agreement, the Company entered into a forward purchase agreement (as amended, the "Stellantis Forward Purchase Agreement") and a warrant agreement (the "Stellantis Warrant Agreement") with Stellantis on January 3, 2023.

Under the terms of the Stellantis Forward Purchase Agreement, the Company agreed to issue and sell to Stellantis up to \$150.0 million of shares of the Company's Class A common stock pursuant to terms and conditions of the Stellantis Forward Purchase Agreement. As further described below, the shares pursuant to the Stellantis Forward Purchase Agreement were fully issued in July 2024.

Under the terms of the Stellantis Warrant Agreement, Stellantis is entitled to purchase up to 15.0 million shares of the Company's Class A common stock, at an exercise price of \$0.01 per share (the "Stellantis Warrant"). The Stellantis Warrant will vest and become exercisable in three equal tranches upon 12, 24 and 36 months of the grant date, provided that (i) Stellantis has performed certain undertakings set forth in the Stellantis Collaboration Agreement and/or (ii) the VWAP (as defined in the Stellantis Warrant Agreement) for the Class A common stock exceeding certain specified amounts. Pursuant to the terms and conditions of the Stellantis Collaboration Agreement, Stellantis is deemed to have performed the undertakings if the Stellantis Collaboration Agreement has not been terminated by the Company as of the specified vesting date for each tranche.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

As the Company is currently in pre-revenue stage and is not generating any revenue from the Stellantis Collaboration Agreement, all costs incurred with third parties are recorded based on the nature of the costs incurred. The Company accounts for the warrant in accordance with the provisions of ASC 718. The grant date fair value of each warrant was determined to be \$1.93, which was the closing price of the Company's Class A common stock on January 3, 2023. For each tranche of the warrant, the Company will recognize compensation costs as the related services are received from Stellantis on a straight-line basis over the associated service period. During the years ended December 31, 2024 and 2023, the Company recorded \$8.1 million and \$17.5 million of R&D expense, respectively, in the consolidated statements of operations in connection with the Stellantis Collaboration Agreement.

On June 23, 2023, the Company issued 6,337,039 shares of Class A common stock to Stellantis in connection with the first milestone under the Stellantis Forward Purchase Agreement and received approximately \$25.0 million in gross proceeds. On August 10, 2023, Stellantis waived certain conditions provided for in the Stellantis Forward Purchase Agreement relating to the Company's actual achievement pursuant to Milestone 2 (as defined in the Stellantis Forward Purchase Agreement). In connection with this waiver, the Company submitted an election notice to draw down upon the \$70.0 million applicable to Milestone 2, which equals 12,313,234 shares of the Company's Class A common stock. This drawdown was completed on October 16, 2023. On June 27, 2024, the Company elected to draw down the \$55.0 million remaining available under the Stellantis Forward Purchase Agreement associated with Milestone 3 (as defined in the Stellantis Forward Purchase Agreement). In accordance therewith, on July 1, 2024, the Company issued 17,401,153 shares of Class A common stock to Stellantis for gross proceeds of approximately \$55.0 million.

*FCA US LLC*

On November 6, 2020, the Company entered into a collaboration agreement with FCA US LLC ("FCA") (the "FCA Collaboration Agreement"), in which both parties agreed to work together to complete a series of fixed duration collaboration projects related to the Company's ongoing efforts to design, develop, and bring up production capabilities for its aircraft. In conjunction with the FCA Collaboration Agreement, the Company issued a warrant to FCA on November 6, 2020, in which FCA has the right to purchase up to 1,671,202 shares of the Company's Class A common stock at an exercise price of \$0.01 per share. The Company performed a valuation and determined each warrant had a fair value of \$0.15 per share at the grant date. Shares under the warrant vest based on the completion of specific aircraft development milestones identified under the FCA Collaboration Agreement.

As the Company is currently in pre-revenue stage and is not generating any revenue from the FCA Collaboration Agreement, all costs incurred with third parties are recorded based on the nature of the cost incurred. The Company accounts for the warrant in accordance with ASC 718. The Company assessed whether it was probable that the award vested for each of the seven milestones at the end of every reporting period. If and when the award was deemed probable of vesting, the Company recognized compensation expense for the portion of the grant determined probable of vesting on a straight-line basis over the duration of each milestone. If services had been provided by FCA prior to management determining the milestone was probable of being achieved, a cumulative catch-up adjustment was recorded for services performed in prior periods. During the year ended December 31, 2022, the Company recorded \$0.1 million of R&D expense in the consolidated statements of operations related to the completion of certain milestones. As of December 31, 2022, all seven milestones have been completed, amounting to 1,671,202 shares that have vested.

*FCA Italy S.p.A.*

On July 19, 2021, the Company entered into a manufacturing consulting agreement with an affiliate of FCA, FCA Italy S.p.A. ("FCA Italy") (the "Manufacturing Consulting Agreement"), in which both parties agreed to work together to complete a series of fixed duration projects to develop manufacturing and production processes in connection with the Company's ongoing efforts to bring up production capabilities for its aircraft. In conjunction with the Manufacturing Consulting Agreement, the Company issued a warrant to FCA Italy, in which FCA Italy has the right to purchase up to 1,077,024 shares of the Company's Class A common stock at an exercise price of \$0.01 per share. The Company performed a valuation and determined each warrant had a fair value of \$8.98 per share at the grant date. The shares underlying the warrant vest in two equal installments in accordance with two time-based milestones.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The Company accounts for the warrant in accordance with ASC 718. The Company recognized compensation cost for half of the shares that were fully vested upon execution of the Manufacturing Consulting Agreement. The Company recognized compensation cost for the remaining half of the warrant as the related services were received from FCA Italy on a straight-line basis over the service period of 12 months. During the year ended December 31, 2022, the Company recorded \$2.8 million of R&D expense in the consolidated statements of operations related to services received for the second milestone. As of December 31, 2022, both of the milestones have been completed, amounting to 1,077,024 shares that have vested.

**Note 10 - Income Taxes**

The Company's loss before income taxes consisted of the following (in millions):

|               | Year Ended December 31, |                   |                   |
|---------------|-------------------------|-------------------|-------------------|
|               | 2024                    | 2023              | 2022              |
| United States | \$ (537.6)              | \$ (458.7)        | \$ (317.3)        |
| International | 1.0                     | 1.3               | —                 |
| <b>Total</b>  | <b>\$ (536.6)</b>       | <b>\$ (457.4)</b> | <b>\$ (317.3)</b> |

The Company recognized foreign current income tax provision of \$0.2 million and \$0.5 million during the years ended December 31, 2024 and 2023, respectively. The Company did not recognize any current income tax provision during the year ended December 31, 2022. The Company did not record any deferred income tax provision for the years ended December 31, 2024, 2023 and 2022. The related increase in the deferred tax assets was offset by the increase in valuation allowance.

A reconciliation of the Company's effective income tax rate to the expected income tax rate, computed by applying the federal statutory income tax rate of 21.0% to the Company's loss before income taxes, is as follows:

|   | Year Ended December 31, |               |              |
|---|-------------------------|---------------|--------------|
|   | 2024                    | 2023          | 2022         |
| Federal income tax (benefit) at statutory tax rate    | 21.0 %                  | 21.0 %        | 21.0 %       |
| State and local income taxes (net of federal benefit) | 0.8 %                   | (2.7)%        | 2.5 %        |
| Nondeductible expenses                                | (1.0)%                  | (0.1)%        | (0.2)%       |
| Warrant expense                                       | (1.9)%                  | (1.6)%        | 0.8 %        |
| Nondeductible officers' compensation                  | (0.7)%                  | 0.1 %         | (4.7)%       |
| Other   | 0.0 %                   | 0.0 %         | (0.7)%       |
| Credits   | 5.4 %                   | 4.4 %         | 4.9 %        |
| Change in valuation allowance                         | (23.6)%                 | (21.2)%       | (23.6)%      |
| <b>Effective tax rate</b>                             | <b>0.0 %</b>            | <b>(0.1)%</b> | <b>0.0 %</b> |

Differences between the state statutory rate and state effective tax rate for the years ended December 31, 2024 and 2023 primarily relate to the limitations imposed on certain share-based compensation under Section 162(m), R&D tax credits and an increase in the valuation allowance.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The Company's significant components of its deferred tax assets and liabilities are as follows (in millions):

|   | As of December 31, |         |
|---|--------------------|---------|
|   | 2024               | 2023    |
| <b>Deferred tax assets:</b>                     |                    |         |
| Net operating loss carryforwards                | \$ 133.0           | \$ 84.1 |
| Accrued expenses                                | 4.3                | 12.4    |
| Operating lease liabilities                     | 3.3                | 3.5     |
| Stock-based compensation                        | 2.1                | 1.9     |
| Warrants  | 7.8                | 6.0     |
| Capitalized R&D expenses                        | 132.3              | 77.8    |
| Credits   | 71.5               | 41.7    |
| Start-up costs                                  | 3.7                | 3.8     |
| Other   | 0.3                | 0.7     |
| Gross deferred tax assets                       | 358.3              | 231.9   |
| Less: valuation allowance                       | (353.3)            | (226.3) |
| Deferred tax assets, net of valuation allowance | 5.0                | 5.6     |
| <b>Deferred tax liabilities:</b>                |                    |         |
| Depreciation and amortization                   | (3.2)              | (3.7)   |
| Right-of-use assets                             | (1.8)              | (1.9)   |
| Total deferred tax liabilities                  | (5.0)              | (5.6)   |
| Total net deferred tax assets                   | \$ —               | \$ —    |

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the period in which those temporary differences become deductible. Based upon the analysis of federal and state deferred tax balances and future tax projections and the Company's lack of taxable income in the carryback period, the Company did not believe it is more-likely-than-not that the net deferred tax assets will be realizable. Accordingly, the Company had provided a full valuation allowance against the entire domestic and the majority of the foreign net deferred tax assets as of December 31, 2024 and 2023. The valuation allowance increased by \$127.0 million, \$96.6 million and \$82.6 million during the years ended December 31, 2024, 2023 and 2022, respectively.

On August 16, 2022, the U.S. government enacted the Inflation Reduction Act of 2022. The Company does not currently expect the Inflation Reduction Act to impact its estimated effective tax rate due to a full valuation allowance against deferred tax assets.

As of December 31, 2024 and 2023, the Company has U.S. federal net operating loss ("NOL") carryforwards of \$616.5 million and \$389.9 million, respectively, which can be carried forward indefinitely. As of December 31, 2024 and 2023, the Company has state NOL carryforwards of \$58.2 million and \$40.5 million, respectively, which will both begin to expire in 2038.

In the ordinary course of its business, the Company incurs costs that, for tax purposes, are determined to be qualified R&D expenditures within the meaning of Section 41 of the Internal Revenue Code of 1986, as amended (the "Code") and are, therefore, eligible for the Increasing Research Activities credit under Section 41 of the Code. The U.S. federal R&D tax credit carryforward is \$53.2 million and \$31.4 million for December 31, 2024 and 2023, respectively. The U.S. federal R&D tax credit carryforward begins to expire in 2039. The state R&D tax credit carryforward is \$27.9 million and \$15.7 million for December 31, 2024 and 2023, respectively, which can be carried forward indefinitely.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

The following table shows the changes in the gross amount of unrecognized tax benefits (in millions):

|   |                      |
|---|----------------------|
| Balance as of December 31, 2021                 | \$ 0.3               |
| Increases related to prior year tax positions   | 1.2                  |
| Balance as of December 31, 2022                 | 1.5                  |
| Increases related to current year tax positions | 0.5                  |
| Balance as of December 31, 2023                 | 2.0                  |
| Increases related to current year tax positions | 2.0                  |
| Balance as of December 31, 2024                 | <u><u>\$ 4.0</u></u> |

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate as of December 31, 2024 and 2023 is zero due to the valuation allowance that would otherwise be recorded on the deferred tax asset associated with the recognized position. During the years ended December 31, 2024, 2023 and 2022, the Company recognized no interest and penalties related to uncertain tax positions. It is not expected that there will be a significant change in uncertain tax positions in the next 12 months.

