

Risk Factors Comparison 2025-02-28 to 2024-02-29 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

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 **FAA governmental** certification of our eVTOL aircraft under development and we 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 business plan requires a significant amount of capital. In addition, our future capital needs may require us to issue additional equity or our~~ **debt securities that may dilute our stockholders or introduce covenants that may restrict our operations or our ability to pay dividends.** • Failure to comply with the covenants in our Credit Agreement could result in our inability to borrow additional funds and adversely impact our business. • 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 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. • 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~~ **are in the early stages of developing our defense program and have not developed, and** may be unable to ~~manage~~ **develop a VTOL aircraft that meets the requirements of the defense industry, and we can provide no assurance that we will achieve some our- or future- 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 growth-- grow effectively more slowly than we expect or fail to grow as large as we expect**, which ~~our business, financial condition and results of operations could be harmed~~ **make it difficult to execute our business strategy.** • 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. ~~• We currently rely and will.....~~ **rates or an economic downturn or recession.** • Our aerial ride sharing operations will initially be concentrated in a small number of **urban metropolitan** areas, which makes our business particularly susceptible to infrastructure, economic, social, weather, regulatory conditions or other circumstances affecting these ~~metropolitan areas~~. ~~• 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. iii • Our business may be adversely affected by labor and union activities.~~ • 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 have been,~~ **are party to certain purchase agreements** and ~~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 our 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** may be adversely affected by the current global political and macroeconomic challenges. **our future capital needs may in the 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**, adversely affected by health epidemics and pandemics, the duration and economic, governmental and social impact of which ~~is~~ **could make it difficult to predict 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~~ may significantly harm our business, prospects, financial condition and operating results. • Failure to comply with applicable laws **a number of risks and uncertainties outside** regulations relating to the aviation business in general and eVTOL aircraft specifically, could adversely affect our **control** business and our financial condition. • We are subject to cybersecurity risks to our- **or may be** operational systems, security systems, infrastructure, integrated software in our aircraft and customer data 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. • 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 are subject to risks associated with **strategic relationships** climate change, including the potential increased impacts of severe weather events on our- **or** operations and infrastructure. • We intend to retain certain personal information about our customers, employees or others- **other opportunities** that, if compromised, could harm our financial performance and results of operations or prospects. • The requirements of being a public company may strain ~~not be able to identify adequate strategic relationship opportunities,~~ **our- or resources form strategic relationships**, divert management's attention and affect our ability to attract

and retain additional executive management and qualified board members. • 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. • Our business may be adversely affected if we are unable to protect our intellectual property rights from unauthorized use by third parties. **the current global political and macroeconomic challenges, including the effects of inflation, volatile interest rates or an economic downturn or recession**. • Our management 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.** iii • If we experience managing a public company **harm to our reputation and brand, our business, financial condition and results of operations could be adversely affected.** • Our ability amended and restated certificate of incorporation requires, 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 the their fullest extent permitted 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 law, that derivative actions brought in our- **or third- party vendors** 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. • The warrants originally issued by Atlas are accounted **Failure to comply with laws and regulations relating to privacy, data protection and consumer protection, for- or as liabilities and changes in the value expansion of current laws and regulations or the enactment of new laws or regulations in these warrants areas,** could adversely have a material effect **affect on our business and** our financial **condition** results. • Changes in financial-accounting standards may cause adverse unexpected fluctuations and affect our reported results of operations. • 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 dual-class structure of our common stock has the effect of concentrating voting power with certain shareholders of our Class B common stock, which could limit other shareholders' ability to influence the outcome of important transactions, including a change in control. • 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. 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 are designing **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, and- an developing electric vertical takeoff 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 use 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 mission **goal is to begin early commercial operations with our** unlock the skies, freeing everyone to reimagine how they move and spend time. Our eVTOL aircraft are designed to be safe, sustainable, and quiet. Our production aircraft, Midnight ; which we unveiled in November of 2022, is designed around our proprietary 12- tilt- 6 aircraft **in Abu Dhabi in configuration.