

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended December 31, 2023  
OR

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

FOR THE TRANSITION PERIOD FROM TO  
Commission File Number 001-38626

**MESA AIR GROUP, INC.**

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation or organization)

85-0302351

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

410 North 44th Street, Suite 700  
Phoenix, Arizona 85008

(Address of principal executive offices)

85008

(Zip Code)

Registrant's telephone number, including area code: (602) 685-4000

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MESA	Nasdaq Global Select Market

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

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

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of February 1, 2024, the registrant had 40,940,326 shares of common stock, no par value per share, issued and outstanding.

## TABLE OF CONTENTS

<b><u>PART I – FINANCIAL INFORMATION</u></b>	4
<u>Item 1. Financial Statements</u>	4
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss</u>	5
<u>Condensed Consolidated Statements of Stockholders' Equity</u>	6
<u>Condensed Consolidated Statements of Cash Flows</u>	7
<u>Notes to Condensed Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	31
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	41
<u>Item 4. Controls and Procedures</u>	42
<b><u>PART II – OTHER INFORMATION</u></b>	44
<u>Item 1. Legal Proceedings</u>	44
<u>Item 1A. Risk Factors</u>	44
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
<u>Item 3. Defaults Upon Senior Securities</u>	44
<u>Item 4. Mine Safety Disclosures</u>	44
<u>Item 5. Other Information</u>	44
<u>Item 6. Exhibits</u>	44
<b><u>SIGNATURES</u></b>	46

---

## Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact contained in this Quarterly Report on Form 10-Q, including statements regarding our future results of operations and financial position, business strategy and plans, and objectives of management for future operations, are forward-looking statements. These statements involve known and unknown risks, uncertainties, and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements.

Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "should," "could," "can," "may," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Item 1A. Risk Factors of our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 filed with the Securities and Exchange Commission on January 26, 2024. Unless otherwise stated, references to particular years, quarters, months, or periods refer to our fiscal years ended September 30 and the associated quarters, months, and periods of those fiscal years. Each of the terms "the Company," "Mesa Airlines," "Mesa," "we," "us" and "our" as used herein refers collectively to Mesa Air Group, Inc. and its wholly owned subsidiaries, unless otherwise stated. We do not assume any obligation to revise or update any forward-looking statements.

The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Some of the key factors that could cause actual results to differ from our expectations include:

- public health epidemics or pandemics such as COVID-19;
- the severity, magnitude, and duration of the COVID-19 pandemic, including impacts of the pandemic and of business' and governments' responses to the pandemic on our operations and personnel, and on demand for air travel;
- the supply and retention of qualified airline pilots and mechanics and associated costs;
- the volatility of pilot and mechanic attrition;
- dependence on, and changes to, or non-renewal of, our capacity purchase and flight services agreements;
- failure to meet certain operational performance targets in our capacity purchase and flight services agreements, which could result in termination of those agreements;
- increases in our labor costs;
- reduced utilization - the percentage derived from dividing (i) the number of block hours actually flown during a given month by (ii) the maximum number of block hours that could be flown during such month under our capacity purchase agreement;
- the direct operation of regional jets United Airlines, Inc. ("United");
- the financial strength of United and its ability to successfully manage its businesses through the unprecedented decline in air travel attributable to the COVID-19 pandemic or any other public health epidemic;
- restrictions under our Amended and Restated United CPA to enter into new regional air carrier service agreements, excluding our existing Flight Services Agreement with DHL Network Operations (USA), Inc. ("DHL"), which restrictions will remain in place until the earlier to occur of (i) January 1, 2026 and (ii) the Company's satisfaction of certain Performance Milestones (as defined in the Amended and Restated United CPA);
- our significant amount of debt and other contractual obligations;
- our compliance with ongoing financial covenants under our credit facilities
- our ability to keep costs low and execute our growth strategies; and
- the effects of extreme or severe weather conditions that impacts our ability to complete scheduled flights.

Additionally, the risks, uncertainties and other factors set forth above or otherwise referred to in the reports we have filed with the SEC may be further amplified by the global impact of the COVID-19 pandemic. While we may elect to update these forward-looking statements at some point in the future, whether as a result of any new information, future events, or otherwise, we have no current intention of doing so except to the extent required by applicable law.

**Part I – Financial Information**

**Item 1. Financial Statements**

**MESA AIR GROUP, INC.**  
**Condensed Consolidated Balance Sheets**  
(In thousands, except share amounts) (December 31, 2023 is unaudited)

	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 16,068	\$ 32,940
Restricted cash	3,134	3,132
Receivables, net (\$1,265 and \$4,016 from related party)	5,517	8,253
Expendable parts and supplies, net	28,830	29,245
Assets held for sale	92,260	57,722
Prepaid expenses and other current assets	4,476	7,294
Total current assets	<u>150,285</u>	<u>138,586</u>
Property and equipment, net	534,459	698,022
Lease and equipment deposits	1,630	1,630
Operating lease right-of-use assets	8,959	9,709
Deferred heavy maintenance, net	7,200	7,974
Assets held for sale	40,336	12,000
Other assets	32,764	30,546
Total assets	<u>\$ 775,633</u>	<u>\$ 898,467</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt and finance leases (\$19,335 and \$20,500 from related party)	\$ 156,789	\$ 163,550
Current portion of deferred revenue	3,983	4,880
Current maturities of operating leases	3,240	3,510
Accounts payable	54,451	58,957
Accrued compensation	7,657	10,008
Other accrued expenses	27,774	27,001
Total current liabilities	<u>253,894</u>	<u>267,906</u>
Noncurrent liabilities:		
Long-term debt and finance leases, excluding current portion (\$36,795 and \$30,630 from related party)	315,464	364,728
Noncurrent operating lease liabilities	7,706	8,077
Deferred credits from related party	4,464	4,617
Deferred income taxes	8,842	8,414
Deferred revenue, net of current portion	14,062	16,167
Other noncurrent liabilities	28,589	28,522
Total noncurrent liabilities	<u>379,127</u>	<u>430,525</u>
Total liabilities	<u>633,021</u>	<u>698,431</u>
Commitments and contingencies (Note 15)		
Stockholders' equity:		
Common stock of no par value and additional paid-in capital, 125,000,000 shares authorized; 40,940,326 (2024) and 40,940,326 (2023) shares issued and outstanding, 4,899,497 (2024) and 4,899,497 (2023) warrants issued and outstanding	271,581	271,155
Accumulated deficit	(128,969)	(71,119)
Total stockholders' equity	<u>142,612</u>	<u>200,036</u>
Total liabilities and stockholders' equity	<u>\$ 775,633</u>	<u>\$ 898,467</u>

*See accompanying notes to these condensed consolidated financial statements.*

**MESA AIR GROUP, INC.**  
**Condensed Consolidated Statements of Operations and Comprehensive Loss**  
(In thousands, except per share amounts) (Unaudited)

	Three Months Ended December 31,	
	2023	2022
<b>Operating revenues:</b>		
Contract revenue (\$96,412 and \$59,370 from related party)	\$ 101,100	\$ 128,450
Pass-through and other revenue	17,677	18,723
Total operating revenues	<u>118,777</u>	<u>147,173</u>
<b>Operating expenses:</b>		
Flight operations	51,818	58,320
Maintenance	48,627	48,287
Aircraft rent	1,204	4,083
General and administrative	12,009	13,988
Depreciation and amortization	13,293	15,203
Asset impairment	40,384	3,719
Loss on sale of assets	386	—
(Gain) on extinguishment of debt	(2,954)	—
Other operating expenses	2,458	1,126
Total operating expenses	<u>167,225</u>	<u>144,726</u>
Operating income/(loss)	<u>(48,448)</u>	<u>2,447</u>
<b>Other income (expense), net:</b>		
Interest expense	(11,160)	(11,276)
Interest income	14	71
Unrealized gain/(loss) on investments, net	2,451	(1,679)
Other income (expense), net	157	417
Total other expense, net	<u>(8,538)</u>	<u>(12,467)</u>
Loss before taxes	(56,986)	(10,020)
Income tax expense/(benefit)	864	(930)
Net loss and comprehensive loss	<u>\$ (57,850)</u>	<u>\$ (9,090)</u>
<b>Net loss per share attributable to common shareholders</b>		
Basic	<u>\$ (1.41)</u>	<u>\$ (0.25)</u>
Diluted	<u>\$ (1.41)</u>	<u>\$ (0.25)</u>
<b>Weighted-average common shares outstanding</b>		
Basic	<u>40,940</u>	<u>36,378</u>
Diluted	<u>40,940</u>	<u>36,378</u>

*See accompanying notes to these condensed consolidated financial statements.*

**MESA AIR GROUP, INC.**  
**Condensed Consolidated Statements of Stockholders' Equity**  
(In thousands, except share amounts) (Unaudited)

	Three Months Ended December 31, 2022				
	Number of Shares	Number of Warrants	Common Stock and Additional Paid-In Capital	Retained Earnings	Total
Balance at September 30, 2022	36,376,897	4,899,497	\$ 259,177	\$ 48,997	\$ 308,174
Stock compensation expense	—	—	688	—	688
Payment of tax withholding for RSUs	(847)	—	(1)	—	(1)
Restricted shares issued	2,500	—	—	—	—
Net loss	—	—	—	(9,090)	(9,090)
Balance at December 31, 2022	36,378,550	4,899,497	\$ 259,864	\$ 39,907	\$ 299,771

	Three Months Ended December 31, 2023				
	Number of Shares	Number of Warrants	Common Stock and Additional Paid-In Capital	Accumulated Deficit	Total
Balance at September 30, 2023	40,940,326	4,899,497	\$ 271,155	\$ (71,119)	\$ 200,036
Stock compensation expense	—	—	427	—	427
Net loss	—	—	—	(57,850)	(57,850)
Balance at December 31, 2023	40,940,326	4,899,497	\$ 271,582	\$ (128,969)	\$ 142,612

*See accompanying notes to these condensed consolidated financial statements.*

**MESA AIR GROUP, INC.**  
**Condensed Consolidated Statements of Cash Flows**  
(In thousands) (Unaudited)

	<b>Three Months Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (57,850)	\$ (9,090)
Adjustments to reconcile net loss to net cash flows provided by (used in) operating activities:		
Depreciation and amortization	13,293	15,203
Stock compensation expense	427	688
Unrealized (gain)/loss on investments, net	(2,451)	1,679
Deferred income taxes	428	(1,014)
Amortization of deferred credits	(153)	(213)
Amortization of debt discount and issuance costs and accretion of interest into long-term debt	2,291	1,379
Asset impairment	40,384	3,719
(Gain)/loss on sale of assets	386	—
(Gain) on extinguishment of debt	(2,954)	—
Other	912	55
Changes in assets and liabilities:		
Receivables	2,736	(9,137)
Expendable parts and supplies	415	1,150
Prepaid expenses and other operating assets and liabilities	2,604	2,290
Accounts payable	(3,903)	(7,008)
Deferred revenue	(3,002)	(5,256)
Accrued expenses and other liabilities	(1,513)	(656)
Operating lease right-of-use assets and liabilities	109	177
Net cash used in operating activities	<u>(7,841)</u>	<u>(6,034)</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(6,884)	(16,740)
Proceeds from sale of aircraft and engines	53,489	—
Refund (payment) of equipment and other deposits	—	131
Net cash provided by (used in) investing activities	<u>46,605</u>	<u>(16,609)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	81,855	39,000
Principal payments on long-term debt and finance leases	(137,489)	(17,544)
Payments of debt and warrant issuance costs	—	(417)
Payment of tax withholding for RSUs	—	(1)
Net cash (used in) provided by financing activities	<u>(55,634)</u>	<u>21,038</u>
Net change in cash, cash equivalents and restricted cash	(16,870)	(1,605)
Cash, cash equivalents and restricted cash at beginning of period	36,072	61,025
Cash, cash equivalents and restricted cash at end of period	<u>\$ 19,202</u>	<u>\$ 59,420</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	\$ 6,948	\$ 7,763
Cash paid for income taxes, net	\$ —	\$ —
Operating lease payments in operating cash flows	\$ 1,211	\$ 4,679
<b>Supplemental non-cash operating activities</b>		
Right-of-use assets obtained in exchange for lease liabilities	\$ 339	\$ 236
<b>Supplemental non-cash financing activities</b>		
Finance lease obtained in exchange for lease liability	\$ —	\$ 76,185

*See accompanying notes to these condensed consolidated financial statements.*

**MESA AIR GROUP, INC.**  
**Notes to Condensed Consolidated Financial Statements**  
(Unaudited)

**1. Organization and Operations**

*About Mesa Air Group, Inc.*

Headquartered in Phoenix, Arizona, Mesa Air Group, Inc. ("Mesa", the "Company", "we", "our", or "us") is the holding company of Mesa Airlines, a regional air carrier providing scheduled passenger service to 82 cities in 36 states, the District of Columbia, Canada, Cuba, and Mexico as well as cargo services out of Cincinnati/Northern Kentucky International Airport. Mesa operated or maintained as operational spares a fleet of 80 regional aircraft with approximately 280 daily departures and 2,246 employees as of December 31, 2023. Mesa's fleet were conducted under the Company's Capacity Purchase Agreement ("CPA") and Flight Services Agreement ("FSA"), leased to a third party, held for sale, or maintained as operational spares. Mesa operates all of its flights as either United Express or DHL Express flights pursuant to the terms of the CPA entered into United and FSA with DHL (each, our "major partner"). Except as set forth in the following sentence, all of the Company's consolidated contract revenues for the three months ended December 31, 2023 and December 31, 2022 were derived from operations associated with the CPA, FSA, and leases of aircraft to a third party. Revenues during the period ended December 31, 2022 also included revenues derived from our CPA with American Airlines, Inc. ("American"), which terminated in April 2023.

The United CPA involves a revenue-guarantee arrangement whereby United pays fixed-fees for each aircraft under contract, departure, flight hour (measured from takeoff to landing, excluding taxi time) or block hour (measured from takeoff to landing, including taxi time), and reimbursement of certain direct operating expenses in exchange for providing flight services. United also pays certain expenses directly to suppliers, such as fuel, ground operations and landing fees. Under the terms of the CPA, United controls route selection, pricing, and seat inventories, reducing our exposure to fluctuations in passenger traffic, fare levels, and fuel prices. Under our FSA with DHL, we receive a fee per block hour with a minimum block hour guarantee in exchange for providing cargo flight services. Ground support expenses including fueling and airport fees are paid directly by DHL.

*Impact of Pilot Shortage and Transition of Operations to United*

During our three months ended December 31, 2023 and fiscal year ended September 30, 2023, the severity of the pilot shortage, elevated pilot attrition, the transition of our operations with American to United, and increasing costs associated with pilot wages adversely impacted our financial results, cash flows, financial position, and other key financial ratios. One of the primary factors contributing to the pilot shortage and attrition is the demand for pilots at major carriers, which are hiring at an accelerated rate. These airlines now seek to increase their capacity to meet the growing demand for air travel. A primary source of pilots for the major U.S. passenger and cargo carriers are the U.S. regional airlines. As a result of the pilot shortage and attrition, the Company has increased overall hourly pay of nearly 118% for captains and 172% for new hires.

As a result of pilot shortage, we produced less block hours to generate revenues. During the three months ended December 31, 2023, these challenges resulted in a negative impact on the Company's financial results highlighted by cash flows used in operations of \$7.8 million and net loss of \$57.9 million, including a non-cash impairment charge of \$40.4 million related to the Company designating eight CRJ-900 aircraft, 11 CRJ-900 airframes (without engines), and 48 spare engines as held for sale. These conditions and events raised financial concerns about our ability to continue to fund our operations and meet our debt obligations over the next twelve months from the filing of this Form 10-Q.

To address such concerns, management developed and implemented several material changes to our business designed to ensure the Company could continue to fund its operations and meet its debt obligations over the next twelve months. The Company implemented the following measures during the three months ended December 31, 2023.

- We have 15 aircraft under the RASPRO finance lease with a buyout obligation of \$50.3 million at the end of March 2024. We entered into purchase agreements with two separate parties to purchase the RASPRO aircraft and related engines. One agreement is for 30 engines for a total of \$19.5 million. The second agreement is for 15 airframes (without engines) for a total of \$18.8 million. Both of these transactions are expected to be completed by the end of September 2024, with net cash from these transactions expected to be approximately \$(12.1) million. Subsequent to December 31, 2023, the Company entered into a binding Memorandum with RASPRO to defer the \$50.3 million buyout obligation until September 2024, subject to the payment of certain commitment fee amounts



which are due in May, July, and August, along with certain RASPRO Trust administration fee amounts. See note 16 for additional disclosure regarding the binding Memorandum.

- The Company closed the sale of the remaining four aircraft during the three months ended December 31, 2023 as part of an agreement entered into with a third party for the sale of 11 CRJ-900 aircraft. We previously reported on the sale of seven of the aircraft in our 2023 Form 10-K. Gross proceeds from the sale of the remaining four aircraft was \$12.0 million. Net proceeds from the sale of all four aircraft was \$6.5 million after partial debt reduction of our loan with the United States Department of the Treasury (the "UST Loan").
- The Company closed the sale of the remaining four aircraft during the three months ended December 31, 2023 as part of an agreement entered into with American for the sale of seven CRJ-900 aircraft. Gross proceeds from the sale of the remaining four aircraft was \$41.5 million. Net proceeds from the sale of all four aircraft was \$5.7 million after the retirement of our loan with Export Development Bank of Canada ("EDC Loan") and the junior note with MHIRJ ("MHIRJ junior note"). MHIRJ had previously agreed to forgive approximately \$5.0 million in principal contingent upon the repayment of \$4.2 million in principal by December 31, 2023. \$0.6 million in proceeds from the sale of each aircraft was repaid to MHIRJ for a total of \$4.2 million, and we achieved approximately \$5.0 million of forgiveness on the MHIRJ junior note.
- On January 11, 2024 and January 19, 2024, we entered into the First Amendment to our Third Amended and Restated United CPA and the Second Amendment to our Third Amended and Restated United CPA (the "January 2024 United CPA Amendments"), respectively. The January 2024 United CPA Amendments provide additional liquidity and certain other amendments described below:
  - Increased CPA rates, retroactive to October 1, 2023 through December 31, 2024. We generated an additional approximately \$20.4 million in incremental revenue from October 1, 2023 through April 30, 2024, and are projected to generate an additional \$26.8 million in incremental revenue from May 1, 2024 through December 31, 2024. We received additional payments of \$8.8 million in January related to the block hour rate increase from October 1, 2023 through December 31, 2023, and \$21.3 million in additional payments related to the block hour rate increase from October 1, 2023 through April 30, 2024.
  - Amended certain notice requirements for removal by United of up to eight CRJ-900 Covered Aircraft (as defined in the United CPA) from the United CPA.
  - Extended United's existing utilization waiver for the Company's operation of E-175 and CRJ-900 Covered Aircraft (as defined in the United CPA) to June 30, 2024.
- On January 11, 2024 and January 19, 2024, we entered into Amendment No. 4 to our Second Amended and Restated Credit and Guaranty Agreement, Amendment No. 1 to Stock Pledge Agreement and Limited Waiver of Conditions to Credit Extension and Waiver and Amendment No. 5 to our Second Amended and Restated Credit and Guaranty Agreement (collectively, the "January 2024 Credit Agreement Amendments"), respectively. The January 2024 Credit Agreement Amendments provide for the following:
  - The repayment in full of the Company's \$10.5 million Effective Date Bridge Loan obligations, and the prepayment (and corresponding reduction) of approximately \$2.1 million in Revolving Loans (as defined therein), with the proceeds from the sale, assignment, or transfer of the Company's vested investment in Heart Aerospace Incorporated. Subsequent to December 31, 2023, the Company transferred its vested investment in Heart Aerospace Incorporated to United and realized a gain on the investment of \$7.2 million.
  - As a result of the repayment of the Effective Date Bridge Loan and pay down of the Revolving Loans, the shares of capital stock of Archer Aviation, Inc. held by the Company were released as collateral for the United credit facility, as provided in Amendment No. 4.
  - The waiver of certain financial covenant defaults with respect to the fiscal quarters ended June 30, 2023, September 30, 2023, and December 31, 2023 and the waiver of projected financial covenant defaults with respect to the fiscal quarter ending March 31, 2024.
  - An increase in the Applicable Margin (as defined in the United credit facility) during a specified period of time for borrowings under the Credit Agreement.
  - Loan prepayment requirements in connection with the sale of four specified aircraft engines and the addition of such engines as collateral for the United credit facility for a specified period of time.
- On May 8, 2024, we entered into a Waiver Agreement to our Second Amended and Restated Credit and Guaranty Agreement providing for the waiver of a certain projected financial covenant default with respect to the fiscal quarter ending June 30, 2024.

- On December 1, 2023, we entered into an agreement with a third party to sell 12 surplus GE model CF34-8C aircraft engines and related parts. Subsequent to December 31, 2023, we closed the sale of all 12 engines for gross proceeds of \$54.2 million and \$15.9 million of net proceeds after the retirement of debt.
- We entered into a purchase agreement with a third party which provides for the sale of 23 spare engines for gross proceeds of \$11.5 million which will be used to pay down our UST Loan. The transaction is expected to close by the end of December 2024.
- In addition to already executed agreements to sell aircraft, the Company is actively seeking arrangements to sell other surplus assets primarily related to the CRJ fleet including aircraft, engines, and spare parts to reduce debt and optimize operations.
- We have delayed and/or deferred major spending on aircraft and engine maintenance to match the current and projected level of flight activity.

The Company believes the plans and initiatives outlined above have effectively alleviated the financial concerns and will allow the Company to meet its cash obligations for the next twelve months following the issuance of its financial statements. On April 22, 2024, the Company entered into a binding Memorandum that provides for the payment of certain commitment fee amounts by the Company, which are due in May, July, and August, along with certain RASPRO Trust administration fee amounts, in consideration for the deferral of the buyout obligation until September 2024. Certain of the commitment fee amounts and Trust fees otherwise payable will be waived if the Company completes its purchase obligations with respect to all 15 airframes and 30 engines as set forth in the Memorandum. The terms agreed to in the Memorandum will be set forth in a definitive lease amendment to be entered into by the parties.

The forecast of undiscounted cash flows prepared to determine if the Company has the ability to meet its cash obligations over the next twelve months was prepared with significant judgment and estimates of future cash flows based on projections of CPA and FSA block hours, maintenance events, labor costs, and other relevant factors. Assumptions used in the forecast may change or not occur as expected.

As of December 31, 2023, the Company has \$156.8 million of principal maturity payments on long-term debt due within the next twelve months. We plan to meet these obligations with our cash on hand, ongoing cashflows from our operations, as well as the liquidity created from the additional measures identified above. If our plans are not realized, we intend to explore additional opportunities to create liquidity by refinancing and deferring repayment of our principal maturity payments that are due within the next twelve months. The Company continues to monitor covenant compliance with its lenders as any noncompliance could have a material impact on the Company's financial position, cash flows and results of operations.

#### *United Capacity Purchase Agreement*

Under the United CPA, we have the ability to fly up to 80 aircraft for United. The aircraft can be a mix of any number of E-175, or CRJ-900 aircraft so long as the number of aircraft operating at any given time does not exceed 80. As of December 31, 2023, we operated 54 E-175 and 26 CRJ-900 aircraft under our Third Amended and Restated Capacity Purchase Agreement with United dated December 27, 2022, which amended and restated the Second Amended and Restated Capacity Purchase Agreement dated November 4, 2020 (as amended, the "United CPA" or the "Amended and Restated United CPA"). Under the United CPA, United owns 42 of our 60 E-175 aircraft. The E-175 aircraft owned by United and leased to us have terms expiring between 2024 and 2028, and the 18 E-175 aircraft owned by us have terms expiring in 2028.

In exchange for providing flight services under our United CPA, we receive a fixed monthly minimum amount per aircraft under contract plus certain additional amounts based upon the number of flights and block hours flown and the results of passenger satisfaction surveys. United also reimburses us for certain costs on an actual basis, including property tax per aircraft and passenger liability insurance. Other expenses, including fuel and certain landing fees, are directly paid to suppliers by United.

United reimburses us on a pass-through basis for certain costs related to heavy airframe and engine maintenance, landing gear, auxiliary power units ("APUs") and component maintenance for the aircraft owned by United. Our United CPA permits United, subject to certain conditions, including the payment of certain costs tied to aircraft type, to terminate the agreement in its discretion, or remove aircraft from service, by giving us notice of 90 days or more. If United elects to terminate our United CPA in its entirety or permanently remove select aircraft from service, we are permitted to return any of the affected aircraft leased from United at no cost to us. In addition, if United removes any of our 18 owned E-175 aircraft

from service at its direction, United would remain obligated, at our option, to assume the aircraft ownership and associated debt with respect to such aircraft through the end of the term of the United CPA.

On December 27, 2022, we entered into the Amended and Restated United CPA, which provides, among other things, for the following amended terms:

- The addition of up to 38 CRJ-900 aircraft to be operated by the Company on behalf of United under the Amended and Restated United CPA, dependent on the number of E-175 aircraft the Company is operating. As of December 31, 2023, we operated 26 CRJ-900 aircraft under our Amended and Restated United CPA;
- An increase in rates to cover the Company's pilot pay increases instituted in September 2022, effective through September 2025;
- United to be responsible for all costs associated with converting the CRJ-900 aircraft for operation in United's network;
- Terms providing that United may remove the CRJ-900 aircraft from the scope of the United CPA, subject to certain notice and other requirements;
- United's existing utilization waiver for the Company's operation of E-175LL Covered Aircraft (as defined in the United CPA) to be extended to December 31, 2023;
- The extension of existing monthly operational performance incentives; and
- An agreement by the Company to not enter into new regional air carrier service agreements, excluding the Company's existing agreement with DHL, and provided that this restriction shall not apply from and after the earlier to occur of (i) January 1, 2026 and (ii) the Company's satisfaction of certain Performance Milestones (as defined in the Amended and Restated United CPA).

In January 2024, the Amended and Restated United CPA was amended with the January 2024 United CPA Amendments which provide for the following:

- Increased CPA rates, retroactive to October 1, 2023 through December 31, 2024;
- Amended certain notice requirements for removal by United of up to eight CRJ-900 Covered Aircraft (as defined in the United CPA) from the United CPA;
- Extended United's existing utilization waiver for the Company's operation of E-175 and CRJ-900 Covered Aircraft (as defined in the United CPA) to June 30, 2024.

Additionally, in January 2023, in consideration for entering in the Amended and Restated United CPA and providing the revolving line of credit, discussed in Note 8, the Company (i) granted United the right to designate one individual to the Company's board of directors (the "United Designee"), which occurred effective May 2, 2023 with the appointment of Jonathan Ireland and (ii) issued to United 4,042,061 shares of the Company's common stock equal to approximately 10% of the Company's issued and outstanding capital stock on such date (the "United Shares"). United's board designee rights will terminate at such time as United's equity ownership in the Company falls below five percent (5%) of the Company's issued and outstanding stock.

United was also granted pre-emptive rights relating to the issuance of any equity securities by the Company and certain registration rights, set forth in a definitive registration rights agreement with United, granting United customary demand registration rights in respect of publicly registered offerings of the Company, subject to usual and customary exceptions and limitations.

Pursuant to the United CPA, we agreed to lease our CRJ-700 aircraft to another United Express service provider for a term of nine years. We ceased operating our CRJ-700 fleet in February 2021 in connection with the transfer of those aircraft into a lease agreement. During August of 2022, we committed to a formal plan to sell 18 of our CRJ-700 aircraft and terminated the leases on the 18 CRJ-700 aircraft, which have all subsequently been sold.