In accordance with Section 382 and Section 383 of the Code, a corporation that undergoes an “ownership change” (generally defined as a cumulative change of more than 50.0% in the equity ownership of certain stockholders over a rolling three-year period) is subject to limitations on its ability to utilize its pre-change NOLs and R&D tax credits to offset post-change taxable income and post-change tax liabilities, respectively. The Company’s existing NOLs and R&D credits may be subject to limitations arising from previous ownership changes, and the ability to utilize NOLs could be further limited by Section 382 and Section 383 of the Code. In addition, future changes in the Company’s stock ownership, some of which may be outside of the Company’s control, could result in an ownership change under Section 382 and Section 383 of the Code. The amount of such limitations, if any, has not been determined.

The Company is subject to taxation and files income tax returns with the U.S. federal government and various state jurisdictions. The tax years ended December 31, 2018 through December 31, 2024 remain open to examination for federal and state purposes. In addition, the utilization of NOL and R&D credit carryforwards is subject to federal and state review for the periods in which those net losses were incurred. The Company is not under audit by any tax jurisdictions at this time.

**Note 11 - Liability Classified Warrants**

As of December 31, 2024, there were 17,398,947 public warrants outstanding. Public warrants may only be exercised for a whole number of shares. No fractional shares are issued upon exercise of the public warrants. The public warrants became exercisable on October 30, 2021, 12 months after the closing of the initial public offering of Atlas. The public warrants will expire five years from the consummation of the Business Combination or earlier upon redemption or liquidation.

Once the public warrants become exercisable, the Company may redeem the public warrants for redemption:

- in whole and not in part;
- at a price of \$0.01 per public warrant;
- upon not less than 30 days’ prior written notice of redemption to each warrant holder; and
- if, and only if, the closing price of the Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations and the like) for any 20 trading days within a 30-trading day period commencing after the warrants become exercisable and ending three business days before the Company sends the notice of redemption to the warrant holders.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if the Company is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

**Archer Aviation Inc.**  
**Notes to Consolidated Financial Statements**

Each public warrant entitles the registered holder to purchase one share of Class A common stock at a price of \$11.50 per share. The exercise price and number of Class A common stock issuable upon exercise of the public warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger, or consolidation. The public warrants will not be adjusted for issuances of Class A common stock at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the public warrants.

As of December 31, 2024, there were 8,000,000 private placement warrants outstanding. The private placement warrants are identical to the public warrants underlying the shares sold in the initial public offering of Atlas, except that the private placement warrants and the shares of Class A common stock issuable upon the exercise of the private placement warrants became transferable, assignable, and salable on October 16, 2021, 30 days after the completion of the Business Combination, subject to certain limited exceptions. Additionally, the private placement warrants will be exercisable on a cashless basis and will be non-redeemable so long as they are held by the initial purchasers or their permitted transferees. If the private placement warrants are held by someone other than the initial purchasers or their permitted transferees, the private placement warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

**Note 12 - Subsequent Events**

On February 12, 2025, the Company closed a registered direct offering in which pursuant to the securities purchase agreement dated February 11, 2025, by and between the Company and certain institutional investors, the Company issued and sold 35,500,000 shares of the Company's Class A common stock for aggregate gross proceeds of \$301.8 million before deducting placement agent fees and other offering expenses.

#### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

#### **Item 9A. Controls and Procedures**

##### **Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Annual Report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as required by Rules 13a-15(b) and 15d-15(b) of the Exchange Act. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

##### **Management's Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria set forth in the *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, management concluded that our internal control over financial reporting was effective as of December 31, 2024. The effectiveness of our internal control over financial reporting as of December 31, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which appears within Item 8 of this Annual Report on Form 10-K.

##### **Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating our disclosure controls and procedures, management, including the Chief Executive Officer and Chief Financial Officer, recognizes that our disclosure controls and procedures or our internal control over financial reporting cannot prevent or detect all possible instances of errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

##### **Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

#### **Item 9B. Other Information**

On February 28, 2025, we will issue an aggregate of 1,541,941 shares of our Class A common stock at a purchase price of \$8.88 per share, issuable in satisfaction of payment to a vendor for services rendered (the "Vendor Shares").

The Vendor Shares were offered by us pursuant to our shelf registration statement on Form S-3 (File No. 333-279289), which was filed with the SEC on May 10, 2024 and declared effective by the SEC on May 16, 2024 including the prospectus supplement dated February 14, 2025, and accompanying prospectus. A copy of the opinion of Fenwick & West LLP relating to the validity of the Vendor Shares is filed herewith as Exhibit 5.1.

**Rule 10b5-1 Trading Plans.** During the three months ended December 31, 2024, none of our directors or officers adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non- Rule 10b5-1 trading arrangement”, in each case as defined in Item 408 of Regulation S-K.

**Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

## **Part III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

We have established an Insider Trading Policy governing the purchase, sale and other dispositions of our securities that applies to all employees, our officers, non-employee directors and other covered persons. The Insider Trading Policy also provides that Archer will not transact in its own securities unless in compliance with U.S. securities laws. We believe that our Insider Trading Policy is reasonably designed to promote compliance with insider trading laws, rules and regulations, and listing standards applicable to Archer. A copy of the Insider Trading Policy is filed as Exhibit 19.1 to this Annual Report.

The remaining information required by this item is incorporated herein by reference to our Proxy Statement to be filed with the SEC within 120 days of the end of the fiscal year covered by this Annual Report.

### **Item 11. Executive Compensation**

The information required by this item is incorporated herein by reference to our Proxy Statement, and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by this item is incorporated herein by reference to our Proxy Statement, and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by this item is incorporated herein by reference to our Proxy Statement, and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required by this item is incorporated herein by reference to our Proxy Statement, and is incorporated herein by reference.

**Part IV**

**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as part of this Annual Report:

1. Financial Statements

See Index to Consolidated Financial Statements under Part II, Item 8 of this Annual Report.

2. Financial Statement Schedules

Schedules not listed above have been omitted because they are not required, not applicable, or the required information is otherwise included.

(b) Exhibits

The exhibits listed below are filed as part of this Annual Report or are incorporated by reference as indicated.

| Exhibit | Description  |
|---------|--|
| 2.1††   | <a href="#">Amended and Restated Business Combination Agreement, dated as of July 29, 2021, by and among Atlas Crest Investment Corp., Artemis Acquisition Sub Inc. and Archer (incorporated by reference to Exhibit 2.1 to Form 8-K (File No. 001-39668), filed July 29, 2021)</a>  |
| 3.1     | <a href="#">Amended and Restated Certificate of Incorporation of Archer, as amended and restated (incorporated by reference to Exhibit 3.1 to Form S-3ASR (File No. 333-284812), filed February 11, 2025)</a>  |
| 3.2     | <a href="#">Amended and Restated Bylaws of Archer, as amended and restated (incorporated by reference to Exhibit 3.2 to Form 8-K (File No. 001-39668), filed December 27, 2024)</a>  |
| 4.1*    | <a href="#">Description of Archer's Securities</a>   |
| 4.2     | <a href="#">Warrant Agreement, dated October 27, 2020, by and between Legacy Archer and Continental Stock Transfer &amp; Trust Company, as warrant agent (incorporated by reference to Exhibit 4.1 to Form 8-K (File No. 001-39668), filed November 2, 2020)</a>   |
| 5.1     | <a href="#">Opinion of Fenwick &amp; West LLP</a>  |
| 10.1    | <a href="#">Form of Subscription Agreement (incorporated by reference to Exhibit 10.2 to Form 8-K (File No. 001-39668), filed February 10, 2021)</a>   |
| 10.2    | <a href="#">Amended and Restated Sponsor Letter Agreement, dated as of July 29, 2021, by and among Atlas Crest Investment Corp., Atlas Crest Investment LLC, Legacy Archer, and the individuals named therein (incorporated by reference to Annex D-2 to Registration Statement on Form S-4 (File No. 333-254007), filed August 3, 2021)</a> |
| 10.3†   | <a href="#">Archer 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.5 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>   |
| 10.4†   | <a href="#">Form of Stock Option Grant Package under Archer 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.6 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>  |
| 10.5†   | <a href="#">Form of RSU Grant Package under Archer 2019 Equity Incentive Plan (incorporated by reference to Exhibit 10.7 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>   |
| 10.6†   | <a href="#">Archer Amended and Restated 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 001-39668), filed June 15, 2022)</a>   |
| 10.7†   | <a href="#">Form of Stock Option Grant Package under Archer 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.9 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>  |
| 10.8†   | <a href="#">Form of RSU Grant Package under Archer 2021 Equity Incentive Plan (incorporated by reference to Exhibit 10.10 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>  |
| 10.9†   | <a href="#">Form of Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.11 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>   |
| 10.10†  | <a href="#">Archer Director Equity Deferral Plan (incorporated by reference to Exhibit 10.2 to Form 10-Q (File No. 001-39668), filed August 10, 2022)</a>  |

| Exhibit    | Description   |
|------------|---|
| 10.11†     | <a href="#">Form of Irrevocable Deferral Election under Archer Director Equity Deferral Plan (incorporated by reference to Exhibit 10.3 to Form 10-Q (File No. 001-39668), filed August 10, 2022)</a>   |
| 10.12†     | <a href="#">Offer Letter, dated September 16, 2021, by and between Archer and Adam Goldstein (incorporated by reference to Exhibit 10.13 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>  |
| 10.13†     | <a href="#">Offer Letter, dated November 19, 2019, by and between Legacy Archer and Tom Muniz (incorporated by reference to Exhibit 10.19 to Registration Statement on Form S-4 (File No. 333-254007), filed August 10, 2021)</a>   |
| 10.14††    | <a href="#">Sublease Agreement, dated January 14, 2022, between Forescout Technologies, Inc. and Archer (incorporated by reference to Exhibit 10.2 to Form 10-Q (File No. 001-39668), filed May 12, 2022)</a>   |
| 10.15      | <a href="#">Warrant to Purchase Shares, dated January 3, 2023, by and between Archer and Stellantis N.V. (incorporated by reference to Exhibit 10.3 to Form 8-K (File No. 001-39668), filed January 9, 2023)</a>  |
| 10.16      | <a href="#">Warrant to Purchase Shares, dated as of November 6, 2020, by and among FCA US LLC and Legacy Archer (incorporated by reference to Exhibit 10.8 to Registration Statement on S-4 (File No. 333-254007), filed August 10, 2021)</a>                                       |
| 10.17      | <a href="#">Warrant to Purchase Shares, dated as of January 29, 2021, by and among United Airlines, Inc. and Archer (incorporated by reference to Exhibit 10.21 to Form 10-K (File No. 001-39668), filed March 14, 2022)</a>  |
| 10.18      | <a href="#">Amendment No. 1 to Warrant to Purchase Shares, dated August 9, 2022, by and among United Airlines, Inc. and Archer (incorporated by reference to Exhibit 10.1 to Form 10-Q (File No. 001-39668), filed November 10, 2022)</a>   |
| 10.19      | <a href="#">Warrant to Purchase Shares, dated as of February 26, 2021, by and among Mesa Air Group, Inc. and Legacy Archer (incorporated by reference to Exhibit 10.11 to Registration Statement on S-4 (File No. 333-254007), filed August 10, 2021)</a>                           |
| 10.20      | <a href="#">Warrant to Purchase Shares, dated as of July 19, 2021, by and between FCA Italy, S.p.A. and Legacy Archer (incorporated by reference to Exhibit 10.23 to Form 10-K (File No. 001-39668), filed March 14, 2022)</a>  |
| 10.21      | <a href="#">Form of Subscription Agreement (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 001-39668), filed August 10, 2023)</a>  |
| 10.22      | <a href="#">Form of Warrant to Purchase Shares by and between Archer and Blue Skies Consulting &amp; Trading Limited (incorporated by reference to Exhibit 4.1 to Form 10-Q (File No. 001-39668), filed August 9, 2024)</a>   |
| 10.23      | <a href="#">Amended and Restated Registration Rights Agreement, by and between Archer and certain stockholders, dated September 16, 2021 (incorporated by reference to Exhibit 10.2 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>                                 |
| 10.24      | <a href="#">Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.3 to Form 8-K (File No. 001-39668), filed August 10, 2023)</a>   |
| 10.25      | <a href="#">Registration Rights Agreement, dated January 3, 2023, by and between Archer and Stellantis N.V. (incorporated by reference to Exhibit 10.4 to Form 8-K (File No. 001-39668), filed January 9, 2023)</a>   |
| 10.26      | <a href="#">Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.4 to Form 8-K (File No. 001-39668), filed August 8, 2024)</a>  |
| 10.27      | <a href="#">Form of Registration Rights Agreement, by and between Archer and Stellantis N.V. (incorporated by reference to Exhibit 10.5 to Form 8-K (File No. 001-39668), filed August 8, 2024)</a>   |
| 10.28      | <a href="#">Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.4 to Form 8-K (File No. 001-39668), filed December 10, 2024)</a>   |
| 10.29      | <a href="#">Form of Registration Rights Agreement, by and between Archer and Stellantis N.V. (incorporated by reference to Exhibit 10.5 to Form 8-K (File No. 001-39668), filed December 12, 2024)</a>  |
| 10.30***†† | <a href="#">Credit Agreement, dated as of October 5, 2023, by and among Archer, the subsidiary guarantors thereto, and Synovus Bank, as administrative agent and lender (incorporated by reference to Exhibit 10.29 to Form 10-K (File No. 001-39668), filed February 29, 2024)</a> |
| 10.31†     | <a href="#">Form of Indemnity Agreement (incorporated by reference to Exhibit 10.26 to Form 8-K (File No. 001-39668), filed September 22, 2021)</a>   |
| 10.32†     | <a href="#">Form of Change in Control and Severance Agreement (incorporated by reference to Exhibit 10.1 to Form 10-Q (File No. 001-39668), filed May 12, 2022)</a>   |
| 10.33      | <a href="#">Form of Transaction Support Agreement (incorporated by reference to Annex E to Registration Statement on Form S-4 (File No. 333-254007), filed March 8, 2021)</a>   |