** This means that it has 12 propellers attached to 6 booms on a fixed wing with all 12 propellers providing vertical lift during take- off and landing and the **United Arab Emirates** forward 6 propellers tilting forward to cruise position to provide propulsion during forward flight with the wing providing aerodynamic lift like a conventional airplane. Midnight is designed to carry 4 passengers plus a pilot optimized for back- to- back short distance trips of around 20- miles, with minimal charging time between trips. We are working to certify Midnight with the Federal Aviation Administration- (" FAA **UAE** ") **and ramp our operations from there** so that we can then enter into commercial service as soon as possible. In **parallel** August 2023-, we received **plan to continue to advance** the **development of our aircraft** Special Airworthiness Certificate from the FAA for our first Midnight aircraft and began its flight testing program in October 2023. Midnight is the evolution of our demonstrator eVTOL aircraft, Maker, which through its flight test program has helped validate our proprietary 12- tilt- 6 aircraft configuration and certain key enabling technologies. The design of Midnight marries what we believe to be cutting- edge electric propulsion technology with state- of- the- art aircraft systems to deliver the key attributes of our eVTOL aircraft: • Safety. High redundancy and simplified propulsion systems make for a significantly safer aircraft compared to a helicopter. Midnight has no single critical point of failure, meaning that should any single component fail, the aircraft can still safely complete its flight. • Low noise. With its intended cruising altitude at approximately 2, 000 feet, the design of Midnight is such that the noise that reaches the ground is expected to measure around 45 A- weighted decibels, approximately 100 times quieter than that of a helicopter. During forward flight, the aircraft' s tilt propellers spin on axes that are aligned with the oncoming air flow, rather than edge- wise to the flow, as is the case with traditional helicopters- further decreasing noise levels. Since Archer **Defense** 's aircraft is spinning 12 small propellers rather than one large rotor, it can also spin them at significantly lower tip speeds, resulting in much lower noise levels. • Sustainable. Midnight is all electric, resulting in zero operating emissions. Archer is committed to sourcing renewable energy wherever possible to power its aircraft. Archer' s design and engineering teams are working to integrate materials into this aircraft that have their own unique sustainability stories. We continue to work to optimize our eVTOL 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 **other technologies** design, development, and certification of our eVTOL aircraft with the FAA in an efficient manner, thus allowing us to **support the future** achieve our end goal of **advanced aviation** bringing to market our eVTOL aircraft as efficiently as possible. Our Planned Lines of Business **By maintaining** Upon receipt of all necessary FAA certifications and **an innovative and disciplined approach** any other government approvals necessary for us to **new product and service development, manufacture-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** our aircraft, we intend to operate two complementary lines of business: a • **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 service 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”) and, • Defense: This is planned to consist of the sale of our next- generation aircraft and related technologies for defense applications. Our initial product is intended to other operators be a hybrid- propulsion, vertical take- off and landing (“VTOL Archer Direct”). → Archer UAM aircraft that we are jointly developing with Anduril. We plan to operate our have also been partnering with the Department of Defense (“DoD”) since 2021 own- on UAM ecosystem initially in select major cities. Our UAM ecosystem will operate using our 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 aircraft, which is currently in development. Consumers will be able to book rides directly through our service through an app- based platform. We project that the cost to manufacture and operate our eVTOL aircraft will be such that it will be able to enter the UAM ride- sharing market at a price point that is competitive with ground- based ride sharing services today. We will continue to **advance** evaluate our go- to- market strategy based on, among other things-- **this partnership**, estimated demand, readiness of the required infrastructure, and **deliver under the related contracts we** our ability to scale our aircraft fleet. • Archer Direct. We also plan to selectively sell our aircraft to third parties. We have entered into a purchase agreement with United Airlines Inc. (“United”) for the **USAF** 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”). In August 2023, we entered into two new contracts with the U. S. Air Force worth up to \$ 142. 0 million, which includes **include** the purchase **delivery** of **our Midnight** aircraft **to the USAF**, as well as the sharing of additional flight test data and certification related test reports, pilot training, and the development of maintenance and repair operations. As we get closer to commercialization, we will look to determine the right mix of selling our aircraft versus using them as part of our UAM ecosystem based on, among other factors, our capital needs, our manufacturing volumes, our ability to ramp Archer UAM operations, and the purchase demand from our Archer Direct customers. To date, we have not generated **significant** revenue from either of these planned **areas** categories, as we continue to design, develop, and seek the governmental approvals necessary for our eVTOL aircraft to enter into service. We will use our cash and cash equivalents for the foreseeable future to **as we** continue to fund **develop** our **commercial** efforts to bring our eVTOL aircraft, **defense aircraft, related technologies, manufacturing operations and work** to market **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 **FAA aircraft** certifications and other government approvals **to begin commercial operations**. For example, any significant delays in obtaining such **FAA** certifications and other government approvals **may** will likely 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 Midnight 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 and 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 that many of which are already being used in certified aircraft today. We Throughout 2023, we continued to expand mature our portfolio of suppliers that will provide us with components for the scaled manufacturing of our Midnight aircraft. We have also matured are dependent on the design 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 development developing and manufacturing capabilities, 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 proprietary electric propulsion system.