Our United CPA is subject to termination prior to its expiration, including under the following circumstances:

- If certain operational performance factors fall below a specified percentage for a specified time, subject to notice under certain circumstances;

- If we fail to perform the material covenants, agreements, terms or conditions of our United CPA or similar agreements with United, subject to 30 days' notice and cure rights;
- If either United or we become insolvent, file bankruptcy, or fail to pay debts when due, the non-defaulting party may terminate the agreement;
- If we merge with, or if control of us is acquired by another air carrier or a corporation directly or indirectly owning or controlling another air carrier;
- United, subject to certain conditions, including the payment of certain costs tied to aircraft type, may terminate the agreement in its discretion, or remove E-175 aircraft from service, by giving us notice of 90 days or more; and
- If United elects to terminate our United CPA in its entirety or permanently remove aircraft from service, we are permitted to return any of the affected E-175 aircraft leased from United at no cost to us.

On February 29, 2024, March 29, 2024, April 1, 2024, April 19, 2024, and April 30, 2024, we received individual notices from United exercising its right under Section 2.4(a) of the United CPA to remove a total of 10 CRJ-900 Covered Aircraft (as defined in the United CPA), effective as follows: two aircraft - March 31, 2024; two aircraft - April 30, 2024; one aircraft - May 21, 2024; one aircraft - May 31, 2024; two aircraft - June 30, 2024; and two aircraft - July 31, 2024.

#### *DHL Flight Services Agreement*

On December 20, 2019, we entered into a Flight Services Agreement with DHL (the "DHL FSA"). Under the terms of the DHL FSA, we operate four Boeing 737 aircraft which are leased to us from DHL and a third party to provide cargo air transportation services as of December 31, 2023. In exchange for providing cargo flight services, we receive a fee per block hour with a minimum block hour guarantee. We are eligible for a monthly performance bonus or subject to a monthly penalty based on timeliness and completion performance. Ground support expenses including fueling and airport fees are paid directly by DHL.

Under our DHL FSA, DHL leases two Boeing 737-400F aircraft and one 737-800F and subleases them to us at nominal amounts. DHL reimburses us on a pass-through basis for all costs related to heavy maintenance including C-checks, off-wing engine maintenance and overhauls including life limited parts ("LLPs"), landing gear overhauls and LLPs, thrust reverser overhauls, and APU overhauls and LLPs. Certain items such as fuel, de-icing fluids, landing fees, aircraft ground handling fees, en-route navigation fees, and custom fees are paid directly to suppliers by DHL or otherwise reimbursed if incurred by us. A third Boeing 737-400F aircraft is leased to us under an operating lease by a third party.

The DHL FSA expires five years from the commencement date of the first aircraft placed into service, which was in October 2020. DHL has the option to extend the agreement with respect to one or more aircraft for a period of one year with 90 days' advance written notice.

Our DHL FSA is subject to the following termination rights prior to its expiration:

- If either party fails to comply with the obligations, warranties, representations, or undertakings under the DHL FSA, subject to certain notice and cure rights;
- If either party is declared bankrupt or insolvent;
- If we are unable to legally operate the aircraft under the DHL FSA for a specified number of days;
- At any time after the first anniversary of the commencement date of the first aircraft placed in service with 90 days' written notice.
- If we fail to comply with performance standards for three (3) consecutive measurement periods.
- If we are subject to a labor incident that materially and adversely affects our ability to perform services under the DHL FSA for a specified number of days;
- Upon a change in control or ownership of the Company; and
- DHL may terminate the agreement for a specific aircraft if it is subject to a total loss and the Company does not provide alternate services at our expense, or if the aircraft becomes unavailable for more than 30 days due to unscheduled maintenance.

In February 2024, we mutually agreed to the consensual wind-down of our flight operations on behalf of DHL and ceased all such operations on March 1, 2024.

## **2. Summary of Significant Accounting Policies**

### *Basis of Presentation*

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of the Company and its wholly owned operating subsidiaries. Any reference in these notes to applicable guidance is meant to refer to the authoritative GAAP as found in the Accounting Standards Codification ("ASC") and Accounting Standards Update ("ASU") of the Financial Accounting Standards Board ("FASB"). All intercompany accounts and transactions have been eliminated in consolidation.

These condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto as of and for the year ended September 30, 2023 included in the Company's Annual Report on Form 10-K for the year ended September 30, 2023 on file with the U.S. Securities and Exchange Commission (the "SEC"). Information and footnote disclosures normally included in financial statements have been condensed or omitted in these condensed consolidated financial statements pursuant to the rules and regulations of the SEC and GAAP. These condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the results of operations for the interim periods presented.

### *Segment Reporting*

As of December 31, 2023, our chief operating decision maker was the Chief Executive Officer. While we operate under a capacity purchase agreement and a flight services agreement, we do not manage our business based on any performance measure at the individual contract level. Our chief operating decision maker uses consolidated financial information to evaluate our performance and allocate resources, which is the same basis on which he communicates our results and performance to our Board of Directors. Accordingly, we have a single operating and reportable segment.

### *Use of Estimates*

The preparation of the Company's condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements. Actual results could differ from those estimates.

### *Contract Revenue and Pass-through and Other Revenue*

We recognize contract revenue when the service is provided under our CPA and FSA. Under the CPA and FSA, our major partners generally pay for each departure, flight hour or block hour incurred, and an amount per aircraft in service each month with additional incentives or penalties based on flight completion, on-time performance, and other operating metrics. Our performance obligation is met as each flight is completed, and revenue is recognized and reflected in contract revenue.

We recognize pass-through revenue when the service is provided under our CPA and FSA. Pass-through revenue represents reimbursements for certain direct expenses incurred including passenger liability and hull insurance, property taxes, other direct costs defined within the agreements, and major maintenance on aircraft leased from our major partners at nominal rates. Our performance obligation is met when each flight is completed or as the maintenance services are performed, and revenue is recognized and reflected in pass-through and other revenue.

We record deferred revenue when cash payments are received or are due from our major partners in advance of our performance. During the three months ended December 31, 2023, we recognized approximately \$3.0 million of previously deferred revenue. Deferred revenue is recognized as flights are completed over the remaining terms of the respective contracts.

The deferred revenue balance as of December 31, 2023 represents our aggregate remaining performance obligations that will be recognized as revenue over the period in which the performance obligations are satisfied, and is expected to be recognized as revenue as follows (in thousands):

Periods Ending December 31,	Total Deferred Revenue
2024 (remainder of)	\$ 2,139
2025	5,733
2026	4,350
2027	4,093
2028	1,625
Thereafter	105
<b>Total</b>	<b>\$ 18,045</b>

A portion of our compensation under our CPA with United is designed to reimburse the Company for certain aircraft ownership costs. Such costs include aircraft principal and interest debt service costs, aircraft depreciation, and interest expense or aircraft lease expense costs while the aircraft is under contract. We have concluded this component of the compensation under these agreements is lease revenue, as such agreements identify the "right of use" of a specific type and number of aircraft over a stated period of time. We account for the non-lease component under ASC 606 and account for the lease component under ASC 842. We allocate the consideration in the contract between the lease and non-lease components based on their stated contract prices, which is based on a cost basis approach representing our estimate of the stand-alone selling prices.

The lease revenue associated with our CPA is accounted for as an operating lease and is reflected as contract revenue in the condensed consolidated statements of operations and comprehensive loss. We recognized \$34.9 million and \$41.1 million of lease revenue for the three months ended December 31, 2023 and December 31, 2022, respectively. We have not separately stated aircraft rental income in the condensed consolidated statements of operations and comprehensive loss because the use of the aircraft is not a separate activity from the total service provided under our CPA.

Historically, the Company had lease agreements with GoJet Airlines LLC ("GoJet") to lease 20 CRJ-700 aircraft. The lease agreements are accounted for as operating leases and have a term of nine (9) years beginning on the delivery date of each aircraft. Under the lease agreements, GoJet pays fixed monthly rent per aircraft and variable lease payments for supplemental rent based on monthly aircraft utilization at fixed rates. Supplemental rent payments are subject to reimbursement following GoJet's completion of qualifying maintenance events defined in the agreements. Lease revenue for fixed monthly rent payments is recognized ratably within contract revenue. Lease revenue for supplemental rent is deferred and recognized within contract revenue when it is probable that amounts received will not be reimbursed for future qualifying maintenance events over the lease term.

The Company mitigated the residual asset risks through supplemental rent payments and by leasing aircraft and engine types that can be operated by the Company in the event of a default. Additionally, the leases have specified lease return condition requirements and we maintain inspection rights under the leases. Lease incentive obligations for reimbursements of certain aircraft maintenance costs are recognized as lease incentive assets and were amortized on a straight-line basis and recognized as a reduction to lease revenue over the lease term.

During fiscal year 2022, the Company terminated its lease agreements with GoJet to lease 18 of the 20 CRJ-700 aircraft and classified the 18 aircraft as assets held for sale. All 18 aircraft were sold as of December 31, 2023. The remaining two lease agreements are accounted for as finance leases.

The following table summarizes future minimum rental payments under operating leases related to leased aircraft that had remaining non-cancelable lease terms as of December 31, 2023 (in thousands):

Periods Ending December 31,	Total Payments	
2024 (remainder of)	\$	1,638
2025		2,184
2026		2,184
2027		2,184
2028		2,184
Thereafter		5,824
<b>Total</b>	<b>\$</b>	<b>16,198</b>

#### Leases

We determine if an arrangement is a lease at inception. As a lessee, we have lease agreements with lease and non-lease components and have elected to account for such components as a single lease component. Our operating lease activities are recorded in operating lease right-of-use assets, current maturities of operating leases, and noncurrent operating lease liabilities in the condensed consolidated balance sheets. Finance leases are reflected in property and equipment, net, current portion of long-term debt and finance leases, and long-term debt and finance leases, excluding current portion in the condensed consolidated balance sheets.

Right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Certain variable lease payments are not included in the calculation of the right-of-use assets and lease liability due to uncertainty of the payment amount and are recorded as lease expense in the period incurred. In determining the present value of lease payments, we use either the implicit rate in the lease when it is readily determinable or our estimated incremental borrowing rate, based on information available at the lease commencement. Our lease terms include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Operating lease costs are recognized on a straight-line basis over the lease term, while finance leases result in a front-loaded expense pattern.

As a lessee, we have elected a short-term lease practical expedient on all classes of underlying assets, permitting us to not apply the recognition requirements of ASC 842 to leases with terms of 12 months or less.

We lease, at nominal rates, certain aircraft from United and DHL under our CPA and FSA, which are excluded from operating lease assets and liabilities as they do not represent embedded leases under ASC 842. Other than such leases at nominal amounts, 18 of our aircraft are leased from third parties. In the event that we or one of our major partners decide to exit an activity involving leased aircraft, losses may be incurred. In the event that we exit an activity that results in exit losses, these losses are accrued as each aircraft is removed from operations for early termination penalties, lease settle up and other charges. Additionally, any remaining ROU assets and lease liabilities are written off.

#### Contract Liabilities

Contract liabilities consist of deferred credits for cost reimbursements from major partners related to aircraft modifications and pilot training associated with the capacity purchase agreement. The deferred credits are recognized over time depicting the pattern of the transfer of control of services resulting in ratable recognition of revenue over the remaining term of the capacity purchase agreement.

Current and non-current deferred credits are recorded in other accrued expenses and non-current deferred credits in the condensed consolidated balance sheets. Our total current and non-current deferred credit balances at December 31, 2023 and September 30, 2023 were \$4.9 million and \$5.1 million, respectively. We recognized \$1.0 million and \$0.2 million of the deferred credits within contract revenue during the three months ended December 31, 2023 and December 31, 2022, respectively.

### *Maintenance Expense*

We operate under an FAA approved continuous inspection and maintenance program. The cost of non-major scheduled inspections and repairs and routine maintenance costs for all aircraft and engines are charged to maintenance expense as incurred.

We account for heavy maintenance and major overhaul costs on our owned E-175 fleet under the deferral method whereby the cost of heavy maintenance and major overhaul is deferred and amortized until the earlier of the end of the useful life of the related asset or the next scheduled heavy maintenance event. Amortization of heavy maintenance and major overhaul costs charged to depreciation and amortization expense was \$0.8 million and \$0.8 million for the three months ended December 31, 2023 and December 31, 2022, respectively. As of December 31, 2023 and September 30, 2023, our deferred heavy maintenance balance, net of accumulated amortization, was \$7.2 million and \$8.0 million, respectively.

We account for heavy maintenance and major overhaul costs for all other fleets under the direct expense method whereby costs are expensed to maintenance expense as incurred, except for certain maintenance contracts where labor and materials price risks have been transferred to the service provider and require payment on a utilization basis, such as flight hours. Costs incurred for maintenance and repair for utilization maintenance contracts where labor and materials price risks have been transferred to the service provider are charged to maintenance expense based on contractual payment terms.

Engine overhaul expense totaled \$5.8 million and \$8.7 million for the three months ended December 31, 2023 and December 31, 2022, respectively, of which \$5.7 million and \$8.7 million, respectively, was pass-through expense. Airframe C-check expense totaled \$6.4 million and \$5.1 million for the three months ended December 31, 2023 and December 31, 2022, respectively, of which \$3.8 million and \$4.4 million, respectively, was pass-through expense.

### *Assets Held for Sale*

We classify assets as held for sale when our management approves and commits to a formal plan of sale that is probable of being completed within one year. Assets designated as held for sale are recorded at the lower of their current carrying value or their fair market value, less costs to sell, beginning in the period in which the assets meet the criteria to be classified as held for sale. See Note 5 for further discussion of our assets classified as held for sale as of December 31, 2023.

## **3. Recent Accounting Pronouncements**

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform (Topic 848) ("ASU 2020-04"). This ASU provides optional expedients and exceptions for a limited period of time for accounting for contracts, hedging relationships, and other transactions affected by the London Interbank Offered Rate (LIBOR), or another reference rate expected to be discontinued. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, has determined that the U.S. dollar LIBOR will be replaced by the Secured Overnight Financing Rate (SOFR). Optional expedients can be applied through December 31, 2024. Under the expedient, the Company will account for amendments to agreements as if the modification was not substantial. The new carrying amounts of debts will consist of the carrying amount of the original debt and any additional fees associated with the modified debt instrument. A new effective yield will be established based on the new carrying amount and revised cash flows.

In June 2022, the FASB issued new guidance to clarify the fair value measurement guidance for equity securities subject to contractual restrictions that prohibit the sale of an equity security. Further, the guidance introduces new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value. The standard will be effective for annual reporting periods beginning after December 15, 2023, including interim reporting periods within those fiscal years. We are currently evaluating the impact that the new guidance will have on our consolidated financial statements.



#### 4. Concentrations of Credit Risk

Financial instruments that potentially expose the Company to a concentration of credit risk consist principally of cash and cash equivalents that are primarily held by financial institutions in the United States and accounts receivable. Amounts on deposit with a financial institution may at times exceed federally insured limits. We maintain our cash accounts with high credit quality financial institutions and, accordingly, minimal credit risk exists with respect to the financial institutions.

As of December 31, 2023, we had \$3.1 million in restricted cash. We have an agreement with a financial institution for a letter of credit facility and to issue letters of credit for particular airport authorities, worker's compensation insurance, property and casualty insurance and other business needs as required in certain lease agreements. Pursuant to the terms of this agreement, \$3.1 million of outstanding letters of credit are required to be collateralized by amounts on deposit.

Significant customers are those which represent more than 10% of our total revenue or net accounts receivable balance at each respective balance sheet date. All of our revenue for the three months ended December 31, 2023 and December 31, 2022 was derived from the American and United CPAs, DHL FSA, and from leases of our CRJ-700 aircraft to GoJet. Substantially all of our accounts receivable at December 31, 2023 and September 30, 2023 was derived from these agreements.

American accounted for 0% and approximately 45% of our total revenue for the three months ended December 31, 2023 and December 31, 2022, respectively. United accounted for approximately 96% and 50% of our total revenue for the three months ended December 31, 2023 and December 31, 2022, respectively. The wind-down period of the American CPA ended on April 3, 2023, at which the American CPA was officially terminated. A termination of the United CPA would have a material adverse effect on our business prospects, financial condition, results of operations, and cash flows.

Amounts billed under our agreements are subject to our interpretation of the applicable agreement and are subject to audit by our major partners. Periodically, our major partners dispute amounts billed and pay amounts less than the amount billed. Ultimate collection of the remaining amounts not only depends upon the Company prevailing under the applicable audit, but also upon the financial well-being of the major partner. As such, we review amounts due based on historical collection trends, the financial condition of the major partners, and current external market factors and record a reserve for amounts estimated to be uncollectible in accordance with the applicable guidance for expected credit losses. Our allowance for doubtful accounts was not material as of December 31, 2023 or September 30, 2023. If our ability to collect these receivables and the financial viability of our major partners is materially different than estimated, our estimate of the allowance for credit losses could be materially impacted.

#### 5. Assets Held for Sale

During 2022, our management committed to a formal plan to sell certain of our CRJ-900, CRJ-200, and CRJ-700 aircraft. Accordingly, we determined the aircraft met the criteria to be classified as assets held for sale and have separately presented them in our condensed consolidated balance sheet at the lower of their current carrying value or their fair market value less costs to sell. The fair values are based upon observable and unobservable inputs, including recent purchase offers and market trends and conditions. The assumptions used to determine the fair value of our assets held for sale are subject to inherent uncertainty and could produce a wide range of outcomes which we will continue to monitor in future periods as new information becomes available. Prior to the ultimate sale of the assets, subsequent changes in our estimate of the fair value of our assets held for sale will be recorded as a gain or loss with a corresponding adjustment to the assets' carrying value.

As of September 30, 2023, the Company had 15 CRJ-900 aircraft classified as held for sale with a net book value of \$69.7 million, \$57.7 million was classified as current assets on our condensed consolidated balance sheet and \$12.0 million of which was classified as noncurrent assets on our condensed consolidated balance sheet. During the three months ended December 31, 2023, the Company closed the sale of four CRJ-900 aircraft to American for gross proceeds of \$41.5 million. Net proceeds from the sale of all four aircraft was \$5.7 million after the retirement of the EDC Loan and MHIRJ junior note. Additionally, during the three months ended December 31, 2023, the Company closed the sale of four CRJ-900 aircraft to a third party for gross proceeds of \$12.0 million. Net proceeds from the sale of all four aircraft was \$6.5 million after partial debt reduction on the UST Loan. The sale of these assets reduced the total held for sale balance by \$53.9 million, \$41.9 million of which reduced the balance of current held for sale assets and \$12.0 million of which reduced the balance of noncurrent held for sale assets.

During the three months ended December 31, 2023, eight CRJ-900 aircraft, 11 CRJ-900 airframes (without engines), and 48 GE model CF34-8C engines were designated as held for sale. The Company wrote down the value of the assets with signed purchase agreements to the agreed upon sales price, which approximates fair value, and wrote down the value

of held for sale assets with no signed agreement to a third party appraisal value. The Company reclassified \$111.7 million to held for sale related to these assets, \$71.4 million of which is classified as current assets on our condensed consolidated balance sheet and \$40.3 million of which is classified as noncurrent assets on our condensed consolidated balance sheet. The Company recorded an impairment loss of \$45.5 million on the assets designated as held for sale during the three months ended December 31, 2023, which was slightly offset by a \$5.1 million impairment gain due to fair value adjustments on assets previously designated as held for sale. The total impairment loss related to held for sale assets during the three months ended December 31, 2023 was \$40.4 million.

As of December 31, 2023, the Company has 15 CRJ-900 aircraft, 11 CRJ-900 airframes (without engines), and 48 engines that are classified as assets held for sale with a net book value of \$132.6 million, \$92.3 million of which is classified as current assets on our condensed consolidated balance sheet and \$40.3 million of which is classified as noncurrent assets on our condensed consolidated balance sheet. The following table summarizes the Company's held for sale activity during the three months ended December 31, 2023 (in millions):

	<u>Total</u>	<u>Current Assets</u>	<u>Noncurrent Assets</u>
Held for sale balance as of September 30, 2023	\$ 69.7	\$ 57.7	\$ 12.0
Assets sold	(53.9)	(41.9)	(12.0)
Assets reclassified to held for sale	111.7	71.4	40.3
Impairment gain due to fair value adjustments	5.1	5.1	—
Held for sale balance as of December 31, 2023	<u>\$ 132.6</u>	<u>\$ 92.3</u>	<u>\$ 40.3</u>

## 6. Balance Sheet Information

Certain significant amounts included in the condensed consolidated balance sheets consisted of the following (in thousands):

	<u>December 31,</u> <u>2023</u>	<u>September 30,</u> <u>2023</u>
<b>Expendable parts and supplies, net:</b>		
Expendable parts and supplies	\$ 40,215	\$ 39,630
Less: expendable parts warranty	(7,218)	(6,295)
Less: obsolescence	(4,167)	(4,090)
	<u>\$ 28,830</u>	<u>\$ 29,245</u>
<b>Prepaid expenses and other current assets:</b>		
Prepaid aviation insurance	\$ 1,596	\$ 3,176
Prepaid vendors	896	143
Prepaid other insurance	761	1,205
Lease incentives	143	1,125
Prepaid fuel and other	1,080	1,645
	<u>\$ 4,476</u>	<u>\$ 7,294</u>
<b>Property and equipment, net:</b>		
Aircraft and other flight equipment	\$ 779,436	\$ 1,039,782
Other equipment	9,467	9,421
Total property and equipment	788,903	1,049,203
Less: accumulated depreciation	(254,444)	(351,181)
	<u>\$ 534,459</u>	<u>\$ 698,022</u>
<b>Other assets:</b>		
Investments in equity securities	\$ 23,021	\$ 20,320
Lease incentives	919	954
Contract asset	8,309	8,756
Other	515	516
	<u>\$ 32,764</u>	<u>\$ 30,546</u>
<b>Other accrued expenses:</b>		
Accrued property taxes	\$ 3,052	\$ 5,281
Accrued interest	5,099	3,447
Accrued vacation	6,933	6,763
Accrued lodging	3,165	3,984
Accrued maintenance	1,546	2,117
Accrued simulator costs	242	1,006
Accrued employee benefits	1,681	1,450
Accrued fleet operating expense	1,668	650
Other	4,388	2,303
	<u>\$ 27,774</u>	<u>\$ 27,001</u>
<b>Other noncurrent liabilities:</b>		
Warrant liabilities	\$ 25,225	\$ 25,225
Lease incentive obligations	1,050	1,050
Long-term employee benefits	495	429
Other	1,819	1,818
	<u>\$ 28,589</u>	<u>\$ 28,522</u>

### *Impairment of Long-lived Assets*

The Company monitors for any indicators of impairment of the long-lived fixed assets. When certain conditions or changes in the economic situation exist, the assets may be impaired and the carrying amount of the assets exceed their fair value. The assets are then tested for recoverability of carrying amount. The Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired, the undiscounted net cash flows estimated to be generated by those assets are less than the carrying amount of those assets, and the net book value of the assets exceeds their estimated fair value.

We group assets at the capacity purchase agreement, flight services agreement, and fleet-type level (i.e., the lowest level for which there are identifiable cash flows). If impairment indicators exist with respect to any of the asset groups, we estimate future cash flows based on projections of capacity purchase or flight services agreement, block hours, maintenance events, labor costs and other relevant factors.

During the fiscal year ended September 30, 2023, due to the impacts of the pilot shortage and the pilot wage increase, the Company assessed whether any indicators of impairment existed in any of our long-lived asset groups. The Company concluded that the net book value of our United asset group was fully recoverable and did not record any impairment.

During the three months ended December 31, 2023, eight CRJ-900 aircraft, 11 CRJ-900 airframes (without engines), and 48 GE model CF34-7C engines were reclassified to held for sale and evaluated for impairment. The Company determined that the carrying value of the assets exceeded their estimated fair value and recognized an impairment loss of \$40.4 million during the three months ended December 31, 2023 related to the held for sale aircraft. The Company determined that no other indicators of impairment were present during the quarter and no further steps were determined to be necessary.

The Company's assumptions about future conditions relevant to the assessment of potential impairment of its long-lived assets are subject to uncertainty, and the Company will continue to monitor these conditions in future periods as new information becomes available, and will update its analyses accordingly.

#### *Depreciation Expense on Property and Equipment:*

Depreciation of property and equipment totaled \$13.3 million and \$14.4 million for the three months ended December 31, 2023 and December 31, 2022, respectively.

#### *Other Assets*

In connection with a negotiated forward purchase contract for electrically-powered vertical takeoff and landing aircraft ("eVTOL aircraft") executed in February 2021, we obtained equity warrant assets giving us the right to acquire a number shares of common stock in Archer Aviation, Inc. ("Archer"), which at the time of our initial investment was a private, venture-backed company. As the initial investment in Archer did not have a readily determinable fair value, we accounted for this investment using the measurement alternative under ASC 321, Investments – Equity Securities, and measured the investments at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments from the same issuer. We estimated the initial equity warrant asset value to be \$16.4 million based on publicly available information as of the grant date. In September 2021, the merger between Archer and a special purpose acquisition company ("SPAC") was completed, resulting in a readily determinable fair value of our investments in Archer. Accordingly, gains and losses associated with changes in the fair value of our investments in Archer are reported in earnings, in accordance with ASC 321.

The initial grant date values of the warrants, \$16.4 million, was recognized as a vendor credit liability within other noncurrent liabilities. The liability related to the warrant assets will be settled in the future, as a reduction of the acquisition date value of the eVTOL aircraft contemplated in the related aircraft purchase agreement.

In connection with closing of the merger between Archer and the SPAC described above, in September 2021, we purchased 500,000 Class A common shares in Archer for \$5.0 million and obtained an additional warrant to purchase shares of Archer with a total grant date value of \$5.6 million. The initial value of the warrants was recognized as a vendor credit liability within other noncurrent liabilities, and will be settled in the future, as a reduction of the acquisition date value of the eVTOL aircraft contemplated in the related aircraft purchase agreement. Because these investments have readily determinable fair values, gains and losses resulting from changes in fair value of the investments are reflected in earnings, in accordance with ASC 321. All of our vested warrants have been exercised into shares of Archer common stock.

The fair values of the Company's investments in Archer are Level 1 within the fair value hierarchy as the values are determined using quoted prices for the equity securities. The Company recorded a \$2.5 million unrealized gain on the investment in Archer during the three months ended December 31, 2023. The total value of the investment in Archer is \$13.9 million as of December 31, 2023.

In connection with a negotiated forward purchase contract for fully electric aircraft executed in July 2021, we obtained \$5.0 million of preferred stock in Heart Aerospace Incorporated ("Heart"), a privately held company. Our investment in Heart does not have a readily determinable fair value, so we account for the investment using the measurement alternative under

ASC 321 and measure the investment at initial cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments from the same issuer. We consider a range of factors when adjusting the fair value of these investments, including, but not limited to, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, financing transactions subsequent to the acquisition of the investment, or other features that indicate a change to fair value is warranted. Any changes in fair value from the initial cost of the investment in preferred stock are recognized as increases or decreases on our balance sheet and as net gains or losses on investments in equity securities. The initial investment in preferred stock was measured at cost of \$5.0 million. Subsequent to December 31, 2023, the Company transferred its vested investment in Heart to United and realized a gain on the investment of \$7.2 million.