[Table of Contents](#)

| Exhibit  | Description  |
|----------|--|
| 10.34    | <a href="#">Manufacturing Collaboration Agreement, dated January 3, 2023, by and between Archer and Stellantis N.V. (incorporated by reference to Exhibit 10.1 to Form 8-K (File No. 001-39668), filed January 9, 2023)</a>  |
| 10.35    | <a href="#">Controlled Equity Offering<sup>SM</sup> Sales Agreement, dated November 9, 2023, by and between Archer and Cantor Fitzgerald &amp; Co. (incorporated by reference to Exhibit 1.2 to Registration Statement on Form S-3 (File No. 333-275465), filed November 13, 2023)</a> |
| 19.1     | <a href="#">Policy Against Insider Trading</a>   |
| 21.1*    | <a href="#">List of Subsidiaries</a>   |
| 23.1*    | <a href="#">Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm</a>   |
| 23.2*    | <a href="#">Opinion of Fenwick &amp; West LLP (included in Exhibit 5.1)</a>  |
| 24.1*    | <a href="#">Power of Attorney (reference is made to the signature page thereto)</a>  |
| 31.1*    | <a href="#">Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 31.2*    | <a href="#">Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.1#    | <a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.2#    | <a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 97.1     | <a href="#">Clawback Policy (incorporated by reference to Exhibit 97.1 to Form 10-K (File No.001-39668), filed February 29, 2024)</a>  |
| 101.INS* | Inline XBRL Instance Document  |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document   |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document   |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document  |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document   |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document  |
| 104*     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)   |

\* Filed herewith.

\*\* Portions of this exhibit are redacted pursuant to Regulation S-K Item 601(b)(10)(iv).

† Indicates management contract or compensatory plan or arrangement.

†† Certain of the exhibits and schedules to these exhibits have been omitted in accordance with Regulation S-K Item 601(a)(5). The registrant agrees to furnish a copy of all omitted exhibits and schedules to the SEC upon its request.

# This certification is deemed not filed for the purpose of section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

(c) Financial Statement Schedules

Reference is made to Item 15(a) 2 above.

**Item 16. Form 10-K Summary**

Not applicable.

## SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

## ARCHER AVIATION INC.

February 27, 2025

By: /s/ Priya Gupta  
Priya Gupta  
*Acting Chief Financial Officer  
(Principal Financial and Accounting Officer)*

## POWER OF ATTORNEY

*KNOW ALL PERSONS BY THESE PRESENTS*, that each person whose signature appears below constitutes and appoints Adam Goldstein and Priya Gupta, and each of them, as his or her true and lawful attorneys-in-fact, proxies and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this report and to file the same, with any exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto such attorneys-in-fact, proxies and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact, proxies and agents, or their or his or her substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report has been signed by the following persons in the capacities and on the dates indicated:

| Signature   | Title   | Date              |
|---|---|-------------------|
| <u>/s/ Adam Goldstein</u><br>Adam Goldstein           | Chief Executive Officer and Director<br><i>(Principal Executive Officer)</i>          | February 27, 2025 |
| <u>/s/ Priya Gupta</u><br>Priya Gupta                 | Acting Chief Financial Officer<br><i>(Principal Financial and Accounting Officer)</i> | February 27, 2025 |
| <u>/s/ Deborah Diaz</u><br>Deborah Diaz               | Director  | February 27, 2025 |
| <u>/s/ Fred Diaz</u><br>Fred Diaz                     | Director  | February 27, 2025 |
| <u>/s/ Oscar Munoz</u><br>Oscar Munoz                 | Director  | February 27, 2025 |
| <u>/s/ Barbara J. Pilarski</u><br>Barbara J. Pilarski | Director  | February 27, 2025 |
| <u>/s/ Maria Pinelli</u><br>Maria Pinelli             | Director  | February 27, 2025 |
| <u>/s/ Michael Spellacy</u><br>Michael Spellacy       | Director  | February 27, 2025 |

## **DESCRIPTION OF THE REGISTRANT'S SECURITIES**

The following description of capital stock of Archer Aviation Inc. (“Archer,” the “Company,” “we,” “us,” and “our”) and certain provisions of our amended and restated certificate of incorporation (the “Certificate of Incorporation”), amended and restated bylaws (the “Bylaws”), and the agreements governing the warrants described herein are summaries and are qualified in their entirety by reference to the full text of the Certificate of Incorporation, the Bylaws, and the agreements that have been filed with the Securities and Exchange Commission, and applicable provisions of the General Corporation Law of the State of Delaware (the “DGCL”).

As of December 31, 2024, we had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Class A common stock, par value \$0.0001 per share (the “Class A common stock”) and certain warrants to purchase shares of common stock. All shares of our Class A common stock are fully paid and non-assessable. Defined terms used and not defined herein shall have the meaning ascribed to such terms in our Annual Report on Form 10-K.

### **Authorized and Outstanding Stock**

Our Certificate of Incorporation authorizes us to issue up to 1,400,000,000 shares of our Class A common stock and 10,000,000 shares of our preferred stock, par value \$0.0001 per share. Effective December 31, 2024 (the “Final Conversion Date”), pursuant to the terms of our Certificate of Incorporation providing for the automatic conversion of our Class B common stock on the last trading day of the year during which the number of outstanding shares of Class B common stock represents less than 10.0% of the total number of outstanding shares of our Class A common stock and Class B common stock, each outstanding share of our Class B common stock was automatically converted into one share of our Class A common stock (the “Conversion”). Following the Final Conversion Date, the Company may no longer issue any additional shares of Class B common stock.

### **Common Stock**

#### *Voting Power*

Holders of our Class A common stock are entitled to one vote per share on all matters to be voted upon by the stockholders, and prior to the Conversion, holders of Class B common stock were entitled to ten votes per share on all matters to be voted upon by the stockholders. As a result of the Conversion, all former holders of Class B common stock received an equal number of shares of Class A common stock. In addition, the provisions of the Certificate of Incorporation and DGCL that entitled the holders of shares of Class A common stock and Class B common stock, in certain circumstances, to separate class voting rights, are no longer applicable as a result of the Conversion.

#### *Dividends*

Holders of Class A common stock are entitled to receive such dividends, if any, as may be declared from time to time by our Board in its discretion out of funds legally available therefor. We do not anticipate paying any cash dividends in the foreseeable future.

#### *Liquidation, Dissolution and Winding Up*

In the event of our voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our Common Stock will be entitled to receive an equal amount per share of all of our assets of whatever kind available for distribution to stockholders, after the rights of the holders of the preferred stock have been satisfied.

#### *Conversion*



Our Class B common stock was subject to “sunset” provisions of our Certificate of Incorporation, pursuant to which all shares of our Class B common stock would automatically convert into an equal number of shares of Class A common stock upon the earliest to occur of (i) September 16, 2031, (ii) the date specified in writing by the holders of two-thirds of the then outstanding Class B common stock, voting as a separate class, and (iii) when the number of then outstanding shares of Class B common stock represents less than 10% of the aggregate number of Class A common stock and Class B common stock then outstanding. During the year ended December 31, 2024, shares of our Class B common stock represented less than 10% of all outstanding shares of our common stock, and as such, pursuant to the terms of our Certificate of Incorporation, each outstanding share of Class B common stock automatically converted into an equal number of shares of Class A common stock on December 31, 2024. Following the Final Conversion Date, the Company may no longer issue any additional shares of Class B common stock.

#### *Preemptive or Other Rights*

Stockholders have no preemptive or other subscription rights and there are no sinking fund or redemption provisions applicable to Class A common stock and Class B common stock.

#### *Election of Directors*

Our Board will remain divided into three classes, Class I, Class II and Class III, with only one class of directors being elected in each year and each class serving a three-year term. There will be no cumulative voting with respect to the election of directors.

#### *Foreign Ownership Limitation*

In accordance with applicable U.S. law and related requirements of the U.S. Department of Transportation, our Certificate of Incorporation limits the voting power, ownership and control that may be held or exercised by persons who do not meet the definition of “a citizen of the United States,” as such term is defined in 49 U.S.C. § 40102(a)(15) of Subtitle VII of Title 49 of the United States Code, as amended or interpreted by the Department of Transportation. Such persons (including their predecessors or successors, from time to time) (“Non-U.S. Citizens”) shall at no time own or control more than 25% of the voting interest of the company (the “Foreign Ownership Limitation”). In the event a Non-U.S. Citizen owns or controls or has voting control over shares of our capital stock in excess of the Foreign Ownership Limitation, the voting rights of such Non-U.S. Citizen will be subject to automatic suspension (in reverse chronological order based upon the date of registration in our foreign stock record) to the extent required to ensure we are in compliance with applicable law and regulations relating to the ownership or control of a U.S. air carrier.

#### **Preferred Stock**

Under our Certificate of Incorporation, shares of preferred stock may be issued from time to time in one or more series. The Board is authorized to fix the voting rights, if any, designations, powers and preferences, the relative, participating, optional or other special rights, and any qualifications, limitations and restrictions thereof, applicable to the shares of each series of preferred stock. The Board is able to, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power and other rights of the holders of the Common Stock and could have anti-takeover effects. The ability of the Board to issue preferred stock without stockholder approval could have the effect of delaying, deferring or preventing a change of control or the removal of existing management. We have no present plans to issue any shares of preferred stock.

#### **Warrants**

##### *SVB Warrants*

On July 9, 2021, we entered into a Loan and Security Agreement (the “Loan and Security Agreement”), as borrower, with Silicon Valley Bank (“SVB”) and SVB Innovation Credit Fund VIII, L.P. (“SVB Innovation”) as the lenders, and SVB as the collateral agent. In connection with the Loan and Security Agreement, we issued SVB a warrant to purchase 211,642 shares of Legacy Archer common stock, par value \$0.0001 per share (the “Legacy Archer Common Stock”) (such warrant, “SVB Warrant I”). At the effective time of the Merger (the “Effective



Time”), SVB Warrant I was automatically exchanged for a warrant to purchase 366,140 shares of Class A common stock at an exercise price of \$11.50 per share.