With regards to our manufacturing operations, we completed the currently have manufacturing facilities in Silicon Valley, California and Covington, Georgia. Our manufacturing facilities in Silicon Valley are being utilized to build out certain of a production facility in San Jose, California, which we will utilize to produce the initial Midnight aircraft used as part of our FAA certification program 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 -volume 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 in Covington, Georgia. We have begun our Covington facility build- out and target substantial completion of the first phase in 2024, which is a 350, 000 square- foot facility that is designed to be capable of ramping up to supporting support production of up to 650 aircraft per year. We are designing have also designed that facility so that it can be expanded to approximately 900, 000 square feet to support our long- longer - term production targets of over 2, 000 aircraft per year. In connection We are working to finalize our planned agreement with our Covington facility, we received an incentive package with the State of Georgia, Newton County and City of Covington, which included land conveyance, tax incentives and Georgia REBA grant. In October 2023, we entered into a credit agreement (the " Credit Agreement ") with Synovus Bank, the largest bank headquartered in the State of Georgia, for up to \$ 65. 0 million, which represents a substantial majority of the estimated total cost of construction for the first phase. For additional information regarding the Synovus credit agreement, see the section titled " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources. " As discussed in more detail below, we plan to work alongside Stellantis N. V. (" Stellantis ") on pursuant to which they will serve build out and stand up this facility and our operations there. Key Strategic Partners Archer was as founded the contract manufacturer of our Midnight aircraft at ARC with a focus on commercializing the goal eVTOL aircraft industry. As we prepare for commercialization, we continue to deepen our partnerships with our long- standing partners and develop new relationships with industry leaders in urban centers around the world. In 2020, we established a key strategic relationship with Stellantis, one of the world helping us scale Midnight' s leading automakers including brands Jeep®, Ram, Maserati, Dodge, and Chrysler. The goal was to allow us to leverage Stellantis' deep manufacturing, supply chain, and design expertise in connection with our efforts to 650 design, develop, and commercialize our eVTOL aircraft annually. In January 2023, we announced a significant expansion of our partnership by entering into a 2030 through an obligation to cover manufacturing labor costs collaboration arrangement and strategic funding agreement. As a result, Stellantis is working with us to stand up our manufacturing facility in Covington. This unique approach will continue to leverage each company' s respective strengths and competencies in an effort to bring our Midnight aircraft to market at scale to support our commercialization plans. The goal over the long term is for Stellantis to mass produce our eVTOL aircraft as our contract manufacturer. In 2021, Stellantis invested in Archer as part of the Business Combination (as defined below) and has continued to increase its investment in Archer through its strategic funding agreement and open market purchases. In 2023, we drew down on \$ 95. 0 million of funding available under our strategic funding agreement and currently have \$ 55. 0 million available to draw down at our discretion, subject to achievement of a business milestone which we expect to occur in the first half of 2024. In 2021, we established a key strategic relationship with United as part of the airline' s broader effort to invest in emerging technologies that decarbonize air travel. The goal has been for United, as our flagship customer, to contribute its expertise in aircraft operations as we work together to commercialize our eVTOL aircraft. As part of establishing that relationship, we entered into a purchase agreement with United covering their purchase of up to \$ 1. 5 billion of our eVTOL aircraft. United has indicated its plans to acquire a fleet of our eVTOL aircraft that would be deployed in a manner to give their customers a quick, economical and low- carbon way to get to and from United' s hub airports and commute in dense urban environments. United also invested in Archer as part of the Business Combination, as well as certain capital expenditures our private placement completed in August 2023. Since 2021 Pursuant to this planned arrangement, we have also been working closely expect to issue to Stellantis shares of our Class

A common stock from time to time, with United the number of such shares of Class A common stock to be based on the labor commercialization efforts. In April 2022, capital expenditures we formed a joint eVTOL Advisory Committee to support operations of our eVTOL aircraft, including maintenance and certain operational standards and in August 2022, United paid us \$ 10. 0 million in pre-delivery payments for 100 aircraft covered under our purchase agreement. We've jointly announced two domestic UAM routes: Downtown Manhattan Heliport to Newark Liberty International Airport and O'Hare International Airport to Vertiport Chicago. Our shared purpose is connecting people, and we continue to work closely to ensure our eVTOL aircraft will amplify their other costs incurred broader efforts to do that in a sustainable way. Market Opportunity In 2023, 56 % of the world's population lived in urban areas according to the World Bank, and their projection is that the urban population will double its current size by Stellantis 2050 where nearly 7 of 10 people will live in cities. 1 This migration has led to unprecedented traffic congestion connection with a noticeable struggle to scale ground infrastructure. A 2021 study by researchers from MIT concluded that ground-based ride share has intensified urban transport challenges since their debut in the U. S. 2 According to a 2021 report by Morgan Stanley, the urban air mobility sector's total addressable market is projected to reach \$ 1 trillion globally by 2040 and then the contract manufacturing relationship \$ 9 trillion by 2050. 3 UAM offers a potential solution by expanding travel into the air. To date, the electrification of aircraft has lagged the adoption of electric automobiles in large part because of the greater technical challenges. However, over the last few years there have been significant advancements in the key enabling technologies for eVTOL aircraft, such as high-energy batteries and high-performance electric motors. We anticipate that the initial market opportunity will be focused in high-density metropolitan areas where traffic congestion is particularly acute and operating conditions are suitable for early eVTOL aircraft operations. While we believe the market for eVTOL aircraft and UAM services will be large, it remains undeveloped and there is no guarantee of future demand. We believe the primary drivers for adoption of UAM services will be the time savings and value proposition offered by UAM relative to more traditional ground-based transportation options. We expect that this facility the following additional factors will also impact be able to support the pace scaling of adoption 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 UAM: regulatory requirements the commercial aerospace and defense industry include long development cycles and intense competition. Key competitive factors in developing products and services for eVTOL aircraft the commercial and defense industries UAM network operations, public acceptance of eVTOL aircraft (including include perception regarding the technological innovation, safety of eVTOL aircraft), performance, quality, reliability, performance, serviceability, and access to cost. In the infrastructure necessary defense industry specifically, it is typical to enable UAM 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 If the market for UAM does not develop as expected these services is intensely competitive and characterized by rapid changes in technology this would impact our 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, ability reliability and quality. Our goal in the defense area is to generate revenue differentiate ourselves by delivering aircraft and related technologies and services that accelerate the time to market or for grow our business critical advanced aviation technologies at a fraction of the cost of more traditional alternatives. For additional information about competition, see "Risk Factors" in Part I, Item 1A of this Annual Report. 