

NEWS RELEASE

Archer Announces Fourth Quarter and Full Year 2023 Results; Now In Final Phase of Midnight's Certification Program as it Readies for Launch in 2025

2024-02-26

- Approximately 80% of Archer's Midnight aircraft's subsystems and components are sourced from leading aerospace suppliers with certification heritage giving it a significantly de-risked path to certification
- Construction of three conforming Midnight aircraft underway as flight test program makes rapid progress and Archer expects to complete 400 test flights in 2024
- On track to complete build out of volume manufacturing facility alongside Stellantis in Georgia later this year
- Strong liquidity position of ~\$625M at end of Q4 2023 with cash balances increasing QoQ

SANTA CLARA, Calif.--(BUSINESS WIRE)-- Archer Aviation Inc. ("Archer" or the "Company") (NYSE: ACHR) today announced operating and financial results for the fourth quarter and fiscal year ended December 31, 2023. The Company issued a shareholder letter discussing those results, as well as its first quarter 2024 estimates. The shareholder letter may be accessed on the Company's investor relations website [here](#).

Commenting on fourth quarter and full year 2023 results, Adam Goldstein, Archer's CEO said:

"The Archer team is excited to announce that Midnight is now in the final phase of its certification program. With the vast majority of the aircraft's subsystems and components being sourced from leading aerospace suppliers with certification heritage we have a significantly de-risked path to certification from here. 2024 will be all about building conforming Midnight aircraft to be used in piloted for credit testing with the FAA and completing the build out, alongside Stellantis, of our volume manufacturing facility in Georgia. We're not just innovating within the realm of transportation, we're redefining it, turning once-dreamt-of flying cars into an everyday reality."

Archer will be conducting its earnings conference call at 2:00 p.m. Pacific Time (5:00 p.m. Eastern Time) today. You

can access a live webcast on our investor relations website at investors.archer.com or the conference call by dialing 404-975-4839 (domestic) or +1 833-470-1428 (international) and entering the access code 725920.

A replay of the webcast will be available on our investor relations website. In addition, a telephonic replay of the conference call will be accessible for one week following the call by dialing 866-813-9403 (domestic) or +44 204-525-0658 (international), and entering the access code 369724.

Fourth Quarter and Fiscal Year 2023 Financial Results

	Q4 2023	Q4 2023 ¹	FY 2023	FY 2023 ¹
	(GAAP)	(Non-GAAP)	(GAAP)	(Non-GAAP)
Total Operating Expenses	\$ 107.3M	\$ 87.5M	\$ 446.9M	\$ 311.8M
Net Loss	\$ (109.1M)	NA	\$ (457.9M)	NA
Adjusted EBITDA	NA	\$ (85.2M)	NA	\$ (305.3M)
Cash and Cash Equivalents	\$ 464.6M	NA	\$ 464.6M	NA

(1) A reconciliation of non-GAAP financial measures to the most comparable GAAP measures is provided below in the section titled "Reconciliation of Selected GAAP To Non-GAAP Results for Q4 2023 and FY 2023."

First Quarter 2024 Financial Estimates

Archer's financial estimates for first quarter of 2024 are as follows:

- GAAP total operating expenses of \$100 million to \$120 million
 - This includes expected stock-based compensation, warrant expense and other one-time expenses of approximately \$25 million
- Non-GAAP total operating expenses of \$75 million to \$95 million

We have not reconciled our non-GAAP total operating expense estimates because certain items that impact non-GAAP total operating expense are uncertain or out of our control and cannot be reasonably predicted. In particular, stock-based compensation expense is impacted by the future fair market value of our common stock and other factors, all of which are difficult to predict, subject to frequent change, or not within our control. The actual amount of these expenses during 2024 will have a significant impact on our future GAAP financials. Accordingly, a reconciliation of non-GAAP total operating expenses is not available without unreasonable effort.

About Archer

Archer is designing and developing electric vertical takeoff and landing aircraft for use in urban air mobility

networks. Archer's mission is to unlock the skies, freeing everyone to reimagine how they move and spend time. Archer's team is based in Santa Clara, CA.

To learn more, visit www.archer.com.

Source: Archer

Text: ArcherIR

Forward-Looking Statements

This press release contains forward-looking statements regarding Archer's future business plans and expectations, including statements regarding our expected financial results for the first quarter of 2024, the planned buildout of Archer's manufacturing facility, and the development, testing, and certification of its eVTOL aircraft. These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors. The risks and uncertainties that could cause actual results to differ from the results predicted are more fully detailed in our filings with the Securities and Exchange Commission (SEC), including our recent Annual Report on Form 10-K for the year ended December 31, 2022, subsequent Quarterly Reports on Form 10-Q, and our Annual Report on Form 10-K for the year ended December 31, 2023 to be filed with the SEC, which are or will be available on our investor relations website at investors.archer.com and on the SEC website at www.sec.gov. In addition, please note that any forward-looking statements contained herein are based on assumptions that we believe to be reasonable as of the date of this press release. We undertake no obligation to update these statements as a result of new information or future events.

Reconciliation of Selected GAAP To Non-GAAP Results for Q4 2023 and FY 2023

Reconciliation of Total Operating Expenses (in millions; unaudited): A reconciliation of total operating expenses to non-GAAP total operating expenses for the three months and twelve months ended December 31, 2023 is set forth below.

