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 September 30, 2026

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: 001-41759

Surf Air Mobility Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	4522	36-5025592
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5080 Spectrum Drive, STE 250W
Addison, TX 75001
(424) 332-5480

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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, $0.0001 par value per share	SRFM	New York Stock Exchange

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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☒		

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

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

As of October 30, 2026, 135,205,998 shares of common stock, $0.0001 par value per share, were outstanding.

SPECIAL NOTE REGARDING FORWARD-LOOKING INFORMATION

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q are forward-looking statements, including statements regarding the Company's future results of operations and financial position, business strategy and plans and objectives of management for future operations are forward-looking statements. Forward-looking statements may be identified by the use of words such as "estimate", "plan", "project", "forecast", "intend", "will", "expect", "anticipate", "believe", "seek", "target", "designed to" or other similar expressions that predict or indicate future events or trends, although the absence of these words does not mean that a statement is not forward-looking. The Company cautions readers of this Quarterly Report on Form 10-Q that these forward-looking statements are subject to risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control, that could cause the actual results and outcomes, and the timing of actual results and outcomes, to differ materially from the expected results. These forward-looking statements include, but are not limited to, statements regarding estimates and forecasts of financial and performance metrics, projections of market opportunity and market share, potential benefits and the commercial attractiveness to its customers of the Company's products and services, the Company's dependence on third-party partnerships in the development or deployment of fully-electric and hybrid-electric powertrains, the potential success of the Company's marketing and expansion strategies and the Company's ability to continue as a going concern. These statements are based on various assumptions, whether or not identified in this Quarterly Report on Form 10-Q, and on the current expectations of the Company's management, and are not predictions of actual results and outcomes. These forward-looking statements are provided for illustrative purposes only and are not intended to serve as, and must not be relied upon, by any investor as a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. These forward-looking statements are subject to a number of risks and uncertainties, including:

- the Company's future ability to pay contractual obligations, pay excise taxes, including resolving its tax liens and liquidity, which will depend on operating performance, cash flow and ability to secure adequate financing;
- the Company's ability to meet the requirements of its term loan credit facility or other debt obligations;
- the Company's limited operating history and the aircraft electrification technology the Company plans to develop or deploy does not yet exist and/or remains subject to approval by regulators;
- the impact of changes in the U.S. or foreign trade policies, including the imposition of tariffs and other protectionist trade measures, and other factors beyond the Company's control;
- the Company's ability to maintain and strengthen the Company's brand and its reputation as a regional airline;
- any accidents or incidents involving aircraft including those involving fully-electric or hybrid-electric powertrains;
- the Company's ability to accurately forecast demand for products and manage product inventory in an effective and efficient manner;
- the dependence on third-party partners and suppliers for the components and collaboration in the Company's development or deployment of fully-electric and hybrid-electric aircraft, software technology platforms, and other products and services, and any interruptions, disagreements or delays with those partners and suppliers;
- the Company's ability to execute business objectives and growth strategies successfully or sustain the Company's growth;
- risks from the integration of business acquisitions that could adversely affect the Company's business, divert the attention of management, and dilute shareholder value;
- increased costs as a result of operating as a public company, and the requirement that management devote substantial time to comply with the Company's public company responsibilities and corporate governance practices;
- the ability of the Company's customers and potential customers to pay for the Company's services;
- the Company's ability to obtain additional financing or access the capital markets to fund its ongoing operations on acceptable terms and conditions;
- whether Essential Air Service funding will continue without interruption or appropriations will be made on a timely basis and also whether the U.S. Department of Transportation will restore and fund Essential Air Service obligations retroactively;
- the outcome of any legal proceedings that might be instituted against the Company;

- risks associated with the Company's ability to comply with applicable laws, government regulations and rules and standards of the New York Stock Exchange as well as with changes in applicable laws or regulations, and the impact of the regulatory environment; and
- the risks set forth under the heading "Risk Factors" in our annual and quarterly reports filed with the U.S. Securities and Exchange Commission.