1 "Urban Development Overview," by the World Bank, dated April 3, 2023, available at: <https://www.worldbank.org/en/topic/urbandevelopment/overview>. 2 "Impacts of transportation network companies on urban mobility," by Nature Sustainability, dated February 1, 2021, available at: <https://www.nature.com/articles/s41893-020-00678-z>. 3 "eVTOL / Urban Air Mobility TAM Update," by Morgan Stanley, dated May 6, 2021, available at: <https://advisor.morganstanley.com/the-busot-group/documents/field/b/bu/busot-group/Electric%20Vehicles.pdf>. Competition We believe our main sources of competition fall into three categories: • ground-based vehicle transportation, including personal vehicles and ride-sharing services; • other eVTOL manufacturers and UAM service providers; and • existing incumbent aircraft and helicopter charter services. We believe the primary competitive factors between us and other eVTOL manufacturers and UAM service providers will be the following: • eVTOL aircraft performance, including payload, noise, charging time, quality, reliability and safety; • cost of the UAM service offering; • eVTOL aircraft manufacturing capacity and efficiency, including the availability of raw materials and supplier parts necessary to manufacture eVTOL aircraft at scale; • UAM service capabilities, including overall customer experience; and • hiring the talent necessary to effectively design, develop, certify and commercialize eVTOL aircraft. While we believe we will be able to compete favorably across these factors, we expect this industry to be dynamic and increasingly competitive and it is possible that our competitors could get to market before us, either generally or in specific markets. For additional information about competition, see "Risk Factors" in Item 1A of this Annual Report. Government Regulation and Compliance We continue to focus our efforts on obtaining certification from the FAA of our aircraft in the U. S. and engaging with key decision makers in the U. S. cities in which we plan to initially operate our aircraft. Additionally, in 2023 we began exploring international opportunities for commercializing our aircraft with a focus on the United Arab Emirates and India. We will continue to mature those opportunities as we get closer to production. Globally, our commercial aircraft will be required to comply with regulations governing aircraft design, production and airworthiness. In the United States U. S., the regulations are put forth by the Federal Aviation Administration ("FAA") and Department of Transportation ("DOT"). Outside the United States U. S., 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. The following describes the key certifications necessary for us to design, manufacture, sell and operate our eVTOL aircraft in the United States:

- Designing our aircraft: Type Certification 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). The first step is agreeing to the certification basis. In May November of 2022-2024, the FAA published the Final Rule with the final airworthiness criteria for our Midnight aircraft and in June 2024, we then finalized our agreement to that certification basis with the FAA through an approved Stage 4 G-I Issue Paper. We are continuing As part of the FAA’s Type Certification process for a special class aircraft, the Airworthiness Criteria (i. e., the certification requirements or rules for the particular aircraft) must then be published in the Federal Register for public comment. In December of 2022, the proposed Airworthiness Criteria for our Midnight aircraft were published in the Federal Register by the FAA. This Federal Register notice was then open for a period of time for review and public comment. Following the comment period, the FAA has been working to work review and dispose of those comments will approve the finalized set of Airworthiness Criteria by means of a Final Rule publication. In parallel, we have been working 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 agree on provide final acceptance of our subject specific certification plans (“ SSCPs ”). SSCPs 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 its 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: Airworthiness 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 signifies, we must demonstrate that our organization and our personnel, facilities, and quality system can produce our aircraft meets such that they conform to its approved design and is in a condition for safe operation in the U. S. National Airspace System. As discussed above is the industry standard, each of we are working to develop the aircraft manufactured by us systems and processes we will need to obtain be issued an airworthiness certificate. We expect that the airworthiness certificates issued to our aircraft will be a Standard Airworthiness certificate in the Normal Category, as defined by the 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 will be required to hold a Part 135 Air Carrier and Operator Certification Certificate and register as an air taxi operator with the DOT. In addition 2024, takeoff 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 landing launching locations (e Midnight into commercial service, g. In February 2024, airports and heliports) typically require state and local approval we received our Part 145 Repair Station Certificate, which lays the foundation for zoning and us to operate repair stations that perform maintenance, repair land and overhaul services on our aircraft and we received our Part 141 Certificate which enables use us and their ongoing use are subject to train and qualify regulations by local authorities in addition to the FAA requirements. Lastly, we will need to ensure we have sufficient commercial pilots in available for our planned operations 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 received our Part 145 Repair Station Certificate in February 2024, which perform specialized aircraft maintenance and repair services and lays the foundation for us to operate repair stations that perform maintenance, repair, and overhaul services on our Midnight aircraft once it is certified for commercial operations. 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 San Jose 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 Santa Clara, Mountain View, and Salinas, California and, as well as our facility under construction in 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** eVTOL aircraft and UAM **deliver the best service 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 **aircraft manufacturing 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 **commercialization 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 diversity, equity, and inclusion** a part of everything we do **and**. **Our approach to growing safety is a work force 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 representative 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, 2023-2024, we had a workforce of **691-1, 148** people, including **578-774** full-time employees and **113-374** 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 **2044-2045**.