In connection with the Loan and Security Agreement, the Company and SVB Innovation entered into a warrant to purchase 211,641 shares of Legacy Archer Common Stock (“SVB Warrant II”) per the warrant agreement with SVB Innovation. At the Effective Time, SVB Warrant II was automatically exchanged for a warrant to purchase 366,140 shares of Class A common stock at an exercise price of \$11.50 per share, which can be exercised at any time commencing October 16, 2021 and expiring at 5:00 p.m., New York City time, on September 16, 2026, or earlier upon redemption or liquidation.

#### *Mesa Warrant*

On January 29, 2021, we entered into a Purchase Agreement, as amended on August 9, 2022, (the “Purchase Agreement”) and Collaboration Agreement (the “Collaboration Agreement”) with United Airlines, Inc. (“United”). On February 26, 2021, we entered into an Assignment and Assumption Agreement (the “Assignment and Assumption Agreement”) with Mesa Airlines, Inc. (“Mesa”). In connection with the Collaboration Agreement and the Assignment and Assumption Agreement, Legacy Archer issued Mesa a warrant to purchase 1,171,649 shares of Legacy Archer Common Stock at an exercise price of \$0.01 (the “Mesa Warrant”). The Mesa Warrant was adjusted by the application of the Exchange Ratio (as defined in the Business Combination Agreement) at the Effective Time, whereby the number of shares underlying the Mesa Warrant was adjusted to 1,179,381. The Mesa Warrant may be exercised at any time until the earlier of (i) a Liquidation Event (as defined in the Mesa Warrant) and (ii) January 29, 2033.

#### *United Warrant*

In connection with the Purchase Agreement and Collaboration Agreement, Legacy Archer issued to United a warrant to purchase up to 14,645,614 shares of Legacy Archer Common Stock at an exercise price of \$0.01 (the “United Warrant”), of which 1,171,649 shares subject to such warrant were assigned to Mesa pursuant to an Assignment and Assumption Agreement between Legacy Archer, United and Mesa. The United Warrant was assigned by United to United Airlines Ventures, Ltd. and shall vest and become exercisable upon the achievement of certain milestones. The United Warrant was adjusted by the application of the Exchange Ratio at the Effective Time, whereby the number of shares underlying the United Warrant was adjusted to 14,741,764. Shares that have vested and become exercisable upon the achievement of certain milestones under the United Warrant may be exercised at any time until the earlier of (i) a Liquidation Event (as defined in the United Warrant) and (ii) January 29, 2033.

#### *FCA Warrant*

In November 2020, we entered into certain agreements (the “FCA Agreements”) with FCA US LLC. In connection with the FCA Agreements, Legacy Archer issued FCA US LLC a warrant to purchase up to 1,671,202 shares of Legacy Archer Common Stock at an exercise price of \$0.01 per share (the “Initial FCA Warrant”). The Initial FCA Warrant shall vest and become exercisable upon the achievement of certain milestones. The Initial FCA Warrant was adjusted by the application of the Exchange Ratio at the Effective Time, which resulted in a one-to-one conversion. Shares that have vested and become exercisable upon the achievement of certain milestones under the FCA Agreements may be exercised at any time until the earlier of (i) a Liquidation Event (as defined in the FCA Agreements) and (ii) November 6, 2025.

In July 2021, we entered into a Consulting Agreement (the “Consulting Agreement”) with FCA Italy S.p.A. In connection with the Consulting Agreement, Legacy Archer issued FCA Italy S.p.A. a warrant to purchase up to 1,070,000 shares of Class B common stock at an exercise price of \$0.01 per share (the “Second FCA Warrant”). The Second FCA Warrant shall vest and become exercisable upon the achievement of certain milestones. The Second FCA Warrant was adjusted by the application of the Exchange Ratio at the Effective Time.

#### *Stellantis Forward Purchase Agreement and Warrant*



On January 3, 2023, the Company entered into a Manufacturing Collaboration Agreement (the “Stellantis Collaboration Agreement”) with Stellantis. In connection with the Stellantis Collaboration Agreement, the Company entered into a Forward Purchase Agreement (the “Forward Purchase Agreement”) with Stellantis, pursuant to which the Company may elect, in the Company’s sole discretion, to issue and sell Stellantis up to \$150,000,000 of shares of Class A common stock upon the achievement of certain milestones (the “Forward Purchase Shares”).

From January 3, 2023 on, Stellantis will maintain the right to nominate one individual for election to our Board as a Class II director at the Company’s annual meeting of stockholders in 2023 through the date of the Company’s annual meeting of stockholders to occur in 2026 (which initial designee shall be Barbara J. Pilarski who currently serves as a Class II director on our Board) and, so long as Stellantis or its affiliates beneficially own shares of Class A common stock equal to at least 12.5% of the outstanding Class A common stock, will have the right to continue to nominate one individual for election to our Board as a Class II director at the Company’s annual meeting of stockholders to occur in 2026 through the date of the Company’s annual meeting of stockholders in 2029.

On June 23, 2023, we issued 6,337,039 shares of Class A common stock to Stellantis in connection with the first milestone under the Forward Purchase Agreement and received gross proceeds of \$25,000,000. On August 10, 2023, Stellantis waived certain conditions relating to the second milestone of the Forward Purchase Agreement, and we completed the issuance of 12,313,234 shares of Class A common stock and received gross proceeds of \$70,000,000 associated with the second milestone. On July 1, 2024, we issued 17,401,153 shares of Class A common stock associated with the third and final milestone and received gross proceeds of \$55,000,000.

In connection with the Stellantis Collaboration Agreement, the Company issued Stellantis a warrant to purchase up to 15,000,000 shares of Class A common stock, at an exercise price of \$0.01 per share (the “Stellantis Warrant”), which shall vest and become exercisable upon the achievement of certain milestones. The number of shares of Class A common stock for which the Stellantis Warrant is exercisable, as well as the exercise price, may be adjusted upon certain qualifying events, including but not limited to a merger, sales of assets, reclassification or recapitalization. The Stellantis Warrant is exercisable until (i) immediately prior to the closing of a Liquidation Event (as defined in the Stellantis Warrant Agreement), and (ii) January 3, 2028.

#### *Vendor Warrants*

On August 9, 2024, we issued to a service provider of the Company warrants to purchase up to 57,050 shares of Class A common stock, with an exercise price of \$0.01 per share, in satisfaction of payment to such service provider for services rendered. At the time of issuance, warrants to purchase 31,120 shares of Class A common stock were vested and exercisable and the remaining warrants to purchase 25,930 shares of Class A common stock vested in five equal monthly installments between August 2024 and December 2024. The warrants are exercisable until the earliest of (i) immediately prior to the closing of a Liquidation Event (as defined in the warrant agreement) or (ii) August 9, 2029.

#### *Redeemable Warrants*

In connection with Atlas’ initial public offering, Atlas issued: (i) 8,000,000 warrants at a price of \$1.50 per warrant issued to the Sponsor in a private placement (the “Private Warrants”) and (ii) warrants for the issuance of up to 16,666,667 shares of Class A common stock (the “Public Warrants” and, together with the Private Warrants, the “Warrants”). Each Warrant entitles the registered holder to purchase one share of Class A common stock at a price of \$11.50 per share at any time commencing October 16, 2021. The Warrants will expire at 5:00 p.m., New York City time, on September 16, 2026, or earlier upon redemption or liquidation.

Holders of Public Warrants cannot pay cash to exercise their Public Warrants unless we have an effective and current registration statement covering the issuance of the shares underlying such Warrants and a current prospectus relating thereto. Notwithstanding the foregoing, if a registration statement covering the Class A common stock issuable upon exercise of the Public Warrants is not effective within a specified period following the consummation of the Business Combination, Warrant holders may, until such time as there is an effective registration statement and during any period when we will have failed to maintain an effective registration statement, exercise Public Warrants on a cashless basis pursuant to the exemption provided by Section 3(a)(9) of the Securities Act, provided that such exemption is available. If that exemption, or another exemption, is not available, holders will not be able to exercise their Public Warrants on a cashless basis. In the event of such cashless exercise, each holder would pay the exercise



price by surrendering the Warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the Public Warrants, multiplied by the difference between the exercise price of the Public Warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” for this purpose will mean the average reported last sale price of the shares of Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to holders of Warrants. As used in this prospectus, “Public Warrants” refers to the 16,666,667 warrants included as a component of the Atlas units sold in the Atlas IPO, each of which is exercisable for one share of Class A common stock, in accordance with its terms.

The Private Warrants are identical to the Public Warrants except that such Public Warrants will be exercisable for cash or on a cashless basis, at the holder’s option, and will not be redeemable by us, in each case so long as they are still held by the initial stockholders of Atlas, including Atlas’ officers and directors, or their permitted transferees.

We may call the Public Warrants for redemption, in whole and not in part, at a price of \$0.01 per Public Warrant:

- at any time after the Public Warrants become exercisable;
- upon not less than 30 days’ prior written notice of redemption to each Public Warrant holder;
- if, and only if, the last reported sale price of the shares of Class A common stock equals or exceeds \$18.00 per share (as adjusted for stock splits, stock dividends, reorganizations and recapitalizations) for any 20 trading days within a 30-trading day period commencing at any time after the Public Warrants become exercisable and ending on the third business day prior to the notice of redemption to Public Warrant holders; and
- if, and only if, there is a current registration statement in effect with respect to the shares of Class A common stock underlying such Public Warrants.

The right to exercise will be forfeited unless the Warrants are exercised prior to the date specified in the notice of redemption. On and after the redemption date, a record holder of a Warrant will have no further rights except to receive the redemption price for such holder’s Warrant upon surrender of such Warrant.

The redemption criteria for our Warrants was established at a price which is intended to provide Warrant holders a reasonable premium to the initial exercise price and provide a sufficient differential between the then-prevailing share price and the Warrant exercise price so that if the share price declines as a result of our redemption call, the redemption will not cause the share price to drop below the exercise price of the Warrants.

If we call the Warrants for redemption as described above, our management will have the option to require all holders that wish to exercise Warrants to do so on a “cashless basis.” In such event, each holder would pay the exercise price by surrendering the Warrants for that number of shares of Class A common stock equal to the quotient obtained by dividing (x) the product of the number of shares of Class A common stock underlying the Warrants, multiplied by the difference between the exercise price of the Warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” for this purpose shall mean the average reported last sale price of the shares of Class A common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of Warrants.

The Warrants were issued in registered form under a warrant agreement between Continental Stock Transfer & Trust Company, as warrant agent, and us. The warrant agreement provides that the terms of the Warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval, by written consent or vote, of the holders of at least a majority of the then outstanding Public Warrants and Private Warrants, if such modification or amendment is being undertaken prior to, or in connection with, the closing of the Business Combination, or Warrants, if such modification or amendment is being undertaken after the closing of the Business Combination, in order to make any change that adversely affects the interests of the registered holders. The exercise price and number of shares of Class A common stock issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary dividend or our



recapitalization, reorganization, merger or consolidation. The Warrants will not be adjusted for issuances of shares of Class A common stock at a price below their respective exercise prices.

The Warrants may be exercised upon surrender of the Warrant certificate on or prior to the expiration date at the office of the warrant agent, with the subscription form, as set forth in the Warrant, duly executed, accompanied by full payment of the exercise price, by certified or official bank check payable to the order of the warrant agent, for the number of Warrants being exercised. The Warrant holders do not have the rights or privileges of holders of shares of Class A common stock and any voting rights until they exercise their Warrants and receive shares of Class A common stock. After the issuance of shares of Class A common stock upon exercise of the Warrants, each holder will be entitled to one vote for each share held of record on all matters to be voted on by stockholders.

#### **Anti-Takeover Provisions**

##### *Section 203 of the DGCL*

We are subject to Section 203 of the DGCL, which generally prohibits a publicly held Delaware corporation from engaging in any business combination with any interested stockholder for a period of three years after the date that such stockholder became an interested stockholder, with the following exceptions:

- before such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder;
- upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction began, excluding for purposes of determining the voting stock outstanding, but not the outstanding voting stock owned by the interested stockholder, those shares owned (1) by persons who are directors and also officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- on or after such date, the business combination is approved by the board of directors and authorized at an annual or special meeting of the stockholders, and not by written consent, by the affirmative vote of at least 662/3% of the outstanding voting stock that is not owned by the interested stockholder.