In connection with a negotiated forward purchase contract for hybrid-electric vertical takeoff and landing ("VTOL") aircraft executed in February 2022, we obtained a warrant giving us the right to acquire a number of shares of common stock in the privately-held manufacturer of the VTOL aircraft. These investments do not have a readily determinable fair value, so we account for them using the measurement alternative under ASC 321 and measure the investments at cost less impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments from the same issuer. We consider a range of factors when adjusting the fair value of these investments, including, but not limited to, the term and nature of the investment, local market conditions, values for comparable securities, current and projected operating performance, financing transactions subsequent to the acquisition of the investment or other features that indicate a discount to fair value is warranted. Any changes in fair value from the grant date value of the warrant assets will be recognized as increases or decreases to the investment on our balance sheet and as net gains or losses on investments in equity securities. We estimated the initial warrant asset value to be \$3.2 million based on prices of similar investments in the same issuer. The grant date value of the warrants, \$3.2 million, was recognized as a vendor credit liability within other noncurrent liabilities. The liability related to the warrant assets will be settled in the future, as a reduction of the acquisition date value of the VTOL aircraft contemplated in the related forward purchase agreement.

On March 12, 2024, the privately-held manufacturer of the VTOL aircraft, XTI Aerospace, Inc ("XTIA"), and its merger subsidiary completed their merger agreement, and began trading as XTIA on the Nasdaq Composite on March 13, 2024, resulting in a readily determinable fair value on our investment in XTIA. The fair values of the Company's investments in XTIA are now Level 1 within the fair value hierarchy as the values are determined using quoted prices for the equity securities.

Total net gain/(loss) on our investments in equity securities totaled \$2.5 million and \$(1.7) million for the three months ended December 31, 2023 and December 31, 2022, respectively, and are reflected in unrealized gain/(loss) on investments, net in our condensed consolidated statements of operations and comprehensive loss. As of December 31, 2023 and September 30, 2023, the aggregate carrying amount of our investments in equity securities was \$23.0 million and \$20.3 million, respectively, and the carrying amount of our investments without readily determinable fair values was \$8.8 million and \$8.8 million, respectively.

## 7. Fair Value Measurements

Fair value is an exit price representing the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. Accounting standards include disclosure requirements relating to the fair values used for certain financial instruments and establish a fair value hierarchy. The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

- Level 1* — Observable inputs such as quoted prices in active markets for identical assets or liabilities;
- Level 2* — Inputs, other than quoted prices in active markets, which are observable either directly or indirectly; and
- Level 3* — Unobservable inputs in which there is little or no market data, requiring an entity to develop its own assumptions.

Other than our assets held for sale and investments in equity securities described in Notes 5 and 6, respectively, we did not measure any of our assets or liabilities at fair value on a recurring or nonrecurring basis as of December 31, 2023 and September 30, 2023.

The carrying values reported in the condensed consolidated balance sheets for cash and cash equivalents, accounts receivable, and accounts payable approximate fair value because of the immediate or short-term maturity of these financial instruments.

Our debt agreements are not traded on an active market. We have determined the estimated fair value of our debt to be Level 3, as certain inputs used to determine the fair value of these agreements are unobservable and, therefore, could be sensitive to changes in inputs. We utilize the discounted cash flow method to estimate the fair value of Level 3 debt.

The carrying value and estimated fair value of our total long-term debt and finance leases, including current maturities, were as follows (in millions):

	December 31, 2023		September 30, 2023	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt and finance leases, including current maturities <sup>(1)</sup>	\$ 481.0	\$ 456.0	\$ 538.3	\$ 493.6

<sup>(1)</sup> Current and prior period long-term debts' carrying and fair values exclude net debt issuance costs.

## 8. Long-Term Debt, Finance Leases, and Other Borrowings

Long-term debt as of December 31, 2023 and September 30, 2023, consisted of the following (in thousands):

	December 31, 2023	September 30, 2023
Senior and subordinated notes payable to secured parties, due in monthly installments, interest based on SOFR plus interest spread at 2.71% through 2027, collateralized by the underlying aircraft	\$ -	\$ 39,018
Notes payable to secured parties, due in semi-annual installments, interest based on SOFR plus interest spread at 4.75% to 6.25% through 2028, collateralized by the underlying aircraft	108,815	108,815
Notes payable to secured parties, due in quarterly installments, interest based on SOFR plus interest at spread 2.20% to 2.32% for senior note & 4.50% for subordinated note through 2028, collateralized by the underlying aircraft	86,194	90,401
Revolving credit facility, quarterly interest based on SOFR plus interest spread at 4.50% through 2028, with incentives for up to \$15 million based on achieving certain performance metrics	45,630	40,630
United Bridge Loan - due in quarterly installments based on SOFR plus interest spread at 4.50% through 2024	10,500	10,500
Other obligations due to financial institution, monthly and/or quarterly interest due from 2022 through 2031, collateralized by the underlying equipment	68,540	67,637
Notes payable to financial institution, due in monthly installments, interest based on SOFR plus interest spread at 3.10% through 2024, collateralized by the underlying equipment	271	1,075
Notes payable to financial institution, due in monthly installments, interest based on fixed interest of 7.50%, through 2024, collateralized by the underlying equipment	38,846	41,098
Notes payable to financial institution, quarterly interest based on SOFR plus interest spread at 3.50% through 2027	122,155	139,100
Gross long-term debt, including current maturities	480,951	538,274
Less unamortized debt issuance costs	(4,383)	(5,083)
Less notes payable warrants	(4,315)	(4,913)
Net long-term debt, including current maturities	472,253	528,278
Less current portion, net of unamortized debt issuance costs	(156,789)	(163,550)
Net long-term debt	\$ 315,464	\$ 364,728

Principal maturities of long-term debt as of December 31, 2023, and for each of the next five years are as follows (in thousands):

Periods Ending December 31,	Total Principal
2024 (remainder of)	\$ 152,275
2025	49,263
2026	172,700
2027	51,313
2028	30,878
Thereafter	24,522
	<u>\$ 480,951</u>

The carrying value of collateralized aircraft and equipment as of December 31, 2023 was approximately \$586.6 million.

#### *Enhanced Equipment Trust Certificate ("EETC")*

In December 2015, an Enhanced Equipment Trust Certificate ("EETC") pass-through trust was created to issue pass-through certificates to obtain financing for new E-175 aircraft. As of December 31, 2023, we had \$108.8 million of equipment notes outstanding issued under the EETC financing included in long-term debt in the condensed consolidated balance sheets. The structure of the EETC financing consists of a pass-through trust created by Mesa to issue pass-through certificates, which represent fractional undivided interests in the pass-through trust and are not obligations of Mesa.

The proceeds of the issuance of the pass-through certificates were used to purchase equipment notes which were issued by Mesa and secured by its aircraft. The payment obligations under the equipment notes are those of Mesa. Proceeds received from the sale of pass-through certificates were initially held by a depository in escrow for the benefit of the certificate holders until Mesa issued equipment notes to the trust, which purchased such notes with a portion of the escrowed funds.

We evaluated whether the pass-through trust formed for the EETC financing is a Variable Interest Entity ("VIE") and required to be consolidated. We have determined we do not have a variable interest in the pass-through trust, and therefore, we have not consolidated the pass-through trust with our financial statements.

#### *United Revolving Credit Facility*

On December 27, 2022, in connection with entering into the Amended and Restated United CPA, (i) United agreed to purchase and assume all of First Citizens' rights and obligations as a lender under the Existing Facility pursuant to an Assignment and Assumption Agreement, (ii) United and CIT Bank agreed to amend the Existing Facility pursuant to an Amendment No. 1, dated December 27, 2022 ("Amendment No. 1"), and an Amendment No. 2, dated January 27, 2023 ("Amendment No. 2"; the Existing Facility as amended by Amendment No. 1 and Amendment No. 2, the "Amended Facility"), and (iii) Wilmington Trust, National Association agreed to assume all of CIT Bank's rights and obligations as Administrative Agent pursuant to an Agency Resignation, Appointment and Assumption Agreement, dated as of January 27, 2023. Amendment No. 1, among other things, extends the Maturity Date from the earlier to occur of November 30, 2028, or the date of the termination of the Amended and Restated United CPA; provides for a revolving loan of \$10.5 million plus fees and expenses, which is due January 31, 2024, subject to certain mandatory prepayment requirements; provides for Revolving Commitments equal to \$30.7 million plus the original principal amount of the \$10.5 million revolving loan; amortization of the obligations outstanding under the existing CIT Agreement commencing quarterly until March 31, 2025; and a covenant capping Restricted Payments (as defined in the Amended Facility) at \$5.0 million per fiscal year, a consolidated interest and rental coverage ratio of 1.00 to 1.00 covenant, and a Liquidity (as defined in the Amended Facility) requirement of not less than \$15.0 million at the close of any business day. Interest assessed under the Amended Facility is 3.50% for Base Rate Loans and 4.50% for Term SOFR Loans (as such terms are defined in the Amended Facility). Amendment No. 2, among other things, amends the definition of Controlled Account (as defined in the Amended Facility). Amounts borrowed under this Amended Facility are secured by a collateral pool consisting of a combination of expendable parts, rotatable parts and engines and a pledge of the Company's stock in certain aviation companies. United funded \$25.5 million as of the closing date of Amendment No. 1, to be used for general corporate purposes.

The United line of credit contains an additional deemed prepayment of \$15 million with potential forgiveness upon the achievement of a certain number of block hours as well as maintaining a CCF of at least 99.3% over any rolling four-month period from April 2023 through December 2025. In order to earn forgiveness on the deemed prepayment, we must also have repaid the bridge loan in full. As of December 31, 2023, we have achieved \$9.75 million in forgiveness. Subsequent

to December 31, 2023, we earned an additional \$0.75 million in forgiveness. As the bridge loan is still outstanding as of December 31, 2023, the forgiveness is not currently recognizable. However, subsequent to December 31, 2023, the Company repaid our bridge loan in full, and the \$10.5 million in forgiveness achieved was recognized as a deemed prepayment. \$4.5 million of the deemed prepayment remains outstanding.

On September 6, 2023, the Company amended the existing United Credit Facility to (i) permit the Company to re-draw approximately \$7.9 million of the Effective Date Bridge Loan (as defined in the United Credit Facility) previously repaid; (ii) increased the amount of Revolving Commitments (as defined in the United Credit Facility) from \$30.7 million to \$50.7 million, in each case, plus the original principal amount of the Effective Date Bridge Loan and subject to the Borrowing Base (as defined in the United Credit Facility); and (iii) amended the calculation of the Borrowing Base. Amounts borrowed under this facility bear interest at 3.50% for Base Rate Loans and 4.50% per annum for Term SOFR Loans. Amounts borrowed under the Amended Credit Facility are secured by a collateral pool consisting of a combination of expendable parts, rotatable parts and engines, a pledge of certain of the Company's bank accounts and a pledge of the Company's stock in certain aviation companies. As of May 23, 2024, the Company has \$2.2 million available to draw on the line of credit.

On January 11, 2024 and January 19, 2024, we entered into Amendment No. 4 to our Second Amended and Restated Credit and Guaranty Agreement, Amendment No. 1 to Stock Pledge Agreement and Limited Waiver of Conditions to Credit Extension ("Amendment No. 4") and Waiver and Amendment No. 5 to our Second Amended and Restated Credit and Guaranty Agreement (collectively, the "January 2024 Credit Agreement Amendments"), respectively. The January 2024 Credit Agreement Amendments provide for the following:

- The repayment in full of the Company's \$10.5 million Effective Date Bridge Loan obligations, and the prepayment (and corresponding reduction) of approximately \$2.1 million in Revolving Loans (as defined therein), with the proceeds from the sale, assignment, or transfer of the Company's vested investment in Heart Aerospace Incorporated.
- As a result of the repayment of the Effective Date Bridge Loan and pay down of the Revolving Loans, the shares of capital stock of Archer Aviation, Inc. held by the Company are being released as collateral for the United credit facility, subject to certain conditions.
- The waiver of certain financial covenant defaults with respect to the fiscal quarters ended June 30, 2023, September 30, 2023, and December 31, 2023 and the waiver of projected financial covenant defaults with respect to the fiscal quarter ending March 31, 2024.
- An increase in the Applicable Margin (as defined in the United credit facility) during a specified period of time for borrowings under the Credit Agreement.
- Loan prepayment requirements in connection with the sale of four specified aircraft engines and the addition of such engines as collateral for the United credit facility for a specified period of time.

On May 8, 2024, we entered into a Waiver Agreement to our Second Amended and Restated Credit and Guaranty Agreement providing for the waiver of a certain projected financial covenant default with respect to the fiscal quarter ending June 30, 2024.

#### *Loan Agreement with the United States Department of the Treasury*

On October 30, 2020, we entered into a loan and guarantee agreement with the U.S. Department of the Treasury (the "U.S. Treasury") for a secured loan facility of up to \$200.0 million that matures in October 2025 ("the Treasury Loan"). During the first quarter of fiscal 2021, we borrowed an aggregate of \$195.0 million. No further borrowings are available under the Treasury Loan.

The Treasury Loan bears interest at a variable rate equal to (a)(i) the SOFR rate divided by (ii) one minus the Eurodollar Reserve Percentage plus (b) 3.50%. Accrued interest on the loans is payable in arrears, or paid-in-kind by increasing the principal balance of the loan by such interest payment, on the first business day following the 14<sup>th</sup> day of each March, June, September, and December.



All principal amounts outstanding under the Treasury Loan are due and payable in a single installment on October 30, 2025. Commencing in June 2022, we initiated the payment of interest in lieu of increasing the principal amount of the loan. Our obligations under the Treasury Loan are secured by certain aircraft, aircraft engines, accounts receivable, ground service equipment, flight simulators, and tooling (collectively, the "Collateral"). The obligations under the Treasury Loan are guaranteed by the Company and Mesa Air Group Inventory Management. The proceeds were used for general corporate purposes and operating expenses, to the extent permitted by the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). Voluntary prepayments of the Treasury Loan may be made, in whole or in part, without premium or penalty, at any time and from time to time. Amounts prepaid may not be reborrowed. Mandatory prepayments of the Treasury Loan are required, without premium or penalty, to the extent necessary to comply with the covenants discussed below, certain dispositions of the Collateral, certain debt issuances secured by liens on the Collateral, and certain insurance payments related to the Collateral. In addition, if a "change of control" (as defined in the Treasury Loan) occurs with respect to Mesa Airlines, we will be required to repay the loans outstanding under the Treasury Loan.

The Treasury Loan requires us, under certain circumstances, including within 10 business days prior to the last business day of March and September of each year beginning March 2021, to appraise the value of the Collateral and recalculate the collateral coverage ratio. If the calculated collateral coverage ratio is less than 1.55 to 1.0, we are required either to provide additional Collateral (which may include cash collateral) to secure the obligations under the Treasury Loan or repay the term loans under the Treasury Loan, in such amounts that the recalculated collateral coverage ratio, after giving effect to any such additional Collateral or repayment, is at least 1.55 to 1.0.

The Treasury Loan contains two (2) financial covenants, a minimum collateral coverage ratio and a minimum liquidity level. The Treasury Loan also contains customary negative and affirmative covenants for credit facilities of this type, including, among others: (a) limitations on dividends and distributions; (b) limitations on the creation of certain liens; (c) restrictions on certain dispositions, investments, and acquisitions; (d) limitations on transactions with affiliates; (e) restrictions on fundamental changes to the business, and (f) restrictions on lobbying activities. Additionally, we are required to comply with the relevant provisions of the CARES Act, including limits on employment level reductions after September 30, 2020, restrictions on dividends and stock buybacks, limitations on executive compensation, and requirements to maintain certain levels of scheduled service.

In connection with the Treasury Loan and as partial compensation to the U.S. Treasury for the provision of financial assistance under the Treasury Loan, we issued to the U.S. Treasury warrants to purchase an aggregate of 4,899,497 shares of our common stock at an exercise price of \$3.98 per share, which was the closing price of the common stock on April 9, 2020. The exercise price and number of shares of common stock issuable under the warrants are subject to adjustment as a result of anti-dilution provisions contained in the warrants for certain stock issuances, dividends, and other corporate actions. The warrants expire on the fifth anniversary of the date of issuance and are exercisable either through net share settlement or net cash settlement, at our option. The fair value of the warrants was estimated using a Black-Scholes option pricing model and recorded in stockholders' equity with an offsetting debt discount to the Treasury Loan in the condensed consolidated balance sheets.

#### *Spare Engine Financing*

In December 2021, we entered into a loan agreement with a financing institution to finance certain purchases of spare engines via a newly formed limited liability company ("LLC"). The loan agreement provides for aggregate borrowings of up to \$54.0 million through November 2022. In December 2021, we borrowed an aggregate of \$35.3 million under the loan agreement, which matures in December 2027. The borrowed amounts are collateralized by the underlying engines and require monthly principal and interest payments until maturity. In December 2022, the agreement was amended for the borrowings under the loan agreement to bear a fixed interest rate of 7.5%. The borrowings are the obligation of the newly formed LLC and are guaranteed by Mesa Airlines, Inc.

The newly formed LLC, which is wholly owned by Mesa, was determined to be a VIE for which we are the primary beneficiary because we have the power to direct the activities of the LLC that most significantly impact the LLC's economic performance and the obligation to absorb losses and right to receive benefits from the LLC in our capacity as sole member of the LLC and guarantor of the borrowings. Therefore, the LLC is consolidated in our financial statements and the borrowings are reflected as long-term debt in our condensed consolidated balance sheets.

The loan agreement contains a loan-to-value ("LTV") financial covenant pursuant to which we are required to prepay certain amounts of the loan if the aggregate outstanding principal balance of the loan exceeds a specified percentage of the appraised value of the engines beginning in the 12<sup>th</sup> full month after closing and each June 1 and December 1 thereafter.

## 9. Loss Per Share

Calculations of net loss per common share were as follows (in thousands):

	Three Months Ended December 31,	
	2023	2022
Net loss	\$ (57,850)	\$ (9,090)
Basic weighted average common shares outstanding	40,940	36,378
Diluted weighted average common shares outstanding	40,940	36,378
Net loss per common share attributable to Mesa Air Group:		
Basic	\$ (1.41)	\$ (0.25)
Diluted	\$ (1.41)	\$ (0.25)

Basic income or loss per common share is computed by dividing net income or loss attributable to Mesa Air Group by the weighted average number of common shares outstanding during the period.

The number of incremental shares from the assumed issuance of shares relating to restricted stock and exercise of warrants is calculated by applying the treasury stock method. Share-based awards and warrants whose impact is anti-dilutive under the treasury stock method are excluded from the diluted net income or loss per share calculation. In loss periods, these incremental shares are excluded from the calculation of diluted loss per share, as the inclusion of unvested restricted stock and warrants would have an anti-dilutive effect.

## 10. Common Stock

As discussed in Note 8, we issued warrants to the U.S. Treasury to purchase shares of our common stock, no par value, at an exercise price of \$3.98 per share. The exercise price and number of shares issuable under the warrants are subject to adjustment as a result of anti-dilution provisions contained in the warrants for certain stock issuances, dividends, and other corporate actions. The warrants expire on the fifth anniversary of the date of issuance and are exercisable either through net share settlement or net cash settlement, at our option. The warrants were accounted for within equity at a grant date fair value determined under the Black-Scholes option pricing model. As of December 31, 2023, 4,899,497 warrants were issued and outstanding.

We have not historically paid dividends on shares of our common stock. Additionally, the Treasury Loan and our aircraft lease facility with RASPRO Trust 2005, a pass-through trust, contain restrictions that limit our ability to or prohibit us from paying dividends to holders of our common stock.

## 11. Income Taxes

Our effective tax rate ("ETR") from continuing operations was -1.5% and 9.3% for the three months ended December 31, 2023 and 2022, respectively. The Company's ETR during the three months ended December 31, 2023 decreased from the prior year tax rate, primarily as a result of certain permanent tax differences, state taxes, and changes in the valuation allowance against federal and state net operating losses.

We continue to maintain a valuation allowance on a portion of our federal and state net operating losses in jurisdictions with shortened carryforward periods or in jurisdictions where our operations have significantly decreased as compared to prior years in which the net operating losses were generated.

As of December 31, 2023, the Company had aggregate federal and state net operating loss carryforwards of approximately \$560.0 million and \$247.0 million, respectively, which expire in 2030-2038 and 2024-2043, respectively. Approximately \$4.5 million of state net operating loss carryforwards are expected to expire in the current fiscal year.

## 12. Share-Based Compensation

### Restricted Stock

We grant restricted stock units ("RSUs") as part of our long-term incentive compensation to employees and non-employee members of the Board of Directors. RSUs generally vest over a period of three to five years for employees and one year for members of the Board of Directors. The restricted common stock underlying RSUs are not deemed issued or outstanding upon grant, and do not carry any voting rights.

The restricted share activity for the three months ended December 31, 2023 is summarized as follows:

	Number of Shares	Weighted- Average Grant Date Fair Value
Restricted shares unvested at September 30, 2023	736,891	\$ 3.35
Granted	—	\$ —
Vested	—	\$ —
Forfeited	(8,000)	\$ 4.72
Restricted shares unvested at December 31, 2023	<u>728,891</u>	<u>\$ 3.33</u>

As of December 31, 2023, there was \$1.3 million of total unrecognized compensation cost related to unvested share-based compensation arrangements, which is expected to be recognized over a weighted-average period of 1.5 years.

Compensation cost for share-based awards is recognized on a straight-line basis over the vesting period. Share-based compensation expense for the three months ended December 31, 2023 and December 31, 2022 was \$0.4 million and \$0.7 million, respectively.

### Shares for Restricted Stock Units Tax Withholding

The amounts remitted for employee withholding taxes during the three months ended December 31, 2023 and December 31, 2022 were zero and \$1.0 thousand, respectively, for which the Company withheld zero and 847 shares of our common stock, respectively, that were underlying the RSUs that vested.

## 13. Employee Stock Purchase Plan

### 2019 ESPP

The Mesa Air Group, Inc. 2019 Employee Stock Purchase Plan ("2019 ESPP") is a nonqualified plan that provides eligible employees of Mesa Air Group, Inc. with an opportunity to purchase Mesa Air Group, Inc. ordinary shares through payroll deductions. Under the 2019 ESPP, eligible employees may elect to contribute 1% to 15% of their eligible compensation during each semi-annual offering period to purchase Mesa Air Group, Inc. ordinary shares at a 10% discount.

A maximum of 500,000 Mesa Air Group, Inc. ordinary shares may be issued under the 2019 ESPP. As of December 31, 2023, eligible employees purchased and we issued an aggregate of 444,590 Mesa Air Group, Inc. ordinary shares under the 2019 ESPP.

## 14. Leases

As of December 31, 2023, we leased 18 aircraft, airport facilities, office space, and other property and equipment under non-cancelable operating and finance leases. The leases generally require us to pay all taxes, maintenance, insurance, and other operating expenses. Operating leased expense is recognized as a rental expense on a straight-line basis over the lease term, net of lessor rebates and other incentives. Finance lease is capitalized and depreciated over the useful life of the asset.

Aggregate rental expense under all aircraft, equipment and facility leases totaled approximately \$8.0 million and \$6.9 million for the three months ended December 31, 2023 and December 31, 2022, respectively.

The components of our lease costs were as follows (in thousands):

	Three Months Ended December 31,	
	2023	2022
Operating lease costs	\$ 1,278	\$ 4,699
Variable and short-term lease costs	1,279	889
Interest expense on finance lease liabilities	1,289	274
Amortization expense of finance lease assets	4,123	1,046
<b>Total lease costs</b>	<b>\$ 7,969</b>	<b>\$ 6,907</b>

As of December 31, 2023, our operating leases have a remaining weighted average lease term of 6.2 years and our operating lease liabilities were measured using a weighted average discount rate of 5.8%.

#### *RASPRO Lease Facility*

Historically, Mesa Airlines, as lessee, entered into the RASPRO Lease Facility, with RASPRO as lessor, for 15 of our CRJ-900 aircraft classified as operating leases. The obligations under the RASPRO Lease Facility are guaranteed by us, and basic rent is paid quarterly on each aircraft. During December 2022, the Company entered into an agreement with RASPRO Trust, reducing the buyout pricing on all 15 aircraft at lease termination by a total of \$25 million. Under the terms of the new agreement, the Company reclassified these leases as finance leases.

## **15. Commitments and Contingencies**

#### *Litigation*

We are subject to certain legal actions which we consider routine to our business activities. As of December 31, 2023, our management believed the ultimate outcomes of other routine legal matters are not likely to have a material adverse effect on our financial position, liquidity or results of operations.

#### *Electric Aircraft Forward Purchase Commitments*

As described in Note 6, in February 2021, we entered into a forward purchase contract with Archer for a number of eVTOL aircraft. The aggregate base commitment for the eVTOL aircraft is \$200.0 million, with an option to purchase additional aircraft. Our obligation to purchase the eVTOL aircraft is subject to the Company and Archer first agreeing in the future to a number of terms and conditions, which may or may not be met.

As described in Note 6, in July 2021, we entered into a forward purchase contract with Heart for a number of fully electric aircraft. The maximum aggregate base commitment for the aircraft is \$1,200.0 million, with an option to purchase additional aircraft. Our obligation to purchase the aircraft is subject to the Company and Heart first agreeing in the future to a number of terms and conditions, which may or may not be met.

#### *Other Commitments*

We have certain contracts for goods and services that require us to pay a penalty, acquire inventory specific to us or purchase contract-specific equipment, as defined by each respective contract, if we terminate the contract without cause prior to its expiration date. Because these obligations are contingent on our termination of the contract without cause prior to its expiration date, no obligation would exist unless such a termination occurs.

## **16. Subsequent Events**

#### *United Agreements*

On January 11, 2024 and January 19, 2024, we entered into the First Amendment to our Third Amended and Restated United CPA and the Second Amendment to our Third Amended and Restated United CPA (the "January 2024 United CPA Amendments"), respectively. The January 2024 United CPA Amendments provide additional liquidity and certain other amendments described below

- o Increased CPA rates, retroactive to October 1, 2023 through December 31, 2024. We generated an additional approximately \$20.4 million in incremental revenue from October 1, 2023 through April 30, 2024,

and are projected to generate an additional \$26.8 million in incremental revenue from May 1, 2024 through December 31, 2024.

- Amended certain notice requirements for removal by United of up to eight CRJ-900 Covered Aircraft (as defined in the United CPA) from the United CPA.
- Extended United's existing utilization waiver for the Company's operation of E-175 and CRJ-900 Covered Aircraft (as defined in the United CPA) to June 30, 2024.

On January 11, 2024 and January 19, 2024, we entered into Amendment No. 4 to our Second Amended and Restated Credit and Guaranty Agreement, Amendment No. 1 to Stock Pledge Agreement and Limited Waiver of Conditions to Credit Extension ("Amendment No. 4") and Waiver and Amendment No. 5 to our Second Amended and Restated Credit and Guaranty Agreement (collectively, the "January 2024 Credit Agreement Amendments"), respectively. The January 2024 Credit Agreement Amendments provide for the following:

- The repayment in full of the Company's \$10.5 million Effective Date Bridge Loan obligations, and the prepayment (and corresponding reduction) of approximately \$2.1 million in Revolving Loans (as defined therein), with the proceeds from the sale, assignment, or transfer of the Company's vested investment in Heart Aerospace Incorporated. Subsequent to December 31, 2023, the Company transferred its vested investment in Heart Aerospace Incorporated to United and realized a gain on the investment of \$7.2 million.
- As a result of the repayment of the Effective Date Bridge Loan and pay down of the Revolving Loans, the shares of capital stock of Archer Aviation, Inc. held by the Company are being released as collateral for the United credit facility, subject to certain conditions. Additionally, as a result of the repayment of the Effective Date Bridge Loan, \$10.5 million of the potential \$15 million deemed prepayment was achieved and recognized as prepaid.
- The waiver of certain financial covenant defaults with respect to the fiscal quarters ended June 30, 2023, September 30, 2023, and December 31, 2023 and the waiver of projected financial covenant defaults with respect to the fiscal quarter ending March 31, 2024.
- An increase in the Applicable Margin (as defined in the United credit facility) during a specified period of time for borrowings under the Credit Agreement.
- Loan prepayment requirements in connection with the sale of four specified aircraft engines and the addition of such engines as collateral for the United credit facility for a specified period of time.