Business Combination Raw Materials, Parts and Suppliers We **went public through** are dependent on the ability of a **de** number of U. S. and non- **SPAC transaction in September 2021** U. S. suppliers and service providers to meet performance specifications, quality standards and delivery schedules at our anticipated costs as **a result of the merger agreement that was entered into** we work towards developing and manufacturing our aircraft and commercialization. The most important raw materials required in **February** our production aircraft **Midnight** include aluminum and composites. On September 16, 2021 (the "Closing Date-**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-Corporation** ("Atlas") and Artemis Acquisition Sub Inc., a Delaware corporation and a direct, wholly-owned subsidiary of Atlas ("Merger Sub"), consummated the closing of the transactions contemplated by the Business Combination Agreement, dated February 10, 2021, as amended and restated on July 29, 2021, by and among Atlas, Legacy Archer and Merger Sub (the "Business Combination Agreement"), following approval at a special meeting of the stockholders of Atlas held on September 14, 2021 (the "Special Meeting"). Unless otherwise specified or unless the context otherwise requires, references herein to Legacy Archer refer to Archer prior to the Business Combination (as defined below) and references herein to "New Archer" refer to Archer following the Business Combination. 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 (the "Surviving Entity") as a wholly-owned subsidiary of Atlas (**the "Merger,"** and, collectively with the other transactions described in the Business Combination Agreement, the "Business Combination"). Following the consummation of the **Merger Business Combination on September 16** the Closing Date, the Surviving Entity **2021, Legacy Archer** changed its name from Archer Aviation Inc. to Archer Aviation Operating Corp., and Atlas changed its name from Atlas Crest Investment Corp. to Archer Aviation Inc. and it became the successor registrant with the **Securities and Exchange Commission ("SEC")**. **Our** Prior to the closing of the Business Combination, the Class A common stock and public warrants **are of Atlas** were listed on the New York Stock Exchange ("NYSE") under the symbols "**ACIC ACHR**" and "**ACIC ACHR WS**," respectively. **Our New Archer** Class A common stock and public warrants are **currently** listed on the NYSE under the symbols "ACHR" and "ACHR WS," respectively. Available Information Our website is located at www.archer.com and our investor relations website is located at 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-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,** also share news and business updates about Archer that may be material or of interest to our **disclose public** investors on, the **media** investor relations section of our website (investors.archer.com) and **others:**

- the news portion of our website (www.archer.com/news);
- which includes our blog posts, as well as on social media, including Facebook **account** (<https://www.facebook.com/FlyArcher>);
- X (formerly known as Twitter) ([@ArcherAviation](https://twitter.com/ArcherAviation) and [@adamgoldstein13](https://twitter.com/adamgoldstein13));
- LinkedIn (<https://www.linkedin.com/company/flyarcher> and <https://www.linkedin.com/in/adam-goldstein-7b662121/>);
- Instagram (<https://www.instagram.com/flyarcher>);

<https://www.instagram.com/flyarcher/> and <https://www.instagram.com/adamgoldstein.archer/>) and • YouTube (<https://www.youtube.com/c/ArcherAviation>). Further, corporate governance Our officers may use similar social media channels to disclose public information, including. It is possible that certain information we or our officers post on our website and restated certificate of incorporation on social media could be deemed material, amended and restated bylaws we encourage investors, the media corporate governance guidelines, board committee charters, and code of others interested in Archer to review the business conduct and financial information we or our officers post ethics, and other policies, are also available on our investor relations website under and on the heading “Governance Documents social media channels identified above.” The contents of the information on our websites website referred to above are and those social media channels is not incorporated by reference into this Annual Report on Form 10-K or in any other report or document we file with the SEC, and any references to our website are intended to be inactive textual references only.

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 As of December 31, 2023-2024, we incurred a net loss of \$ 457-536. 98 million, and we have incurred a net loss of approximately \$ 1,148. 8-7 million-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 Archer UAM or Archer Direct 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 the Archer UAM network-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 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 do not expect our first production aircraft to be certified by the FAA until late 2025 or later. 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-type Certification-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 a result-an organization, we have no experience as an organization-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-type, production or Airworthiness airworthiness or Production-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 the Archer UAM network-networks or selling our aircraft through Archer Direct, 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. 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 ~~the Forward Purchase Agreement, dated as of January 3, 2023, by and between us and Stellantis N. V. (“Stellantis Forward Purchase Agreement”) and~~ 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, bring ramping up of manufacturing capabilities, building out our the infrastructure to support Archer 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 Archer UAM and Archer Direct defense areas of our businesses-- 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. ~~For example, on March 10, 2023, the Federal Deposit Insurance Corporation, or the FDIC, took control and was appointed receiver of Silicon Valley Bank, or SVB. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership.~~ 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, ~~were to be~~ **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. ~~Our Credit Agreement with Synovus Bank imposes..... to be in our best interests.~~ 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 ~~and,~~ **as well as** the effectiveness of our other marketing and growth strategies. If the public ~~does,~~ **or in the case of our defense program, government entities, do** not perceive eVTOL aircraft / UAM as beneficial ~~;~~ **or chooses-- 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. eVTOL aircraft involve a complex set of technologies, which we must continue to further develop and rely on our **commercial Archer Direct and Archer UAM 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 ~~is~~ **is 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 eVTOL aircraft, **technologies** and **UAM network-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, 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. 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. 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** or, **including** the transportation methods UAM services utilize. We believe that safety and reliability are two of the primary attributes **fliers-our potential customers** consider when selecting air transportation services. **Our Any** failure **by us** to maintain standards of safety and reliability that are satisfactory to fliers **may-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, **is-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, ~~all 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 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 experience delays~~ **unable to meet our demand for any reason**, ~~disruptions, capacity- including as a result of supply chain constraints or~~ **quality control problems in**; ~~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 their- other manufacturing operations 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 manufacturing facilities of our suppliers or service providers may be harmed or rendered inoperable by natural or man- made disasters, including earthquakes, flooding, fire and power outages, or by public health issues, such as pandemics or epidemics, which may render it difficult or impossible for us to manufacture our aircraft for some period of time. 