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Earnings Call

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Call Participants

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Presentation

Operator

Hello, everyone. Thank you for attending today's Archer Aviation Second Quarter 2023 Financial Results Conference Call. My name is Sierra, and I will be your moderator today. All lines will be muted during the presentation portion of the call with an opportunity for questions and answers at the end. [Operator Instructions.] I would now like to pass the conference over to our host, Andy Missan, with Archer. Please proceed.

Andrew P. Missan

Chief Legal Officer & Secretary

Thank you, operator. Good afternoon, everyone, and thank you for joining us today to review Archer's Second Quarter 2023 Operating and Financial Results. My name is Andy Missan, the Chief Legal Officer of Archer. On the call today are Adam Goldstein, our Founder and CEO, Mark Mesler, our CFO; Tom Munis, our COO; and Billy Nolen, who joined Archer in June as our Chief Safety Officer.

Please note that during today's call, we will be making forward-looking statements. These statements involve risks and uncertainties that may cause actual results to differ materially from those contemplated by the forward-looking statements. For more information about these risks and uncertainties, please refer to our SEC filings under the caption Risk Factors, including our upcoming Form 10-Q filing for the quarter ended June 30, 2023. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events. During this call, we may discuss both GAAP and non-GAAP financial measures. A reconciliation of certain GAAP to non-GAAP measures is included in our shareholder letter posted on our IR website. And now I'd like to turn the call over to Adam. Adam?

Adam D. Goldstein

Founder, CEO & Director

Thanks, Andy. Over the last seven earnings calls, you've heard me consistently reiterate Archer's strategy of finding the most efficient path to commercializing our world-class eVTOL aircraft as safely as possible. Every quarter, our team has continued to relentlessly execute against that plan. And I'm excited to announce that over the past 90 days, some of the largest stakeholders in aviation have publicly joined us in supporting our strategy.

First, we're grateful to share multiple points of endorsement from across the United States government. I'm extremely proud to announce that just last week, the Federal Aviation Administration issued our special airworthiness certificate for our first Midnight aircraft, allowing us to begin flying. With this certificate in hand, our team will ramp up both our flight schedules and our fleet size as we work toward our planned 2025 commercial launch. This is a great milestone for Archer, and I'm proud of the teams at both Archer and the FAA, who work tirelessly to ensure our aircraft can begin flying on our desired time line. This announcement comes on the heels of last month's Advanced Air Mobility implementation plan that the FAA published as the culmination of years of collaboration with Archer and other industry leaders. This innovative road map reinforced the government's commitment to U.S. leadership in this sector as well as Archer's expected launch of our commercial service in 2025 by leveraging existing operating rules and infrastructure. Further, the FAA has laid out a plan for making the necessary enhancements of the country's air traffic control systems and operating rules to enable the rising full-scale passenger eVTOL aircraft service by 2028 in time to showcase UAM at the Los Angeles Olympics.

The leader who directed and oversaw much of this implementation plan and commitment to the time line for commercial launch by 2025 and full-scale operations by 2028 was no other than the distinguished FAA administrator, Captain Billy Nolen, who announced his decision to leave the FAA to join Archer as our Chief Safety Officer back in June. With over 30 years of experience in safety, regulatory affairs and flight operations as well as senior executive roles at American Airlines and Qantas Airways in addition to his

service in the U.S. Army as an airplane and helicopter pilot and safety officer. Billy is the ideal person to guide Archer through the most efficient pathway to FAA certification and commercial deployment.

He has long been a strong supporter of the eVTOL aircraft industry, spearheading our countries and the FAA's global leadership role in this important area and his appointment as our Chief Safety Officer underscores our commitment to safety and innovation. Before joining Archer, Billy conducted a thorough assessment of the competitive landscape. You'll hear shortly from Billy about why he chose to come to Archer and his belief in our approach of optimizing our design for certification and focusing on developing only the most critical enabling technology in-house, while also partnering with leading suppliers. With Billy on board, I have already started to see him help us shape the future of transportation and make sustainable, efficient air travel an everyday reality.

Second, we are honored that just last week, the U.S. Air Force awarded Archer contracts with the largest contract value of any OEM in the eVTOL industry with a value of up to \$142 million. The DoD has made an unprecedented commitment to helping Archer accelerate our technology development. This agreement was made possible through our long-standing partnership with the Department of Defense on a series of projects through the Air Force's AFWERX program, which has been assessing the transformational potential of the vertical flight market and eVTOL technologies for DoD purposes.

In this new execution phase of our partnership, Archer will deliver aircraft to the Air Force. They will test these aircraft to support future missions in personnel transport and logistics support, rescue operations and more. These applications of our midnight aircraft, we hope, will not only help save lives, but also accelerate our technology and operational learnings as we build a world-class consumer aircraft and service. Today, we're announcing that we have accelerated our plans and hope to deliver the first aircraft within the next six months as early as Q4 2023. We believe this would be the first eVTOL aircraft in history to be delivered to a paying customer.

Given the strength of the team that is working on this at Archer, we anticipate leveraging this contract as a platform for future partnerships with the other branches of the Armed Forces, which would increase the total value of our relationship with the DoD. In fact, just last week, we hosted representatives from the U.S. Marine Corps at Archer headquarters and our flight test facilities to demonstrate the capabilities of our Midnight aircraft. A lot of this was made possible by our recently assembled six-member Government Services Advisory Board, who is critical in helping to build our first step of this partnership with the military. I'm sincerely grateful for the support of the DoD, Captain Nolen, our Government Service Advisory Board members and all of the Archer teammates and veterans for their continued service and support in ensuring the U.S. maintains its leadership position in aviation.