On May 8, 2024, we entered into a Waiver Agreement to our Second Amended and Restated Credit and Guaranty Agreement providing for the waiver of a certain projected financial covenant default with respect to the fiscal quarter ending June 30, 2024.

On February 29, 2024, March 29, 2024, April 1, 2024, and April 19, 2024, and April 30, 2024, we received individual notices from United exercising its right under Section 2.4(a) of the United CPA to remove a total of 10 CRJ-900 Covered Aircraft (as defined in the United CPA), effective as follows: two aircraft - March 31, 2024; two aircraft - April 30, 2024; one aircraft - May 21, 2024; one aircraft - May 31, 2024; two aircraft June 30, 2024; and two aircraft - July 31, 2024.

#### DHL Amendment

In February 2024, we mutually agreed to the consensual wind-down of our flight operations on behalf of DHL and ceased all such operations on March 1, 2024.

#### Engine Purchase Agreement

Subsequent to December 31, 2023, we closed the sale of all 12 engines as part of the engine purchase agreement with a third party for gross proceeds of \$54.2 million and \$15.9 million of net proceeds after the retirement of debt.

#### RASPRO Letter Agreement and Memorandum

On April 15, 2024, the Company entered into a letter agreement with RASPRO to defer the \$50.3 million buyout obligation until May 15, 2024, subject to the payment of additional sums by April 15, 2024 and April 29, 2024 and certain other conditions.

On April 22, 2024, the Company entered into a binding Memorandum that provides for the payment of certain commitment fee amounts by the Company, which are due in May, July, and August, along with certain RASPRO Trust administration fee amounts, in consideration for the deferral of the buyout obligation until September 2024. Certain of the commitment fee amounts and Trust fees otherwise payable will be waived if the Company completes its purchase obligations with respect to all 15 airframes and 30 engines as set forth in the Memorandum. The terms agreed to in the Memorandum will be set forth in a definitive lease amendment to be entered into by the parties.

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis of our financial condition and results of operations should be read together with our condensed consolidated financial statements, the accompanying notes, and the other financial information included elsewhere in this Quarterly Report on Form 10-Q. The following discussion contains forward-looking statements that involve risks and uncertainties such as our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements below. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Quarterly Report on Form 10-Q, particularly in the sections titled "Cautionary Notes Regarding Forward-Looking Statements" above and "Risk Factors" below.*

### **Overview**

Headquartered in Phoenix, Arizona, Mesa Air Group, Inc. ("Mesa", the "Company", "we", "our", or "us") is the holding company of Mesa Airlines, a regional air carrier providing scheduled passenger service to 82 cities in 36 states, the District of Columbia, Canada, Cuba, and Mexico as well as cargo services out of Cincinnati/Northern Kentucky International Airport. Mesa operated or maintained as operational spares a fleet of 84 aircraft with approximately 280 daily departures and 2,246 employees as of December 31, 2023. Mesa's fleet were conducted under the Company's Capacity Purchase Agreement ("CPA") and Flight Services Agreement ("FSA"), leased to a third party, held for sale, or maintained as operational spares. Mesa operates all of its flights as either United Express or DHL Express flights pursuant to the terms of the CPA entered into United and FSA with DHL (each, our "major partner"). All of the Company's consolidated contract revenues for the three months ended December 31, 2023 and December 31, 2022 were derived from operations associated with the CPA, FSA, and leases of aircraft to a third party. Revenues during the period ended December 31, 2022 also included revenues derived from our CPA with American Airlines, Inc. ("American"), which terminated in April 2023.

As of December 31, 2023, our fleet consisted of 112 aircraft which we operated under our CPA and FSA, leased to a third party, held for sale, or maintained as spares, with approximately 280 daily departures. As of December 31, 2023, we operated 54 E-175 and 26 CRJ-900 aircraft under our United CPA. We operated three Boeing 737-400F and one 737-800F aircraft under our DHL FSA. We leased two aircraft under our lease with a third party. As of December 31, 2023, approximately 93% of our aircraft in scheduled service were operated for United, approximately 5% were operated for DHL, and approximately 2% were leased to a third party. All of our operating revenue in our three months ended December 31, 2023 was derived from operations associated with our United CPA, DHL FSA, and from leases of aircraft to a third party.

Our United CPA provides us guaranteed monthly revenue for each aircraft under contract, a fixed fee for each block hour (the number of hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination) and flights actually flown, and reimbursement of certain direct operating expenses in exchange for providing regional flying on behalf of United. Our CPA also shelters us from many of the elements that cause volatility in airline financial performance, including fuel prices, variations in ticket prices, and fluctuations in number of passengers. In providing regional flying under our CPA, we use the logos, service marks, flight crew uniforms and aircraft paint schemes of United. United controls route selection, pricing, seat inventories, marketing and scheduling, and provide us with ground support services, airport landing slots and gate access.

Under our DHL FSA, we receive a fee per block hour with a minimum monthly block hour guarantee in exchange for providing cargo flight services. Ground support including fueling and airport fees are paid directly by DHL.

### **Components of Results of Operations**

The following discussion summarizes the key components of our condensed consolidated statements of operations and comprehensive loss.

#### **Operating Revenues**

Our operating revenues consist primarily of contract revenue as well as pass-through and other revenues.

**Contract Revenue.** Contract revenue consists of the fixed monthly amounts per aircraft received pursuant to our CPAs and FSA with our major partners, along with the additional amounts received based on the number of flights and block hours flown, and rental revenue for aircraft leased to GoJet Airlines L.L.C. Contract revenues we receive from our major partners are paid and recognized over time consistent with the delivery of service under our CPAs and FSA.

*Pass-Through and Other Revenue.* Pass-through and other revenue consists of passenger and hull insurance, aircraft property taxes, landing fees, and other aircraft and traffic servicing costs received pursuant to our agreements with our major partners, as well as certain maintenance costs related to our E-175 aircraft.

## **Operating Expenses**

Our operating expenses consist of the following items:

*Flight Operations.* Flight operations expense includes costs related to salaries, bonuses and benefits earned by our pilots, flight attendants, and dispatch personnel, as well as costs related to technical publications, lodging of our flight crews and pilot training expenses.

*Maintenance.* Maintenance expense includes costs related to engine overhauls, airframe, landing gear and normal recurring maintenance, which includes pass-through maintenance costs related to our E-175 aircraft. Heavy maintenance and major overhaul costs on our owned E-175 fleet are deferred and amortized until the earlier of the end of the useful life of the related asset or the next scheduled heavy maintenance event. All other maintenance costs are expensed as incurred, except for certain maintenance contracts where labor and materials price risks have been transferred to the service provider and require payment on a utilization basis, such as flight hours. Costs incurred for maintenance and repair for utilization maintenance contracts where labor and materials price risks have been transferred to the service provider are charged to maintenance expense based on contractual payment terms. As a result of using the direct expense method for heavy maintenance on the majority of our fleets, the timing of maintenance expense reflected in the financial statements may vary significantly from period to period.

*Aircraft Rent.* Aircraft rent expense includes costs related to leased engines and aircraft.

*General and Administrative.* General and administrative expense includes insurance and taxes, the majority of which are pass-through costs, non-operational administrative employee wages and related expenses, building rents, real property leases, utilities, legal, audit and other administrative expenses.

*Depreciation and Amortization.* Depreciation expense is a periodic non-cash charge primarily related to aircraft, engine, and equipment depreciation. Amortization expense is a periodic non-cash charge related to our customer relationship intangible asset.

*Asset Impairment.* Asset impairment includes charges for impairments of our customer relationship intangible assets and charges for impairments of aircraft designated as held for sale.

*Other Operating Expenses.* Other operating expenses primarily consists of fuel costs for flying we undertake outside of our CPAs and FSA (including aircraft re-positioning and maintenance) as well as costs for aircraft and traffic servicing, such as aircraft cleaning, passenger disruption reimbursements, international navigation fees and wages of airport operations personnel, a portion of which are reimbursable by our major partners. All aircraft fuel and related fueling costs for flying under our CPAs and FSA are directly paid and supplied by our major partners. Accordingly, we do not record an expense or pass-through revenue for fuel supplied by American and United for flying under our CPAs or DHL under our FSA.

## **Other Income (Expense), Net**

*Interest Expense.* Interest expense is interest on our debt incurred to finance purchases of aircraft, engines, and equipment, including amortization of debt financing costs and discounts.

*Interest Income.* Interest income includes interest income on our cash and cash equivalent balances.

*Gain/Loss on Investments, Net.* Gain/loss on investments consists of net gains or losses on our investments in equity securities resulting from changes in the fair value of the equity securities.

*Other Expense.* Other expense includes expense derived from activities not classified in any other area of the condensed consolidated statements of operations and comprehensive loss.



## Segment Reporting

Operating segments are defined as components of an enterprise about which discrete financial information is available that is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing operating performance. In consideration of ASC 280, *Segment Reporting*, we are not organized around specific services or geographic regions. We currently operate in one service line providing scheduled flight services in accordance with our CPAs and FSA.

While we operate under a capacity purchase agreement and a flight services agreement, we do not manage our business based on any performance measure at the individual contract level. Additionally, our CODM uses consolidated financial information to evaluate our performance, which is the same basis on which he communicates our results and performance to our Board of Directors. The CODM bases all significant decisions regarding the allocation of our resources on a consolidated basis. Based on the information described above and in accordance with the applicable literature, management has concluded that we are organized and operated as one operating and reportable segment.

## Results of Operations

### Three Months Ended December 31, 2023 Compared to Three Months Ended December 31, 2022

We had operating loss of \$48.4 million in our three months ended December 31, 2023 compared to operating income of \$2.4 million in our three months ended December 31, 2022. In our three months ended December 31, 2023, we had net loss of \$57.9 million compared to net loss of \$9.1 million in our three months ended December 31, 2022.

Our operating results for the three months ended December 31, 2023 worsened as a result of decreases in contract revenue due to reduced block hours flown and fewer aircraft under contract, partially offset by an increased United block hour compensation rate for our new pilot pay scale. Our operating expenses worsened primarily as a result of impairment charges associated with designating assets as held for sale. The increase in operating expense is partially offset due to (i) decreases in flight operations as a result of decreased pilot training and lower pilot wages; (ii) decreases in aircraft rent expense, due to the new agreement with RASPRO Trust entered into in December 2022 in which 15 of our CRJ-900 aircraft were reclassified from operating leases to finance leases; (iii) decreases in depreciation expense, primarily due to the retirement and sale of several aircraft; and (iv) the gain on extinguishment of debt in connection with the retirement of the EDC Loan and MHIRJ junior note.

## Operating Revenues

	Three Months Ended December 31,		Change	
	2023	2022		
Operating revenues (\$ in thousands):				
Contract	\$ 101,100	\$ 128,450	\$ (27,350)	(21.3)%
Pass-through and other	17,677	18,723	(1,046)	(5.6)%
Total operating revenues	<u>\$ 118,777</u>	<u>\$ 147,173</u>	<u>\$ (28,396)</u>	<u>(19.3)%</u>
Operating data:				
Available seat miles—ASMs (thousands)	1,026,800	1,175,745	(148,945)	(12.7)%
Block hours	46,658	50,940	(4,282)	(8.4)%
Revenue passenger miles—RPMs (thousands)	865,287	1,006,480	(141,193)	(14.0)%
Average stage length (miles)	535	565	(30)	(5.3)%
Contract revenue per available seat mile—CRASM (in cents)	¢ 9.85	¢ 10.92	¢ (1.07)	(9.8)%
Passengers	1,608,170	1,746,376	(138,206)	(7.9)%

"Available seat miles" or "ASMs" means the number of seats available for passengers multiplied by the number of miles the seats are flown.

"Average stage length" means the average number of statute miles flown per flight segment.

"Block hours" means the number of hours during which the aircraft is in revenue service, measured from the time of gate departure before take-off until the time of gate arrival at the destination.

"CRASM" means contract revenue divided by ASMs.

"RPM" means the number of miles traveled by paying passengers.

Total operating revenue decreased by \$28.4 million, or 19.3%, to \$118.8 million for our three months ended December 31, 2023 as compared to our three months ended December 31, 2022. Contract revenue decreased by \$27.4 million, or 21.3%, to \$101.1 million primarily driven by reduced block hours flown and fewer aircraft under contract compared to the three months ended December 31, 2022. Our block hours flown during our three months ended December 31, 2023, decreased 8.4% compared to the three months ended December 31, 2022 due to a decrease in scheduled flying for United across the E-175 and CRJ fleet. Our pass-through and other revenue decreased by \$1.0 million, or 5.6%, to \$17.7 million compared to our three months ended December 31, 2022 due to a decrease in pass-through maintenance related to our E-175 fleet.

## Operating Expenses

	Three Months Ended December 31,		Change	
	2023	2022		
Operating expenses (\$ in thousands):				
Flight operations	\$ 51,818	\$ 58,320	\$ (6,502)	(11.1)%
Maintenance	48,627	48,287	340	0.7%
Aircraft rent	1,204	4,083	(2,879)	(70.5)%
General and administrative	12,009	13,988	(1,979)	(14.1)%
Depreciation and amortization	13,293	15,203	(1,910)	(12.6)%
Asset impairment	40,384	3,719	36,665	986%
Loss on sale of assets	386	—	386	100.0%
(Gain) on extinguishment of debt	(2,954)	—	(2,954)	100.0%
Other operating expenses	2,458	1,126	1,332	118.3%
<b>Total operating expenses</b>	<b>\$ 167,225</b>	<b>\$ 144,726</b>	<b>\$ 22,499</b>	<b>15.5%</b>
Operating data:				
Available seat miles—ASMs (thousands)	1,026,800	1,175,745	(148,945)	(12.7)%
Block hours	46,658	50,940	(4,282)	(8.4)%
Average stage length (miles)	535	565	(30)	(5.3)%
Departures	26,254	27,776	(1,522)	(5.5)%

**Flight Operations.** Flight operations expense decreased \$6.5 million, or 11.1%, to \$51.8 million for our three months ended December 31, 2023 compared to our three months ended December 31, 2022. The decrease was primarily driven by decreased pilot training and lower pilot wages.

**Maintenance.** Aircraft maintenance expense increased \$0.3 million, or 0.7%, to \$48.6 million for our three months ended December 31, 2023 compared to our three months ended December 31, 2022. This increase was primarily driven by an increase in C-check maintenance expenses, partially offset by engine overhaul. Total pass-through maintenance expenses reimbursed by our major partners decreased by \$1.2 million during our three months ended December 31, 2023 compared to our three months ended December 31, 2022.

The following table presents information regarding our maintenance costs during the three months ended December 31, 2023 and December 31, 2022 (in thousands):

	Three Months Ended December 31,		Change	
	2023	2022		
Engine overhaul	\$ 54	\$ 45	\$ 9	20.0%
Pass-through engine overhaul	5,707	8,665	(2,958)	(34.1)%
C-check	2,620	669	1,951	291.6%
Pass-through C-check	3,804	4,381	(577)	(13.2)%
Component contracts	5,611	5,348	263	4.9%
Rotable and expendable parts	4,114	5,383	(1,269)	(23.6)%
Other pass-through	5,439	3,091	2,348	(76.0)%
Labor and other	21,278	20,705	573	2.8%
<b>Total</b>	<b>\$ 48,627</b>	<b>\$ 48,287</b>	<b>\$ 340</b>	<b>0.7%</b>

**Aircraft Rent.** Aircraft rent expense decreased \$2.9 million, or 70.5%, to \$1.2 million for our three months ended December 31, 2023 compared to our three months ended December 31, 2022. The decrease is primarily due to our

December 2022 agreement with RASPRO Trust pursuant to which 15 of our CRJ-900 aircraft were reclassified from operating leases to finance leases.

*General and Administrative.* General and administrative expense decreased 2.0 million, or 14.1%, to \$12.0 million for our three months ended December 31, 2023 compared to our three months ended December 31, 2022. The decrease is primarily driven by decreases in pass-through property taxes and legal fees.

*Depreciation and Amortization.* Depreciation and amortization expense decreased by \$1.9 million, or 12.6%, to \$13.3 million for our three months ended December 31, 2023 compared to our three months ended December 31, 2022 due to aircraft in our fleet being classified as non-depreciable assets held for sale.

*Asset Impairment.* Asset impairment of \$40.4 million was recorded for our three months ended December 31, 2023 related to eight CRJ-900 aircraft, 11 CRJ-900 airframes (without engines) and 48 GE model CF34-8C engines being designated as held for sale. There was \$3.7 million of asset impairment recorded for the three months ended December 31, 2022, related to the write-off of our customer relationship intangible asset.

*Loss on sale of assets.* A loss on the sale of assets of \$0.4 million was recorded for our three months ended December 31, 2023 related to the sale of four CRJ-900 aircraft to American. There was no loss on sale of assets recorded for the three months ended December 31, 2022.

*Gain on extinguishment of debt.* A gain on the extinguishment of debt of \$3.0 million was recorded for our three months ended December 31, 2023 related to the retirement of our EDC Loan and MHIRJ junior note. There was no gain on extinguishment of debt recorded for the three months ended December 31, 2022.

*Other Operating Expenses.* Other operating expenses increased \$1.3 million, or 118.3%, to \$2.5 million for our three months ended December 31, 2023 compared to our three months ended December 31, 2022. The increase is primarily attributable to aircraft servicing expense during the three months ended December 31, 2023.

#### **Other Expense**

Other expense decreased \$3.9 million, or 31.5%, to \$8.5 million for our three months ended December 31, 2023, compared to our three months ended December 31, 2022. The decrease is primarily attributable to unrealized gains on investments in equity securities of \$2.5 million for our three months ended December 31, 2023 compared to a \$1.7 million unrealized loss on investments in equity securities for our three months ended December 31, 2022.

#### **Income Taxes**

The income tax benefit totaled \$(0.9) million for the three months ended December 31, 2023 compared to a tax benefit of \$0.9 million for the three months ended December 31, 2022. The effective tax rate ("ETR") from continuing operations was -1.5% for the three months ended December 31, 2023 compared to 9.3% for the three months ended December 31, 2022. Our ETR during the three months ended December 31, 2023 decreased from the three months ended December 31, 2022 due to permanent tax differences, state taxes, and changes in the valuation allowance against state net operating losses.

We continue to maintain a valuation allowance on a portion of our federal and state net operating losses in jurisdictions with shortened carryforward periods or in jurisdictions where our operations have significantly decreased as compared to prior years in which the net operating losses were generated.

#### **Cautionary Statement Regarding Non-GAAP Measures**

We present Adjusted EBITDA and Adjusted EBITDAR, which are not recognized financial measures under GAAP, in this Quarterly Report on Form 10-Q as supplemental disclosures because our senior management believes that they are well-recognized valuation metrics in the airline industry that are frequently used by companies, investors, securities analysts and other interested parties in comparing companies in our industry.

*Adjusted EBITDA.* We define Adjusted EBITDA as net income or loss before interest, income taxes, and depreciation and amortization, adjusted for gains and losses on investments, lease termination costs, impairment charges, and gains or losses on extinguishment of debt including write-off of associated financing fees.

**Adjusted EBITDAR.** We define Adjusted EBITDAR as net income or loss before interest, income taxes, depreciation and amortization, and aircraft rent, adjusted for gains and losses on investments, lease termination costs, impairment charges, and gains or losses on extinguishment of debt including write-off of associated financing fees.

Adjusted EBITDA and Adjusted EBITDAR have limitations as analytical tools. Some of the limitations applicable to these measures include: (i) Adjusted EBITDA and Adjusted EBITDAR do not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; (ii) Adjusted EBITDA and Adjusted EBITDAR do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (iii) Adjusted EBITDA and Adjusted EBITDAR do not reflect changes in, or cash requirements for, our working capital needs; (iv) Adjusted EBITDA and Adjusted EBITDAR do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts; (v) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future; (vi) Adjusted EBITDA and Adjusted EBITDAR do not reflect gains and losses on investments, which are non-cash gains and losses but will occur in periods when there are changes in the value of our investments in equity securities; and (vii) Adjusted EBITDA and Adjusted EBITDAR do not reflect any cash requirements for such replacements and other companies in our industry may calculate Adjusted EBITDA and Adjusted EBITDAR differently than we do, limiting its usefulness as a comparative measure. Because of these limitations, Adjusted EBITDA and Adjusted EBITDAR should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. In addition, Adjusted EBITDAR should not be viewed as a measure of overall performance because it excludes aircraft rent, which is a normal, recurring cash operating expense that is necessary to operate our business. For the foregoing reasons, each of Adjusted EBITDA and Adjusted EBITDAR has significant limitations which affect its use as an indicator of our profitability. Accordingly, you are cautioned not to place undue reliance on this information.

## Adjusted EBITDA and Adjusted EBITDAR

The following table presents a reconciliation of net loss to Adjusted EBITDA and Adjusted EBITDAR (in thousands):

	Three Months Ended December 31,	
	2023	2022
<b>Reconciliation:</b>		
Net loss	\$ (57,850)	\$ (9,090)
Income tax benefit	864	(930)
Loss before taxes	(56,986)	(10,020)
Unrealized (gain)/loss on investments, net	(2,451)	1,679
Adjustments <sup>(1)(2)(3)(4)(5)(6)(7)</sup>	40,091	3,719
Adjusted loss before taxes	(19,346)	(4,622)
Interest expense	11,160	11,276
Interest income	(14)	(71)
Depreciation and amortization	13,293	15,203
Adjusted EBITDA	<u>\$ 5,093</u>	<u>\$ 21,786</u>
Aircraft rent	1,204	4,083
Adjusted EBITDAR	<u>\$ 6,297</u>	<u>\$ 25,869</u>

<sup>(1)</sup> \$3.7 million impairment loss on intangible asset during the three months ended December 31, 2022.

<sup>(2)</sup> \$45.5 million impairment loss on held for sale accounting treatment on 19 airframes and 64 engines during the three months ended December 31, 2023.

<sup>(3)</sup> \$5.1 million impairment true-up adjustment gain on held for sale accounting treatment on 15 CRJ 900 aircraft during the three months ended December 31, 2023.

<sup>(4)</sup> \$3.0 million gain on extinguishment of debt during the three months ended December 31, 2023.

<sup>(5)</sup> \$2.0 million in non recurring third party costs associated with the marketing and sale of assets and the gain on extinguishment of debt during the three months ended December 31, 2023.

<sup>(6)</sup> \$0.3 million loss on deferred financing costs related to retirement of debts during the three months ended December 31, 2023.

<sup>(7)</sup> \$0.4 million loss on the sale of four aircraft during the three months ended December 31, 2023.

## Liquidity and Capital Resources

### Impact of Pilot Shortage and Transition of Operations to United

During our three months ended December 31, 2023 and fiscal year ended September 30, 2023, the severity of the pilot shortage, elevated pilot attrition, the transition of our operations with American to United, and increasing costs associated with pilot wages adversely impacted our financial results, cash flows, financial position, and other key financial ratios. One of the primary factors contributing to the pilot shortage and attrition is the demand for pilots at major carriers,

which are hiring at an accelerated rate. These airlines now seek to increase their capacity to meet the growing demand for air travel as the global pandemic has moderated. A primary source of pilots for the major U.S. passenger and cargo carriers are the U.S. regional airlines.

As a result of pilot shortage and attrition, we produced less block hours to generate revenues. During the three months ended December 31, 2023, these challenges resulted in a negative impact on the Company's financial results highlighted by cash flows used in operations of \$7.8 million and net loss of \$57.9 million including a non-cash impairment charge of \$40.4 million related to the Company designating eight CRJ-900 aircraft, 11 CRJ-900 airframes (without engines), and 48 spare engines as held for sale. These conditions and events raised financial concerns about our ability to continue to fund our operations and meet our debt obligations over the next twelve months.

To address such concerns, management developed and implemented several material changes to our business designed to ensure the Company could continue to fund its operations and meet its debt obligations over the next twelve months. The Company implemented the following measures during the three months ended December 31, 2023.

- We have 15 aircraft under the RASPRO finance lease with a buyout obligation of \$50.3 million at the end of March 2024. We entered into purchase agreements with two separate parties to purchase the RASPRO aircraft and related engines. One agreement is for 30 engines for a total of \$19.5 million. The second agreement is for 15 airframes (without engines) for a total of \$18.8 million. Both of these transactions are expected to be completed by the end of March 2024, with net cash from these transactions expected to be approximately \$(12.1) million. Subsequent to December 31, 2023, the Company entered into a binding Memorandum with RASPRO to defer the \$50.3 million buyout obligation until September 2024, subject to the payment of certain commitment fee amounts which are due in May, July, and August, along with certain RASPRO Trust administration fee amounts.
- The Company closed the sale of the remaining four aircraft during the three months ended December 31, 2023 as part of an agreement entered into with a third party for the sale of 11 CRJ-900 aircraft. We previously reported on the sale of seven of the aircraft in our 2023 Form 10-K. Gross proceeds from the sale of the remaining four aircraft was \$12.0 million. Net proceeds from the sale of all four aircraft was \$6.5 million after partial debt reduction of our UST Loan.
- The Company closed the sale of the remaining four aircraft during the three months ended December 31, 2023 as part of an agreement entered into with American for the sale of seven CRJ-900 aircraft. Gross proceeds from the sale of the remaining four aircraft was \$41.5 million. Net proceeds from the sale of all four aircraft was \$5.7 million after the retirement of our EDC Loan and MHIRJ junior note. MHIRJ had previously agreed to forgive approximately \$5.0 million in principal contingent upon the repayment of \$4.2 million in principal by December 31, 2023. \$0.6 million in proceeds from the sale of each aircraft was repaid to MHIRJ for a total of \$4.2 million, and we achieved approximately \$5.0 million of forgiveness on the MHIRJ junior note.
- On January 11, 2024 and January 19, 2024, we entered into the First Amendment to our Third Amended and Restated United CPA and the Second Amendment to our Third Amended and Restated United CPA (the "January 2024 United CPA Amendments"), respectively. The January 2024 United CPA Amendments provide additional liquidity and certain other amendments described below:
  - Increased CPA rates, retroactive to October 1, 2023 through December 31, 2024. We generated an additional approximately \$20.4 million in incremental revenue from October 1, 2023 through April 30, 2024, and are projected to generate an additional \$26.8 million in incremental revenue from May 1, 2024 through December 31, 2024. We received additional payments of \$8.8 million in January related to the block hour rate increase from October 1, 2023 through December 31, 2023, and \$21.3 million in additional payments related to the block hour rate increase from October 1, 2023 through April 30, 2024.
  - Amended certain notice requirements for removal by United of up to eight CRJ-900 Covered Aircraft (as defined in the United CPA) from the United CPA.
  - Extended United's existing utilization waiver for the Company's operation of E-175 and CRJ-900 Covered Aircraft (as defined in the United CPA) to June 30, 2024.
- On January 11, 2024 and January 19, 2024, we entered into Amendment No. 4 to our Second Amended and Restated Credit and Guaranty Agreement, Amendment No. 1 to Stock Pledge Agreement and Limited Waiver of Conditions to Credit Extension and Waiver and Amendment No. 5 to our Second Amended and Restated Credit and Guaranty Agreement (collectively, the "January 2024 Credit Agreement Amendments"), respectively. The January 2024 Credit Agreement Amendments provide for the following:

- o The repayment in full of the Company's \$10.5 million Effective Date Bridge Loan obligations, and the prepayment (and corresponding reduction) of approximately \$2.1 million in Revolving Loans (as defined therein), with the proceeds from the sale, assignment, or transfer of the Company's vested investment in Heart Aerospace Incorporated. Subsequent to December 31, 2023, the Company transferred its vested investment in Heart Aerospace Incorporated to United and realized a gain on the investment of \$7.2 million.
- o As a result of the repayment of the Effective Date Bridge Loan and pay down of the Revolving Loans, the shares of capital stock of Archer Aviation, Inc. held by the Company were released as collateral for the United credit facility, as provided in Amendment No. 4.
- o The waiver of certain financial covenant defaults with respect to the fiscal quarters ended June 30, 2023, September 30, 2023, and December 31, 2023 and the waiver of projected financial covenant defaults with respect to the fiscal quarter ending March 31, 2024.
- o An increase in the Applicable Margin (as defined in the United credit facility) during a specified period of time for borrowings under the Credit Agreement.
- o Loan prepayment requirements in connection with the sale of four specified aircraft engines and the addition of such engines as collateral for the United credit facility for a specified period of time.
- On May 8, 2024, we entered into a Waiver Agreement to our Second Amended and Restated Credit and Guaranty Agreement providing for the waiver of a certain projected financial covenant default with respect to the fiscal quarter ending June 30, 2024.
- On December 1, 2023, we entered into an agreement with a third party to sell 12 surplus GE model CF34-8C aircraft engines and related parts. Subsequent to December 31, 2023, we closed the sale of all 12 engines for gross proceeds of \$54.2 million and \$15.9 million of net proceeds after the retirement of debt.
- We entered into a purchase agreement with a third party which provides for the sale of 23 spare engines for gross proceeds of \$11.5 million which will be used to pay down our UST Loan. The transaction is expected to close by the end of December 2024.
- In addition to already executed agreements to sell aircraft, the Company is actively seeking arrangements to sell other surplus assets primarily related to the CRJ fleet including aircraft, engines, and spare parts to reduce debt and optimize operations.
- We have delayed and/or deferred major spending on aircraft and engine maintenance to match the current and projected level of flight activity.