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 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. In October 2023, we including our previously announced partnership with Anduril that we were planning to build jointly develop a next generation aircraft for military applications and our first proposed contract manufacturing relationship with Stellantis. We have also entered into agreements with potential partners in a number of international markets to establish operations headquarters and an engineering Center of Excellence in the these markets UAE and plan to collaborate with local manufacturing companies and Maintenance, Repair, and Overhaul providers in Abu Dhabi.~~ 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 ~~are~~ **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, 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 United States Air Force~~ (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 United States Air Force~~ to provide funding will arise only after a particular deliverable has been received and accepted by the ~~USAF United States Air Force~~. 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 United States Air Force~~ upon advanced written notice, and may also be subject to stop orders issued by the ~~USAF United States Air Force~~. 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. **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.** We have purchase agreements with the ~~USAF United States Air Force~~, 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. 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~~ **2023**, 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. 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 Israel-Hamas war**, 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, **rising 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 **difference delay** between **the adverse effect of macroeconomic conditions and** the timing of when those beneficial actions impact our results **or of** operations **and when the cost of inflation is incurred**. 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. ~~We expect concentration in large metropolitan areas and heavily trafficked airports also makes our business susceptible to an outbreak of a contagious disease, such as the Ebola virus, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu, Zika virus, and COVID-19, both due to the risk of a contagious disease affecting the urban area through the high volume of travelers flying into and out of such areas and the ease at which contagious diseases can spread through densely populated areas. Natural disasters, including tornados, hurricanes, floods and earthquakes, and severe weather conditions, such as heavy rains, strong winds, dense fog, blizzards or snowstorms, may damage our facilities or those of our Archer Direct customers or otherwise disrupt flights into or out of the vertiports from which our aircraft arrive or depart. Major urban areas, including those in which we expect to operate, are also at risk of terrorist attacks, actual or threatened acts of war, political disruptions and other disruptions. The occurrence of one or more natural disasters, severe weather events, epidemic or pandemic outbreaks, terrorist attacks or disruptive political events in regions where our facilities are or will be located, or where our Archer Direct customers' facilities are located, could adversely affect our business.~~ 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 **these new** markets will depend upon our ability to obtain the necessary government approvals, **including** adapt to international markets and new market segments, **for example** understand the local customer base, **our recently launched defense program** and address any unique local technological requirements. Our ability to expand internationally 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 significant revenues, **if any**, as we attempt to establish our presence in particular international markets or market segments outside of aircraft sales **and**, operating a UAM network to carry passengers **and our defense program**. 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 **either our Archer UAM or our Archer Direct** 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 **Archer Direct customers, our Archer UAM** 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 **Archer Direct** customers or other business partners; • a failure to operate our business in a way that is consistent with our values; • negative responses by **our Archer Direct or Archer UAM** customers to **our** UAM offerings; • perception of our treatment of employees, contractors, **Archer Direct or Archer UAM** 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 Archer Direct and Archer UAM** customers may be viewed positively from one group's perspective (such as our **Archer 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 either our Archer Direct or our Archer UAM** customers. If we fail to balance the interests of these **various two different** customer bases or make changes that they view negatively, our customers may stop purchasing our aircraft or stop using our **Archer UAM or other** service **or take fewer flights**, any of which could adversely affect our reputation, brand, business, financial condition and results of operations. • 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. 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. **As 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, beginning with this Annual Report, we are required by, pursuant to Section 404 of the Sarbanes-Oxley Act, to furnish design and maintain a system report by management on, among other things, the effectiveness of our 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 each 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 on Form 10-K to be filed with the effectiveness SEC. This assessment needs to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting - Additionally, commencing that we are required to include in the periodic reports we will file with the SEC. Our this Annual Report, our independent registered public accounting firm is required to formally attest to the effectiveness of our internal control over financial reporting. An Our independent registered public accounting firm has in the past or may in the future issue a report that is adverse report may be issued in the event it our auditor is not satisfied with the level at which our controls are documented, designed, or operating. In connection with the preparation and audit of our financial statements for the year ended December 31, 2020, certain material weaknesses were identified in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. As a result of the material weaknesses, we took a number of steps to remediate these material weaknesses to comply with the rules and regulations of the SEC regarding compliance with Section 404 (a) of the Sarbanes-Oxley Act. For a discussion of management's consideration of the material weaknesses and the remediation measures, see Part II, Item 9A, "Controls and Procedures" included in this Annual Report. As of December 31, 2023, the material weaknesses had been remediated. While we believe our efforts have remediated the material weaknesses, we cannot assure you that the measures we have taken to date and may take in the future, will be sufficient to remediate the control deficiencies that led to our material weaknesses in internal control over financial reporting or that they will prevent or avoid potential future material