Finally, I have long maintained that the eVTOL industry and Archer have been able to move as quickly as we are because of aviation and technology pioneers who for decades, have pushed the envelope on what is possible, collectively transporting millions of people around the world with unparalleled levels associates. Today, I'm excited to announce a strategic relationship with the biggest aerospace giant of the them all, Boeing. Boeing was actually one of the first to fly a fixed-wing VTOL aircraft, the V-22 Osprey, over 30 years ago. And today, I'm excited to call them one of Archer's investors.

Our collaboration with Boeing and its subsidiary Wisk will be focused on supporting the integration of Wisk's autonomy technology in future variants of our aircraft. For background, Wisk was cofounded by Google founder, Larry Page, who is an early pioneer of the eVTOL industry and one of the sector's biggest advocates in pushing the development of slate autonomy technology. This collaboration could bring for Archer the potential to access world-leading autonomy technology while substantially reducing the cost of developing it ourselves. As the collaboration matures, we will share further details, but it is important to understand that this puts Archer in a unique position to be able to source autonomy technology from a leader in the industry. This is a natural extension of our overall strategy of focusing our in-house research and development on the key enabling technology that cannot be sourced from the existing aerospace supply base.

As part of this new collaboration, Archer, Boeing and Wisk have agreed to settle the litigation between the parties and collectively look to the future. I look forward to working with Boeing and Wisk on the collaboration that looks forward to the growth and development of the AAM industry. But that's not all.

As part of the party's collaboration, we are excited to welcome Boeing as an investor in today's \$215 million funding round alongside our other long-time strategic partners, Stellantis and United. The deep partnership we are seeing from Stellantis across the business is unrivaled from their continued willingness to provide us the capital we need to accelerate our business to the support and energy CEO, Carlos Tavares and CTO, Ned Curic, brings to the table through their dozens of full-time Stellantis employees working alongside ours as we jointly build out the world's first high-volume eVTOL manufacturing facility in Georgia.

We are seeing similar commitment from our partner, United Airlines, who is an integral player in our push towards our goal of achieving commercialization in 2025 as we work to fulfill United's billion dollar order for Archer's Midnight aircraft. The team at United is working with us hand-in-hand in important launch markets such as New York City and Chicago, where United is developing innovative approaches to operating our aircraft within its Newark and O'Hare airport hubs to enable a world-class customer experience door to door. I'm proud to call Boeing, United and Stellantis partners who are not nearly partners in name, but partners who are truly invested in working toward our collective long-term success in eVTOL. Importantly, as part of this financing, we are grateful to have the support of major long-term financial investors such as ARK Invest, who share our long-term outlook for Archer and our role leading the eVTOL industry.

As I reflect on these remarkable accomplishments, I want to extend my heartfelt gratitude to our incredible team, partners and shareholders. Together, we are pioneering a new era of aviation, driving innovation and revolutionizing transportation for generations to come.

Before I turn it over to Tom, let's take a step back for a second. In the last quarter alone, the United States military and government have both made an unwavering commitment that America will lead the way in commercializing eVTOL. The FAA has validated the time line for both Archer and Jovy to bring our aircraft to market in the U.S. in 2025. And we both proudly hosted more than 70 members of President Biden's AAM Interagency Working Group last month for a private flight test.

Additionally, the Department of Defense has committed to nearly \$300 million in contract value across the sector, providing incredible momentum for being the first country to bring eVTOL to market. When Midnight takes to the skies in the coming weeks, it will mark a new era in advanced error mobility. Our team's hard work and dedication have brought us to this exciting moment, and we can't wait to see Midnight and our industry store. Thank you for joining us on this thrilling journey, and I look forward to your questions later in the call.

I will now hand it over to Tom, who will dive into the technical aspects of our strategy and how those also have begun to bear fruit.

Thomas Paul Muniz
Chief Operating Officer

Thanks, Adam. This past quarter, we continued to execute our strategy, building momentum across our aircraft development, manufacturing and certification efforts with key progress toward our target of commercial launch in 2025. With each passing quarter and each milestone hit on schedule, we continue to prove our steadfast strategy and execute the most efficient path to market optimizing our aircraft for certification, manufacturing and commercial operations, and it is continuing to pay dividends. I couldn't be more pleased with our team's progress, and I'm excited to share updates with you in each of the key areas supporting our aircraft commercialization.

First, on aircraft development. As Adam mentioned earlier, last week, the FAA issued a special airworthiness certificate for our first Midnight aircraft. This is the culmination of an extensive ground testing campaign over the past couple of months as our flight test team has been hard at work, getting the aircraft ready to fly safely. Now that we are certified the fly, we will steadily ramp up both our flight testing regimen and our fleet size and continue to march towards the final stages of our certification program and commercial launch.

As we've discussed before, Midnight combines our proprietary electric powertrain and flight control software along with extensive use of mature certified components and systems from some of the best aerospace suppliers in the world. This strategy of focusing on the key enabling technologies allowed us to invest only where it's needed to ensure that our aircraft can achieve the performance required for commercial success, fishing payload, range, fast charge and turnaround times and speed without having to reinvent the wheel for more conventional aircraft components like flight controlled computers, where our supply of partners have the experience, IP, certification data and scale of manufacturing expertise.