The Company believes the plans and initiatives outlined above have effectively alleviated the financial concerns and will allow the Company to meet its cash obligations for the next twelve months following the issuance of its financial statements. On April 22, 2024, the Company entered into a binding Memorandum that provides for the payment of certain commitment fee amounts by the Company, which are due in May, July, and August, along with certain RASPRO Trust administration fee amounts, in consideration for the deferral of the buyout obligation until September 2024. Certain of the commitment fee amounts and Trust fees otherwise payable will be waived if the Company completes its purchase obligations with respect to all 15 airframes and 30 engines as set forth in the Memorandum. The terms agreed to in the Memorandum will be set forth in a definitive lease amendment to be entered into by the parties.

The forecast of undiscounted cash flows prepared to determine if the Company has the ability to meet its cash obligations over the next twelve months was prepared with significant judgment and estimates of future cash flows based on projections of CPA and FSA block hours, maintenance events, labor costs, and other relevant factors. Assumptions used in the forecast may change or not occur as expected.

As of December 31, 2023, the Company has \$156.8 million of principal maturity payments on long-term debt due within the next twelve months. We plan to meet these obligations with our cash on hand, ongoing cashflows from our operations, as well as the liquidity created from the additional measures identified above. If our plans are not realized, we intend to explore additional opportunities to create liquidity by refinancing and deferring repayment of our principal maturity payments that are due within the next twelve months. The Company continues to monitor covenant compliance with its lenders as any noncompliance could have a material impact on the Company's financial position, cash flows and results of operations.

### *Sources and Uses of Cash*

We require cash to fund our operating expenses and working capital requirements, including outlays for capital expenditures, aircraft pre-delivery payments, maintenance, aircraft rent, and debt service obligations, including principal and interest payments. Our cash needs vary from period to period primarily based on the timing and costs of significant maintenance events. Our principal sources of liquidity are cash on hand, cash generated from operations and funds from external borrowings.

We believe that the key factors that could affect our internal and external sources of cash include:

- Factors that affect our results of operations and cash flows, including the impact on our business and operations as a result of changes in demand for our services, competitive pricing pressures, and our ability to achieve further reductions in operating expenses; and
- Factors that affect our access to bank financing and the debt and equity capital markets that could impair our ability to obtain needed financing on acceptable terms or to respond to business opportunities and developments as they arise, including interest rate fluctuations, macroeconomic conditions, sudden reductions in the general availability of lending from banks or the related increase in cost to obtain bank financing, and our ability to maintain compliance with covenants under our debt agreements in effect from time to time.

Our ability to service our long-term debt obligations, including our equipment notes, to remain in compliance with the various covenants contained in our debt agreements and to fund our working capital requirements, capital expenditures and business development efforts will depend on our ability to generate cash from operating activities, which is subject to, among other things, our future operating performance, as well as other factors, some of which may be beyond our control.

If we fail to generate sufficient cash from operations, we may need to raise additional equity or borrow additional funds to achieve our longer-term objectives. There can be no assurance that such equity or borrowings will be available or, if available, will be at rates or prices acceptable to us.

During the ordinary course of business, we evaluate our cash requirements and, if necessary, adjust operating and capital expenditures to reflect the current market conditions and our projected demand. Our capital expenditures are primarily directed toward our aircraft fleet and flight equipment including spare engines. Our capital expenditures, net of purchases of rotatable spare parts and aircraft and spare engine financing for the three months ended December 31, 2023 were approximately 4.3% of our revenue during the same period. We expect to incur capital expenditures to support our business activities. Future capital expenditures may be impacted by events and transactions that are not currently forecasted.

As of December 31, 2023, our principal sources of cash have been cash and cash equivalents of \$16.1 million, restricted cash of \$3.1 million as of December 31, 2023, and \$132.6 million in assets held for sale as of December 31, 2023. As of December 31, 2023, we had \$412.4 million in secured indebtedness incurred primarily in connection with our financing of aircraft and related equipment. As of December 31, 2023, we had \$97.9 million of current debt, excluding finance leases, and \$305.8 million of long-term debt excluding finance leases.

### ***Restricted Cash***

As of December 31, 2023, we had \$3.1 million in restricted cash. We have an agreement with a financial institution for a letter of credit facility and to issue letters of credit for particular airport authorities, worker's compensation insurance, property and casualty insurance and other business needs as required in certain lease agreements. Pursuant to the term of this agreement, \$3.1 million of outstanding letters of credit are required to be collateralized by amounts on deposit.

## Cash Flows

The following table presents information regarding our cash flows for each of the three months ended December 31, 2023 and December 31, 2022 (in thousands):

	Three Months Ended December 31,	
	2023	2022
Net cash used in operating activities	\$ (7,841)	\$ (6,034)
Net cash provided by (used in) investing activities	46,605	(16,609)
Net cash (used in) provided by financing activities	(55,634)	21,038
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(16,870)</b>	<b>(1,605)</b>
Cash, cash equivalents and restricted cash at beginning of period	36,072	61,025
Cash, cash equivalents and restricted cash at end of period	<u>\$ 19,202</u>	<u>\$ 59,420</u>

### Net Cash Used in Operating Activities

Our primary source of cash from operating activities is cash collections from our major partners pursuant to our CPA and FSA. Our primary uses of cash from operating activities are for maintenance costs, personnel costs, operating lease payments, and interest payments.

During our three months ended December 31, 2023, we had cash flow used in operating activities of \$7.8 million. We had net loss of \$57.9 million adjusted for the following significant non-cash items: depreciation and amortization of \$13.3 million, stock-based compensation of \$0.4 million, deferred income taxes of \$0.4 million, net gains on investments in equity securities of \$(2.5) million, amortization of deferred credits of \$(0.2) million, amortization of debt discount and financing costs and accretion of interest of \$2.3 million, asset impairment of \$40.4 million, loss on sale of assets of \$0.4 million, gain on extinguishment of debt of \$(3.0) million, and \$0.9 million in miscellaneous operating cash flow items. We had a net change of \$(2.6) million within other net operating assets and liabilities largely driven by decreases in accounts payable, deferred revenue, and accrued expenses and other liabilities which were offset primarily by decreases in receivables and prepaid expenses in accrued expenses and other liabilities.

During our three months ended December 31, 2022, we had cash flow used in operating activities of \$6.0 million. We had net loss of \$9.1 million adjusted for the following significant non-cash items: depreciation and amortization of \$15.2 million, stock-based compensation of \$0.7 million, net losses on investments in equity securities of \$1.7 million, deferred income taxes of \$(1.0) million, amortization of deferred credits of \$(0.2) million, amortization of debt discount and financing costs and accretion of interest of \$1.4 million, and asset impairment of \$3.7 million. We had a net change of \$(18.4) million within other net operating assets and liabilities largely driven by decreases in accounts payable and receivables, which were offset primarily by an increase in accrued expenses and other liabilities.

### Net Cash Provided by (Used in) Investing Activities

Our investing activities generally consist of capital expenditures for aircraft and related flight equipment, deposits paid or returned for equipment and other purchases, and strategic investments.

During our three months ended December 31, 2023, net cash flow provided by investing activities totaled \$46.6 million. Proceeds from the sale of aircraft and engines totaled \$53.5 million and we invested \$6.9 million in capital expenditures, primarily consisting of rotatable parts and costs associated with transferring our CRJ-900 aircraft to United operations.

During our three months ended December 31, 2022, net cash flow used in investing activities totaled \$16.6 million. We invested \$16.7 million in capital expenditures primarily consisting of spare engines, rotatable parts, and other equipment, and \$0.1 million in refunds of equipment and other deposits.

### Net Cash (Used in) Provided by Financing Activities

Our financing activities generally consist of debt borrowings, principal repayments of debt, payment of debt financing costs, payment of tax withholding for RSUs, and proceeds received from issuing common stock under our ESPP.

During our three months ended December 31, 2023, net cash flow used in financing activities was \$55.6 million. We received \$81.9 million of proceeds from long-term debt and made \$137.5 million of principal repayments on long-term debt.



During our three months ended December 31, 2022, net cash flow provided by financing activities was \$21.0 million. We received \$39.0 million of proceeds from long-term debt and made \$17.5 million of principal repayments on long-term debt and paid \$0.4 million of costs related to debt financing.

### **Critical Accounting Estimates**

We prepare our condensed consolidated financial statements in accordance with GAAP. In doing so, we must make estimates and assumptions that affect our reported amounts of assets, liabilities, revenue and expenses, as well as related disclosure of contingent assets and liabilities. To the extent that there are material differences between these estimates and actual results, our financial condition or results of operations would be affected. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis. We refer to accounting estimates of this type as critical accounting estimates.

The accompanying discussion and analysis of our financial condition and results of operations is based upon our unaudited condensed consolidated interim financial statements included elsewhere in this Form 10-Q. We believe certain of our accounting estimates and policies are critical to understanding our financial position and results of operations. There have been no material changes to the critical accounting estimates as explained in Part 1, Item 7 of our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 under the heading "Critical Accounting Estimates."

### **Recently Issued Accounting Pronouncements**

A description of recently issued accounting pronouncements that may potentially impact our financial position and results of operations is disclosed in Note 3: "Recent Accounting Pronouncements" to our unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We are subject to market risks in the ordinary course of our business. These risks include interest rate risk and, on a limited basis, commodity price risk with respect to foreign exchange transactions. The adverse effects of changes in these markets could pose a potential loss as discussed below. The sensitivity analysis provided does not consider the effects that such adverse changes may have on overall economic activity, nor does it consider additional actions we may take to mitigate our exposure to such changes. Actual results may differ.

*Interest Rate Risk.* We are subject to market risk associated with changing interest rates on our variable rate long-term debt; the variable interest rates are based on SOFR. The interest rates applicable to variable rate notes may rise and increase the amount of interest expense on our variable rate long-term debt. We do not purchase or hold any derivative instruments to protect against the effects of changes in interest rates.

As of December 31, 2023, we had \$255.6 million of variable-rate debt, including current maturities. A hypothetical 100 basis point change in market interest rates would have affected interest expense by approximately \$1.9 million in the three months ended December 31, 2023.

As of December 31, 2023, we had \$225.3 million of fixed-rate debt, including current maturities. A hypothetical 100 basis point change in market interest rates would not impact interest expense or have a material effect on the fair value of our fixed-rate debt instruments as of December 31, 2023.

On July 27, 2017, the U.K. Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. In December 2020, the administrator of LIBOR proposed to cease publication of certain LIBOR settings after December 2021 and to cease publication of the remainder of the LIBOR settings after June 2023. The majority of our debt arrangements are indexed to one- and three-month LIBOR, which will be sunset on June 30, 2023. The U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, has determined that the U.S. dollar LIBOR will be replaced by SOFR after June 30, 2023. We have the option to apply expedients to agreements under LIBOR that are being replaced by another index including SOFR. Under the expedient, we will account for amendments to agreements as if the modification was not substantial. The new carrying amounts of debts will consist of the carrying amount of the original debt and any additional fees associated with the modified debt instrument. A new effective yield will be established based on the new carrying amount and revised cash flows.

Our debts based on LIBOR have been modified to use SOFR as a reference rate which went into effect between July 31, 2023 and December 31, 2023. As of December 31, 2023, we had \$367.3 million of borrowings based on SOFR.

*Foreign Currency Risk.* We have *de minimis* foreign currency risks related to our station operating expenses denominated in currencies other than the U.S. dollar, primarily the Canadian dollar. Our revenue is U.S. dollar denominated. To date, foreign currency transaction gains and losses have not been material to our financial statements, and we have not had a formal hedging program with respect to foreign currency. A 10% increase or decrease in current exchange rates would not have a material effect on our financial results.

*Fuel Price Risk.* Unlike other airlines, our agreements largely shelter us from volatility related to fuel prices, which are directly paid and supplied by our major partners.

#### **Item 4. Controls and Procedures**

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

Our management is responsible for establishing and maintaining adequate internal controls over financial reporting and has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of December 31, 2023. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with general accepted accounting principles. Under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were not effective as of December 31, 2023.

##### *Update on Remediation of Previously Reported Material Weaknesses*

Management identified two material weaknesses in internal controls in the areas of (i) information technology general controls ("ITGCs"); and (ii) debt covenant compliance for the period ended September 30, 2023. Management is taking steps to successfully remediate these material weaknesses by implementing remediation efforts described below:

Management is committed to the remediation of the material weaknesses described above, as well as the continued improvement of our internal control over financial reporting. Our efforts resulting in successful remediation include:

1. Implementing additional IT monitoring controls and strengthening our process documentation over the access management program change management domains of ITGCs
2. Additional review procedures involving our debt covenant calculation controls and disclosure controls

Notwithstanding the assessment that our internal controls over financial reporting are not effective and that material weaknesses exist, we believe we have employed supplementary procedures to ensure the financial statements contained in this report fairly present in all material respects, our financial position as of December 31, 2023 and September 30, 2023, and the results of operations and cash flows for the period ended December 31, 2023 and December 31, 2022.

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

Management determined that there was a material weakness related to the omission of a disclosure of an impairment charge associated with newly classified held for sale assets as further described below. There were no other changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the three months ended December 31, 2023.

**Inherent Limitations on Effectiveness of Controls**

The effectiveness of any system of internal control over financial reporting, including ours, is subject to inherent limitations, including the exercise of judgment in designing, implementing, operating, and evaluating the controls and procedures, and the inability to eliminate misconduct and unintentional error completely. Accordingly, in designing and evaluating the disclosure controls and procedures, management recognizes that any system of internal control over financial reporting, including ours, no matter how well designed and operated, can only provide reasonable, not absolute assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints, and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. We intend to continue to monitor and upgrade our internal controls as necessary or appropriate for our business, but cannot assure you that such improvements will be sufficient to provide us with effective internal control over financial reporting.

**Subsequent Event Omitted Disclosure**

Management's review of controls over required disclosures were not performed at the proper level of precision to detect an omitted disclosure of an impairment charge associated with the newly classified assets held for sale of approximately \$40.4 million. This impairment was disclosed in the financial information as of and for the three months ended December 31, 2023. This omitted disclosure is a material weakness over the review of subsequent event disclosures related to assets classified as held for sale after the balance sheet date but before the report release date and the impairment charge related to those assets. Management is committed to the remediation of this material weakness.

## **PART II – OTHER INFORMATION**

### ***Item 1. Legal Proceedings***

We are subject to certain legal actions which we consider routine to our business activities. As of December 31, 2023, our management believed the ultimate outcomes of other routine legal matters are not likely to have a material adverse effect on our financial position, liquidity or results of operations.

### ***Item 1A. Risk Factors***

We refer you to documents filed by us with the SEC, specifically "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 ("2023 Form 10-K"), which identify important risk factors that could materially affect our business, financial condition and future results. We also refer you to the factors and cautionary language set forth in the section entitled "Cautionary Statements Regarding Forward-looking Statements" of this Quarterly Report on Form 10-Q. This Quarterly Report on Form 10-Q, including the accompanying condensed consolidated financial statements and related notes, should be read in conjunction with such risks and other factors for a full understanding of our operations and financial condition. The risks described in our 2023 Form 10-K and herein are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, or operating results. There have been no material changes to the risk factors previously disclosed in our 2023 Form 10-K.

### ***Item 2. Unregistered Sales of Equity Securities and Use of Proceeds***

The amounts remitted for employee withholding taxes during the three months ended December 31, 2023 and December 31, 2022 were zero and \$1.0 thousand, respectively, for which the Company withheld zero and 847 shares of our common stock, respectively, that were underlying the RSUs that vested.

### ***Item 3. Defaults Upon Senior Securities***

None.

### ***Item 4. Mine Safety Disclosures***

Not applicable.

### ***Item 5. Other Information***

During the three months ended December 31, 2023, none of our directors or officers (as defined in Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934, as amended) adopted, terminated, or modified a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

### ***Item 6. Exhibits***

## EXHIBIT INDEX

Exhibit No.	Exhibit Description
10.10.10**	<a href="#">First Amendment to the Third Amended and Restated Capacity Purchase Agreement between United Airlines, Inc. and Mesa Airlines, Inc., dated January 13</a>
10.21**	<a href="#">Engine Purchase Agreement by and between Delta Airlines, Inc. and Mesa Airlines, Inc., dated December 1, 2023</a>
10.22**	<a href="#">Engine Sales Agreement by and between GE Aviation Materials, Inc. and Mesa Airlines, Inc., dated March 14, 2024</a>
31.1	<a href="#">Certification of Principal Executive Officer pursuant to Rule 13(a)-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification of Principal Financial Officer pursuant to Rule 13(a)-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002</a>
32.1*	<a href="#">Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2*	<a href="#">Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

\* This certification will not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by reference into such filing.

\*\* Certain confidential information contained in this agreement has been omitted because it (i) is not material and (ii) would be competitively harmful if publicly disclosed.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MESA AIR GROUP, INC.

Date: May 23, 2024

By: /s/ Michael J. Lotz

Michael J. Lotz  
Chief Financial Officer  
(Principal Financial Officer)

Certain confidential information contained in this document, marked by brackets, has been omitted because it (i) is not material and (ii) would be competitively harmful if publicly disclosed

January 11, 2023

**VIA FEDEX AND E-MAIL**

Mesa  
Airlines,  
Inc.  
410 N.  
44th  
Street  
Suite  
700  
Phoenix, AZ 85008  
Attention: President & General Counsel

**Re: First Amendment (this "Amendment") to the Third Amended and Restated Capacity Purchase Agreement**

Ladies and Gentlemen:

As you are aware, Mesa Airlines, Inc. ("Contractor"), Mesa Air Group, Inc. ("Parent") and United Airlines, Inc. ("United") and, together with Contractor and Parent, the "Parties", are each a party to that certain Third Amended and Restated Capacity Purchase Agreement dated as of December 27, 2022 (the "CPA"). Capitalized terms not defined herein shall be defined as provided in the CPA. All terms and conditions set forth in this Amendment are effective as of the date first written above.

SECTION 1. Certain Amendments.

1.1 Section 2.4(a) of the CPA is hereby amended and restated in its entirety by the version of such section set forth below:

- (a) With respect to CRJ900 Covered Aircraft, at any time from time to time, United shall have the right, in its sole discretion, to remove from this Agreement any or all of the CRJ900 Covered Aircraft as provided in this Section 2.4(a) by delivering a revocable notice (a "2.4(a) Notice") to Contractor, which 2.4(a) Notice shall specify (i) the number of CRJ900 Covered Aircraft to be removed (each such removed aircraft, a "CRJ900 Removed Aircraft"), (ii) whether United is exercising any right to add a New Aircraft pursuant to Section 10.4 concurrently with its delivery of such 2.4(a) Notice (it being understood for the avoidance of doubt that United's decision to exercise rights under Section 10.4 concurrent with the delivery of a 2.4(a) Notice is in United's sole discretion) and (iii) a Termination Date for each such aircraft not earlier than [\*\*\*] following the date of such 2.4(a) Notice; *provided, however*, that (A) if a 2.4(a) Notice is submitted concurrently with United's exercise of its right to add a New Aircraft pursuant to Section 10.4, then the immediately preceding reference to [\*\*\*] shall instead be deemed to be a reference to [\*\*\*] and
- (B) as to each CRJ900 Covered Aircraft, the foregoing clause (iii) shall be disregarded prior to the date that such aircraft has commenced scheduled service under this Agreement; *provided further* that, with respect to any CRJ900 Removed Aircraft subject to a 2.4(a) Notice, the applicable 2.4(a) Notice will cease to be revocable from and after the later to occur of (x) the Termination Date specified in such notice and (y) the date on which such aircraft ceases to be operated in scheduled service pursuant to the capacity purchase provisions of this Agreement. For clarification purposes, CRJ900 Covered Aircraft that are not the subject of a 2.4(a) Notice shall remain subject to the terms of this Agreement (including this Section 2.4). Subject to the final sentence of this Section 2.4(a), following the delivery of a 2.4(a) Notice, the applicable provisions of Section 8.3(b)(i) and (ii) shall apply to each CRJ900 Removed Aircraft. United shall have the right to designate which CRJ900 Covered Aircraft shall be removed pursuant to a 2.4(a) Notice by providing written notice of the same to Contractor within [\*\*\*] following delivery of the 2.4(a) Notice to Contractor. Notwithstanding anything to the contrary in the foregoing, from and after [\*\*\*] United shall have the right, but not the

obligation, to deliver one or more 2.4(a) Notices providing for a Termination Date that occurs during the period commencing [\*\*\*]

1.2 Section 4.27(d) of the CPA is hereby amended and restated in its entirety by the version of such provision set out below:

“(d) Notwithstanding anything to the contrary in this Agreement, as to both E175 Covered Aircraft and CRJ900 Covered Aircraft from and after [\*\*\*] each of clauses (a)(ii), (b) and (c) of this Section 4.27 shall be disregarded.”

1.3 Schedule 1 of the CPA is hereby amended and restated in its entirety by the version of such schedule attached to this Amendment as **Attachment 1** hereto.

1.4 Schedule 2 of the CPA is hereby amended and restated in its entirety by the version of such schedule attached to this Amendment as **Attachment 2** hereto.

1.5 [\*\*\*]

## SECTION 2. Miscellaneous.

### 2.1 Release.

- (a) Each of Contractor and Parent agrees on its own behalf and on behalf of each and every one of its affiliates, representatives and each of their respective representatives, successors and assigns (collectively, the “Mesa Releasing Parties”) hereby fully, finally, unconditionally and irrevocably, release, waive, relinquish, exonerate, acquit and forever discharge each of United and its affiliates and each of their respective representatives, successors and assigns (collectively, the “United Releasees”) of and from any and all claims, demands, losses, liabilities, debts, obligations, controversies, costs, expenses, attorney fees, other professional fees, acts, omissions, actions, causes of action, damages, judgments, and other matters of whatever kind, type, nature, character or description, at law, in equity or otherwise, in tort, contract, or by statute, known and unknown, foreseen or unforeseen, matured or unmatured, whether or not contingent, in each case which such Mesa Releasing Parties ever had or may presently have against any of the United Releasees in connection with or related to the CPA, the Ancillary Agreements, the Assumed Debt Instrument, the Aviate Participation Agreement referenced in Section 4.1(g) of the CPA, and any and all other agreements related thereto (collectively, the “Relevant Agreements”), and arising at any time through and until the latest termination of any of the Relevant Agreements, but only up to and including the amount of [\*\*\*] (collectively, the “Mesa Released Claims”). This release of the Mesa Released Claims shall survive the



\*\*\*=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

termination of each of the Relevant Agreements. For the avoidance of doubt, this release of the Mesa Released Claims shall be in addition to, and not in lieu of or duplicative with, any other release that any Mesa Releasing Party may otherwise provide to any United Releasee.

- (b) **IN ENTERING INTO THE RELEASE SET FORTH ABOVE (THE “RELEASE”), EACH MESA RELEASING PARTY WAIVES ANY AND ALL RIGHTS IT HAS UNDER ANY LOCAL, STATE OR FEDERAL STATUTE OR OTHER LAW OR ANY COMMON LAW PRINCIPLE THAT PROVIDES THAT SUCH RELEASE BY ANY MESA RELEASING PARTY DOES NOT EXTEND TO CLAIMS THAT SUCH MESA RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE EFFECTIVE DATE OF SUCH RELEASE, WHICH IF KNOWN BY IT WOULD HAVE MATERIALLY AFFECTED ITS RELEASE OF SUCH MESA RELEASED CLAIMS. EACH OF CONTRACTOR AND PARENT ACKNOWLEDGES AND AGREES THAT IT OR ANY OF THE OTHER MESA RELEASING PARTIES MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM, OR IN ADDITION TO, THOSE WHICH IT KNOWS OR BELIEVES TO BE TRUE WITH RESPECT TO THE MESA RELEASED CLAIMS, AND THE RELEASE SHALL BE AND REMAIN EFFECTIVE IN ALL RESPECTS NOTWITHSTANDING SUCH DIFFERENT OR ADDITIONAL FACTS OR THE DISCOVERY THEREOF.**
- (c) It is understood and expressly agreed that the Release in this Section 2.1 does not constitute, and shall not be construed to constitute, an admission by any of the United Releasees of any violation of any applicable law, contract provision or common law contract or tort law principle.

2.2 This Amendment is an intended amendment to the CPA and complies in full with Section 11.3 of the CPA. This Amendment may be executed in counterparts, each of which is deemed an original hereof. The Parties shall become bound by this Amendment immediately upon execution hereof by each Party. Except as expressly amended in this Amendment, the CPA will remain in full force and effect. Notwithstanding anything to the contrary in this Amendment, the terms and provisions of this Amendment are intended solely for the benefit of the Parties, and it is not the intention of the Parties to confer third party beneficiary rights upon any other person. This Amendment (together with the attached exhibits) constitutes the entire agreement between the Parties, and supersedes any other agreements, representations, warranties, covenants, communications, or understandings, whether oral or written (including, but not limited to, e- mail and other electronic correspondence), that may have been made or entered into by or between the Parties or any of their respective affiliates or agents relating in any way to the transactions contemplated by this Amendment.

*[Signature page follows]*

---

If each of Contractor and Parent is in agreement with the above, please indicate its agreement by having an authorized representative sign below in the space provided and return a signed copy of this Amendment to the undersigned.