weaknesses. The effectiveness of our internal control over financial reporting is documented subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the possibility of human error and the risk of fraud. Any failure to design designed or maintain operating, effective Ineffective disclosure controls and procedures and internal control over financial reporting or any difficulties encountered in their implementation or improvement could also increase compliance costs, negatively impact the market price of our common stock, or otherwise harm our operating results or cause us investors to fail to meet lose confidence in our reported financial reporting obligations. We face various risks related to public health issues, including epidemics, pandemics and other information outbreaks. The impact of the COVID..... services may not comply with those laws, which would likely have an adverse effect on our business..... obstacles interfering with our business operations could have a negative effect and material impact on the market price our business, prospects, financial condition and results of operations our Class A common stock. We have incurred are at risk for interruptions, outages and expect breaches of our: (a)..... software in our aircraft. 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- continue operation of information technology and communications systems. Our systems will be vulnerable to incur significant expenses damage or interruption from, among others, physical theft, fire, terrorist attacks, natural disasters, power loss, war, telecommunications failures, viruses, worms, trojan horses, 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 devote substantial 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. Moreover, there are inherent risks associated with developing, improving, expanding and updating our current systems, such as the disruption of our data management effort toward ensuring; procurement, production execution, finance, supply chain and sales and service processes. These risks may affect our ability to manage our data and inventory, procure parts or supplies or manufacture, deploy, deliver and service our aircraft, adequately protect our intellectual property or achieve and maintain compliance with, or realize available benefits under,..... do not operate as we expect them - the to, we may be required to..... effective in May 2018, includes operational requirements for companies that receive or process personal data of residents of the European Union that are broader and more stringent than those previously in place in the European Union. The GDPR includes significant penalties for non-compliance, including fines of up to € 20 million or 4 % of total worldwide revenue. Further, following the United Kingdom's exit from the European Union, the GDPR was implemented in the United Kingdom (the "UK GDPR")— non-compliance with which may lead to similar compliance and operational costs as the GDPR with potential fines up to £ 17 million or 4 % of global turnover. The UK GDPR sits alongside the UK Data Protection Act 2018 which implements certain derogations in the EU GDPR into UK law. Under the UK GDPR, companies not established in the UK but who process personal information in relation to the offering of goods or services to individuals in the UK, or to monitor their behavior will be subject to the UK GDPR—the requirements of which are largely aligned with those under the GDPR but still require specific compliance under UK law that we must monitor and with which we must comply. Additionally, we may be subject to evolving laws and regulations regarding the transfer of personal data outside of the European Economic Area ("EEA"). Recently, the Court of Justice of the European Union ruled that the EU-U.S. Privacy Shield is an invalid transfer mechanism, but upheld standard contractual clauses as a valid transfer mechanism. The validity of data transfer mechanisms remains subject to legal, regulatory, and political developments in both Europe and the United States. The invalidation of the EU-U.S. Privacy Shield and potential invalidation of other data transfer mechanisms

could have a significant adverse impact on our ability to process and transfer personal data outside of the EEA. Governments 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 state, federal, and foreign 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 **Section 404** 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 in Brazil engaged in limited test manufacturing, research and development and other activities and plan to eventually expand our business outside of the United States. 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, including the U. S. Foreign Corrupt Practices Act and similar laws and regulations. If any of these risks materialize, it could adversely impact our business. 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. We are subject to a wide variety of laws in the United States and other jurisdictions related to privacy, data protection and consumer protection that are often complex and subject to varying interpretations. As a result, these privacy, data protection and consumer protection laws may change or develop over time through judicial decisions or as new guidance or interpretations are provided by regulatory and governing bodies and such changes or developments may be contrary to our existing practices. This may cause us to expend resources on updating, changing or eliminating some of our privacy and data protection practices. 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 data 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. 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. We may not have adequate insurance coverage. The successful assertion of one or more large claims against us that exceeds our available 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 insurance coverage will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim. 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, and may in the future be required to. 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 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** 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 ~~are creating~~ **could create** uncertainty for public companies, ~~increasing~~ **increase** legal and financial compliance costs, and ~~making~~ **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. ~~We were previously a “smaller reporting company”~~ **Our management team has limited experience managing a public “smaller reporting company”**, and we are able to take advantage of certain exemptions from disclosure requirements available to “smaller reporting companies” through the filing of our Quarterly Report on Form 10-Q for the three months ended March 31, 2024, which could make our Class A common stock less attractive to investors. We were previously a “smaller reporting company” as defined in Item 10 (f) (1) of Regulation S-K and we are therefore able to take advantage of certain reduced disclosure obligations in this Annual Report, including reduced disclosure obligations regarding executive compensation in the Proxy Statement for our 2024 Annual Meeting of Stockholders. As a result, our stockholders may not have access to certain information they may deem important, and we cannot predict whether investors will find our Class A common stock less attractive because we will have been able to rely on this exemption. If some investors find our Class A common stock less attractive as a result of our reliance on this exemption, the trading price of our Class A common stock may be lower than it otherwise would be, there may be a less active trading market for our Class A common stock and the trading price of our Class A common stock may be more volatile. 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 ~~12-11~~ **12-11** - Liability Classified Warrants to our audited consolidated financial statements for the year ended December 31, ~~2023~~ **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. ~~Investors’~~ **Evolving scrutiny and changing** expectations