In general, Section 203 defines a “business combination” to include the following:

- any merger or consolidation involving the corporation and the interested stockholder;
- any sale, transfer, pledge or other disposition of 10% or more of the assets of the corporation involving the interested stockholder;
- subject to certain exceptions, any transaction that results in the issuance or transfer by the corporation of any stock of the corporation to the interested stockholder;
- any transaction involving the corporation that has the effect of increasing the proportionate share of the stock or any class or series of the corporation beneficially owned by the interested stockholder; or
- the receipt by the interested stockholder of the benefit of any loans, advances, guarantees, pledges or other financial benefits by or through the corporation.

In general, Section 203 defines an “interested stockholder” as an entity or person who, together with the person’s affiliates and associates, beneficially owns or within three years prior to the time of determination of interested stockholder status did own, 15% or more of the outstanding voting stock of the corporation.

A Delaware corporation may “opt out” of these provisions with an express provision in its original certificate of incorporation or an express provision in its amended and restated certificate of incorporation or amended and restated bylaws resulting from a stockholders’ amendment approved by at least a majority of the outstanding voting



shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts of us may be discouraged or prevented.

#### ***Certificate of Incorporation and Bylaws***

Among other things, our Certificate of Incorporation and our Bylaws:

- permit our Board to issue up to 10,000,000 shares of preferred stock, with any rights, preferences and privileges as they may designate, including the right to approve an acquisition or other change of control;
- provide that the authorized number of directors may be changed only by resolution of our Board;
- provide that Non-U.S. Citizens shall not own or control more than 25% of the voting power of our capital stock and that such stock owned and controlled in excess of the Foreign Ownership Limitation will be subject to automatic suspension of voting rights in reverse chronological order based upon the date of registration in the Company's foreign stock record;
- provide that, subject to the rights of any series of preferred stock to elect directors, directors may only be removed with or without cause, which removal may be effected, subject to any limitation imposed by law, by the holders of at least a majority of the voting power of all of our then-outstanding shares of capital stock entitled to vote generally at an election of directors;
- provide that all vacancies, including newly created directorships, may, except as otherwise required by law, be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- require that any action to be taken by our stockholders must be effected at a duly called annual or special meeting of stockholders and not be taken by written consent or electronic transmission;
- provide that stockholders seeking to present proposals before a meeting of stockholders or to nominate candidates for election as directors at a meeting of stockholders must provide advance notice in writing, and also specify requirements as to the form and content of a stockholder's notice;
- provide that special meetings of our stockholders may be called only by the chairperson of our Board, our chief executive officer or by our Board pursuant to a resolution adopted by a majority of the total number of authorized directors; and
- do not provide for cumulative voting rights, therefore allowing the holders of a majority of the shares of Class A common stock entitled to vote in any election of directors to elect all of the directors standing for election, if they should so choose.

The amendment of any of these provisions would require approval by the holders of at least 662/3% of the voting power of all of our then-outstanding capital stock entitled to vote generally in the election of directors, voting together as a single class.

The combination of these provisions may make it more difficult for our existing stockholders to replace our Board as well as for another party to obtain control of us by replacing our Board. Since our Board has the power to retain and discharge our officers, these provisions could also make it more difficult for existing stockholders or another party to effect a change in management. In addition, the authorization of undesignated preferred stock makes it possible for our Board to issue preferred stock with voting or other rights or preferences that could impede the success of any attempt to change our control.

These provisions are intended to enhance the likelihood of continued stability in the composition of our Board and its policies and to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to reduce our vulnerability to hostile takeovers and to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for our shares and may have the effect of delaying changes in our control or management. As a consequence, these provisions may also inhibit fluctuations in the market price of our stock.



Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for the following types of actions or proceedings brought under Delaware statutory or common law:

- any derivative action or proceeding brought on our behalf;
- any action or proceeding asserting a claim of a breach of fiduciary duty owed by any current or former director, officer or other employee of the Company or any stockholder of the Company, to the Company or the Company's stockholders;
- any action or proceeding asserting a claim against us or any current or former director, officer or other employee of the Company or any stockholder arising pursuant to any provision of the DGCL, our Certificate of Incorporation or our Bylaws (as each may be amended from time to time);
- any action or proceeding to interpret, apply, enforce or determine the validity of our Certificate of Incorporation or our Bylaws (including any right, obligation or remedy thereunder);
- any action or proceeding as to which the DGCL confers jurisdiction to the Court of Chancery of the State of Delaware; and
- any action asserting a claim against us or any director, officer or other employee of the Company or any stockholder, governed by the internal affairs doctrine, in all cases to the fullest extent permitted by law and subject to the court having personal jurisdiction over the indispensable parties named as defendants.

Our Certificate of Incorporation further provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act.

Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision of our Certificate of Incorporation will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction.

Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder and therefore may bring a claim in another appropriate forum. Additionally, we cannot be certain that a court will decide that this provision is either applicable or enforceable, and if a court were to find the choice of forum provision contained in our Certificate of Incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, operating results and financial condition.

#### **Limitations of Liability and Indemnification**

Our Certificate of Incorporation limits a director's liability to the fullest extent permitted under the DGCL. The DGCL provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except for liability:

- for any transaction from which the director derives an improper personal benefit;
- for any act or omission not in good faith or that involves intentional misconduct or a knowing violation of law;
- for any unlawful payment of dividends or redemption of shares; or
- for any breach of a director's duty of loyalty to the corporation or its stockholders.



If the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of the directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended.

Delaware law and our Bylaws provide that we will, in certain situations, indemnify our directors and officers and may indemnify other employees and other agents, to the fullest extent permitted by law. Any indemnified person is also entitled, subject to certain limitations, to advancement, direct payment, or reimbursement of reasonable expenses (including attorneys' fees and disbursements) in advance of the final disposition of the proceeding.

In addition, we have entered into separate indemnification agreements with our directors and officers. These agreements, among other things, require us to indemnify our directors and officers for certain expenses, including attorneys' fees, judgments, fines, and settlement amounts incurred by a director or officer in any action or proceeding arising out of their services as one of our directors or officers or any other company or enterprise to which the person provides services at our request.

### **Registration Rights Agreements**

In connection with the Closing of the Business Combination, we entered into the 2021 Registration Rights Agreement on September 16, 2021, pursuant to which the holders of Registrable Securities (as defined therein) became entitled to, among other things, customary registration rights, including demand, piggy-back and shelf registration rights. The 2021 Registration Rights Agreement also provides that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against (or make contributions in respect of) certain liabilities which may arise under the Securities Act. The registration rights of such Registrable Securities terminate seven years after the date of the closing of the Business Combination.

In connection with the Forward Purchase Agreement, the Company and Stellantis entered into the 2023 Stellantis Registration Rights Agreement pursuant to which the Company has granted Stellantis certain demand, piggyback and resale shelf registration rights with respect to the Forward Purchase Shares (as defined therein), which were fully issued by July 1, 2024, and shares of Class A common stock issuable upon exercise of the Stellantis Warrant. The registration rights terminate after Stellantis no longer holds any Registrable Securities (as defined in the 2023 Stellantis Registration Rights Agreement) or with respect to any Registrable Securities, seven years after the date such Registrable Securities were issued to Stellantis.

In August 2023, we entered into subscription agreements with certain accredited investors, in a private placement transaction (the "2023 Private Placement"), pursuant to which we agreed to sell and issue, in the 2023 Private Placement, 26,173,286 shares of Class A common stock at a purchase price of \$5.54 per share. In connection with the 2023 Private Placement, we granted to the participating accredited investors certain registration rights with respect to the shares of Class A common stock issued in the 2023 Private Placement pursuant to the 2023 Registration Rights Agreement.

In August 2024, we entered into subscription agreements with certain accredited investors, pursuant to which we agreed to sell and issue, in a private placement transaction (the "August 2024 Private Placement"), 49,283,582 shares of Class A common stock at a purchase price of \$3.35 per share. In connection with the August 2024 Private Placement, we granted to the participating accredited investors certain registration rights with respect to the shares of Class A common stock issued in the August 2024 Private Placement pursuant to the August 2024 Registration Rights Agreement.

In August 2024, we also entered into a subscription agreement with Stellantis, pursuant to which we agreed to sell and issue, in a private placement transaction (the "August 2024 Stellantis Private Placement"), 2,982,089 shares of Class A common stock at a purchase price of \$3.35 per share. In connection with the August 2024 Stellantis Private Placement, we granted to Stellantis certain registration rights with respect to the shares of Class A common stock issued in the August 2024 Stellantis Private Placement pursuant to the 2024 Stellantis Registration Rights Agreement. In December 2024, our stockholders approved the August 2024 Stellantis Private Placement in accordance with the rules and regulations of the NYSE.

In December 2024, we entered into subscription agreements with certain accredited investors, pursuant to which we agreed to sell and issue, in a private placement transaction (the "December 2024 Private Placement"), 63,909,776



shares of Class A common stock at a purchase price of \$6.65 per share. In connection with the December 2024 Private Placement, we granted to the participating accredited investors certain registration rights with respect to the shares of Class A common stock issued in the December 2024 Private Placement pursuant to the December 2024 Registration Rights Agreement.

In December 2024, we also entered into a subscription agreement with Stellantis, pursuant to which we agreed to sell and issue, in a private placement transaction (the “December 2024 Stellantis Private Placement”), 751,879 shares of Class A common stock at a purchase price of \$6.65 per share. In connection with the December 2024 Stellantis Private Placement, we granted to Stellantis certain registration rights with respect to the shares of Class A common stock issued in the December 2024 Stellantis Private Placement pursuant to the December 2024 Stellantis Registration Rights Agreement. The closing of the December 2024 Stellantis Private Placement is subject to the satisfaction of customary closing conditions, including approval of our stockholders (the “Stockholder Approval”) in accordance with the rules and regulations of the NYSE. We have agreed to use commercially reasonable efforts to seek and obtain the Stockholder Approval.

#### **Transfer Agent**

The transfer agent for our securities is Continental Stock Transfer & Trust Company. The transfer agent’s address is One State Street Plaza, 30th Floor New York, NY 10004.





February 27, 2025

Archer Aviation Inc.  
190 West Tasman Drive  
San Jose, California 95134

Re: Registration Statement on Form S-3

Ladies and Gentlemen:

As counsel to Archer Aviation Inc., a Delaware Corporation (the “**Company**”), we deliver this opinion with respect to certain matters in connection with the offering by the Company of up to \$13,700,000 shares (the “**Shares**”) of the Company’s Class A common stock, \$0.0001 par value per share (“**Class A Common Stock**”) to be issued pursuant to that certain fee and retainer letter (the “**Agreement**”), dated as of February 11, 2025, by and between the Company and Pico International (LA) Inc. and its affiliates. The Shares were registered pursuant to the Registration Statement on Form S-3 (File No. 333-279289) filed by the Company with the Securities and Exchange Commission (the “**Commission**”) on May 10, 2024 and declared effective on May 16, 2024 (the registration statement at the time it was declared effective, including the documents or portions thereof incorporated by reference therein, as modified or superseded as described therein, and the information deemed to be a part thereof pursuant to Rule 430B under the Securities Act of 1933, as amended (the “**Securities Act**”), the “**Registration Statement**”) under the Securities Act, including the prospectus dated May 16, 2024 included therein (the “**Base Prospectus**”) as supplemented by the final prospectus supplement dated February 12, 2025, filed with the Commission pursuant to Rule 424(b) under the Securities Act (the “**Prospectus Supplement**” and, together with the Base Prospectus, the “**Prospectus**”). The offering of the Shares by the Company pursuant to the Registration Statement, the Prospectus and the Underwriting Agreement is referred to herein as the “**Offering**.” This opinion is being furnished in connection with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act, and no opinion is expressed herein as to any matter pertaining to the contents of the Registration Statement or related Prospectus, other than as expressly stated herein with respect to the issue of the Shares.