All forward-looking statements included herein attributable to the Company or any person acting on any party's behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable laws and regulations, the Company undertakes no obligations to update these forward-looking statements for any reason, including to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

Surf Air Mobility Inc.
Unaudited Condensed Consolidated Balance Sheets
September 30, 2026 and December 31, 2025
(in thousands, except share and per share data)
(Unaudited)

	September 30, 2026	December 31, 2025
Assets:		
Current assets:		
Cash	$ 10,719	$ 12,672
Accounts receivable, net	4,973	3,929
Prepaid expenses and other current assets	14,432	14,320
Total current assets	30,124	30,921
Restricted cash	287	10,091
Property and equipment, net	60,396	45,595
Intangible assets, net	17,876	20,067
Operating lease right-of-use assets	13,426	12,510
Finance lease right-of-use assets	587	809
Other assets	11,975	11,688
Total assets	$ 134,671	$ 131,681
Liabilities and Shareholders' Deficit:		
Current liabilities:		
Accounts payable	$ 19,151	$ 18,437
Accrued expenses and other current liabilities	41,572	47,702
Deferred revenue	22,434	17,924
Current maturities of long-term debt, including $12,449 and $0 measured at fair value at September 30, 2026 and December 31, 2025, respectively (see Note 7)	24,598	2,712
Operating lease liabilities, current	3,885	3,636
Finance lease liabilities, current	280	277
SAFE notes at fair value, current	3	5
Convertible notes at fair value, current	15,198	42,274
Due to related parties, current	61	643
Total current liabilities	127,182	133,610
Long-term liabilities:		
Long-term debt, net of current maturities, including $12,450 and $0 measured at fair value at September 30, 2026 and December 31, 2025, respectively (see Note 7)	34,306	14,389
Convertible notes at fair value, long term	—	25,183
Operating lease liabilities, long term	9,761	8,714
Finance lease liabilities, long term	463	670
Due to related parties, long term	5,100	100
Other long-term liabilities	3,320	3,872
Total liabilities	$ 180,132	$ 186,538
Commitments and contingencies (Note 10)		
Shareholders' deficit:		
Preferred stock, $0.0001 par value; 50,000,000 shares authorized; 0 shares issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock, $0.0001 par value; 800,000,000 shares authorized as of both September 30, 2026 and December 31, 2025; 134,892,456 shares and 73,082,025 shares issued and outstanding as of September 30, 2026 and December 31, 2025, respectively	13	7
Additional paid-in capital	811,288	733,135
Accumulated deficit	(856,762)	(787,999)
Total shareholders' deficit	$ (45,461)	$ (54,857)
Total liabilities and shareholders' deficit	$ 134,671	$ 131,681

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Surf Air Mobility Inc.
Unaudited Condensed Consolidated Statements of Operations
Three and Nine Months Ended September 30, 2026 and 2025
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 36,456	$ 29,172	$ 91,578	$ 80,109
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization	33,485	27,662	88,878	76,696
Technology and development	1,428	2,327	5,654	8,012
Sales and marketing	2,417	2,060	7,519	5,214
General and administrative	12,237	11,200	29,784	34,173
Depreciation and amortization	2,851	2,423	7,858	7,012
Total operating expenses	52,418	45,672	139,693	131,107
Operating loss	$ (15,962)	$ (16,500)	$ (48,115)	$ (50,998)
Other income (expense):				
Changes in fair value of financial instruments carried at fair value, net	$ (3,239)	$ (7,415)	$ (13,646)	$ (9,772)
Interest expense	(2,258)	(3,255)	(4,721)	(10,916)
Gain on extinguishment of debt	—	—	—	39
Other income (expense), net	1,052	(105)	(2,412)	(2,209)
Total other expense, net	$ (4,445)	$ (10,775)	$ (20,779)	$ (22,858)
Loss before income taxes	(20,407)	(27,275)	(68,894)	(73,856)
Income tax benefit	39	62	131	179
Net loss	$ (20,368)	$ (27,213)	$ (68,763)	$ (73,677)
Net loss per share applicable to common shareholders, basic and diluted	$ (0.16)	$ (0.64)	$ (0.69)	$ (2.74)
Weighted-average number of common shares used in net loss per share applicable to common shareholders, basic and diluted	125,243,614	42,430,909	100,328,425	26,850,694

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Surf Air Mobility Inc.
Unaudited Condensed Consolidated Statement of Changes in Shareholders' Deficit
Three and Nine Months Ended September 30, 2026 and 2025
(in thousands, except share data)
(Unaudited)