As part of this broader strategy, we have also made pragmatic commercially focused decisions in how we developed our core technology, which we like to call realistic innovation. Think of this as applying the design for certification, manufacturing and commercialization recursively through our tech stack. For example, our batteries leverage commercial cylindrical cells because we believe they deliver the best safety and reliability available, paving the way for a smoother path to certification, easier scale-up of manufacturing and lower operating costs, translating into lower prices for consumers. We could have instead chosen a more exotic pouch cell for marginal gains in energy density, but the slight increase in performance that may have yielded would have been more than offset by the increased risk in safety, certification, manufacturability and cost. Similarly, for our electric engines, while every aspect of the design was optimized for our aircraft, each part was also optimized for safety, reliability and manufacturability, leveraging proven and scalable manufacturing processes from the automotive industry that will let us ramp up production while maintaining the highest possible quality standards.

With the airworthiness certificate now in hand, we expect to begin flying Midnight in the next couple of weeks. This first Midnight aircraft will be flown without a pilot on board as we did for Maker and will be used to gather data for internal design validation and in preparation for the final stage of our certification program. Data gathered from flying this aircraft to prepare us for having FAA pilots fly our aircraft next year and our [for-credit] certification by testing. This flight test data is complemented by extensive for-credit component and system testing gathered in our world-class Tesla facility, which is now online in San Jose. This facility has roughly a dozen custom design labs where we are putting each of the systems on the aircraft through their paces, gathering all of the ground test data needed for certification and high-volume manufacturing readiness.

These labs are largely focused on system integration as our strategy of partnering with the best aerospace suppliers in the world means that we benefit from all of their existing component data and test capabilities, limiting the amount of testing and certification work required to get our aircraft certified and ready for mass manufacturing. This facility is also where we are doing the final assembly of our fleet of conforming Midnight aircraft, which will be used for piloted flight testing next year.

We are well underway in manufacturing our initial piloted conforming Unite aircraft. Our supplier partners are currently fabricating the primary structure of many system components, leveraging their decades of experience in the aerospace industry. I want to thank all of our suppliers for their partnership and teamwork as we work together to bring Midnight to market. We plan to start the final assembly of the first conforming piloted Midnight aircraft within the next two months at our state-of-the-art San Jose, California manufacturing facility. Over the next year, we plan to build at least six of these aircraft to accelerate our certification flight testing efforts, and we plan to hold our first piloted flight in early 2024.

In Georgia, we are rapidly progressing the build-out of our high rate production facility. Our team has cleared and graded our roughly 100-acre site in preparation for imminently pouring the foundation and the broader construction efforts remain on track to enable occupying factory next year so that we can initiate our production ramp to produce deployment-ready aircraft for 2025. I am sincerely grateful to our government partners across the state from Newton County, the City of Covington and the Georgia DOT as well as our construction partners for their incredible support.

On the certification front, we are progressively building momentum. I'm happy to report that the FAA has begun accepting our certification plans. As a reminder of where we are in the process, our teams are working closely with the FAA on our detailed certification plans, which detail exactly how our design complies with the airworthiness criteria set out in our certification basis. To give this more context, our

certification plans are what allowed the team to move forward with generating for-credit test and analysis data for the FAA to use to validate and certify our aircraft.

As I mentioned earlier, a key part of our strategy is that we have leveraged an extensive group of partners to supply components and bring our aircraft to market as efficiently as possible. That strategy has yielded a significantly similar and more focused scope of certification work to do in the implementation phase of the certification program, meaning post development of our certification plans. Then if we had chosen to reinvent the wheel on all the core components and systems on the aircraft. This intentional strategy has allowed the team to advance rapidly through our certification program to date, and it is why I believe that we will take the lead over the next 12 months in the race to bring the first commercial eVTOL aircraft to market here in the U.S.

Needless to say, our strategy is paying off. Much of that is due to the hard work of the Administrator Nolen and the work he and his team did at the FAA before he joined us, collaborating with industry on the right framework to certify eVTOL aircraft. I'm excited to pass it over the Billy to share his unique perspective on the exciting plan for Archer and the industry.

Brett Adcock

Co-Founder & Former Director

Thanks, Tom. I'm very excited to be part of the team here at Archer, which I have over the last several years come to believe will become the unambiguous leader among eVTOL manufacturers. During my time at the FAA, I led and oversaw the build-out of the first Advanced Air Mobility framework, which Adam spoke to earlier, with the understanding that the U.S. needs to move fast and with strong intent to maintain our leadership position in aviation and technology that will fundamentally transform the way we move between and within Americas City.

As a fortune function in this effort, I decided to choose the Los Angeles Summer Olympics in July 2028 as a target date for when the U.S. needs to have built out scaled urban air mobility networks across our largest, most congested American cities. My team originally felt that goal was ambitious. But over the last year, it became clear that the leaders in the eVTOL industry were well positioned to be at real scale by 2028, contingent on the continued strong support that the FAA and the whole of U.S. government had pledged.

Working backwards from scaled operations in multiple U.S. cities by 2028, my team at the FAA is further committed to enabling the leaders, including Archer to certify and commercially launch their aircraft by early 2025 in order to start moving people in and around cities while showing the world the power of American innovation when catalyzed by a supportive regulatory environment.