Very truly yours,

UNITED AIRLINES, INC.

By: \_\_\_\_\_ Name: Michael  
Leskinen  
Title: Executive Vice  
President &  
Chief Financial  
Officer

**ACCEPTED AND AGREED:**

MESA AIRLINES, INC.

By: \_\_\_\_\_ Name:  
Title:

MESA AIR GROUP, INC.

By: \_\_\_\_\_ Name:  
Title:

---

If each of Contractor and Parent is in agreement with the above, please indicate its agreement by having an authorized representative sign below in the space provided and return a signed copy of this Amendment to the undersigned.

Very truly yours,

UNITED AIRLINES, INC.

By: \_\_\_\_\_ Name:  
Title:

**ACCEPTED AND AGREED:**

MESA AIRLINES, INC.

By: \_\_\_\_\_

---

Name: Title:

---

Michael Lotz President

---

MESA AIR GROUP, INC.

By: \_\_\_\_\_

---



Name: Title:

---

Michael Lotz President

---

## Attachment 1

---

**SCHEDULE 1  
Covered Aircraft**

**Table 1: E175 Covered Aircraft**

---

<u>Aircraft No.</u>	<u>Aircraft Type</u>	<u>Tail No.</u>	<u>MSN</u>	<u>Actual Delivery Date</u>	<u>Actual In-Service Date</u> <sup>(1)</sup>	<u>Scheduled Exit Date</u> <sup>(2)</sup>	<u>Schedule Term</u>	<u>Category</u>
1	E175	***	***	***	***	***	***	United Owned
2	E175	***	***	***	***	***	***	United Owned
3	E175	***	***	***	***	***	***	United Owned
4	E175	***	***	***	***	***	***	United Owned
5	E175	***	***	***	***	***	***	United Owned
6	E175	***	***	***	***	***	***	United Owned
7	E175	***	***	***	***	***	***	United Owned
8	E175	***	***	***	***	***	***	United Owned
9	E175	***	***	***	***	***	***	United Owned
10	E175	***	***	***	***	***	***	United Owned
11	E175	***	***	***	***	***	***	United Owned
12	E175	***	***	***	***	***	***	United Owned
13	E175	***	***	***	***	***	***	United Owned
14	E175	***	***	***	***	***	***	United Owned
15	E175	***	***	***	***	***	***	United Owned
16	E175	***	***	***	***	***	***	United Owned
17	E175	***	***	***	***	***	***	United Owned
18	E175	***	***	***	***	***	***	United Owned
19	E175	***	***	***	***	***	***	United Owned
20	E175	***	***	***	***	***	***	United Owned
21	E175	***	***	***	***	***	***	United Owned
22	E175	***	***	***	***	***	***	United Owned
23	E175	***	***	***	***	***	***	United Owned

\*\*\*=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



<u>Aircraft No.</u>	<u>Aircraft Type</u>	<u>Tail No.</u>	<u>MSN</u>	<u>Actual Delivery Date</u>	<u>Actual In-Service Date</u> <sup>(1)</sup>	<u>Scheduled Exit Date</u> <sup>(2)</sup>	<u>Schedule Term</u>	<u>Category</u>
24	E175	***	***	***	***	***	***	United Owned
25	E175	***	***	***	***	***	***	United Owned
26	E175	***	***	***	***	***	***	United Owned
27	E175	***	***	***	***	***	***	United Owned
28	E175	***	***	***	***	***	***	United Owned
29	E175	***	***	***	***	***	***	United Owned
30	E175	***	***	***	***	***	***	United Owned
31	E175	***	***	***	***	***	***	Contractor Owned
32	E175	***	***	***	***	***	***	Contractor Owned
33	E175	***	***	***	***	***	***	Contractor Owned
34	E175	***	***	***	***	***	***	Contractor Owned
35	E175	***	***	***	***	***	***	Contractor Owned
36	E175	***	***	***	***	***	***	Contractor Owned
37	E175	***	***	***	***	***	***	Contractor Owned
38	E175	***	***	***	***	***	***	Contractor Owned
39	E175	***	***	***	***	***	***	Contractor Owned
40	E175	***	***	***	***	***	***	Contractor Owned
41	E175	***	***	***	***	***	***	Contractor Owned
42	E175	***	***	***	***	***	***	Contractor Owned
43	E175	***	***	***	***	***	***	Contractor Owned
44	E175	***	***	***	***	***	***	Contractor Owned
45	E175	***	***	***	***	***	***	Contractor Owned
46	E175	***	***	***	***	***	***	Contractor Owned

\*\*\*=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]





<u>Aircraft No.</u>	<u>Aircraft Type</u>	<u>Tail No.</u>	<u>MSN</u>	<u>Actual Delivery Date</u>	<u>Actual In-Service Date</u> <sup>(1)</sup>	<u>Scheduled Exit Date</u> <sup>(2)</sup>	<u>Schedule d Term</u>	<u>Category</u>
47	E175	[***]	[***]	[***]	[***]	[***]	[***]	Contractor Owned
48	E175	[***]	[***]	[***]	[***]	[***]	[***]	Contractor Owned
49	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
50	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
51	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
52	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
53	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
54	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
55	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
56	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
57	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
58	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
59	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned
60	E175	[***]	[***]	[***]	[***]	[***]	[***]	United Owned

**Note 1 – Relating to all Covered Aircraft (except where specified otherwise):**

- (a) On the date that any Covered Aircraft becomes available to schedule under the provisions of this Agreement, such aircraft shall be deemed to have been placed into service hereunder (such date being the “**Actual In- Service Date**” for such aircraft).
- (b) The scheduled exit date (the “**Scheduled Exit Date**”) for Covered Aircraft will be the date that is the number of years specified for such aircraft in Table 1 above after the Actual In-Service Date of such Covered Aircraft.

**Note 2 – Relating to all United Owned E175 Covered Aircraft:**

The Scheduled Exit Dates set forth in the above table shall be adjusted from time to time to reflect any extension of the Term for any United Owned E175 Covered Aircraft pursuant to Section 10.2 of this Agreement.

**Table 2 CRJ900 Covered Aircraft**

<u>Aircraft Number</u>	<u>Aircraft Type</u>	<u>Tail Number</u>	<u>CRJ Scheduled Delivery Date</u>	<u>Estimated In-Service Date</u>	<u>CRJ Scheduled Exit Date</u>	<u>Scheduled Term</u>
01	CRJ900	[***]	[***]	[***]	[***]	[***]
02	CRJ900	[***]	[***]	[***]	[***]	[***]
03	CRJ900	[***]	[***]	[***]	[***]	[***]
04	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
05	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
06	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
07	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
08	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
09	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
10	CRJ900	[***]	[***]	[***]	[***]	[***]
		[***]	[***]	[***]	[***]	
11	CRJ900	[***]	[***]	[***]	[***]	[***]
12	CRJ900	[***]	[***]	[***]	[***]	[***]
13	CRJ900	[***]	[***]	[***]	[***]	[***]
14	CRJ900	[***]	[***]	[***]	[***]	[***]
15	CRJ900	[***]	[***]	[***]	[***]	[***]
16	CRJ900	[***]	[***]	[***]	[***]	[***]
17	CRJ900	[***]	[***]	[***]	[***]	[***]
18	CRJ900	[***]	[***]	[***]	[***]	[***]
19	CRJ900	[***]	[***]	[***]	[***]	[***]
20	CRJ900	[***]	[***]	[***]	[***]	[***]
21	CRJ900	[***]	[***]	[***]	[***]	[***]
22	CRJ900	[***]	[***]	[***]	[***]	[***]
23	CRJ900	[***]	[***]	[***]	[***]	[***]
24	CRJ900	[***]	[***]	[***]	[***]	[***]
25	CRJ900	[***]	[***]	[***]	[***]	[***]
26	CRJ900	[***]	[***]	[***]	[***]	[***]

**Note 1 – Relating to the CRJ900 Covered Aircraft:**

The delivery dates and in-service dates for CRJ900 Covered Aircraft must satisfy the following conditions:

- (a) No later than [\*\*\*] prior to the CRJ900 Scheduled Delivery Date (the “CRJ900 Scheduled Delivery Date”, for the avoidance of doubt, is the scheduled delivery date for each CRJ900 Covered Aircraft as set forth on Table 2 to Schedule 1), Contractor and United shall meet to discuss the dates that are likely to be selected as the committed in-service date for each of the CRJ900 Covered Aircraft (the “CRJ900 Committed In-Service Date”), it being understood that (x) such discussions shall not be binding for purposes of selecting the actual CRJ900 Committed In-Service Date pursuant to clause (e) below, and (y) such dates shall be used by Contractor and United in anticipating aircraft available to schedule and with respect to any applicable Final Monthly Schedule.

\*\*\*=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

- (b) Contractor shall use its commercially reasonable efforts to provide United with notice regarding the delivery status of each CRJ900 Covered Aircraft from time to time in advance of the CRJ Scheduled Delivery Date with respect to such CRJ900 Covered Aircraft, including without limitation information relating to the commencement of the delivery inspection period, delays in delivery, or otherwise relating to the delivery of such aircraft.
- (c) [\*\*\*] prior to the CRJ Scheduled Delivery Date for each of the CRJ900 Covered Aircraft as set forth on Table 2 to Schedule 1, and reasonably frequently from time to time thereafter, Contractor shall provide United with notice regarding the delivery status of such CRJ900 Covered Aircraft for performance of Regional Airline Services hereunder, including without limitation information relating to the commencement of the delivery inspection period (which notice is anticipated to be given no later than [\*\*\*] prior to actual delivery date of such aircraft), delays in such delivery, or otherwise relating to such delivery of such aircraft.
- (d) With respect to each CRJ900 Covered Aircraft, no later than the CRJ Scheduled Delivery Date therefor Contractor shall submit a notice of its proposal of the “Estimated In-Service Date” of any CRJ900 Covered Aircraft to United, and which determination shall be either discussed and modified, or confirmed in writing, by the parties.
- (e) Following the determination of the Estimated In-Service Date for a CRJ900 Covered Aircraft pursuant to clause (d) above, the parties shall determine a CRJ900 Committed In-Service Date, which shall be not later than [\*\*\*] following the CRJ Scheduled Delivery Date and which determination shall be confirmed in writing by the parties. With respect to each CRJ Committed In-Service Date determined in accordance with this clause (e), United shall have the right, exercisable at any time from time to time in its sole and absolute discretion by delivery of written notice to Contractor (but no advance notice shall be required), to adjust such date prior to the occurrence of such date.
- (f) With respect to each CRJ900 Covered Aircraft, no later than [\*\*\*] prior to the prior to the CRJ Scheduled Delivery Date, Contractor shall make such aircraft, together with all related maintenance records, available to United and its representatives to allow United and its representatives to conduct a physical inspection of such aircraft, and such records, at a location determined in United’s sole discretion, to review, without limitation, the completeness and airworthiness of the aircraft and the compliance by Contractor with respect to the requirements for the operation of such aircraft pursuant to the terms and conditions of this Agreement (including Exhibit E of this Agreement) and of any applicable lease relating thereto.
- (g) Notwithstanding anything to the contrary in the foregoing, with respect to each CRJ900 Covered Aircraft, United shall have the right, exercisable at any time from time to time in its sole discretion by delivery of written notice (but no advance notice shall be required) to Contractor, to delay the CRJ Scheduled Delivery Date therefor.

**Table 3 E175LL Covered Aircraft**

<u>Aircraft No.</u>	<u>Aircraft Type</u>	<u>Tail No.</u>	<u>MSN</u>	<u>Delivery Month</u>	<u>Actual In-Service Date</u>	<u>Parked Aircraft Commencement Date</u>	<u>Scheduled In-Service Date</u>	<u>Schedule d Exit Date</u>	<u>Schedule d Term</u>
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[** *]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[** *]	[***]	[***]	[***]	[***]	[***]

**Note 1 – Relating to E175LL Covered Aircraft:**

The delivery dates and in-service dates for E175LL Covered Aircraft must satisfy the following conditions:

- (a) No later than one hundred [\*\*\*] prior to the scheduled delivery month for each E175LL Covered Aircraft, or as soon as practically possible for any of the E175LL Covered Aircraft, as set forth on Table 3 to Schedule 1 (the “E175LL Scheduled Delivery Date”), Contractor and United shall meet to discuss the dates that are likely to be selected as the committed in-service date for each of the E175LL Covered Aircraft (the “E175LL Committed In-Service Date”), it being understood that (x) such discussions shall not be binding for purposes of selecting the actual E175 Committed In-Service Date pursuant to clause (e) below, and (y) such dates shall be used by Contractor and United in anticipating aircraft available to schedule and with respect to any applicable Final Monthly Schedule.
- (b) Contractor shall use its commercially reasonable efforts to provide United with notice regarding the delivery status of each E175LL Covered Aircraft from time to time in advance of the E175LL Scheduled Delivery Date with respect to such E175LL Covered Aircraft, including without limitation information relating to the commencement of the delivery inspection period, delays in delivery, or otherwise relating to the delivery of such aircraft.
- (c) [\*\*\*] prior to the E175LL Scheduled Delivery Date for each of the E175LL Covered Aircraft as set forth on Table 3 to Schedule 1, and reasonably frequently from time to time thereafter, Contractor shall provide United with notice regarding the delivery status of such E175LL Covered Aircraft, including without limitation information relating to the commencement of the delivery inspection period (which notice is anticipated to be given no later than [\*\*\*] prior to actual delivery date of such aircraft), delays in delivery, or otherwise relating to the delivery of such aircraft.
- (d) With respect to each E175LL Covered Aircraft, Contractor shall provide a final notice of the actual delivery date of any E175LL Covered Aircraft to United no later than the Actual Delivery Date, and which determination shall be confirmed in writing by the parties.
- (e) Following the determination of the Actual Delivery Date for an E175LL Covered Aircraft pursuant to clause (d) above, the parties shall determine an E175LL Committed In-Service Date, which shall be not later than the first to occur of (x) the [\*\*\*] and (y) the date set forth under the caption “Actual In-Service Date” for such aircraft on Table 3 to Schedule 1 (as such Actual In-Service Date may be delayed by, and only to the extent such date is delayed by, a delay attributable to the manufacturer or by a delay due to an Act of God that continues for fewer than [\*\*\*] and which determination shall be confirmed in writing by the parties.

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

## Attachment 2

---

**SCHEDULE 2A**  
**E175 Covered Aircraft Compensation for Carrier Controlled**  
**Costs Table 1 – United Owned E175 Covered Aircraft**

The following Table 1 shall apply per corresponding year to United Owned E175 Covered Aircraft flown under this Agreement:

[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]	[***]

- (1) [\*\*\*]
- (2) [\*\*\*]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



---





[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]	[**]

**Determination of "Per Aircraft Per Month" Rates**

[\*\*]

\*\*\*=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---



**SCHEDULE 2B**  
**CRJ900 Covered Aircraft Compensation for Carrier Controlled Costs**

Except as otherwise provided in Section 2.5(d), the following rates shall apply to all CRJ900 Covered Aircraft flown under this Agreement:

[***]						
[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]						
[***]	[***]	[***]	[***]	[***]	[***]	[***]
[***]	[***]	[***]	[***]	[***]	[***]	[***]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

## ENGINE PURCHASE AGREEMENT

THIS ENGINE PURCHASE AGREEMENT (this "Agreement") is entered into as of the 1st day of December, 2023, by and between Mesa Airlines, Inc., a Nevada corporation (hereinafter referred to as "Seller") and DELTA AIR LINES, INC., a Delaware corporation (hereinafter referred to as "Buyer").

### RECITALS

A. Seller owns twelve (12) General Electric engines model CF34-8C more particularly described on Exhibit A hereto (the "Engines"), together with the engine shipping stands described in Exhibit A (the "Engine Stands"), the Parts and the Records (collectively, the Engine, the Engine Stand's, the Parts and the Records are hereinafter referred to as the "Equipment"). Capitalized terms used herein shall have the meaning ascribed to such terms as set forth herein.

B. Buyer desires to purchase the Equipment from Seller, and Seller desires to sell the Equipment to Buyer.

In consideration of the mutual promises and covenants herein contained, the parties hereto agree as follows:

1. DEFINITIONS. The following terms shall have the following respective meanings for all purposes of this Agreement:

[\*\*\*]

"Business Day" means a day other than a Saturday or Sunday on which the banks in New York, New York, USA are open for the transaction of business of the type required by this Agreement.

"CSN" means, with respect to any Engine, the total number of flight cycles since new.

"Debt" means, for any Engine: obligations created, issued, or incurred by Seller, Mesa Air Group, or any of their respective affiliates for borrowed money (whether by loan, the issuance and sale of debt securities, or the sale of property to another person subject to an understanding or agreement, contingent or otherwise, to repurchase such property from such Person) with respect to which a Lien exists as to such Engine.

"Delivery" means the delivery of, acceptance, sale and transfer of title to the Equipment by Seller to Buyer pursuant to the terms and conditions hereunder.

"Delivery Conditions" [\*\*\*]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---



“Delivery Date” means the date and time upon which the Equipment is delivered to Buyer hereunder, as evidenced by execution and delivery of the Bill of Sale, which shall be no later than [\*\*\*] or otherwise as mutually agreed between Buyer and Seller. Engines will be delivered as outlined in Exhibit A.

“Delivery Location” means Seller’s facility at IAH Airport or mutually agreed location.

“Delivery Receipt” means a Delivery Receipt substantially in the form of Exhibit D hereto.

“Dollars” or “\$” means the lawful currency of the United States of America. “Event of Loss” means any of the following events with respect to an item of

Equipment: (a) loss of such property or its use due to theft, hijacking or disappearance for a period in excess of [\*\*\*] consecutive days, or in any event extending beyond the Scheduled Delivery Date, or destruction, damage beyond economic repair or rendition of such property permanently unfit for normal use for any reason whatsoever, (b) any damage to such property which results in an insurance settlement with respect to such property on the basis of a total loss or on the basis of a compromised or constructive total loss, (c) the condemnation, confiscation, appropriation or seizure of, or requisition of title to, such property by a governmental entity or purported governmental entity, (d) the condemnation, confiscation, appropriation or seizure of the use of such property by or on behalf of the authority of any governmental entity or purported governmental entity, that in any such case shall have resulted in the loss of possession thereof for a period in excess of [\*\*\*] consecutive days or in any event extending beyond the Scheduled Delivery Date or (e) any divestiture of title of such property except as otherwise permitted by the other party.

“FAA Counsel” means Daugherty, Fowler, Peregrin, Haught & Jenson, P.C. “Lien” means any mortgage, charge, security interest, pledge, lien, encumbrance, assignment, hypothecation, right of set-off, claim or any other agreement or arrangement having the effect of conferring security.

“Parts” means all parts, appliances, avionics, components, instruments, appurtenances, accessories, landing gears and other equipment of whatever nature incorporated or installed or positioned in or on or attached to the Equipment.

“Purchase Price” the purchase price for the Equipment is as set forth in Exhibit A.

“Records” means the manuals, books, logs and technical records related to the maintenance and operation of the Equipment as more particularly set forth in Exhibit C, hereto.

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

“Scheduled Delivery Date” for an item of Equipment means the month corresponding to such item of Equipment under the heading “Delivery Date” in the table set forth in Exhibit A.

“Technical Acceptance Certificate” means a Technical Acceptance Certificate substantially in the form of Exhibit F.

[\*\*\*]

2. SALE OF THE EQUIPMENT. Subject to the satisfaction or waiver of conditions precedent set forth in Section 6, Seller shall sell and Buyer shall purchase the Equipment on the terms and conditions hereinafter set forth.

3. DELIVERY AND ACCEPTANCE.

(a) Seller shall deliver the Equipment to Buyer on or before the Delivery Date, at the Delivery Location. Seller shall be responsible for any and all costs, expenses, taxes and duties associated with shipping the Equipment to the Delivery Location.

(b) At the time of Delivery, the Equipment shall be free and clear of any and all Liens and shall be sold in “AS IS WHERE IS” condition “WITH ALL FAULTS”. Buyer shall not be obligated to purchase any item of Equipment that does not meet the Delivery Conditions.

(c) Buyer shall have the right to inspect the Equipment and the related Records to confirm they meet the Delivery Conditions. Seller shall provide Buyer access to the Equipment and its related Records and make available its maintenance planning and engineering personnel as Buyer may reasonably require to assist Buyer with its inspection of the Equipment and its related Records. Seller shall provide all Records to Buyer as soon as such Records are available. Buyer’s completion of inspection of each item of Equipment shall be no later than [\*\*\*] days after the date Seller makes such item of Equipment (including the associated Records) available to Buyer. After Buyer is satisfied that the Equipment and its related Records meet the Delivery Conditions, Buyer will execute and deliver to Seller a Technical Acceptance Certificate relating thereto which shall expressly set forth the Seller’s and Buyer’s rights and obligations with respect to any discrepancy items that cause such Equipment and/or its related Records to not meet the Delivery Conditions (each, a “Discrepancy”) discovered during the Buyer’s inspection set forth in this Section 3 and any financial settlements relating thereto. Buyer shall have the right to terminate this Agreement with respect to the Equipment if Seller fails or refuses to rectify such discrepancies from the Delivery Condition, or the parties hereto fail to reach mutual agreement on a financial settlement therefor, within [\*\*\*] days after the scheduled Delivery Date relating thereto.

(d) Provided (i) all discrepancies identified pursuant to this Section 3 with respect to the applicable item of Equipment and its related Records have been rectified or settled as provided herein, and (ii) all conditions precedent set forth in Section 6 of this

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Agreement with respect to the purchase and sale of such Equipment have been satisfied or waived, at Delivery of such Equipment Buyer shall execute a Delivery Receipt for the Equipment and accept delivery of and purchase the Equipment pursuant to the terms and conditions of this Agreement. All risk of loss and damage to the Equipment shall pass to Buyer at time of Delivery at the Delivery Location.

(e) In the event Delivery of any Equipment does not occur within [\*\*\*] days after the Scheduled Delivery Date, but no later than [\*\*\*], provided that such delay in Delivery does not result from Buyer's breach or default under this Agreement, Buyer shall have the right, upon written notice to Seller, to terminate this Agreement with respect to such Equipment and neither party hereto shall have any claim against the other with respect thereto.

(f) Seller shall transfer title to the Equipment to Buyer, upon satisfaction or waiver of all conditions precedent set forth herein, by executing and delivering to Buyer a warranty bill of sale in the form of Exhibit E, hereto (the "Bill of Sale"). Prior to the Scheduled Delivery Date of the relevant item of Equipment, Seller shall place in escrow with Buyer's FAA counsel the executed and undated Bill of Sale for the applicable Engine and, upon receipt of [\*\*\*], shall instruct FAA counsel to date and deliver such Bill of Sale to Buyer and to reflect such title transfer of the Engine on the International Registry established by the Convention on International Interests in Mobile Equipment and the Protocol thereto on matters specific to Aircraft Equipment, each opened for signature on November 16, 2001 at Cape Town, South Africa (the "International Registry").

(g) If an Event of Loss to any Equipment occurs prior to its Delivery, Seller will notify Buyer promptly following Seller's actual knowledge of the same and this Agreement shall automatically terminate with respect to such Equipment and neither party will have any further liability to the other under this Agreement with respect to such Equipment.

#### 4. PRICE AND METHOD OF PAYMENT.

(a) [\*\*\*]

(b) On the Delivery Date, upon satisfaction or waiver by Buyer of the conditions precedent in favor of Buyer and delivery of the Payoff Letters as contemplated in Section 4(c) below, Buyer shall execute and deliver to Seller the Technical Acceptance Certificate and the Delivery Receipt in respect of the applicable Equipment and shall pay to Seller [\*\*\*].

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

[\*\*\*]

(c) With respect to each Engine, in order to facilitate the repayment of all Debt relating to such Engine, if any, and the release of all related Liens, no later than [\*\*\*] Days prior to the Delivery Date for such Engine, Seller shall deliver payoff letter(s) from the agents or the lenders, as applicable, under the Debt for such Engine (the “**Payoff Letters**”), which payoff letters shall (i) set forth the amount constituting such Debt as of the Delivery Date for such Engine (the “**Payoff Amount**”) and the name of creditor(s) to which such Debt is owed, (ii) be executed by such creditor(s) or its agent and provide for the release of all Liens on the Engine related to such Debt, upon payment of the Payoff Amount and satisfaction of the other conditions set forth therein, and (iii) otherwise be in a customary form reasonably acceptable to Buyer and Seller.

(d) Payments made under this Agreement to Seller shall be made by wire transfer of immediately available funds to the following account:

[\*\*\*]

or to such other account as to which Seller provides Buyer written notice at least [\*\*\*] Days prior to the relevant Delivery Date.

(e) The parties acknowledge the specification of “US\$” or “Dollars” in this Agreement shall refer to the legal currency of the United States of America which shall be the currency of account in any and all events between the parties.

5. TAXES. The [\*\*\*] is exclusive of, and Buyer agrees to pay in addition to the [\*\*\*], any and all applicable sales, use, value-added, and similar taxes imposed on or with respect to the sale of the Equipment pursuant

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

to this Agreement (“Taxes”). Seller shall be solely responsible for any taxes imposed upon or measured by its gross receipts (other than taxes in the nature of a sales, use, or value added tax), gross or net income, capital, or net worth.

6. CONDITIONS PRECEDENT. The obligation of Seller to sell, and Buyer to purchase, each item of Equipment is subject to the satisfaction (or waiver by each party), on or before the relevant Delivery Date, of the following conditions precedent respectively:

(a) The obligation of Seller to sell the Equipment, and of Buyer to purchase the Equipment, shall be subject to the condition that no Event of Loss shall have occurred with respect to the Equipment.

(b) The obligation of Buyer to purchase the Engine shall be subject to Seller having good title to the Engine free and clear of any and all Liens (other than Liens in respect of Debt that will be satisfied at the time of closing in accordance with Section 4(c)), and the receipt by Buyer at its expense of satisfactory evidence (which shall consist of (x) lien searches by Buyer’s counsel of applicable registries, including, without limitation, the FAA registry or other applicable foreign registry, and the International Registry and (y) a customary opinion from Buyer’s FAA or other counsel in respect thereof and the continued accuracy of the representations of Seller set forth herein) that, on the Delivery Date, the Engine is free and clear of any and all Liens (other than Liens in respect of Debt that will be satisfied at the time of closing in accordance with Section 4(c)).

(c) The obligation of Seller to sell the Equipment shall be subject to the condition that Seller shall have received [\*\*\*] in full as provided in Section 4(c).

(d) The obligation of Seller to sell the Equipment and of Buyer to purchase the Equipment shall be subject to the condition that the representations and warranties made by the other party in this Agreement shall be true and correct on and as of the Delivery Date for such Equipment.

(e) The obligation of Seller to sell the Equipment and of Buyer to purchase the Equipment shall be subject to the Equipment meeting the Delivery Conditions and the receipt by Seller of the Technical Acceptance Certificate and the Delivery Receipt.