	Common Shares		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Number of Shares	Amount			
Balance at June 30, 2026	119,137,993	$ 12	$ 793,925	$ (836,394)	$ (42,457)
Issuance of common stock related to restricted shares and restricted stock units	1,231,620	-	-	-	-
Issuance of warrants as consideration for credit support and financing fees	—	-	2,914	-	2,914
Issuance of common stock for HT Note redemptions	3,734,695	-	3,158	-	3,158
Issuance of common shares under Share Purchase Agreement	4,100,000	-	2,858	-	2,858
Issuance of common stock under software development agreement	6,688,148	1	6,749	-	6,750
Stock-based compensation expense	—	-	1,684	-	1,684
Net loss	—	-	-	(20,368)	(20,368)
Balance at September 30, 2026	134,892,456	$ 13	$ 811,288	$ (856,762)	$ (45,461)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Number of Shares	Amount			
Balance at June 30, 2025	36,561,659	$ 4	$ 608,420	$ (723,907)	$ (115,483)
Issuance of common stock related to restricted shares and restricted stock units	154,730	—	—	—	—
Issuance of common stock related to performance-based restricted shares	2,500	—	—	—	—
Issuance of common stock related to stock option exercises	49,570	—	255	—	255
Issuance of common stock related to warrant exercises	265,725	—	830	—	830
Issuance of common stock under Share Purchase Agreement	1,942,349	—	8,214	—	8,214
Issuance of common stock in settlement of vendor payables	199,907	—	700	—	700
Issuance of common stock under software license agreement	603,238	—	2,690	—	2,690
Issuance of common stock related to convertible note conversions	7,178,411	1	35,181	—	35,182
Stock-based compensation expense	—	—	2,268	—	2,268
Net loss	—	—	—	(27,213)	(27,213)
Balance at September 30, 2025	46,958,089	$ 5	$ 658,558	$ (751,120)	$ (92,557)

	Common Shares				
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
Balance at December 31, 2025	73,082,025	$ 7	$ 733,135	$ (787,999)	$ (54,857)
Issuance of common stock related to restricted shares and restricted stock units	2,246,195	-	-	-	-
Issuance of common stock related to performance-based restricted shares	225,000	-	-	-	-
Issuance of common stock to settle incentive bonus accruals	901,298	-	1,056	-	1,056
Issuance of common stock in direct offerings	13,575,534	1	14,303	-	14,304
Issuance of warrants in long-term debt financings	—	-	672	-	672
Issuance of warrants as consideration for credit support and financing fees	—	-	2,914	-	2,914
Issuance of common stock related to convertible note conversions	967,018	-	1,876	-	1,876
Reclassification of HT common shares previously redeemable	3,510,638	1	6,599	-	6,600
Issuance of common stock for HT Note redemptions	3,734,695	-	3,158	-	3,158
Issuance of common shares under Share Purchase Agreement	25,200,000	2	30,012	-	30,014
Issuance of common stock under software development agreement	11,450,053	2	11,748	-	11,750
Stock-based compensation expense	—	-	5,815	-	5,815
Net loss	—	—	—	(68,763)	(68,763)
Balance at September 30, 2026	134,892,456	$ 13	$ 811,288	$ (856,762)	$ (45,461)

	Common Stock				
	Number of Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
Balance at December 31, 2024	16,933,692	2	557,444	(677,443)	(119,997)
Issuance of common stock related to restricted shares and restricted stock units	747,344	—	—	—	—
Issuance of common stock related to performance-based restricted shares	362,500	—	—	—	—
Issuance of common stock related to stock option exercises	49,570	—	255		255
Issuance of common stock related to warrant exercises	265,725	—	830		830
Issuance of common stock in private placements	816,326	—	2,000	—	2,000
Issuance of common stock in direct offerings	12,800,002	1	27,891	—	27,892
Issuance of warrants to placement agents in direct offerings	—	—	1,494	—	1,494
Issuance of common stock under Share Purchase Agreement	5,692,349	1	18,957	—	18,958
Issuance of common stock in settlement of vendor payables	224,364	—	760	—	760
Issuance of common stock under software license agreement	1,887,806	—	5,789	—	5,789
Issuance of common stock related to convertible note conversions	7,178,411	1	35,181		35,182
Stock-based compensation expense	—	—	7,957	—	7,957
Net loss	—	—	—	(73,677)	(73,677)
Balance at September 30, 2025	46,958,089	$ 5	$ 658,558	$ (751,120)	$ (92,557)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Surf Air Mobility Inc.
Unaudited Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2026 and 2025
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2026	**2025**
Cash flows from operating activities:		
Net loss	$ (68,763)	$ (73,677)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	7,858	7,012
Loss on sale of fixed assets	1,637	818
Non-cash operating lease expense	3,405	3,934
Gain on extinguishment of debt	—	(39)
Stock-based compensation expense	5,815	7,957
Changes in fair value of financial instruments carried at fair value, net	13,646	9,772
Non-cash transaction costs for issuance of HT Shares	1,608	—
Amortization of debt discounts and debt issuance costs	355	1,608
Deferred income taxes	(131)	(179)
Changes in operating assets and liabilities:		
Accounts receivable, net	(1,044)	(778)
Prepaid expenses and other current assets	3,725	(1,404)
Other assets	(251)	343
Accounts payable	714	2,409
Due to related parties	918	—
Accrued expenses and other current liabilities	(5,588)	2,221
Deferred revenue	4,510	(1,424)
Operating lease liabilities	(3,025)	(4,352)
Other liabilities	—	(9)
Net cash used in operating activities	$ (34,611)	$ (45,788)
Cash flows from investing activities:		
Purchase of property and equipment	(10,244)	(4,218)
Proceeds from the sale of fixed assets	2,070	2,681
Internal-use software development costs	(4,459)	(1,764)
Net cash used in investing activities	$ (12,633)	$ (3,301)
Cash flows from financing activities:		
Payments of borrowings on convertible notes	(27,750)	—
Proceeds from borrowings on long-term debt	21,000	2,750
Principal payments on long-term debt	(2,381)	(1,921)
Principal payments on Mandatory Convertible Security	—	(17,718)
Proceeds from issuance of common stock in direct offerings, net of transaction expenses	14,303	31,386
Proceeds from sales and advances under Share Purchase Agreement	29,000	18,958
Proceeds from collateralized borrowings, net of repayment	135	193
Proceeds from borrowings from related parties	7,000	—
Repayment of borrowings from related parties	(2,000)	—
Proceeds from exercise of stock options	—	255
Proceeds from exercise of warrants	—	830
Payments under HT Side-Letter Agreement	(2,363)	—
Payments of debt issuance costs	(1,253)	—
Payment of finance lease obligations	(204)	(202)
Net cash provided by financing activities	$ 35,487	$ 34,531
Decrease in cash, cash equivalents and restricted cash	(11,757)	(14,558)
Cash, cash equivalents and restricted cash at beginning of period	22,763	21,675
Cash, cash equivalents and restricted cash at end of period	$ 11,006	$ 7,117