In line with this, the Innovate 28 plan that the FAA published last month explicitly notes that the agency is putting in place a plan to be ready by 2025 for initial operations in concert with industry. The plan goes on to provide significantly greater detail in this framework to certify, train and integrate eVTOLs and eVTOL operators safely into the National Airspace by leveraging existing operating rules and aviation infrastructure while enabling future upgrades to enable continued growth across the industry. On the certification front, we're well on our way. Having received our certification basis from the FAA in 2021, we are now working to finalize our means of compliance with the FAA airworthiness criteria prior to beginning for credit testing, which we expect to commence in early 2024.

On training, in June, the FAA issued its proposed SVFR on eVTOL pilot training requirements and operational rules, providing a clear pathway for pilots to earn power lift ratings specific to each type of aircraft they fly. Archer is working with the leading eVTOL OEM along with the General Aviation Manufacturing Association to collectively provide industry input to the FAA over the next week.

And finally, with regard to airspace integration, the FAA has released a thoughtful blueprint that covers air traffic routes, pilot communication, the use of the existing Heliport infrastructure and the build-out of new vertical infrastructure, leveraging public private partnerships. Archer has already made substantial progress on infrastructure readiness and establishing partnerships with state and local government with

the announcement of its planned route in New York and Chicago in partnership with United Airlines, and we're taking a databased approach toward establishing the most efficient operational footprint.

It is clear that the DOT and the FAA have dramatically accelerated the pace of activity to further advance their mobility over the past few months, and we applaud them for appropriately making AAM a top priority within the administration. More importantly, we are grateful to the administration for taking the whole of government approach to ensure the resources are in place for a safe ramp-up of the industry in the period from 2025 through 2028 by publicly committing to enable the industry to deliver on this time line. The administration is signaling that they have provided the incentives and resources to execute this ambitious plan. In doing so, they will undoubtedly position the U.S. at the forefront of a new global industry.

I've been pleased with the continued collaboration between the FAA and companies like Archer, especially since my departure. And I'm very excited to now be working with the Archer team as we approach the final stage of our path to commercialization.

With that, I'll turn it over to Mark to give you a financial overview.

Mark Mesler

Chief Financial Officer

Thanks, Billy. I'm excited about the progress our team has made on a number of fronts as we continue executing our strategy to create the most efficient path to market, both financially and operationally. The equity financing, we just announced will help accelerate that strategy, but I want to share more information about the participants and how we plan to use those proceeds.

In our 2021 public offering, we raised substantial capital to develop our Midnight aircraft and get to commercialization. Over the last two years, as we have continued to hit our milestones, we've been grateful to see outsized interest from important strategic and financial partners who want to be a part of the Archer story. So, we decided to create an opportunity for them to participate and also further enhance our liquidity. As Adam mentioned, today's equity investment round of \$215 million was led by Stellantis with \$70 million as part of their previous commitment that they decided to accelerate and pull forward into this equity route. Our long-time partner, United Airlines, invested another \$25 million into this round joined by our new partner, Boeing, as Adam detailed earlier.

ARK Invest, one of the leading investors in disruptive technologies also invested another \$44 million. High-quality financial investors who share the long-term outlook as Archer and our partners [fill] the balance of the round. This investment, combined with the remaining Stellantis commitment to \$55 million, brings our total liquidity to over \$635 million and brings our aggregate funding to \$1.1 billion to date. The funds raised will be used for the continued development of Midnight and related technology, the build-out of our manufacturing and test facilities, working capital and general corporate purposes.

Beyond the capital that this fund rate provides, we're proud of the outsized participation from our core partners, Stellantis and United, who have continued to support Archer financially and operationally over the years. When we expanded our partnership with Stellantis earlier this year, they pledged to invest a [pill] of \$150 million of capital into Archer. As part of structuring that agreement, we worked jointly with the Stellantis team to develop a creative forward equity purchase framework that allows Archer to call that capital over time at our discretion, subject to certain business milestones instead of taking on significant dilution then at a lower share price.

Our wins over the last several months and the performance of our stock price have made it an opportune time to draw down the initial \$25 million tranche in June and on the \$70 million tranche as part of this financing. In Q2, Coatis also purchased 4.9 million shares of Archer's stock in the open market to deepen our partnership even further. Beyond the financial support, Stellantis continues to be a great operating partner. They were key in helping us identify our Covington, Georgia factory site out of hundreds of potential options across the U.S. due to its apparent proximate location and generous financial package from the state and local municipalities. Stellantis has helped us resolve numerous supply chain issues, and there are now dozens of full-time Stellantis employees working on site at Archer to help us as we continue

ramping up our manufacturing operations. Stellantis' commitment to pushing the boundaries on the future of mobility and Archer's role in it is second to none.

In a similar vein, United support has been unrivaled in our industry. As you'll remember, coupled with their initial investment in Archer, United agreed to purchase up to 300 aircraft from us that they planned to deploy across American cities with a focus on their important hubs. Just last August, they provided a \$10 million predelivery payment against the first 100 aircraft, which is an important sign of conviction that we have not always seen in deals of this nature across the industry. Together with United, we have announced our first two commercial eVTOL routes that we plan to operate together, including United hubs at Newark serving New York City and O'Hare serving Chicago. We are very proud and fortunate to have the support of these two world-class partners who are now joined by Boeing as we collaborate with them on our autonomous flight.