As to matters of fact relevant to the opinions rendered herein, we have examined such documents, certificates and other instruments which we have deemed necessary or advisable, including a certificate addressed to us and dated the date hereof executed by the Company (the “**Opinion Certificate**”). We have not undertaken any independent investigation to verify the accuracy of any such information, representations or warranties or to determine the existence or absence of any fact, and no inference as to our knowledge of the existence or absence of any fact should be drawn from our representation of the Company or the rendering of the opinions set forth below. We have not considered parol evidence in connection with any of the agreements or instruments reviewed by us in connection with this letter.



Archer Aviation Inc.  
February 27, 2025  
Page 2

In our examination of documents for purposes of this letter, we have assumed, and express no opinion as to, the genuineness and authenticity of all signatures on original documents, the authenticity and completeness of all documents submitted to us as originals, that each document is what it purports to be, the conformity to originals of all documents submitted to us as copies or facsimile copies, the absence of any termination, modification or waiver of or amendment to any document reviewed by us (other than as has been disclosed to us), the legal competence or capacity of all persons or entities (other than the Company) executing the same and (other than the Company) the due authorization, execution and delivery of all documents by each party thereto. We have also assumed the conformity of the documents filed with the Commission via the Electronic Data Gathering, Analysis and Retrieval System (“**EDGAR**”), except for required EDGAR formatting changes, to physical copies submitted for our examination.

The opinions in this letter are limited to the existing General Corporation Law of the State of Delaware now in effect (the “**Applicable Laws**”). We express no opinion with respect to any other laws.

We express no opinion regarding the effectiveness of any waiver or stay, extension or of unknown future rights. Further, we express no opinion regarding the effect of provisions relating to indemnification, exculpation or contribution to the extent such provisions may be held unenforceable as contrary to federal or state securities laws or public policy.

Based upon the foregoing, and subject to the qualifications and exceptions contained herein, we are of the following opinion:

1. the Shares, when issued, sold and delivered in the manner and for the consideration stated in the Registration Statement and the Prospectus and in accordance with the resolutions adopted by the Company’s board of Directors and the pricing committee thereof (the “**Board**”), will be validly issued, fully paid and nonassessable.

We consent to the use of this opinion as an exhibit to the Report on Form 8-K to be filed by the Company with the Commission in connection with the offering of the Shares and further consent to all references to us, if any, in the Registration Statement, the Prospectus and any amendments thereto. In giving this consent we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission thereunder.

*[Concluding Paragraph Follows on Next Page]*



Archer Aviation Inc.  
February 27, 2025  
Page 3

This opinion is intended solely for use in connection with the issuance and sale of the Shares subject to the Registration Statement and is not to be relied upon for any other purpose. In providing this letter, we are opining only as to the specific legal issues expressly set forth above, and no opinion shall be inferred as to any other matter or matters. This opinion is rendered on, and speaks only as of, the date of this letter first written above, is based solely on our understanding of facts in existence as of such date after the aforementioned examination and does not address any potential changes in facts, circumstance or law that may occur after the date of this opinion letter. We assume no obligation to advise you of any fact, circumstance, event or change in the law or the facts that may hereafter be brought to our attention, whether or not such occurrence would affect or modify any of the opinions expressed herein.

Very truly yours,

/s/ Fenwick & West LLP

FENWICK & WEST LLP







# INSIDER TRADING POLICY

APPROVED BY THE BOARD ON SEPTEMBER 16, 2021; AMENDMENTS APPROVED BY THE BOARD ON APRIL 12, 2022, FEBRUARY 2, 2023 AND FEBRUARY 20, 2025

## POLICY

Directors, officers, employees and contractors (each, a “Covered Person,” and collectively, “Covered Persons”) of Archer Aviation Inc. (together with its subsidiaries, the “Company”) are responsible for understanding the obligations that come with having access to material nonpublic information and wanting to transact in the Company’s securities.

Covered Persons may not engage in transactions in the Company’s securities except as permitted by this Insider Trading Policy (this “Policy”) and applicable law.

Covered Persons may not disclose material nonpublic information outside of the Company unless the disclosure is made in accordance with the policies and procedures in place at the Company.

Covered Persons may not disclose material nonpublic information to persons within the Company whose jobs do not require them to have that information.

Covered Persons may not recommend the purchase or sale of any Company’s securities to any persons.

Changes to this Policy require approval by the Company’s board of directors (the “Board of Directors”) or a duly appointed committee of the Board of Directors.

## POLICY Q&A

### Policy Scope and Purpose

**Q:** Why do we have an insider trading policy?

**A:** During the course of your relationship with the Company, you may receive material information that is not yet publicly available (“material nonpublic information”) about the Company or other companies with which the Company has business relationships. Material nonpublic information may give you, or someone to whom you pass that information, an advantage over others when deciding whether to buy, sell or otherwise transact in the Company’s securities or the securities of another company. This Policy sets forth the requirements that Covered Persons must comply with when engaging in transactions in the Company’s securities.

**Q:** Who is subject to this Policy?

**A:** This Policy applies to all Covered Persons. This Policy also applies to members of any Covered Person’s immediate family, persons with whom a Covered Person shares a household, persons who are an economic dependent of a Covered Person, and, unless otherwise determined by the Company, any



other individuals or entities whose transactions in securities a Covered Person influences, directs or controls (including, e.g., a venture or other investment fund, if you influence, direct or control transactions by the fund). For clarity, “immediate family” includes grandparents, parents (and step-parents), spouses, domestic partners, siblings, children (and step-children) and grandchildren, as well as parents-in-laws, siblings-in-laws, children-in-law and all adoptive relationships.

The foregoing persons who are, as a result of their relationship to a Covered Person, deemed subject to this Policy are referred to in this Policy as “Related Persons”, and together with Covered Persons “Insiders”. You are responsible for making sure that your Related Persons comply with this Policy.

All Company officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1933, as amended (the “Exchange Act”)) and directors (the “Section 16 Insiders”) and certain persons designated by our General Counsel, and each of their Related Persons are referred to as “Designated Insiders” and are subject to additional restrictions.

Additionally, the Company will not transact in its securities unless in compliance with applicable U.S. securities laws.

This Policy does not apply to any entity that invests in securities in the ordinary course of its business (e.g., a venture or other investment fund) if (and only if) such entity has established its own insider trading

controls and procedures in compliance with applicable securities laws with respect to trading in the Company’s securities.

**Q:** Whose responsibility is it to comply with this Policy?

**A:** Insiders subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in the Company’s securities while aware of material nonpublic information. Each Covered Person is responsible for making sure that he or she and his or her Related Persons comply with this Policy. In all cases, the responsibility for determining whether an individual is aware of material nonpublic information rests with that individual, and any action on the part of the Company or any Insider pursuant to this Policy (or otherwise) does not in any way constitute legal advice or insulate an individual from liability under applicable securities laws. You could be subject to severe legal penalties and disciplinary action by the Company and/or governmental authorities for any conduct prohibited by this Policy or applicable securities laws.

**Q:** What transactions are subject to this Policy?

**A:** This Policy applies to all transactions in securities issued by the Company, as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps relating to the Company’s securities. Accordingly, for purposes of this Policy, the terms “trade,” “trading” and “transactions” include



not only purchases and sales of the Company's common stock in the public market but also any other purchases, sales, transfers or other acquisitions and dispositions of common or preferred equity, options, warrants and other securities (including debt securities) and other arrangements or transactions that affect economic exposure to changes in the prices of these securities.

### Insider Trading and Material Nonpublic Information

**Q:** What is insider trading?

**A:** Generally speaking, insider trading is the buying or selling of stocks, bonds, futures or other securities by someone who possesses or is otherwise aware of material nonpublic information about the securities or the issuer of the securities. Insider trading also includes trading in derivatives (such as put or call options) where the price is linked to the underlying price of a company's stock, or engaging in hedging and short sale transactions. It does not matter whether the decision to buy or sell was influenced by the material nonpublic information, how many shares you buy or sell or whether it has an effect on the stock price. Bottom line: If you are aware of material nonpublic information about the Company or another publicly traded company that the Company has business relationships with and you trade in the Company's or such other company's securities, you have broken the law.

**Q:** Why is insider trading illegal?

**A:** If Insiders are able to use their knowledge of confidential

information to their financial advantage in the public markets, other investors would not have confidence in the fairness and integrity of the market. This ensures that there is an even playing field by requiring those who are aware of material nonpublic information to refrain from trading.

**Q:** What is material nonpublic information?

**A:** It is not always easy to figure out whether you are aware of "material" nonpublic information. But there is one important factor to determine whether nonpublic information you know about a company is material: whether the information could be expected to affect the market price of that company's securities or to be considered important by investors who are considering trading that company's securities. If the information makes you want to trade, it would probably have the same effect on others. Keep in mind that both positive and negative information can be material.

**Q:** What are examples of material information?

**A:** There is no bright-line standard for assessing materiality; rather, materiality is based on an assessment of all of the facts and circumstances, and is often evaluated by relevant governmental authorities with the benefit of hindsight. Depending on the specific details, the following items may be considered "material" nonpublic information until publicly disclosed within the meaning of this Policy. There may be other types of information that would qualify as



material information as well; use this list merely as a non-exhaustive guide:

- historical or forecasted revenues, earnings or other financial results;
- possible financings, mergers, acquisitions, dispositions or other strategic transactions;
- status of aircraft development;
- regulatory developments and approvals;
- events regarding the Company's securities (e.g., repurchase plans, stock splits, public or private equity or debt offerings or changes in the Company's dividend policies or amounts);
- major contracts or contract cancellations;
- gain or loss of a significant customer;
- pricing changes;
- service offerings, expansions or discontinuances;
- geographic expansions or contractions;
- significant product or service problems;
- security incidents;
- top management or control changes;
- financial restatements or significant write-offs;
- employee layoffs;
- a disruption in the Company's operations or breach or unauthorized access of its property or assets, including its facilities or information technology infrastructure;

- proxy fights;
- actual or threatened major litigation, U.S. Securities and Exchange Commission ("SEC") or other investigations or a major development in or the resolution of any such litigation or investigation;
- impending bankruptcy;
- communications with government agencies; and
- notice of issuance of patents.

Q: When is information considered public?

A: The prohibition on trading when you have material nonpublic information lifts once that information becomes publicly disseminated. But for information to be considered publicly disseminated, it must be widely disseminated through a press release, a filing with the SEC or other widely disseminated announcement. Once information is publicly disseminated, it is still necessary to afford the investing public with sufficient time to absorb the information. Generally, information will be considered publicly disseminated for purposes of this Policy only after two full trading days have elapsed since the information was publicly disclosed. For example, if we announce material nonpublic information before trading begins on Wednesday, then information would be considered to be publicly disseminated by the time trading begins on Friday. Depending on the particular circumstances, the Company may determine that a longer or shorter waiting period should apply to the release of specific material nonpublic information. Any



disclosure of nonpublic information, material or otherwise, must be done in accordance with the Company's policies and procedures.

**Q:** Who can be guilty of insider trading?

**A:** Anyone who buys or sells a security while aware of material nonpublic information, or provides material nonpublic information that someone else uses to buy or sell a security, may be guilty of insider trading. This applies to all individuals, including officers, directors, and others who don't even work at the Company. Regardless of who you are, if you know something material about a company that not everyone knows and you trade (or convince someone else to trade) in the securities of that company, you may be found guilty of insider trading.

**Q:** What if I am aware of material nonpublic information when I trade, but the reason I trade is because of something else, like to pay medical bills?

**A:** The prohibition against insider trading is absolute. It applies even if the decision to trade is not based on such material nonpublic information. It also applies to transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) and also to very small transactions. All that matters is whether you are aware of any material nonpublic information relating to the Company at the time of the transaction.

**Q:** Does the law take into account mitigating circumstances, like avoiding a loss or planning a transaction before I had material nonpublic information?

**A:** No. The applicable laws do not recognize any mitigating circumstances to insider trading. In addition, even the appearance of an improper transaction must be avoided to preserve the Company's reputation for adhering to the highest standards of conduct. In some circumstances, you may need to forgo a planned transaction even if you planned it before becoming aware of the material nonpublic information. So, even if you believe you may suffer an economic loss or sacrifice an anticipated profit by waiting to trade, you must wait.