	Three Months Ended	Twelve Months Ended
	December 31, 2023	December 31, 2023
Total operating expenses	\$ (107.3)	\$ (446.9)
Adjusted to exclude the following:		
Stellantis warrant expense ⁽¹⁾	4.4	17.5
Other warrant expense ⁽²⁾	-	2.1
Stock-based compensation ⁽³⁾	20.4	45.2
Technology agreement and dispute resolution expense ⁽⁴⁾	(5.0)	70.3

Non-GAAP total operating expenses	\$ (87.5)	\$ (311.8)
-----------------------------------	-----------	------------

- (1) Amount includes non-cash warrant costs, classified as research and development expenses, for the warrants issued to Stellantis in connection with certain services they are providing to the Company.
(2) Other warrant expenses associated with the United warrant agreement.
(3) Amount includes stock-based compensation for options and restricted stock units issued to both employees and non-employees, including the grants issued to our founders in connection with the closing of the business combination and the one-time credit for the founder's grant forfeiture.
(4) Amounts reflect non-cash charges relating to the Boeing Wisk Agreements (as defined in our shareholder letter).

Reconciliation of Adjusted EBITDA (in millions; unaudited): A reconciliation of net loss to Adjusted EBITDA for the three months and twelve months ended December 31, 2023 is set forth below.

	Three Months Ended	Twelve Months Ended
	December 31, 2023	December 31, 2023
Net loss	\$ (109.1)	\$ (457.9)
Adjusted to exclude the following:		
Other expense, net ⁽¹⁾	7.2	26.9
Interest income, net	(5.6)	(16.4)
Income tax expense	0.2	0.5
Depreciation and amortization expense	2.3	6.5
Stellantis warrant expense ⁽²⁾	4.4	17.5
Other warrant expense ⁽³⁾	-	2.1
Stock-based compensation ⁽⁴⁾	20.4	45.2
Technology agreement and dispute resolution expense ⁽⁵⁾	(5.0)	70.3
Adjusted EBITDA	\$ (85.2)	\$ (305.3)

- (1) Amount includes changes in fair value of the public and private warrants, which are classified as warrant liabilities and other warrant costs; gain on share issuance and accretion and amortization income of short-term investments.
(2) Amount includes non-cash warrant costs, classified as research and development expenses, for the warrants issued to Stellantis in connection with certain services they are providing to the Company.
(3) Other warrant expenses associated with the United warrant agreement.
(4) Amount includes stock-based compensation for options and restricted stock units issued to both employees and non-employees, including the grants issued to our founders in connection with the closing of the business combination and the one-time credit for the founder's grant forfeiture.
(5) Amounts reflect non-cash charges relating to the Boeing Wisk Agreements.

Non-GAAP Financial Measures

To supplement our condensed consolidated financial results prepared in accordance with GAAP, we use a number of non-GAAP financial measures to help us in analyzing and assessing our overall business performance, for making operating decisions and for forecasting and planning future periods. We consider the use of non-GAAP financial measures helpful in assessing our current financial performance, ongoing operations and prospects for the future as well as understanding financial and business trends relating to our financial condition and results of operations.

While we use non-GAAP financial measures as a tool to enhance our understanding of certain aspects of our financial performance and to provide incremental insight into the underlying factors and trends affecting our

performance, we do not consider these measures to be a substitute for, or superior to, the information provided by GAAP financial measures. Consistent with this approach, we believe that disclosing non-GAAP financial measures to the readers of our financial statements provides useful supplemental data that, while not a substitute for GAAP financial measures, can offer insight in the review of our financial and operational performance and enables investors to more fully understand trends in our current and future performance.

In assessing our business during the quarter and year ended December 31, 2023, we excluded items in the following general categories from one or more of our non-GAAP financial measures, certain of which are described below:

Stock-Based Compensation Expense: We believe that providing non-GAAP measures excluding stock-based compensation expense, in addition to the GAAP measures, allows for better comparability of our financial results from period to period. We prepare and maintain our budgets and forecasts for future periods on a basis consistent with this non-GAAP financial measure. Further, companies use a variety of types of equity awards as well as a variety of methodologies, assumptions and estimates to determine stock-based compensation expense. We believe that excluding stock-based compensation expenses enhances our ability and the ability of investors to understand the impact of non-cash stock-based compensation on our operating results and to compare our results against the results of other companies.

Warrant Expense and Gains or Losses from Revaluation of Warrants: Expense from our common stock warrants issued to United Airlines and Stellantis, which is recurring (but non-cash) and gains or losses from change in fair value of public and private warrants from revaluation will be reflected in our financial results for the foreseeable future. We exclude warrant expense and gains or losses from change in fair value for similar reasons to our stock-based compensation expense.

Technology and Dispute Resolution Agreements: Amounts reflect non-cash charges relating to the Boeing Wisk Agreements.

Each of the non-GAAP financial measures presented in this release should not be considered in isolation from, or as a substitute for, a measure of financial performance prepared in accordance with GAAP and are presented for supplemental informational purposes only. Further, investors are cautioned that there are inherent limitations associated with the use of each of these non-GAAP financial measures as an analytical tool. In particular, these non-GAAP financial measures have no standardized meaning prescribed by GAAP and are not based on a comprehensive set of accounting rules or principles and many of the adjustments to the GAAP financial measures reflect the exclusion of items that are recurring and may be reflected in our financial results for the foreseeable future. In addition, the non-GAAP measures we use may be different from non-GAAP measures used by other companies, limiting their usefulness for comparison purposes. We compensate for these limitations by providing

specific information in the reconciliation included in this release regarding the GAAP amounts excluded from the non-GAAP financial measures. In addition, as noted above, we evaluate the non-GAAP financial measures together with the most directly comparable GAAP financial information. Investors are encouraged to review the reconciliations of these non-GAAP measures to their most directly comparable GAAP financial measures included in this release.

For Investors

investors@archer.com

For Media

The Brand Amp

Archer@TheBrandAmp.com

Source: Archer Aviation