Now let's switch to our financial performance for Q2. Our non-GAAP total operating expenses was \$77.4 million. We landed towards lower end of our estimate range of \$75 million to \$85 million. This led to an adjusted EBITDA loss of \$76.3 million. Our operating expenses continue to be primarily driven by investments in headcount, aircraft parts and materials and tooling and other nonrecurring supplier costs. With respect to our GAAP financials, the impact of our agreements with Boeing and Wisk and the issuance of new warrants resulted in noncash charges to our P&L, which I will outline in our GAAP financials.

On a GAAP basis, total operating expenses for Q2 2023 were \$181.4 million, which included \$104 million of noncash charges. These noncash charges were comprised of \$25 million for the vested portion of warrants provided in support of the Boeing Wisk agreements I just discussed, \$48 million for the unvested portion that is subject to certain investment criteria and may never be realized for those agreements, \$26.5 million of our standard stock-based compensation expenses and \$4.5 million of [warrant] expenses for our (inaudible) Stellantis. This drove a net loss of \$184.1 million.

We finished the quarter with \$407.6 million of cash, cash equivalents and short-term investments on our balance sheet. Our net change in cash in Q2 2023 was \$42.3 million, including the \$25 million drawn in June from the Stellantis funding agreement. This cash was primarily used to fund non-GAAP operating expenses and CapEx.

As I discussed on prior calls, in 2023, Archer is making some nonrecurring investments alongside key suppliers to support the development and manufacturing setup of many of our Midnight components. This spending is also consistent with our overall strategy of creating the most efficient path to market where we're focused on investing and hiring to for our key differentiating technologies and leveraging the existing aerospace industry supply base for the rest. That framework allows us to avoid the ongoing structural spending of headcount to develop those other individual technologies and execute a lower operating cost development model while derisking our certification efforts and accelerating our time to market if we would have had to develop those technologies internally.

Given that, in Q2, of the \$77.4 million in non-GAAP operating expenses, the amount of nonrecurring engineering and other investments was \$12 million. Our overall spending framework for 2023 is similar, made up of our core operating expenses, nonrecurring costs to establish our supply base and CapEx. Nonrecurring costs for Q1 2023 and Q2 2023 or \$16 million and \$12 million, respectively. These nonrecurring costs will not be a material part of our expense structure in 2024 and beyond as we will have completed most of that work this year.

Backing those amounts out of our current expense structure, we have core operating expenses of \$61.5 million and \$65.5 million, respectively, for Q1 2023 and Q2 2023. That level of current spending is our standard core structural spending that will persist into the future, and the nonrecurring costs will not persist materially beyond 2023.

I wanted to make this differentiation to share how our overarching strategy impacts our spending profile. Our June ending cash balance of \$407.6 million, combined with the capital that we raised today and the remaining \$55 million from the Stellantis equity option previously discussed provides us with more than \$675 million of liquidity to get to commercialization in 2025. In addition to this liquidity, we do see other

opportunities for non-dilutive cash receipts in the form of predelivery payments from United and potential other future orders and spending offset from the DoD contract that we announced last week.

Finally, for Q3 2023, we anticipate a total GAAP operating expense of \$42 million to \$52 million. This was lower than our historical spending due to a onetime noncash benefit of \$58 million as a result of reversal of an unrealized expense relating to the founder grants, offset by expected stock-based compensation and warrant expense of approximately \$25 million. Total non-GAAP operating expenses for Q3 2023 is anticipated to be \$75 million to \$85 million.

And with that, operator, let's open it up for questions.

Question and Answer

Operator

[Operator Instructions.] Our first question comes from Edison Yu with Deutsche Bank.

Edison Yu

Congratulations. You guys have certainly been very busy. So, starting off, could you maybe talk about the role Boeing will have or could have going forward? Obviously, there was a pretty contentious lawsuit going on and it's been settled, what kind of role do you envision them having going forward?

Adam D. Goldstein

Founder, CEO & Director

Thanks for the question, Edison. This is Adam. So first, I am thrilled to have the Boeing company investment and to be working with them and Wisk on autonomy. So, Boeing support, I think, really can only help just further the growth and development of the entire AAM industry. But if I think about the relationship here, this is multifaceted. And so, there's a number of components here that went into this. One is Boeing's investment and our latest financing round to the collaboration agreement between the parties where we will work with Boeing and Wisk on autonomy for future versions, the Midnight aircraft. Three, there were warrants provided to Boeing and Wisk and, four, the settlement of all the litigation between the parties. So, probably that puts it in perspective here, but we are really excited to work with Boeing and Wisk on these future autonomy programs.

Edison Yu

And following up on the DoD opportunity, I know you landed one with the Air Force already and you mentioned that the Marines visited last week. Do you have a sense of how big that opportunity can be going forward? Not trying to pin you down to any number, but it sounds as if there is quite a bit of upside. I'm curious how do you think about that growing?

Adam D. Goldstein

Founder, CEO & Director

Yes. No, I totally agree with you, Edison. The contract value itself, right, there's a stated number in there, which I think is really exciting, and it's the largest contract that we've seen in the industry. But it really is the -- I would think the bigger value here is really the opportunities that go beyond that. So, we now have a chance to showcase the vehicle and capabilities to all the different branches of the Armed Services, which really opens us up to broader applications. And then there's also global applications of that as well. This also provides like another channel for us to sell into outside of the FAA-led civilian side. So, it really does provide a nice diversification of revenue and allows us to be able to get to market sooner than the -- than just purely on the civilian side.

Edison Yu

Got it. And if I could just sneak one in for Billy. I know you mentioned you kind of evaluated the entire competitive landscape. You have a very bold vision. How do you sort of see the ramp of the eVTOL industry from 2025 to 2028? Is it -- are we talking hundreds, thousands of aircraft across cities, what's the UAM sort of look like in your view by that date?