(f) The obligation of Buyer to purchase the relevant Engine shall be subject to confirmation that FAA Counsel is holding in escrow in respect of such Engine each of the following documents duly executed by the parties thereto and (except for the Bill of Sale) in due form for filing with the FAA:

(i) the Bill of Sale for such Engine;

(ii) a partial termination of the Master Engine Finance Lease Agreement, dated December 30, 2021, between Seller, as lessor, and Mesa Airlines,

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Inc., as lessee (the “**MEFLA**”), terminating the MEFLA with respect to such Engine (each, a “**Lease Termination**”)<sup>1</sup>; and

(iii) a release (or partial release, as applicable) of the FAA Engine Mortgage relating to such Engine effectuating the release of such Engine from the lien thereof (each, a “**FAA Mortgage Release**”).<sup>2</sup>

(g) The obligation of Buyer to purchase the relevant Engine shall be subject to receipt by it in escrow (together with confirmation that the same will be released at Delivery) of executed copies of each of the following documents:

(i) a partial release effectuating the release of such Engine from the lien of the Engine Security Agreement, dated as of December 28, 2021, between the Seller and the security trustee (the “**Engine Security Agreement**”);<sup>3</sup>

(ii) a termination of the Security Agreement Supplement (as defined in the Engine Security Agreement) relating to such Engine; and

(iii) a UCC-3 effectuating an amendment of the UCC-1 filed in respect of, *inter alia*, such Engine to release such Engine as collateral thereunder.

(h) The obligation of Buyer to purchase the relevant Engine shall be subject to confirmation that FAA Counsel is authorized upon Delivery of such Engine to (i) file with the FAA the Lease Termination relating to such Engine, (ii) file with the FAA the FAA Mortgage Release relating to such Engine, (iii) release to Buyer the Bill of Sale relating to such Engine, (iv) discharge the existing International Registry registrations relating to such Engine and (v) to register a contract of sale for the sale of such Engine on the International Registry.

(i) The obligation of Buyer to purchase the Engine shall be subject to delivery by Seller to Buyer of evidence of the chain of title documentation for the Engine from the manufacturer to Seller.

(j) The obligation of Buyer to purchase the relevant Engine shall be subject to confirmation from the creditor(s) or its agent that except for receipt of the Payoff Amount

<sup>1</sup> At the closing of the twelfth Engine, such termination document shall effectuate a termination of the MEFLA.

<sup>2</sup> There are four FAA Engine Mortgages between the Seller and the security trustee as follows: (i) FAA Engine Mortgage, dated as of November 29, 2022, covering the Engines having serial numbers 195888, 195887 and 195886, (ii) FAA Engine Mortgage, dated as of August 26, 2022, covering the Engine having serial number 195882, (iii) FAA Engine Mortgage, dated June 30, 2022, covering the Engine having serial

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

number 195881) and (iv) FAA Engine Mortgage, dated December 30, 2021 covering the Engines having serial numbers 195876, 195875, 195873, 195874, 195867, 195823 and 195824.

<sup>3</sup> At the closing of the twelfth Engine, the Engine Security Agreement shall be terminated.

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

all other conditions precedent set forth in the Payoff Letter relating to the Engine have been satisfied.

7. SELLER'S REPRESENTATIONS. Seller represents and warrants that on the date hereof and on the Delivery Date:

(a) Seller is a corporation duly organized, validly existing and in good standing under the laws of Nevada, and has the requisite power to own its assets and to carry on its business as it is being conducted, and to enter into, deliver, and perform its obligations under, this Agreement and the Bill of Sale. The execution and delivery by Seller of, and performance of its obligations under, this Agreement and the Bill of Sale have been duly authorized by all necessary action, do not require any approval or consent of any holders of any indebtedness or obligation of Seller or any person, and do not and will not contravene any law, governmental rule, regulation or order binding on Seller or any of its assets, or the organizational documents of Seller, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon the property of Seller under, any indenture, mortgage, contract or other agreement to which Seller is a party or by which it may be bound or affected. This Agreement and the Bill of Sale each constitutes the legal, valid and binding obligation of Seller, enforceable against it in accordance with the terms hereof and thereof, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

(b) Neither the execution and delivery by Seller of this Agreement or the Bill of Sale nor the consummation of any of the transactions by Seller contemplated hereby or thereby require the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any governmental authority or agency or other third party, except for necessary registration and filings with the FAA and with the International Registry.

(c) There are no pending or, to the knowledge of Seller, threatened actions or proceedings against Seller before any court, administrative agency or tribunal which, if adversely determined to Seller, would materially adversely affect the ability of Seller to consummate the transactions contemplated hereby.

(d) Seller has legal title to the Equipment, and, at the time of transfer of title on the applicable Delivery Date, the Equipment will be free and clear of any and all Liens.

(e) EXCEPT AS SPECIFICALLY SET FORTH IN SECTION 7(d) OF THIS AGREEMENT AND THE BILL OF SALE, THE EQUIPMENT IS SOLD IN AN "AS IS," "WHERE IS" CONDITION AND "WITH ALL FAULTS." THE TITLE WARRANTIES SET FORTH IN THIS AGREEMENT AND THE BILL OF SALE ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND BUYER RELEASES AND RENOUNCES, ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, OF ANY KIND, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO THE

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]



EQUIPMENT INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO ANY DEFECT IN ANY ITEM OF EQUIPMENT WHETHER OR NOT DISCOVERABLE BY SELLER OR BUYER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE PARTIES SPECIFICALLY STATE, ACKNOWLEDGE AND AGREE THAT AS RESPECTS THE CONDITION OF THE EQUIPMENT, THERE IS:

(A) NO WARRANTY AS TO THE AIRWORTHINESS, PRODUCTIVENESS, SUITABILITY, USE, CAPACITY OR OTHER CONDITION OF THE EQUIPMENT, THE ACCURACY OR TRACEABILITY OF ANY RECORDS, LOGBOOKS OR OTHER DOCUMENTS RELATED TO THE EQUIPMENT, VALUE, DESIGN, QUALITY, DURABILITY, COMPLIANCE WITH SPECIFICATIONS, MANUFACTURE, OPERATIONS OR CONDITION OF ANY ENGINE OR ANY COMPONENT OR OTHER ITEM DELIVERED PURSUANT TO THIS AGREEMENT, OR THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, WITH RESPECT THERETO; (B) NO EXPRESS OR IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR USE OR FOR A PARTICULAR PURPOSE; (C) NO REPRESENTATION OR EXPRESS OR IMPLIED WARRANTY OF FREEDOM FROM ANY CLAIM BY WAY OF INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET OR THE LIKE; (D) NO EXPRESS OR IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE; (E) NO OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN CONTRACT OR TORT, WHETHER OR NOT ARISING FROM THE ACTUAL OR IMPUTED NEGLIGENCE OF EITHER PARTY OR ITS ASSIGNS; AND (F) NO OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY, WHETHER SOUNDING IN CONTRACT (INCLUDING WARRANTY), TORT OR OTHERWISE, FOR LOSS OF OR DAMAGE TO ANY TANGIBLE OR INTANGIBLE THING, FOR LOSS OF USE, REVENUE, PROFIT OR TAX BENEFIT, OR FOR ANY OTHER INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND. THIS SECTION 7(e) SHALL SURVIVE DELIVERY OF THE EQUIPMENT AND ANY TERMINATION OF THIS AGREEMENT.

8. BUYER'S REPRESENTATIONS. Buyer represents and warrants that on the date hereof and on the Delivery Date:

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite power to own its assets and to carry on its business as it is being conducted, and to enter into, deliver, and perform its obligations under, this Agreement, the Technical Acceptance Certificates and the Delivery Receipts. The execution and delivery by Buyer of, and performance of its obligations under, this Agreement, the Technical Acceptance Certificates and the Delivery Receipts have been duly authorized by all necessary corporate action, do not require any stockholder approval, or approval or consent of any trustee or holders of any indebtedness or obligation of Buyer, or any approval of any court or governmental authority, and do not and will not contravene any law, governmental rule, regulation or order binding on Buyer

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

or any of its

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

assets, or the Certificate of Incorporation or Bylaws of Buyer. This Agreement, the Technical Acceptance Certificates and the Delivery Receipts constitutes the legal, valid and binding obligations of Buyer, enforceable against it in accordance with their terms, except as the same may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and by general principles of equity.

(b) Neither the execution and delivery by Buyer of this Agreement, the Technical Acceptance Certificates or the Delivery Receipts, nor the purchase of the Equipment hereunder requires the consent or approval of any third party.

(c) There are no pending or, to the knowledge of Buyer, threatened actions or proceedings against Buyer before any court, administrative agency or tribunal which, if adversely determined to Buyer, would materially adversely affect the ability of Buyer to consummate the transactions contemplated hereby.

9. NONDISCRIMINATION. Until the Delivery Date, Seller will continue to maintain, repair, service, test, overhaul and operate the Engine in accordance with its FAA maintenance program in place on the date hereof and in accordance with the maintenance standards approved by the relevant aviation authority so as to keep the Engine in serviceable operating condition and in the same manner and with the same care used by Seller with respect to engine owned and operated by Seller and utilized in similar circumstances and without detrimental discrimination to the Engine. No parts, systems or components shall be unreasonably removed from the Engine (except for exchange, repair or overhaul) in anticipation of the sale of the Engine to Buyer

10. BROKER. Each party represents and warrants that it has not employed any broker, agent, finder or other third party in connection with this transaction, and there is no fee or compensation of any kind due to any broker, agent, finder or other third party in connection with the transactions contemplated hereby. Each party will indemnify and hold harmless the other party from and against any and all claims, audits, damages, costs and expenses (including but not limited to reasonable attorneys' fees) asserted by any broker, agent, finder or other third party representing or purporting to represent such party.

11. ASSIGNMENT OF WARRANTIES. To the extent that any warranties from manufacturers, service providers, supplier or maintenance facilities or maintenance programs or any other person or entity ("Warranties") are in effect with respect to the Equipment or any parts installed thereon upon the relevant Delivery Date and are transferable to Buyer, Seller hereby assigns, or shall cause to be assigned, to Buyer, effective as of the relevant Delivery Date such Warranties with respect to the Equipment and all rights thereunder with respect to the Equipment. Seller agrees that at any time and from time to time, upon the written request of and at the expense of Buyer, it will promptly and duly execute and deliver any and all such further instruments and documents and take

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

such further action as Buyer may reasonably request in order to obtain the full benefits of the assignments of warranties provided for herein and of the rights and powers herein granted.

12.[\*\*\*]

13. NOTICES. Any notice required hereunder shall be delivered to Buyer or to Seller at its address first stated below or to such other address as subsequently specified in writing by either party to the other. Such notices shall be in English and in writing, and any such notice may be given by U.S. mail, courier service or facsimile or any other customary means of communication, and any such notice shall be effective when delivered to the recipient thereof in accordance with the provisions of this Section 12.

Buyer: DELTA AIR LINES, INC  
1775 M.H. Jackson Service Road Atlanta,  
Georgia 30354-8049 Attention: VP –  
Acquisitions Fax: (404) 773-0742

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

Seller: MESA AIR GROUP, INC.  
410 N 44<sup>th</sup> St. Suite 700  
Phoenix, AZ 85008 Attention: Legal  
Department Email: legal@mesa-air.com

14. AMENDMENTS, ASSIGNMENT. No amendment, modification or discharge of this Agreement, and no waiver hereunder, shall be valid or binding unless set forth in writing and duly executed by the party against whom enforcement of the amendment, modification, discharge or waiver is sought. Neither party shall assign or delegate this Agreement, or any of its rights or obligations hereunder, without the prior written consent of the other party.

15. APPLICABLE LAW. THIS AGREEMENT IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK. THE PARTIES AGREE THAT THE FEDERAL AND STATE COURTS LOCATED IN NEW YORK, NEW YORK (IN THE BOROUGH OF MANHATTAN) ARE TO HAVE NON- EXCLUSIVE JURISDICTION TO SETTLE ANY DISPUTES IN CONNECTION WITH THIS AGREEMENT AND THE OTHER DOCUMENTS RELATED HERETO AND SUBMIT TO THE JURISDICTION OF SUCH COURTS IN CONNECTION WITH THIS AGREEMENT AND THE OTHER DOCUMENTS RELATED HERETO. EACH PARTY HERETO HEREBY WAIVES OBJECTION TO SUCH COURTS ON GROUNDS OF INCONVENIENT FORUM, VENUE, OR OTHERWISE.

16. FURTHER ASSURANCE. Seller hereby agrees, at Buyer's expense, to execute such further instruments and documents and take such further actions (including cooperating with any filings or registrations) as Buyer may reasonably request in order to obtain the full benefit of the rights and powers granted in this Agreement.

16. MISCELLANEOUS. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Delivery of an executed counterpart of this Agreement or of any other documents in connection with this Agreement by fax or secure electronic transmission will be deemed as effective as delivery of an originally executed counterpart. Any party delivering an executed counterpart of this Agreement or other document by fax or secure electronic transmission will also deliver an originally executed counterpart, but, other than with

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

respect to the Bill of Sale, of which an original is required to be delivered, the failure of any party to deliver an originally executed counterpart of this Agreement or such other document will not affect the validity or effectiveness of this Agreement or such other document. Each party will bear its own costs, fees and expenses in connection with the preparation, negotiation and completion of this Agreement and the consummation of the transactions contemplated hereby, except that Buyer shall be responsible for any FAA and International Registry filing fees for the transfer of title and for Buyer's FAA and International Registry counsel fees incurred in filing the required title transfer documents for recordation at the FAA and the International Registry. The terms of this Agreement shall be binding upon, and inure to the benefit of, Buyer and Seller and their respective successors and permitted assigns. This Agreement is the confidential business information of the parties and shall not be disclosed without the prior written consent of the other parties hereto, except to its affiliates, legal and other professional advisors, and as required by applicable law. [\*\*\*] no third party is intended to benefit from, nor may any third party seek to enforce, any of the provisions of this Agreement.

**17. OFAC REPRESENTATION.** Seller is not (i) a person, including a government entity, government official, individual, or entity (hereinafter "Person"), of a country subject to economic or trade sanctions by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury or under any executive order of the United States ("Executive Order"), (ii) a Person subject to other sanctions by OFAC or under any Executive Order, (iii) partially or wholly owned by a Person that is subject to sanctions by OFAC or under any Executive Order, (iv) listed as a "Specially Designated National" or otherwise blocked by OFAC or under any Executive Order, (v) listed on the Denied Persons List or Entity List of the U.S. Department of Commerce ("DOC"), (vi) debarred from exporting privileges by the U.S. Department of State ("DOS"), (vii) a Designated National, or (viii) subject to any other applicable national sanctions program. Seller hereby represents and warrants to Buyer, as of the date hereof, and as of the Delivery Date (which representations and warranties shall survive the date as of which such representations and warranties were made), that: it has complied with all applicable Sanctions Laws and Regulations.

"Sanctions Laws and Regulations" means (i) each of the Trading With the Enemy Act of 1917, the International Emergency Economic Powers Act, the Arms Export Control Act, the Export Administration Act, the Export-Import Bank Act, and the Nuclear Proliferation Prevention Act; (ii) applicable Executive Orders issued by the President of the United States of America; (iii) applicable regulations of the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC"), the Export Administration Regulations ("EAR") administered by the U.S. Department of Commerce ("DOC"), the International Traffic in Arms Regulations ("ITAR") administered by the U.S. Department of State ("DOS"), and regulations administered by any other agency of the Government of the United States of America; (iv) any other applicable law or regulation of the United States of America that may be in effect from time to time and which may restrict, limit, or prohibit transactions with a foreign government, entity, person, or country or with any person or

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

entity that owns the foregoing; and (v) applicable resolutions, orders, or regulations of the United Nations.

“Designated National” means (i) any country against which the United States of America has imposed sanctions and/or has blocked property pursuant to Sanctions Laws and Regulations (hereinafter “Sanctioned Country”), (ii) any person or entity from any such Sanctioned Country, (iii) any person or entity that is identified or listed in any Executive Order or on the Specially Designated National’s List maintained by OFAC or any other list that the Government of the United States of America establishes for the purpose of designating nationals pursuant to Sanctions Laws and Regulations, (iv) any person or entity blocked by OFAC or any other agency of the Government of the United States of America, or (v) any entity that is partially or wholly owned by any of the foregoing.

“Entity” includes a government agency, partnership, association, trust, joint venture, corporation, or other organization.

[Signature page follows]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

SELLER: BUYER:

MESA AIRLINES, INC. DELTA AIR LINES, INC



By \_ By \_

---



Name: Title:

---

Michael Lotz President

---

Name: Jeffrey J. Keisling Title: Managing Director

---

EXHIBIT A

Engine Description and Purchase Price

No	ESN	Model	TSN As of 9/13/23	CSN As of 9/13/23	Purchase Price	Stand Serial Number	Delivery Date
1	195888	CF34-8C	[***]	[***]	[***]		[***]
2	195887	CF34-8C	[***]	[***]	[***]		[***]
3	195886	CF34-8C	[***]	[***]	[***]		[***]
4	195882	CF34-8C	[***]	[***]	[***]		[***]
5	195881	CF34-8C	[***]	[***]	[***]		[***]
6	195876	CF34-8C	[***]	[***]	[***]		[***]
7	195875	CF34-8C	[***]	[***]	[***]		[***]
8	195873	CF34-8C	[***]	[***]	[***]		[***]
9	195874	CF34-8C	[***]	[***]	[***]		[***]
10	195867	CF34-8C	[***]	[***]	[***]		[***]
11	195823	CF34-8C	[***]	[***]	[***]		[***]
12	195824	CF34-8C	[***]	[***]	[***]		[***]

Engine Shipping Container

Part Number: 2C81054

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

## Engine Configuration

CORE ENGINE AND INSTALLED (NEUTRAL) COMPONENTS
Engine Assembly
ATS (Air Turbine Starter)
FADEC (Full Authority Digital Electronic Control)
OBV (Operability Bleed Valve)
Start Control Valve
Oil level indicator
Fuel pump
PMA (Permanent Magnet Alternator)
Lube and Scavenge Pump
Ignition Exciter #1
Ignition Exciter #2
FMU (Fuel Metering Unit)
Fuel Oil Cooler
Master VG Actuator
Slave AG Actuator
Oil Filter Impending Bypass Sensor
Engine Configuration Plug
Oil Pressure Switch
Oil Pressure Transmitter
Seal Pressure Regulating Valve
N1 Fan Speed Sensor (delivered loose)
Upper & Lower Thermocouples

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

EXHIBIT B

DELIVERY CONDITIONS

The Engine and other item of Equipment shall be delivered to Buyer in its “AS-IS, WHERE IS” condition with all faults subject to the following specific conditions being met (the “Delivery Conditions”):

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

[***]	[***]
[***]	[***]
[***]	[***]
[***]	[***]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---





[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

EXHIBIT D DELIVERY  
RECEIPT

The undersigned, on behalf of DELTA AIR LINES, INC. (the "Buyer"), hereby irrevocably accepts delivery from Mesa Air Group (the "Seller") of General Electric model CF34-8C Serial Numbers, with associated engine stands, serial number \_ pursuant to the Engine Purchase Agreement dated as of [ ] [ ], 201[ ], between Seller and Buyer (the "Agreement"), including the Records referred to in the Agreement.

Capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in the Agreement.

The Engine had the hours/cycles at Delivery, as set forth in Schedule 1 attached hereto.

[\*\*\*]

Dated the [ ] day of [ ], 2024[ ], at [ ] hours, Eastern Standard Time at [ ].

**DELTA AIR LINES, INC**

By: \_\_\_\_ Name:  
Title:

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

**Schedule 1 Hours/Cycles at  
Delivery**

**Engine:**

<u>Serial No.</u>	<u>Total Hours</u>	<u>Total Cycles</u>
-------------------	--------------------	---------------------

EXHIBIT E

FORM OF BILL OF SALE

For and in consideration of the sum of One U.S. Dollar (US\$1) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Mesa Airlines, Inc. (hereinafter referred to as "Seller"), as owner of the following equipment:

\_\_\_\_\_ Engine Make and Model General Electric CF34-8C Engine Serial Number:  
Shipping Stand Serial Number:

(together with all appliances, components, parts, instruments, appurtenances, accessories, furnishings and other equipment or property installed on or attached to such engine and all Records relating thereto, collectively the "Engine"), does hereby sell, grant, convey, transfer and deliver all of its right, title and interest in and to [each of] the [number (#) Engine[s] unto Delta Air Lines, Inc. (hereinafter referred to as "Buyer"), and to its successors and assigns, to have and to hold the Engine forever.

Seller hereby warrants and covenants to Buyer and its successor and assigns that Seller has, and hereby conveys to Buyer, good and marketable legal title to the Engine[s] and that the Engine[s] [is/are] free and clear of any and all Liens, and Seller shall defend such title forever against any and all claims and demands.

The Engine[s] shall be delivered in "AS IS WHERE IS" condition with all faults and without any representation, warranty or guarantee of any kind being made or given by the Seller or its servants or agents, express or implied, arising by law or otherwise, other than as expressly set forth herein and as provided in Section 7(d) of that certain Engine Purchase Agreement between Buyer and Seller dated \_\_, 2023 (the "Purchase Agreement"). Capitalized terms used herein but not defined herein shall have the meaning ascribed to such terms as set forth in the Purchase Agreement.

**THIS BILL OF SALE IS BEING DELIVERED IN THE STATE OF NEW YORK AND SHALL IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AS APPLIED TO CONTRACTS MADE AND PERFORMED WITHIN THE STATE OF NEW YORK.**

[Signature page follows]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

IN WITNESS WHEREOF, Seller has caused this instrument to be executed in its name this [ ] day of [ ], 2024.

[ ]

By \_ Name:

Title:

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

EXHIBIT F

FORM OF TECHNICAL ACCEPTANCE CERTIFICATE

Delta Air Lines, Inc (“Delta”), does hereby represent, acknowledge, warrant, and agree as follows:

1. Delta Air Lines, Inc and Mesa Airlines, Inc. (“Seller”) have entered into an Engine Purchase Agreement, dated as of \_\_, 2023], as amended, supplemented, and modified from time to time (the “Purchase Agreement”) relating to the General Electric model CF-34C engines, serial number .
2. Words used herein with capital letters and not otherwise defined will have the meanings set forth in the Purchase Agreement.
3. The Engine has been duly inspected by Delta Air Lines, Inc’s authorized technical representatives and Delta Air Lines, Inc. hereby accepts the technical condition of the Engine on the date set forth below to Delta Air Lines, Inc.’s full satisfaction and confirms that the Engine is complete and in good working order and condition pursuant to the terms and provisions of the Purchase Agreement, subject only to the “Agreed Action” relating to those certain discrepancies set forth in Attachment No. 1 hereto, if any.

IN WITNESS WHEREOF, this Technical Acceptance Certificate has been executed and delivered this \_\_ day of \_\_, 2024.

DELTA AIR LINES, INC

By: \_

Name: \_\_

Title: \_\_\_\_

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

**ANNEX 1 TO  
TECHNICAL ACCEPTANCE CERTIFICATE**

LIST OF DISCREPANCY ITEMS

<u>ITEM</u>	<u>DISCREPANCY</u>	<u>AGREED ACTION</u>
-------------	--------------------	----------------------

1. [to be inserted, if any]

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

EXHIBIT G

FORM OF NON-INCIDENT AND NON-ACCIDENT STATEMENT

To Whom It May Concern:

Reference:

[General Electric model CF34-8C Engine, Serial Number [ ]]

This is to certify that based on the documentation in Mesa Air Group's possession as of [ ], 20[ ], with respect to the General Electric model CF34-8C engine, bearing serial number [ ] and all parts installed upon or attached thereto (collectively, the "Engine"), that it was the operator of the above equipment from [Insert Date] until the date of transfer and that, to the best of its knowledge and based on all available records, the Engine / Module and equipment complies with the following statements:

Has not been operated by any Military or Government service, or as a civil aircraft on the civil register, and no parts installed have been obtained from any Military, Government, or unapproved source.

Has been operated, maintained, repaired, stored and preserved in accordance with the OEM engine and airframe manuals, maintenance schedules and within the defined operating limitations and environment.

The Engine / Module and equipment above has not been subject to any incident, accident, major failure or fire, extreme stress, over-temperature, over-speed, immersion in salt water, exposure to any corrosive agents, or any other event outside of the scope of standard maintenance which would be reasonably expected to affect the airworthiness of the engine.

Sincerely,

[ ]

By: \_\_\_\_

Name: \_\_

Title: \_\_\_\_

**SO CERTIFIED**

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---



certain confidential information contained in this document, marked by brackets, has been omitted because it (i) is not material and (ii) would be competitively harmful if publicly disclosed

**Execution Version**

**ENGINES SALES AGREEMENT**

**BY**

**AND**

**BETWEEN**

**GE Aviation Materials, Inc.**

**AND**

**Mesa Airlines, Inc.**

---

## **ENGINES SALES AGREEMENT**

This Engines Sales Agreement (this "**Agreement**") is dated as of this \_\_\_\_\_ day of March 2024 (the "**Effective Date**"), by and between GE Aviation Materials, Inc., a company organized under the laws of Delaware, and having a principal place of business located at 3001 West Airfield Drive, Suite 100, Euless TX 75261, U.S.A ("**Buyer**") and Mesa Airlines, Inc., a company organized under the laws of Nevada, and having a principal place of business located at 410 North 44<sup>th</sup> Street, Suite 700, Phoenix, Arizona 85008 ("**Seller**") (each a "**Party**" and collectively, the "**Parties**").

**WHEREAS**, Seller is the legal owner of the Fifty Three (53) used General Electric CF34-8C Engines, (the "**Engines**") as better defined in Schedule 2;

**WHEREAS**, Seller desires to sell the Engines to Buyer for the Purchase Price (defined below), under the terms and conditions contained in this Agreement; and

**WHEREAS**, Buyer desires to purchase the above referenced Engines under the terms and conditions contained in this Agreement.

**NOW, THEREFORE**, in consideration of the terms and conditions set forth below, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties agree as follows:

### **Article 1- Sale of Engines**

Subject to the terms and conditions of this Agreement, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, the Engines, subject to the terms and provisions of this Agreement.

### **Article 2 - Purchase Price and Payment**

2.1 Purchase Price. [\*\*\*]

2.2 Deposit – [\*\*\*]

2.3 Payment. Upon execution of this Agreement, Buyer shall issue a purchase order to Seller and upon Delivery of each Engine with all the required documentation in accordance with Section 4.1, Buyer shall pay the applicable Per Engine Purchase Price in United States Dollars, in immediately available funds, via electronic funds transfer, as contemplated by Section 2.4. Payments to the applicable lender or security agent shall be made to such account as is notified to Buyer in writing and payments to Seller shall be made to Seller's account as follows:

Bank: [\*\*\*]

ABA No. [\*\*\*]

Acct. No.: [\*\*\*]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

[\*\*\*]

### **Article 3- Delivery; Risk of Loss**

**3.1 Delivery.** Seller shall deliver the Engines DAP (Incoterms 2020), at a third-party facility located at [\*\*\*] ("**Delivery Location**").

**3.2 Timing.**— It is agreed that the RASPRO engines will be first to deliver.

**3.3 Title** – all Engines must be sold free and clear of any lien of financial/legal interest.

**3.4 Engines Condition.** Seller shall deliver the Engines to Buyer in spare Engines configuration without any QEC (i.e., bare condition) and otherwise in their then "AS IS" and "WHERE IS" condition.