**Q:** **What if I don't buy or sell anything, but I tell someone else material nonpublic information and he or she buys or sells?**

**A:** That is called "tipping." You are the "tipper" and the other person is called the "tippee." If the tippee buys or sells based on that material nonpublic information, both you and the tippee could be found guilty of insider trading. In fact, if you tell family members who tell others and those people then trade on the information, those family members and the tippee might be found guilty of insider trading too. To prevent this, you may not discuss material nonpublic information about the Company with anyone outside the Company, including spouses, family members, or friends, unless you do so in accordance with the Company's established policies and procedures.



This prohibition includes anonymous discussions on the Internet about the Company or companies with which the Company does business.

You can be held liable for your own transactions, as well as the transactions by a tippee and even the transactions of a tippee's tippee.

**Q: What if I don't tell someone inside information itself; I just tell him or her whether to buy or sell?**

**A:** That is still tipping, and you can still be responsible for insider trading. You may never recommend to another person that they buy, hold or sell the Company's securities since that could be a form of tipping.

**Q:** Does this Policy or the insider trading laws apply to me if I work outside the U.S.?

**A:** Yes. The same rules apply to Insiders located outside the U.S. The SEC (the U.S. government agency in charge of investor protection) and the Financial Industry Regulatory Authority (a private regulator that oversees U.S. securities exchanges) routinely investigate trading in a company's securities conducted by individuals and firms based abroad. In addition, as a Covered Person, our policies apply to you no matter where you work.

**Q:** Am I restricted from trading securities of any companies other than the Company, for example a customer or competitor of the Company?

**A:** Possibly. Insider trading laws generally restrict everyone aware of

material nonpublic information about a company from trading in that company's securities, regardless of whether the person is directly connected with that company. Therefore, if you have material nonpublic information about any company, you should not trade in that company's securities. You should be particularly conscious of this restriction if, through your position at the Company, you sometimes obtain confidential, material information about other companies and their business dealings with the Company. For example, you may be involved in a proposed transaction involving a prospective business relationship or transaction with another company. If information about that transaction constitutes material nonpublic information that could impact another company, including a company not involved in the transaction, you could be liable for engaging in transactions involving the securities of such other company (as well as transactions involving Company securities, if that information is material to the Company). It is important to note that "materiality" is different for different companies. Information that is not material to the Company may be material to another company.

**Q:** When can I buy or sell my Company securities?

**A:** Any Insider that is aware of material nonpublic information, may not buy or sell securities of the Company, other than pursuant to an approved 10b5-1 Plan (as defined below) until two (2) full trading days have elapsed since the information was publicly disclosed. At that point, the information is considered publicly



disseminated for purposes of this Policy. For example, if we announce material nonpublic information before trading begins on Wednesday, then you may execute a transaction in securities of the Company on Friday. As discussed further below, even if you are not aware of any material nonpublic information, you may not trade in securities of the Company during any restricted trading period. This Policy describes the quarterly restricted trading period, and additional event-driven restricted trading periods may be announced by email.

#### Restricted Trading Periods

**Q:** What is a quarterly restricted trading period?

**A:** To minimize the appearance of insider trading by Insiders, we have established “quarterly restricted trading periods” during which they—regardless of whether they are aware of material nonpublic information or not—may not conduct any trades in Company securities other than pursuant to an approved 10b5-1 Plan. That means that, except as described in this Policy, all Insiders will be able to trade in Company securities only during limited open trading window periods that will generally begin after two (2) full trading days have elapsed since the public dissemination of the Company’s annual or quarterly financial results and end at the beginning of the next quarterly restricted trading period. Of course, even during an open trading window period, you may not (unless an exception applies) conduct any trades in Company securities if you are

otherwise in possession of material nonpublic information.

**Q:** **What are the Company’s quarterly restricted trading periods?**

**A:** Each “quarterly restricted trading period” will generally begin at the end of the day that is the last trading day of the third month of each fiscal quarter and end after two (2) full trading days have elapsed since the public dissemination of the Company’s financial results for that period.

**Q:** **Can the Company’s quarterly restricted trading periods change?**

**A:** The quarterly restricted trading period may commence early or may be extended if, in the judgment of the General Counsel, there exists undisclosed information that would make trades by Insiders inappropriate. It is important to note that the fact that the quarterly restricted trading period has commenced early or has been extended should be considered material nonpublic information that should not be communicated to any other person.

**Q:** Does the Company have restricted trading periods other than quarterly restricted trading periods?

**A:** Yes. From time to time, an event may occur that is material to the Company and is known by only a few Covered Persons. So long as the event remains material and nonpublic, the persons designated by the General Counsel may not trade in the Company’s securities. In that situation, the



Company will notify the designated individuals that neither they nor their Related Persons may trade in the Company's securities. The existence of an event-specific trading blackout should also be considered material nonpublic information and should not be communicated by any Insider subject to the event-specific trading blackout to any other Insider not subject to the event-specific trading blackout.

**Q:** If I am subject to a restricted trading period and I have an open order to buy or sell the Company securities on the date a restricted trading period commences, can I leave it to my broker to cancel the open order and avoid executing the trade?

**A:** No, unless it is in connection with an approved 10b5-1 Plan. If you have any other open orders when a restricted trading period commences, it is your responsibility to cancel these orders with your broker. If you have an open order not in connection with an approved 10b5-1 Plan and it executes after a restricted trading period commences, you will have violated this Policy and may also have violated insider trading laws.

**Q:** Am I subject to restricted trading periods if I am no longer a Covered Person?

**A:** It depends. If your employment with the Company ends during a restricted trading period, you will be subject to such prohibition for the remainder of that restricted trading period. If your employment with the Company ends on a day when the trading window is open, you will not be subject to any

further restricted trading periods. However, even if you are not subject to a restricted trading period after you leave the Company, you should not trade in Company securities if you are aware of material nonpublic information. That restriction stays with you as long as the information you possess is material and not publicly disseminated within the meaning of this Policy.

**Q:** Can I exercise options granted to me by the Company, or participate in a Company employee stock purchase plan, during a restricted trading period or when I possess material nonpublic information?

**A:** Yes. You may purchase shares by exercising your options or participating in a Company employee stock purchase plan, but you may not sell the shares in the open market (even to pay the exercise price or any taxes due) during a restricted trading period or any time that you are aware of material nonpublic information. To be clear, you may not effect a broker-assisted cashless exercise (because these cashless exercise transactions include a market sale) during a restricted trading period or any time that you are aware of material nonpublic information.

**Q:** What tax withholding transactions are not restricted by this Policy?

**A:** This Policy does not apply to: (1) the surrender of shares directly to the Company to satisfy tax withholding obligations as a result of the issuance of shares upon exercise of options or settlement of restricted stock units ("RSUs") issued by the Company; or (2) the settlement of RSUs pursuant



to net settlement or a “sale to cover” for non-discretionary, automatic tax withholdings initiated and approved by the Company for the payment of taxes upon the settlement of RSUs.

Any other market sale of the shares received upon exercise or settlement of any such equity awards remains subject to all provisions of this Policy whether or not for the purpose of generating the cash needed to pay the exercise price or pay taxes.

**Q:** Are mutual funds holding Company common stock subject to the restricted trading periods?

**A:** No. You may trade in mutual funds holding Company stock at any time.

**Q:** What are the rules that apply to 10b5-1 Trading Programs?

**A:** Under Rule 10b5-1 of the Exchange Act, any person may establish a trading plan under which a broker is instructed to buy and sell Company securities based on pre-determined criteria (a “10b5-1 Plan”).

All Section 16 Insiders and certain other Designated Insiders are prohibited from trading in Company securities other than pursuant to an approved 10b5-1 Plan entered into in accordance with this Policy.

So long as an approved 10b5-1 Plan is properly established, purchases and sales of Company securities pursuant to that 10b5-1 Plan may be made while an Insider is in possession of material nonpublic information and during a quarterly or special restricted trading period. To be properly established, a person’s 10b5-1 Plan

must be established in compliance with the requirements of Rule 10b5-1 of the Exchange Act and any applicable 10b5-1 Plan guidelines of the Company at a time when you were unaware of any material nonpublic information relating to the Company and when you were not otherwise subject to a restricted trading period. Moreover, all 10b5-1 Plans to be adopted by Insiders must be reviewed and approved by the Company in accordance with the Company’s policies and procedures before being established to confirm that the 10b5-1 Plan complies with all pertinent company policies and applicable securities laws. See “Pre-Clearance of Transactions in Company Stock” below, the 10b5-1 Plan Guidelines attached as Exhibit A hereto and the Appendix attached hereto.

**Q:** What are the rules that apply to non-10b5-1 trading arrangements?

**A:** Insiders are not allowed to enter into “non-Rule 10b5-1 trading arrangements” (as defined in Regulation S-K Item 408(c)) unless otherwise approved in advance by the General Counsel. See “Pre-Clearance of Transactions in Company Stock” below, the 10b5-1 Plan Guidelines attached as Exhibit A hereto and the Appendix attached hereto.

**Q:** Can I gift stock while I possess material nonpublic information or during a restricted trading period?

**A:** Because of the potential for the appearance of impropriety, as a general matter gifts should be made when you are not in possession of material nonpublic information and not subject to a restricted trading



period. You may only make a gift of Company stock when you are in a restricted trading period if the gift has been pre-cleared by the General Counsel and then subject to the requirements set forth by the General Counsel in the pre-clearance approval.

**Margin Accounts, Pledging Shares, Hedging and Other Speculation in Company Securities**

**Q:** Can I purchase Company securities on margin or hold them in a margin account?

**A:** No. Purchasing on margin is the use of borrowed money from a brokerage firm to purchase Company securities. Holding the Company's securities in a margin account includes holding the securities in an account in which the shares can be sold to pay a loan to the brokerage firm. You may not purchase Company securities on margin or hold any Company securities in a margin account at any time.

**Q:** Can I pledge my Company stock as collateral in a margin account or as collateral for a loan?

**A:** Generally, no. Pledging your stock as collateral for a loan could cause the broker or pledgee to transfer your shares during a restricted trading period or when you are otherwise aware of material nonpublic information. As a result, you may not pledge your shares as collateral in a margin account or as collateral for a loan unless the pledge has been approved by our General Counsel.

**Q:** Can I hedge my ownership position in the Company?

**A:** No. Hedging or monetization transactions, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds are prohibited by this Policy.

**Q:** Why are hedging transactions prohibited?

**A:** Such transactions may permit a person subject to this Policy to continue to own Company securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, the person may no longer have the same objectives as the Company's other stockholders. Therefore, all persons subject to this Policy are prohibited from engaging in any such transactions.

**Q:** Am I allowed to trade derivative securities of the Company's stock?

**A:** No. You may not trade in derivative securities related to the Company's securities, which include publicly traded call and put options. In addition, you may not engage in short selling of Company securities at any time.

**Q:** What are derivative securities?

**A:** Derivative securities are securities other than common stock that are speculative in nature because they permit a person to leverage their investment using a relatively small amount of money. Examples of derivative securities include "put options" and "call options." These are



different from employee options and other equity awards granted under the Company's equity compensation plans, which are not derivative securities for purposes of this Policy.

**Q:** What is short selling?

**A:** Short selling is profiting when you expect the price of the stock to decline, and includes transactions in which you borrow stock from a broker, sell it, and eventually buy it back on the market to return the borrowed shares to the broker. Profit is realized if the stock price decreases during the period of borrowing.

**Q:** Why does the Company prohibit trading in derivative securities and short selling?

**A:** Because it is an attempt to try to benefit from a relatively low-cost method of trading on short-term swings in stock prices, without actually holding the underlying common stock, and encourages speculative trading. The Company is dedicated to building stockholder value; short selling the Company's common stock conflicts with this goal and would not be well-received by the Company's stockholders.

**Q:** What if I purchased publicly traded options or other derivative securities before I became subject to this Policy?