Brett Adcock

Co-Founder & Former Director

Yes, thanks for the question. If you think back to the whole premise of Innovate 28, it was indeed getting to that 2025. So, we're probably talking multiples of 10, 20 aircraft in that 2025 time frame and then really scaling up from there. My estimation from my time sitting in an administrators chair was that we could certainly be into the hundreds of eVTOLs the time we get to 2028, if not in the thousands there. So,

we'd see that as this take often as the market demand, which we're seeing globally is kind of what we are projecting, which is why we really wanted to have the strong framework in place.

Operator

Our next question comes from Andres Sheppard with Cantor Fitzgerald.

Andres Juan Sheppard-Slinger

Cantor Fitzgerald & Co., Research Division

Congrats on the quarter. Congrats on all the recent announcements. Maybe a first question for Mark. Would you mind just walking us through again, that \$215 million investment? So, the \$70 million investment from Stellantis, is that in addition to the prior \$150 million or that's part of that agreement? And then I think you broke it down further \$25 million from United. Just trying to reconcile the total amount, Mark, if you don't mind.

Mark Mesler

Chief Financial Officer

Yes, sure. So, a couple of points there, Andres, one -- yes, that was an acceleration of the \$70 million from the prior a \$150 million commitment as we got momentum around the DoD contract and some of the more recent announcements, they were anxious to get in with this round. We've only currently publicly disclosed those four investors, United at 25, Stellantis at 70% and ARK at 44 and the others are -- we haven't disclosed for the full \$215 million.

Andres Juan Sheppard-Slinger

Cantor Fitzgerald & Co., Research Division

Okay. Got it. That's helpful. And then maybe a question for Adam. Adam, in your CMC interview prior to the earnings call, you alluded as to where you see the industry moving forward in maybe the later years as it pertains to autonomy. I think you went in so far to say you expect autonomy to maybe take a leading role later in the industry. I'm just wondering maybe you can expand on what you meant there and how you see now the collaboration with Wisk integrating and maybe some sort of time line that you might be able to give us?

Adam D. Goldstein

Founder, CEO & Director

Yes. So, Archer's strategy has always been to find the most efficient path to market. And in doing that, we started by having a piloted vehicle. And so that's where the existing roles are. We can enter into service here in the very near future. And so, we're really excited about that. As the industry scales, though and really goes beyond where you start to have thousands, tens of thousands, hundreds of thousands of vehicles, the need for autonomy really helps increase a lot of value to the industry, one because there's a less need for pilots. But two, there's an increased potential for safety. And so, I think that really is a big deal. So, I guess, and the third one here is cost. You can also reduce cost by doing that. So as the industry scales, there's an ability to add this capability.

Now for us, why this is so interesting, if you think back to our strategy, our strategy has been to partner with the best groups that can help us get to market. So, we partnered with the Tier 1 suppliers like Honeywell and Safran and Garmin. And this has really helped us get this -- to help us find our efficient path to market. But then we look to the future, and we start thinking about future variance in the vehicle and developing autonomy can be obviously a very expensive path, especially because the date of launching the services is also harder to predict. So, this is a good way for us to leverage and work with the group that probably has the most experience in the world in flight autonomy and allows us to keep going down a path of having piloted vehicles come to market early and then have an application on the ability to test these vehicles with autonomy and ultimately scale as the technology becomes available.

Andres Juan Sheppard-Slinger

Cantor Fitzgerald & Co., Research Division

Got it. That's super helpful and super insightful. Maybe if I could just squeeze one last one. Related to the Air Force and the DoD contract, you've quantified the worth of the contract so far. But I guess I'm wondering, do you see the -- do you expect the military to maybe open these programs of records for eVTOL and in doing so, maybe open up a new market? I mean there's opportunities here for growth within that contract, I would imagine. So just kind of curious how you're thinking about that -- that partnership over the medium to longer term.

Adam D. Goldstein

Founder, CEO & Director

Yes. I mean I believe that this contract is really just the start for the industry and will really evolve into a very sizable relationship with the U.S. military. Since we announced our first contract with AFWERX, we've seen outsized interest from pretty much every branch in the armed forces. And as we mentioned, we hosted the Marine Corps last week and our -- one of the members of our government advisory board, 4 star General Townsend has been working with us to help crack the code on how to work with the U.S. Army, which has the largest [aircraft] fleet in the world. So, I do believe there is a very real potential for the eVTOL industry to move into a multi-hundred million dollar or even \$1 billion programs of record with the DoD over time.

Andres Juan Sheppard-Slinger

Cantor Fitzgerald & Co., Research Division

Wonderful. Congrats again on the quarter. I'll pass it on.

Operator

Our next question comes from [Savi] Syth with Raymond James.

Savanthi Nipunika Prelis-Syth

Raymond James & Associates, Inc., Research Division

If I may just follow up on Andre's question just before. With these investments, are you -- have you shared like at the price point that they're being made or if there's any warrants associated with them?

Mark Mesler

Chief Financial Officer

In the 8-K, it discloses the pricing of this. If we look at recent financing activity, some of our peers have priced at a 20% discount we've observed with our bankers, other public fall on rounds, pricing at an average of 8% to 8.5% discount. Our round was actually oversubscribed. And we had a caller structure around it where we priced ours at roughly a 5% discount, which are better terms than other deals getting done today.