of **from global regulators and** our performance relating to **stakeholders regarding our** environmental, social and governance (“ESG”) factors may impose additional costs **practices and value proposition could adversely affect our business, and brand and reputation** expose us to new risks. There is **evolving** an increasing focus, **including** from investors, customers, regulators, employees and other stakeholders concerning corporate responsibility, specifically related to ESG matters. **If Some** investors may use these non-financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies and actions relating to corporate responsibility are inadequate. The growing investor demand for measurement of non-financial performance is addressed by third-party providers of sustainability assessment and ratings on companies. The criteria by which our corporate responsibility practices are assessed may change due to the constant evolution of the sustainability landscape, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies and / or actions with respect to corporate social responsibility are inadequate. We may face reputational damage in the event that we do not meet **investor or the other ESG stakeholder expectations and** standards set by various constituencies. Furthermore, **including related to climate change** in the event that we communicate certain initiatives and goals regarding ESG matters, **environmental sustainability** we could fail, **human capital management, supply chain management, and human rights, or do not meet related regulations and expectations or for increased transparency, which continue to increase, our reputation may be negatively impacted** perceived to fail, in and we may be subject to **litigation risk and / our- or regulatory enforcement. In addition** achievement of such initiatives or goals, or we could be criticized for the scope of **such our** initiatives or goals. **In addition or perceived as not acting responsibly in connection with these matters**, California recently adopted a number **and that evaluation may be based on factors unrelated to the impact of new climate** **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 bills - reporting frameworks and guidance and negative consumer attitudes related to both taking ESG activities and not taking ESG activities, including bills which require companies doing 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 in California that meet certain revenue thresholds to publicly disclose certain greenhouse gas emissions data and climate-related financial risk reports. The SEC has also proposed disclosure requirements regarding, among other ESG topics, the impact our business has on the environment. If we fail to satisfy the expectations of investors, customers, regulators, employees and other stakeholders or our initiatives are not executed as planned, our reputation and business, operating results and financial condition 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 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 Israel-Hamas war**, 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.

Shares of our Class B common stock have ten votes per share, while shares of our Class A common stock have one vote per share. Adam Goldstein, our founder, as well as certain other stockholders, hold the issued and outstanding shares of our Class B common stock. These shares represent a substantial majority of the voting power of our capital stock on an outstanding basis and if voted together are able to control matters submitted to our shareholders for approval, including the election of directors, amendments of our organizational documents and any merger, consolidation, sale of all or substantially all of our assets or other major corporate transactions for so long as the shares of Class B common stock represent at least 9.1% of all outstanding shares of our capital stock. These holders may have interests that differ from other shareholders and may vote in a way which may be adverse to other shareholders or with which our other shareholders may disagree. This concentrated control may have the effect of delaying, preventing or deterring a change in control, could deprive our shareholders of an opportunity to receive a premium for their capital stock as part of a sale, and might ultimately affect the market price of our Class A common stock. We cannot predict the impact that our dual-class structure may have on the stock price of our Class A common stock. We cannot predict whether our dual-class structure will result in a lower or more volatile market price of Class A common stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple-class share structures in certain of their indexes. Due to these policies, our dual-class capital structure may make us ineligible for inclusion in certain indexes, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indexes will not be investing in our stock. These policies are still new, and it remains unclear what effect, if any, they will have on the valuations of publicly traded companies excluded from such indexes, but it is possible that they may depress these valuations compared to those of other similar companies that are included. Because of our dual-class structure, we are likely excluded from certain of these indexes and we cannot assure you that other stock indexes will not take similar actions. Given the sustained flow of investment funds into passive strategies that seek to track certain indexes, exclusion from stock indexes likely precludes investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected. 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. **The-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** filed a registration statement (as subsequently amended and supplemented) on Form S- 3 relating to the offer and sale from time to time **with certain investors** by the selling security holders named therein of up to 110, 742 **pursuant to which we have issued in aggregate 142, 480-348, 733** shares of Class A common stock, **was declared effective in private placements and subsequently registered such shares for resale** by the **investors. In May SEC on November 15, 2022-2024** . We, **we** filed another a shelf registration statement on Form S- 3 relating to **sell the offer and sale from time to time by selling stockholders named therein of up to 94 \$ 95. 0 million in the aggregate of any combination of different types of securities, including 671, 586** shares of **our** Class A common stock, **from time to time in which was declared effective by the SEC on one August 21 or more offerings. As of December 31, 2023-2024** . In addition, **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 **our a** registration rights agreements, certain substantial holders of Legacy Archer' s common stock and our Class A common stock have the right, subject to certain conditions, to require us to register their shares of our Class A common stock for resale under the Securities Act. By exercising their registration rights and selling a large number of shares in reliance on the registration statements **statement filed in November 2024**, these stockholders could cause the prevailing market price of our Class A common stock to decline. 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 **November 2023, we filed a registration statement on Form S- 3 relating to the offer and sale of up to \$ 70. 0 million of our Class A common stock, preferred stock, debt securities, warrants to purchase our Class A common stock, preferred stock or debt securities, subscription rights to purchase our Class A common stock, preferred stock or debt securities and / or units consisting of some or all of these securities, which was declared effective on November 22, 2023. As of December 31, 2023, we had sold approximately \$ 20. 7 million pursuant to the Sale Agreement. 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, 2023-2024**, we have an additional 20, 788 **753**,

247-630 outstanding warrants issued to certain parties, 17-12, 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** ~~In addition~~, 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 ~~; • a dual- class share structure~~; • 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.