### **Article 4– Closing; Transfer of Title; Event of Loss**

**4.1 Conditions to Closing.** Closing of the sale and purchase of each Engine as contemplated by this Agreement shall occur on or immediately after all of the following conditions have occurred (or been waived, if applicable, by the Party in whose favor such condition runs) with respect to such Engine on a date mutually agreed by the Parties (each, a "**Closing Date**"); provided that the closing of the sale and purchase of all Engines shall occur on or before [\*\*\*] unless otherwise agreed by the Parties (the "**Final Closing Date**"):

a. Seller shall have received, in each case with respect to the Engine then being sold and purchased: (i) the applicable Per Engine Purchase Price (which shall be paid as contemplated by Section 2.4 and will be deemed received by the Seller when so paid), (ii) a duly executed Certificate of Acceptance in substantially the form attached to this Agreement as Exhibit B, and (iii) a duly executed Delivery Receipt substantially in the form of Exhibit C.

b. Buyer shall have, in each case with respect to the Engine then being sold and purchased: (i) inspected and accepted the Engine at the Delivery Location, (ii) upon payment of the Per Engine Purchase Price for such Engine as contemplated by Section 2.4, received a duly executed copy of a Bill of Sale for such Engine in substantially the form attached to this Agreement as Exhibit A and (iii) a non-incident/non-accident letter stating that the Engines has not been involved in an incident or accident, in a form substantially similar to the form attached to this Agreement as Exhibit D.

**4.2 Transfer of Title.** Title to each Engine as well as risk of loss or of damage to each Engine shall pass to Buyer upon Buyer's receipt of the Bill of Sale with respect thereto on the applicable Closing Date.

**4.3 Termination for Failure to Meet Conditions Precedent.** If the Parties do not meet their respective obligations set forth in Article 4.1 above with respect to any Engine by the Final Closing Date, this Agreement shall terminate and neither Party shall have any further obligation or liability to the other Party, unless the Parties agree otherwise. Notwithstanding the foregoing, in the event of a termination of this Agreement as provided in this Section 4.3 for any reason not attributable to Buyer, Seller shall promptly return to Buyer per Buyer's written instructions the Per Engine Deposit in respect of each Engine for which a Closing Date will not occur by reason of such termination.

**4.4 Event of Loss.**

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

If an Event of Loss (as defined below) occurs to any Engine after the date hereof and prior to the Closing Date for such Engine, neither Party will have any further liability to the other with respect to such Engine, except that (i) any amount of the Per Engine Purchase Price in respect of such Engine that has already been paid by Buyer shall be refunded to Buyer and (ii) Seller shall promptly return to Buyer per Buyer's written instructions the Per Engine Deposit in respect of such Engine or such Per Engine Deposit will be applied to reduce the Per Engine Purchase Price payable with respect to the next Engine to close.

**"Event of Loss"** means with respect to any Engine:

- a. the actual or constructive total loss of such Engine (including any damage to such Engine which results in an insurance settlement on the basis of a total loss, or requisition for use or hire which results in an insurance settlement on the basis of a total loss);
- b. such Engine being destroyed, damaged beyond economic repair, or permanently rendered unfit for normal use for any reason whatsoever;
- c. the requisition of title or other compulsory acquisition of title for any reason of such Engine by any government entity or other authority or by any person by operation of any law; or
- d. the hijacking, theft, disappearance, condemnation, confiscation, seizure, detention, or requisition for use or hire of such Engines which deprives the Seller of the possession or use of such Engine beyond the Final Closing Date.

#### **Article 5 - Inspection; AS IS Sale and Disclaimers**

5.1 Seller agrees to make each Engine, including all associated technical records as mutually agreed upon between Seller and Buyer, available for inspection and review by Buyer, at the Delivery Location. Promptly upon completion of Buyer's inspection of an Engine, Buyer shall either (i) deliver to Seller a Certificate of Acceptance for such Engine in the form attached as Exhibit B, or (ii) notify Seller, in writing, if the Engine is found unacceptable to Buyer. If Buyer rejects the condition of any Engine following inspection, this Agreement shall terminate with respect to such rejected Engine and neither party shall have any further obligation under this Agreement with respect to such Engine except that (i) any amount of the Per Engine Purchase Price in respect of such Engine that has already been paid by Buyer shall be refunded to Buyer and (ii) Seller shall promptly return to Buyer per Buyer's written instructions the Per Engine Deposit in respect of such Engine or such Per Engine Deposit will be applied to reduce the Per Engine Purchase Price payable with respect to the next Engine to close..

5.2 Disclaimers; Limitation of Liability

- (a) EXCEPT FOR THE TITLE WARRANTY SET FORTH IN ARTICLE 7 OF THIS AGREEMENT AND IN EACH BILL OF SALE, EACH ENGINE, AND ALL TECHNICAL AND MAINTENANCE RECORDS AND OTHER DOCUMENTS RELATING TO SUCH ENGINE ("**ENGINE DOCUMENTS**"), AND EACH AND ANY COMPONENT, FURNISHING, EQUIPMENT AND PART FURNISHED WITH EACH ENGINE WHETHER OR NOT INSTALLED THEREON (COLLECTIVELY, "**PARTS**") IS BEING SOLD AND DELIVERED "**AS IS**", "**WHERE IS**", AND "**WITH ALL FAULTS**" AND WITHOUT ANY REPRESENTATION, GUARANTEE OR WARRANTY OF SELLER, EXPRESS OR IMPLIED, OF ANY KIND, ARISING BY LAW OR OTHERWISE; AND
- (b) WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, BUYER

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

HEREBY UNCONDITIONALLY AGREES THAT, AS BETWEEN BUYER (ON THE ONE HAND) AND SELLER (ON THE OTHER HAND), EACH ENGINE, ALL ENGINE DOCUMENTS, AND ALL PARTS IS TO BE SOLD AND PURCHASED IN AN “**AS IS, WHERE IS**” AND “**WITH ALL FAULTS**” CONDITION AS AT DELIVERY, AND, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN ARTICLE 7 OF THIS AGREEMENT AND IN THE APPLICABLE BILL OF SALE, NO TERM, CONDITION, WARRANTY, REPRESENTATION OR COVENANT OF ANY KIND HAS BEEN ACCEPTED, MADE OR IS GIVEN BY SELLER OR ANY AFFILIATE OF SELLER OR ANY OF ITS OR THEIR OFFICERS, DIRECTORS, EMPLOYEES, SERVANTS, REPRESENTATIVES OR AGENTS; AND SELLER HEREBY DISCLAIMS AND BUYER HEREBY WAIVES ANY AND ALL OTHER WARRANTIES AND REPRESENTATIONS, INCLUDING WITHOUT LIMITATION THOSE IN RESPECT OF THE AIRWORTHINESS, SERVICEABILITY, VALUE, QUALITY, DURABILITY, DATA PROCESSING, CONDITION, DESIGN, OPERATION, DESCRIPTION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE OR PURPOSE OF ANY ENGINE, ANY ENGINE DOCUMENTS, AND ANY PARTS, AS TO THE ABSENCE OF LATENT, INHERENT OR OTHER DEFECTS (WHETHER OR NOT DISCOVERABLE), AS TO THE COMPLETENESS OR CONDITION OF THE ENGINE DOCUMENTS, OR AS TO THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, COPYRIGHT, DESIGN, OR OTHER PROPRIETARY RIGHTS; ALL CONDITIONS, WARRANTIES AND REPRESENTATIONS (OR OBLIGATION OR LIABILITY, IN CONTRACT OR IN TORT) IN RELATION TO ANY OF THOSE MATTERS, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, ARE EXPRESSLY EXCLUDED.

- (c) NONE OF THE PARTIES SHALL BE LIABLE TO THE OTHER FOR, AND EACH PARTY HEREBY WAIVES AND RELEASES ANY CLAIMS AGAINST ANY OTHER PARTY FOR, ANY SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES, LOST PROFITS, OR LOSS OF PROSPECTIVE ECONOMIC ADVANTAGE, ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, ANY PARTY'S PERFORMANCE OR FAILURE TO PERFORM UNDER THIS AGREEMENT OR IN ANY OTHER WAY ARISING OUT OF OR RELATING TO ANY ENGINE PURCHASED OR SOLD HEREUNDER.

#### **Article 6- Taxes**

Buyer and Seller shall cooperate with each other in all reasonable respects to lawfully mitigate or eliminate the imposition of any sales, use, excise, stamp, transfer, value added, gross receipts or any other taxes, duties, fees or charges (collectively, “Sales Taxes”) that may be imposed on Seller, Buyer or any Engine by any government entity in any jurisdiction as a result of the sale or purchase of such Engine under this Agreement. The Purchase Price does not include the amount of any Sales Taxes that may be imposed by any government entity in any jurisdiction as a result of the sale of the Engines under this Agreement. Buyer shall be solely responsible for and promptly pay when due, and will on demand indemnify and hold harmless Seller on an after-tax basis from and against, all Sales Taxes, and all penalties, fines, additions to tax and interest thereon, which may be levied by any government entity in any jurisdiction as a result of or in connection with the sale of any Engine with regard to any time

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

period at or following transfer of title to such Engine to Buyer, excluding (a) any tax levied or imposed on the gross or net income, gross receipts, capital, net worth, accumulated earnings or conduct of business of Seller unrelated to the transactions contemplated by this Agreement (including any penalties, interest and additions to tax relating thereto), (b) any tax that would not have been imposed but for the gross negligence or willful misconduct of Seller or (c) any tax that was incurred prior to the date on which title to the applicable Engine was transferred to Buyer and that is unrelated to the transactions contemplated by this Agreement.

#### **Article 7- Assignment of Warranties; Title Warranty**

. Seller shall make available to Buyer, any transferable warranties received from repair facilities, distributors, or manufacturers of each Engine that are still in effect at the time title to the applicable Engine is transferred to Buyer and will, upon written request, deliver to Buyer all documentation in Seller's possession necessary to transfer any such warranties. The Parties shall cooperate in the transfer of all such warranties.

Seller represents and warrants that it will on the Closing Date applicable to each Engine and upon payment of the applicable Per Engine Purchase Price as contemplated by Section 2.4, convey to Buyer good and marketable title to the Engine then being sold to Buyer, free and clear of any liens, claims, or encumbrances and that it will defend, hold harmless and indemnify Buyer with respect to any claims adverse to such warranted title..

#### **Article 8 - Excusable Delay**

Neither Party shall be liable for delays in delivery or failure to perform due to: (i) causes beyond its reasonable control; (ii) acts of God, acts of civil or military authority, fires, strikes, floods, epidemics, war, civil disorder, riot, or delays in transportation; or (iii) inability due to causes beyond its reasonable control to obtain necessary labor, material, or components. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay. This provision shall not, however, relieve such delayed Party from using reasonable efforts to continue performance whenever such causes are removed. The delayed Party shall promptly notify the other Party when such delays occur or impending delays are likely to occur and shall continue to advise the other Party of new payment schedule/ shipping schedules, as applicable, and/or changes thereto.

#### **Article 9 - Indemnification and Limitation of Liability**

**9.1 Seller Indemnity.** Subject in all instances to the limitation of liability set forth in Article 5.2(c), Seller agrees to indemnify and hold harmless Buyer and its officers, partners, directors, employees, agents, successors, assigns, shareholders and its parent companies and general partners and their respective officers, assigns, directors, employees, agents and shareholders (collectively, the "**Buyer Indemnitees**"), against all liabilities, claims and losses, including personal injury and damage to property, arising from Seller's ownership, purchase, use, operation, lease, resale, storage, or possession of any Engine of any nature whatsoever, including reasonable attorneys' fees arising in connection therewith,; provided that the indemnities contained in this Article 9.1 shall not extend to liabilities, claims or losses:

- (i) to the extent they arise out of or are attributable to any act, omission, event or circumstance occurring after the time at which title to such Engine was transferred to Buyer;
- (ii) to the extent that they are caused by the wilful misconduct or gross

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

negligence of a Buyer Indemnitee;

- (iii) to the extent they are the result of failure by Buyer to comply with any of its express obligations under this Agreement (unless such failure is caused by failure by Seller to comply with any of its express obligations under this Agreement) or any representation or warranty given by Buyer not being true and correct;
- (iv) to the extent they represent a Tax or a loss of tax benefits;
- (v) which are ordinary or usual operating or overhead expenses of the Buyer Indemnitee;
- (vi) which are required to be borne by Buyer in accordance with any other express provision contained in this Agreement; or
- (vii) to the extent the Buyer Indemnitee has received or recovered payment in respect of such liability, claim or loss from any insurance policy in respect of such Engine.

The obligations of Seller under this Article 9.1 shall survive the completion of the transaction contemplated by and the termination of this Agreement.

**9.2 Buyer Indemnity.** Subject in all instances to the limitation of liability set forth in Article 5.2(c), Buyer agrees to indemnify and hold harmless Seller and its officers, partners, directors, employees, agents, successors, assigns, shareholders and its parent companies and general partners and their respective officers, assigns, directors, employees, agents and shareholders (collectively, the "**Seller Indemnitees**"), against all liabilities, claims and losses, including personal injury and damage to property, arising from Buyer's ownership, purchase, use, operation, lease, resale, storage, or possession of any Engine of any nature whatsoever, including reasonable attorneys' fees arising in connection therewith,; provided that the indemnities contained in this Article 9.2 shall not extend to liabilities, claims or losses:

- (viii) to the extent they arise out of or are attributable to any act, omission, event or circumstance occurring before the time at which title to such Engine was transferred to Buyer;
- (ix) to the extent that they are caused by the wilful misconduct or gross negligence of a Seller Indemnitee;
- (x) to the extent they are the result of failure by Seller to comply with any of its express obligations under this Agreement (unless such failure is caused by failure by Buyer to comply with any of its express obligations under this Agreement) or any representation or warranty given by Seller not being true and correct;
- (xi) to the extent they represent a Tax or a loss of tax benefits;
- (xii) which are ordinary or usual operating or overhead expenses of the Seller Indemnitee;
- (xiii) which are required to be borne by Seller in accordance with any other

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

express provision contained in this Agreement; or

- (xiv) to the extent the Seller Indemnitee has received or recovered payment in respect of such liability, claim or loss from any insurance policy in respect of such Engine.

The obligations of Buyer under this Article 9.2 shall survive the completion of the transaction contemplated by and the termination of this Agreement.

9.3 [Reserved].

**9.4 Insurances.** The Buyer shall maintain or cause to be maintained Airline Products Legal Liability insurance and War Risks and Allied Perils coverage applicable to the Engines in an amount not less than (i) US [\*\*\*] or such higher amount as the Buyer shall procure or maintain from time to time, for the Engines while not in service or disassembled to piece parts, for a period ending [\*\*\*] years following the date on which title to the last Engine is transferred to Buyer pursuant to this Agreement (the “**Insurance Period**”); or (ii) if Buyer or any subsequent purchaser of any Engine elects to return such Engine to service as a whole Engine or permits the Engine to be installed on one or more airframes prior to the end of the Insurance Period, then Buyer shall (at no cost to any Seller Indemnitee) cause the operator or such subsequent purchaser of such Engine to maintain for the remainder of the Insurance Period Aircraft Third Party, Property Damage, Passenger, Baggage, Cargo and Mail and Airline General Third Party (including Products) Legal Liability insurance in respect of such Engine, for a combined single limit of an amount not less than US [\*\*\*] or such higher amount as any operator shall procure or maintain from time to time.

The foregoing policies of insurance shall contain terms acceptable to the Seller and shall name the Seller Indemnitees and their successors and assigns, shareholders, subsidiaries, affiliates, partners, contractors, officers, servants, agents and employees as additional insureds. Without limiting the generality of the foregoing, all such coverages shall (i) be primary and non-contributory by any additional insured, (ii) contain a severability of interests clause in favor of the additional insureds, (iii) contain waiver of subrogation and breach of warranty clauses in favor of the additional insureds and (iv) include a 30-day notice of cancellation (or such shorter period as may be customary with respect to War risk and Allied Perils coverage). Coverage up to the insured limits shall be available for each and every loss (but in the aggregate in respect of products and personal injury liability). Buyer shall (at its cost) cause any subsequent purchaser of any Engine to furnish to the Seller as soon as practicable a certificate of insurance demonstrating compliance with the requirements of this Section 9.4 and in a form acceptable to Seller.

#### **Article 10 - Notices**

Any notices required or permitted under this Agreement shall be in writing. Notices shall be provided to the Parties as follows, or at any other address as is subsequently designated in writing by either Party:

If to Seller:                   **Mesa Airlines, Inc.**  
                                          410 North 44<sup>th</sup> Street, Suite 700  
                                          Phoenix, Arizona 85008

Attention: [\*\*\*]

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---



If to Buyer: **GE Aviation Materials, Inc.**  
3001 West Airfield Drive, Suite 100, Euless TX 75261, U.S.A

Attention: [\*\*\*]

### **Article 11 - Government Authorization; Export Shipment**

Each Party shall be responsible for obtaining any required licenses or any other required governmental authorization and shall be responsible for complying with all U.S. and foreign government licensing and reporting requirements. Each Party shall restrict disclosure of all information and data furnished in connection with such authorization and shall ship the subject matter of the authorization to only those destinations that are authorized by the U.S. Governments.

### **Article 12- Miscellaneous**

**12.1 Assignment.** This Agreement or any rights or obligations hereunder may not be assigned without the prior written consent of the other Party, except that one Party's consent will not be required for an assignment by such Party to one of its affiliates, or for the assignment of its rights to payment to a third party. Any assignment in contradiction of this clause will be considered null and void.

**12.2 Savings Clause.** If any portion of this Agreement will be determined to be a violation of or contrary to any controlling law, rule or regulation issued by a court of competent jurisdiction, then that portion will be unenforceable in such jurisdiction. However, the balance of this Agreement will remain in full force and effect.

**12.3 Confidentiality.** Both Parties agree to keep the terms and conditions of this Agreement confidential except for (i) disclosure to a Party's officers, employees, directors, accountants, auditors, financial advisors, lawyers and other professional advisors and (ii) any disclosure required by law or judicial process. Such confidentiality obligation shall survive the term of this Agreement.

**12.4 Dispute Resolution.** If any dispute arises relating to this Agreement, the Parties will endeavor to resolve the dispute amicably, including by designating senior managers who will meet and use commercially reasonable efforts to resolve any such dispute. If the Parties' senior managers do not resolve the dispute within 60 days of first written request, any dispute shall be referred to the courts of the state of New York, New York County, or of the United States District Court for the Southern District of New York located in the Borough of Manhattan. Each of the Parties (i) hereby irrevocably submits itself to the nonexclusive jurisdiction of the foregoing courts, for the purposes of any suit, action or other proceeding arising out of this Agreement, the subject matter hereof or any of the transactions contemplated hereby brought by any Party hereto, and (ii) hereby waives, and agrees not to assert, by way of motion, as a defense or otherwise, in any such suit, action or proceeding, to the extent permitted by applicable law, any defense based on sovereign or other immunity or that the suit, action or proceeding which is

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

referred to in clause (i) above is brought in an inconvenient forum, that the venue of such suit, action or proceeding is improper, or that this Agreement or the subject matter hereof or any of the transactions contemplated hereby may not be enforced in or by these courts.

12.5

12.6 Governing Law. The terms of this Agreement and the transactions hereunder shall be interpreted in accordance with and governed by the laws of the State of New York, U.S.A. without regard to its conflict of law principles other than Sections 5-1401 and 5-1402 of the New York General Obligations Law. Any provision of this Agreement, which is prohibited or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

12.7 No Agency. Nothing in this Agreement will be interpreted or construed to create a partnership, agency or joint venture between Buyer and Seller.

12.8 Entire Agreement. This Agreement including its Exhibits contains and constitutes the entire understanding and agreement between the Parties hereto respecting the subject matter hereof, and supersedes and cancels all previous negotiations, agreements, representations and writings in connection herewith. This Agreement may not be released, discharged, abandoned, supplemented, modified or waived, in whole or in part, in any manner, orally or otherwise, except by a writing signed and delivered by a duly authorized officer or representative of each of the Parties hereto making specific reference to this Agreement and the provisions hereof being released, discharged, abandoned, supplemented, modified or waived.

12.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be considered an original, and all of which when taken together shall constitute one and the same instrument.

12.10 Representations. Each Party hereby represent and warrant to the other Party that:

- a. it is a company duly organized and validly established in its state/country of organization; and
- b. it has power to enter into and perform its obligations under this Agreement, each Bill of Sale, each Acceptance Certificate, each Engine Delivery Receipt and each other transaction document (the "Transaction Documents") to which it is a party;
- c. it has in full force and effect the authorizations necessary for it to enter into and execute this Agreement and each other Transaction Documents to which it is a party, comply with its obligations under those documents, and allow them to be enforced against it;
- d. its obligations under this Agreement and each other Transaction Document to which it is a party are valid and binding and enforceable against it in accordance with their terms, except to the extent limited by equitable principles and laws affecting creditors' rights generally;
- e. this Agreement and the transactions under it and each other Transaction Document to which it is a party do not contravene its organizational documents or any law, regulation or official directive or any of its obligations or undertakings by which it or any of its assets are bound or cause a limitation on its powers or the powers of its directors to be exceeded.

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

IN WITNESS HEREOF, the Parties hereto have signed this Agreement as of the Effective Date.

**GE Aviation Materials, Inc.**

**Mesa Airlines, Inc.**

By:           /s/ Lee Whitehurst  
Name: Lee Whitehurst  
Title: Commercial Director

By:           /s/ Michael Lotz  
Name: Michael Lotz  
Title: President

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

**EXHIBIT A**  
**FORM OF**  
**BILL OF SALE**

Pursuant to the Engines Sales Agreement, dated February \_\_\_\_ 2024, by and between GE Aviation Materials, Inc. ("**Buyer**") and Mesa Airlines, Inc. ("**Seller**") (the "**Engines Sales Agreement**"), and for and in consideration of the Per Engine Purchase Price (as defined therein), and other good and valuable consideration, the payment of which is described in the Engines Sales Agreement, Seller, the owner of full legal and beneficial title to:

**Identification of the Engines**

Engines Model  
CF34-8C

Engines Serial Number  
XXXXXX

has as of the \_\_\_\_ day of February 2024, sold, granted, transferred and delivered all right, title, and interest in and to the above listed Engine to Buyer, and to its successors and assigns, to have and to hold said Engine forever.

Seller hereby warrants to Buyer that at the time of delivery of the Engine to Buyer, Seller was the lawful owner of the Engine with good title thereto; that said the Engines is free from all claims, liens, encumbrances and rights of others (other than any claims, liens, encumbrances and rights of others arising by, through or under Buyer); that Seller has good and lawful right to sell the Engines; that there is hereby conveyed to Buyer on the date hereof good and marketable title to the Engines free and clear of all liens, claims, charges and encumbrances (other than any claims, liens, charges, encumbrances and rights of others arising by, through or under Buyer) and that Seller will warrant and defend such title against all claims and demands of all persons, whomsoever arising from any event or condition occurring prior to the time of delivery of this Bill of Sale by Seller to Buyer.

This Bill of Sale will be governed in accordance with the laws of the State of New York, U.S.A.; except, that New York conflict of law rules will not apply if the result would be the application of the laws of another jurisdiction.

The undersigned has caused this Bill of Sale to be signed by a duly authorized officer as of this \_\_\_\_ day of \_\_\_\_\_ 2024.

**Mesa Airlines, Inc.**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

**EXHIBIT B**  
**FORM OF**  
**CERTIFICATE OF ACCEPTANCE**

GE Aviation Materials, Inc. ("**Buyer**") hereby certifies that pursuant to the Engines Sales Agreement dated as of February \_\_\_\_ 2024, by and between Mesa Airlines, Inc. \_\_\_\_\_ ("**Seller**") and Buyer (the "**Engines Sales Agreement**"), in connection with the sale by Seller to Buyer of the used General Electric model CF34-8C aircraft Engine bearing the manufacturer's serial number ESN XXXXXX (the "**Engine**"):

- (a) Buyer has inspected the Engine, including all Engine Documents (as defined in the Engines Sales Agreement), and hereby confirms that the Engine is in all respects acceptable to Buyer for all purposes of the Engine Sales Agreement;
- (b) Buyer has inspected, found to be complete and satisfactory to it and has received all of the Engine Documents relating to the Engine and confirms that such Engine Documents are in all respects acceptable to Buyer for all purposes of the Engine Sales Agreement.

This Certificate of Acceptance and any non-contractual obligations arising from or in connection with it shall be governed by the laws of the State of New York without regard to principles of conflicts of laws other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

Date: \_\_\_\_\_

**GE Aviation Materials, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

**EXHIBIT C**  
**FORM OF**  
**AIRCRAFT ENGINE DELIVERY RECEIPT**

Date: \_\_\_\_\_

Location: \_\_\_\_\_

This is the receipt for the delivery of the used General Electric model CF34-8C aircraft Engine bearing the manufacturer's serial number ESN XXXXXX (the "**Engine**") and the related Aircraft Documents (as defined in the Engines Sales Agreement) delivered in accordance with the Engines Sales Agreement between GE Aviation Materials, Inc. and Mesa Airlines Inc, dated February \_\_, 2024 (the "**Engines Sales Agreement**").

The undersigned authorized agent of Buyer hereby acknowledges the satisfactory receipt of, and irrevocably and unconditionally accepts as delivered, the following:

- . The Engine; and
2. All Engine Documents relating to the Engine which Buyer confirms have been delivered to it in accordance with the terms of the Engines Sales Agreement.

The undersigned further confirms that the Buyer has no rights or claims whatsoever against the Seller in respect of any of the matters disclaimed in Section 5.2 of the Engines Sales Agreement.

This Aircraft Engine Delivery Receipt and any non-contractual obligations arising from or in connection with it shall be governed by the laws of the State of New York without regard to principles of conflicts of laws other than Sections 5-1401 and 5-1402 of the New York General Obligations Law.

Received by \_\_\_\_\_ on the date first above written.

**GE Aviation Materials, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

## Exhibit D

### FORM OF

### NON-INCIDENT STATEMENT [BUSINESS TO REVIEW-DELIVERED SEPARATELY]

To be completed on Seller, Inc.'s letterhead

Mesa Airlines, Inc. ("**Seller**") hereby certifies that, to the best of its knowledge, the used General Electric CF34-8C aircraft Engines bearing the manufacturer's serial number ESN XXXXXX (the "**Engines**"):

- Was not removed from an aircraft that has been subjected to any extreme heat or other form of extreme stress, e.g. major Engines failure, fire, or involved in an incident or accident as defined by the relevant regulating authority.
- Does not have and has not had any PMA parts or NON-Type Certificate Holder repaired parts installed other than those authorized by the Engines manufacturer;
- Has not been immersed in salt water or otherwise exposed to corrosive agents outside normal operation; and
- Was not obtained from nor operated by any Government, or any military sources.

Last Operator: \_\_\_\_\_

Date: \_\_\_\_\_

#### **Mesa Airlines, Inc.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---

**Schedule 2**

**“The Engines”**

**Total Package x 53.**

**[\*\*\*]**

[\*\*\*]=[CONFIDENTIAL PORTION HAS BEEN OMITTED BECAUSE IT (I) IS NOT MATERIAL AND (II) WOULD BE COMPETITIVELY HARMFUL IF PUBLICLY DISCLOSED]

---



**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan G. Ornstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mesa Air Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2024

/s/ JONATHAN G. ORNSTEIN

Jonathan G. Ornstein  
Chief Executive Officer

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Lotz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mesa Air Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 23, 2024

/s/ Michael J. Lotz

Michael J. Lotz

Chief Financial Officer

---

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jonathan G. Ornstein, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of Mesa Air Group, Inc. for the fiscal quarter ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Mesa Air Group, Inc.

Dated: May 23, 2024

/s/ JONATHAN G. ORNSTEIN

Jonathan G. Ornstein  
Chairman and Chief Executive Officer

---

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael J. Lotz, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge, the Quarterly Report on Form 10-Q of Mesa Air Group, Inc. for the fiscal quarter ended December 31, 2023 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Mesa Air Group, Inc.

Dated: May 23, 2024

/s/ Michael J. Lotz

---

Michael J. Lotz

Chief Financial Officer