Savanthi Nipunika Prelis-Syth

Raymond James & Associates, Inc., Research Division

That's helpful. Sorry, I missed that. And then just on the certification conforming aircraft and building that, are there anything that you need from the FAA in terms of accepting various certification plans that you've submitted or clarifying kind of on rulemaking that's needed before you can start that? Or is it really a matter of just kind of getting production set up and moving forward?

Thomas Paul Muniz

Chief Operating Officer

So maybe to give you a little context there, our whole strategy around certification was to keep things as simple and easy as possible. And that's like why we took this approach of partnering with existing aerospace suppliers wherever we could to leverage their existing certification data capabilities, etc. But then on our own path towards getting the TC, the big thing that we've been working through over the past six months is what you're asking about getting those cert plans finalized. The most important thing there is not necessarily checking the box, but the cert plans accepted, but more what's the content of those

plans and what the scope of testing? So, to get at your question, specifically, what do we need to move forward, once we have those or plans agreed, then it's a matter of just executing the steps laid out in those plans, doing the test, doing the analysis to get our TC, specifically around conformity, each of those cert plans, which are very self-contained. Those give the specific details of what's delegated, what's going to be conformed to what standard to do what tests and then it's purely an execution game.

So again, because of the strategy we took, we feel very optimistic that we're going to have a very smooth path and you'll really see us start accelerating here over the rest of the year into next year because we've laid for this, let's say, relatively simple path to go and execute. Hopefully, that's helpful context.

Savanthi Nipunika Prelis-Syth

Raymond James & Associates, Inc., Research Division

That's super helpful. And just a clarification, have you submitted all the cert plans? Or is that like in our process? So, kind of where are you in the submission part of it?

Thomas Paul Muniz

Chief Operating Officer

Yes. Great question. So, we've submitted the majority of our certification plans. There's a couple of remaining that we haven't submitted. Those are in less, let's say, critical areas, things that -- things like noise, which we don't expect to be a driver on the overall schedule. We also have started to get our cert plans formally accepted. So first one was accepted a couple of weeks ago, and there are several others in the queue that we expect to be accepted soon. So, we're really starting to build momentum and very happy with the progress.

Operator

Our next question comes from Bill Peterson with JPMorgan.

William Chapman Peterson

JPMorgan Chase & Co, Research Division

Nice to see all these announcements here. I wanted to talk first about the DoD contract and maybe some clarifications around that first within that. So, the delivery for maybe end of this year early next year, is that one of the conforming aircraft, or is that something different? And then I think Mark might have said something like this might be like OpEx offsets for some of these early aircraft. And I believe you also -- with the value of the contract, I'm guessing there's the maintenance and repair. So, I guess, how should we roll that through a model? And what's the timing for this -- I guess, for the entirety of the first announcement, how many years and so forth?

Mark Mesler

Chief Financial Officer

So, the contract is a multifaceted contract. It spans service, it spans, training and it spans hardware and expands some development work internally as well. So, it's going to be a combination of sort of cost reimbursement as well as revenue. I think as we sit here today, that's still coming together in terms of the timing of how that's going to play out. We think a preponderance of the development work will happen over the next -- prior to certification. But I think the timing of everything we haven't discussed. So more to come as we work through that with the DoD.

William Chapman Peterson

JPMorgan Chase & Co, Research Division

And is one of these aircraft conforming aircraft? Or is it an additional aircraft?

Thomas Paul Muniz

Chief Operating Officer

So, the first aircraft we'll be delivering is a nonconforming unit that will be used for early operational testing, but then there are also deliveries of piloted conforming aircraft next year and beyond.

William Chapman Peterson*JPMorgan Chase & Co, Research Division*

Okay. That's helpful. I don't know if this is for Billy or for Adam, but we hear the FAA is proposing reserve requirements for power lift aircraft being consistent with larger aircraft, 30 minutes daytime, 45 minutes at night. I just wanted to make sure if that's really the case. And are these requirements built into the certification plan for Archer?

Adam D. Goldstein*Founder, CEO & Director*

Yes. I'll chime in first and then let Billy give his thoughts, but you're talking about the reserve requirements that came out in the draft SVFR that the FAA published a couple of months ago. So just help give everybody context here. That's the first draft, right? And the way the process works is that the FAA kind of works amongst themselves without input from industry exparte, rulemaking, and then they publish initial thoughts. And so, over the last couple of months, we've been working with others in the industry to share our perspective on what the right kind of balanced approach looks like to get these rules in a state that obviously supports the required safety but also efficient operations of the aircraft. So, the public comment period on this draft is closing in the next week or so. So, we'll be commenting along with all of our peers as well as our industry associations, GAMA and (inaudible 51.58) etc. We think it's most likely we'll end up with more performance-based reserve requirements similar to what YASAs published rather than a generic VFR endurance kind of number. But we have obviously looked at what our go-to-market path would be if the draft rules kind of stayed as they were. And even in that scenario, I'm happy to say we'd still be very comfortable with being able to operate all the missions we're targeting in cities. So yes, Billy, anything else you want to add?

Brett Adcock*Co-Founder & Former Director*

Yes, thanks, Tom. Just to build upon what Tom was just saying. So clearly, during my time, the FAA always wants to hear from the industry, they're limited in the most early part of rulemaking from having what they call exparte communication, as you're probably well aware, right? So, this, as Tom spoke to, the comment period is closing. We've certainly assembled our comments, and we're joining the rest of the industry in getting there. So, we believe at the end of the day, we will find a middle ground that works. But again, as Tom spoke to, we are prepared either way. But we're certainly -- have a strong position that we will convey to the FAA.