**A:** The same rules apply as for employee stock options. You may exercise the publicly traded options at any time, but you may not sell the securities during a restricted trading period or at any time that you are aware of material nonpublic information. Any such purchases or exercises should be disclosed to the General Counsel.

**Q:** Are there concerns with standing and limit orders?

**A:** Standing and limit orders (except standing and limit orders under approved 10b5-1 Plans, as discussed above) create heightened risks for insider trading violations similar to the use of margin accounts. There is limited control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a Covered Person is in possession of material nonpublic information. The Company therefore cautions you against placing standing or limit orders on the Company's securities. If a Covered Person determines that they must use a standing order or limit order (other than under an approved 10b5-1 Plan, as discussed above), the order should be limited to a short duration and the person using such standing order or limit order is required to cancel such instructions immediately in the event restrictions are imposed on their ability to trade pursuant to the "Quarterly Trading Blackouts" and "Event-Specific Trading Blackouts" provisions above.

**Pre-Clearance of Transactions in Company Stock**

**Q:** Who is required to pre-clear and provide advance notice of transactions during an open window?

**A:** All Designated Insiders. Even during an open trading window, all Designated Insiders (except Designated Insiders



trading the Company's securities pursuant to an approved 10b5-1 Plan) may not engage in any transaction in the Company's securities without first obtaining pre-clearance of the transaction from the Legal Department by: (a) providing written notification via email of the amount and nature of the proposed trade, (b) certifying no earlier than two (2) business days prior to the proposed trade that you have no material nonpublic information and, to your knowledge, you will have no material nonpublic information as of the proposed trade date, and (c) receiving email confirmation from the Legal Department approving the trade, which approval can be granted or denied at their discretion, and which approval may advise of any further restrictions. You may satisfy (a) and (b) by emailing the required information and certification to the Legal Department at [legal@archer.com](mailto:legal@archer.com) and must notify the Legal Department promptly via email of any changes to the certification in (b) prior to the proposed trade. Pre-cleared transactions (other than gifts) not completed within two (2) business days will require new pre-clearance. The Legal Department may choose to shorten or lengthen this period as it deems appropriate.

Q: Are individuals subject to pre-clearance required to provide advanced notice of stock option exercises?

A: Yes. Designated Insiders must also give advance notice of their plans to exercise an outstanding stock option to the Legal Department through its established processes.

Q: What additional requirements apply to Section 16 Insiders?

A: Section 16 Insiders should take care not to violate the prohibition on short-swing transactions (within the meaning of Section 16(b) of the Exchange Act) and the restrictions on sales by control persons (Rule 144 under the Securities Act of 1933, as amended), and must work with the Legal Department to ensure they file all appropriate Section 16(a) reports (Forms 3, 4 and 5), which are described in the Company's Section 16 Compliance Program, and any notices of sale required by Rule 144.

#### Policy Violations and Other Information

Q: What happens if I violate this Policy?

A: Violating the Policy may result in disciplinary action, which may include termination of your employment or other relationship with the Company. In addition to disciplinary action by the Company, you may be liable for civil sanctions for trading on material nonpublic information. The sanctions may include return of any profit made or loss avoided as well as penalties of up to three times any profit made or any loss avoided. Persons found liable for tipping material nonpublic information, even if they did not trade themselves, may be liable for the amount of any profit gained or loss avoided by everyone in the chain of tippees as well as a penalty of up to three times that amount. In addition, you may also be subject to criminal penalties. Anyone convicted of criminal insider trading could face prison and additional fines.



Q: Who should I contact if I have questions about this Policy or specific trades?

A: You should email the Legal Department at [legal@archer.com](mailto:legal@archer.com).

Q: Do changes to this Policy require approval by the Board of Directors?

A: Yes. Changes to this Policy require approval by the Board of Directors or a duly appointed committee of the Board of Directors. For the avoidance of doubt, unless explicitly stated by the Board of Directors, any waiver, amendment or modification of the Policy by the Board of Directors shall not be considered a waiver of the Company's Code of Business Conduct & Ethics.



**Exhibit A**  
**10b5-1 Plan Guidelines**

We allow Insiders to trade in our securities while in possession of material nonpublic information, outside of an open trading window or during a restricted trading period, only pursuant to a “10b5-1 Plan.”

**What Is a 10b5-1 Plan?** A 10b5-1 Plan is a written plan for selling or purchasing a predetermined number of shares that is entered into while an Insider is not in possession of material nonpublic information as contemplated in Rule 10b5-1.

**Who Can Enter Into a 10b5-1 Plan?** We allow certain Designated Insiders as determined by the General Counsel to enter into a 10b5-1 Plan. In addition, we require Section 16 Insiders to trade pursuant to an approved 10b5-1 Plan.

**How Do I Adopt a 10b5-1 Plan?** If you are interested in setting up a 10b5-1 Plan, you should consult with our General Counsel and make sure that:

- The 10b5-1 Plan complies with the requirements of Rule 10b5-1 under the Exchange Act and this Policy.
- You have certified to our General Counsel in writing, no earlier than two (2) business days prior to the date that the 10b5-1 Plan is formally adopted (and shall not have withdrawn such certification prior to such adoption), that as of such date and as of the adoption date of the 10b5-1 Plan, (i) you are not and, to your knowledge, will not be, aware of material nonpublic information, (ii) all trades to be made pursuant to the 10b5-1 Plan will be in accordance with applicable SEC rules, (iii) you are adopting the 10b5-1 Plan in good faith and not as part of a plan or scheme to evade the prohibitions of Section 10(b) of the Exchange Act and Rule 10b-5 of the Exchange Act and (iv) you will act in good faith with respect to the 10b5-1 Plan throughout its duration. This certification may be made in an email to our General Counsel. You must notify the General Counsel promptly via email and withdraw the certification if any changes of circumstances prior to the adoption date of the 10b5-1 Plan have or will render such certification to be inaccurate as of that time.
- The first trade under the 10b5-1 Plan does not occur (i) for a Section 16 Insider: until the later of (A) ninety (90) days after adoption of the 10b5-1 Plan and (B) two (2) business days following the disclosure of the Company’s financial results in a Form 10-Q or Form 10-K for the completed fiscal quarter in which the 10b5-1 Plan was adopted that discloses the Company’s financial results (but not to exceed 120 days following the adoption of the 10b5-1 Plan); and (ii) for persons other than Section 16 Insiders: at least thirty (30) days after adoption of the 10b5-1 Plan, in each case, following our General Counsel’s approval of the 10b5-1 Plan. These waiting periods are collectively referred to as the “Cooling-Off Period.”
- The 10b5-1 Plan is not a single-trade 10b5-1 Plan adopted during the 12-month period immediately following the person’s adoption of another single-trade 10b5-1 Plan, subject to the exceptions noted in Rule 10b5-1, which are provided for you in the Appendix.
- The 10b5-1 Plan is adopted during an open trading window and not during any restricted trading period.

An individual may have no more than one 10b5-1 Plan adopted at any point in time



(i.e., multiple concurrent or overlapping plans are prohibited), subject to the exceptions noted in Rule 10b5-1, which are provided for you in the Appendix. One of these exceptions is for plans authorizing certain “sell-to-cover” transactions.

Approval of a 10b5-1 Plan by our General Counsel and/or acknowledgment of a 10b5-1 Plan by the Company shall not be considered a determination by us, our General Counsel or the Company that the 10b5-1 Plan satisfies the requirements of Rule 10b5-1.

**How Do I Modify a 10b5-1 Plan?** Once you have an approved 10b5-1 Plan in place, you will need approval from our General Counsel to make certain changes to it. Modifying or changing the amount, price or timing of the purchase or sale of our securities underlying the 10b5-1 Plan (or a modification or change to a written formula or algorithm, or computer program that affects the amount, price or timing of the purchase or sale of such securities) (any such modification or change, a “Plan Modification”) will be deemed to be the same as terminating your existing 10b5-1 Plan and entering into a new 10b5-1 Plan. As a result, the approval process for a Plan Modification is the same as the approval process for initially adopting a 10b5-1 Plan, including being subject to a new Cooling-Off Period. We discourage you from making multiple Plan Modifications, as that may give the appearance that you are trading on material nonpublic information under the guise of that plan. Plan Modifications can only be made during an open trading window and not during any restricted trading period and only when you are not in possession of material nonpublic information. For other modifications to a 10b5-1 Plan, you must notify our Chief Legal Officer of such modification in writing at least two (2) business days prior to the modification and such modification must be approved by the General Counsel.

**How Do I Terminate a 10b5-1 Plan?** Once you have an approved 10b5-1 Plan in place,

you will need approval from our General Counsel to terminate it.



## Appendix

### Exceptions to the Multiple, Overlapping 10b5-1 Plan Restriction

Such exceptions are:

- An eligible “sell-to-cover” 10b5-1 Plan where such plan authorizes an agent to sell only such securities as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of a compensatory award, such as restricted stock or stock appreciation rights, and the Insider does not otherwise exercise control over the timing of such sales. For the avoidance of doubt, this exception does not extend to sales incident to the exercise of option awards.
- A series of separate contracts with different broker-dealers or other agents acting on behalf of the person (other than the Company) to execute trades thereunder may be treated as a single 10b5-1 Plan, provided that the individual constituent contracts with each broker-dealer or other agent, when taken together as a whole, meet all of the applicable conditions of and remain collectively subject to the provisions of Rule 10b5-1, including that a modification of any individual contract acts as modification of the whole 10b5-1 Plan, as defined in Rule 10b5-1(c)(1)(iv). The substitution of a broker-dealer or other agent acting on behalf of the person (other than the Company) for another broker-dealer that is executing trades pursuant to an approved 10b5-1 Plan shall not be a “Plan Modification” as long as the purchase or sales instructions applicable to the substitute and substituted broker are identical with respect to the prices of securities to be purchased or sold, dates of the purchases or sales to be executed, and

amount of securities to be purchased or sold.

- One later-commencing 10b5-1 Plan for purchases or sales of any securities of the Company on the open market under which trading is not authorized to begin until after all trades under the earlier-commencing 10b5-1 Plan are completed or expired without execution. However, the first trade under such later-commencing 10b5-1 Plan must be scheduled after the “Effective Cooling-Off Period,” or the Cooling-Off Period that would be applicable to the later-commencing 10b5-1 Plan if the date of adoption of the later-commencing 10b5-1 Plan were deemed to be the date of termination of the earlier-commencing 10b5-1 Plan.

### Exceptions to the Single-Trade 10b5-1 Plan Restriction

There is an exception for eligible “sell-to-cover” 10b5-1 Plans where the plan authorizes an agent to sell only such securities as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of a compensatory award, such as restricted stock or stock appreciation rights, and the Insider does not otherwise exercise control over the timing of such sales.





**Archer Aviation Inc.**  
List of Material Subsidiaries

| Subsidiary                      | Jurisdiction |
|---------------------------------|--------------|
| Archer Aviation Operating Corp. | Delaware     |
| Archer Air LLC                  | Delaware     |

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-273996, 333-275465, 333-279289, 333-281517, 333-283185, 333-283784 and 333-284812) and Form S-8 (Nos. 333-261547, 333-263544, 333-265955, 333-270569 and 333-277551) of Archer Aviation Inc. of our report dated February 27, 2025 relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Irvine, California  
February 27, 2025

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Adam Goldstein, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2024 of Archer Aviation Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2025

/s/ Adam Goldstein

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Adam Goldstein

*Chief Executive Officer*  
(Principal Executive Officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a) OR 15d-14(a) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Priya Gupta, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2024 of Archer Aviation Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2025

/s/ Priya Gupta

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Priya Gupta

*Acting Chief Financial Officer*  
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Archer Aviation Inc. (the "Company") on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2025

/s/ Adam Goldstein

Adam Goldstein

*Chief Executive Officer*

(Principal Executive Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Archer Aviation Inc. (the "Company") on Form 10-K for the year ended December 31, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2025

/s/ Priya Gupta

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Priya Gupta

*Acting Chief Financial Officer*

(Principal Financial Officer)

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act (whether made before or after the date of the Report), irrespective of any general incorporation language contained in such filing.