William Chapman Peterson*JPMorgan Chase & Co, Research Division*

If I could sneak one more, too. So, this Innovate 28, and I'm sure that's something you probably are aware of when you were there, Billy, but the document talks about the OEMs, operators, governments, obviously, a lot of local buy-ins for infrastructure. So -- what is the latest thinking around infrastructure, especially with buying from the public on new sites. So, I mean, is this -- try to think, is this a risk to the new sites coming online? How should we think about the infrastructure as we look towards 2028?

Brett Adcock*Co-Founder & Former Director*

Yes. Good question. When we think about infrastructure, so that was exactly why you want to have a forcing function like Innovate 28, which gives the time for all of the stakeholders, right? So, we have the infrastructure in place today that can accommodate as things kick off in 2025. Everything is in place, low-density using current helicopter routes using the current [APC] infrastructure. As we scale up, we'll see the equipment that we will commit to on Archer's side, and we've also heard from the FAA in terms of how they will ensure that they can accommodate within the national air space.

At the same time, as the FA is having conversations at the state and local levels, so is Archer. We're meeting with stakeholders across the country to make sure when we think about vertiports when we think

about current infrastructure that not only can it accommodate us, but we're prepared to be at scale as we move into the future as well.

Operator

Our next question comes from David Zazula with Barclays.

David Michael Zazula

Barclays Bank PLC, Research Division

First one is for Billy. Just I think you talked about what you see the industry going forward. Can you maybe take us backwards and just compare what you expected the AAM process going into it with how it actually ended up? What surprised you about it? And maybe if applicable, how that contributed to you choosing to come to Archer.

Brett Adcock

Co-Founder & Former Director

Yes. So, if I go back, the FAA had a lot of these parts were already in place. What I feel that I brought to it, right, was that idea of having a forcing function, that is to have something that you could really coalesce around a -- so this really was the genesis of 2028. If you ask what has surprised me, it really comes as no surprise at all. The FAA has got a great group of professionals and their ability to come together. But more importantly, what I would say on behalf of all of us here in Archer internally, I know Adam has already restated it. We just extended the note of thanks to the administration for pulling together this really hold of government an approach because we know that's what it's going to take. We are certainly prepared to do our part, but we know it takes us, the government and at the state and local level, all working together to make sure this happens. Great.

David Michael Zazula

Barclays Bank PLC, Research Division

And then for Andy or Adam, is there any other color you can give us on the agreement with Wisk and Boeing specifically on the ability to use the autonomous technology. Is that something you can implement in the next generation of aircraft if it is in fact not an autonomous aircraft? Or do you need to kind of go full all-in on autonomy to be able to use this technology?

Adam D. Goldstein

Founder, CEO & Director

Yes, David, it's Adam. Maybe I can give you a sort of a high-level answer here. Archer has a lot of success working with strategic partners, and you can see that with our work with United, or work with Stellantis. And so, we start off finding ways to work together and then really growing the relationship from there. So, we are bringing to market a piloted vehicle, and Boeing and Wisk have spent a lot of time, a lot of years, a lot of money doing autonomy. So, there's this natural overlap. And at this stage, we are working together through that to see how to best implement this. And we will certainly provide you with more details and updates as that relationship matures.

Operator

Our next question comes from Josh Sullivan with The Benchmark Company.

Joshua Ward Sullivan

The Benchmark Company, LLC, Research Division

Congratulations on a number of fronts here. I know you're still working on cert plans. But with the six conforming aircraft assumption for certification, do you have an assumption on the number of credit hours each aircraft is going to need to execute to get to certification at this point?

Thomas Paul Muniz

Chief Operating Officer

Great question. So, we do have a very detailed flight test schedule that goes to each of those specific tail numbers and assign the exact tests that we're going to do. I don't recall the exact number of flat hours off the cuff here, but all of that is like very methodically planned out in advance. And you really have to do it that way and make sure that each aircraft has the proper systems installed properly conformed as we were talking about earlier on the call so that you can get credit for the testing.

Joshua Ward Sullivan

The Benchmark Company, LLC, Research Division

Got it. And then as far as the collaboration with Boeing, when autonomous flight comes to commercial markets, up for debate, but how are your defense relationships looking at that partnership? Is that a faster avenue, especially now you're going to deliver an aircraft this year? And I guess what additional development would you need for Midnight today on the defense side for autonomous operations? Just curious how that might develop.

Thomas Paul Muniz

Chief Operating Officer

Yes. That's a really interesting question, Josh. I don't have much more color that I can add. I do agree with you that there's lots of avenues and applications here that are interesting, and we're definitely exploring all of those. But I think I would say stay tuned on that one, and we'll give you more updates as those start to come about.

Joshua Ward Sullivan

The Benchmark Company, LLC, Research Division

Got it. And then just one last one. Anything precluding an international defense relationship with the Midnight at this point?

Thomas Paul Muniz

Chief Operating Officer

I don't believe so. I mean, I think the high-level rules, the way people talk about it is anywhere the U.S. government sells to the differentiated players can sell to. So that's a pretty broad list.

Operator

Thank you for your questions. There are no questions waiting in queue at this time. So, I will conclude the conference call at this time. Thank you all for your participation. You may now disconnect your lines.

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