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Surf Air Mobility Inc.
Notes to Unaudited Condensed Consolidated Financial Statements
(Unaudited)

Note 1. Description of Business

Organization

Surf Air Mobility Inc. ("Surf Air Mobility" or the "Company"), a Delaware corporation, is a regional air mobility platform that aims to transform regional flying. The Company currently operates one of the largest commuter airlines in the United States by scheduled departures as well as an expanding on-demand charter marketplace for passengers in the U.S. and globally. The Company's operations provide scale, distribution and real-world operating data to validate and, eventually, deploy the software and technology offerings it is currently developing to support the modernization of air operations and the adoption of next-generation aircraft.

The Air Mobility business is an established regional air mobility platform providing scheduled service and an on-demand charter marketplace to passengers in the U.S. and globally. Current initiatives surrounding the Air Technology business seek to drive an innovative platform developing a proprietary, AI-enhanced aviation software operating system as well as technology and services to enable electrification across the regional air mobility sector.

The Company was incorporated in 2021 and became the ultimate parent of both Surf Air Global Limited ("Surf Air") and Southern Airways Corporation ("Southern") in July of 2023 following the Company's public listing on the New York Stock Exchange ("NYSE"). For 2025, the Company's combined network served over 300,000 passengers with approximately 62,000 scheduled departures. The Company expects the combination of its legacy networks will continue to provide the basis for its expanded, nationwide regional air mobility platform.

Surf Air Mobility's predecessor company, Surf Air, was formed in 2016 and, prior to its reorganization into Surf Air Mobility, aimed to expand the category of regional air travel, connecting underutilized regional airports and private terminals to create a "shared private" customer experience and a high frequency "commercial-like" air service, using small turboprop aircraft. Surf Air provided both scheduled routes and on-demand charter flights operated by third parties that operate under Part 135 of Title 14 of the U.S. Code of Federal Regulations ("Part 135"). Surf Air drove the early stages of development of the Company's current efforts to deploy electrified powertrain technology, including the establishment of relationships with key commercial partners who, as a group, the Company believes can deliver novel hardware and software solutions that can make electrified flight possible for operators across the Part 135 industry, starting with the Company's owned and operated fleet.

Liquidity and Going Concern

The Company has incurred losses from operations, negative cash flows from operating activities and has a working capital deficit. In addition, the Company is currently in default of certain excise and property taxes as well as certain debt obligations. These tax and debt obligations are classified as current liabilities on the Company's Condensed Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025. As discussed in Note 10, *Commitments and Contingencies*, on May 15, 2018, the Company received a notice of a tax lien filing from the Internal Revenue Service ("IRS") for unpaid federal excise taxes for the quarterly periods from October 2016 through September 2017 in the amount of $1.9 million, including penalties and interest as of the date of the notice. The Company agreed to a payment plan (the "Installment Plan") whereby the IRS would take no further action and remove such liens at the time such amounts have been paid. In 2019, the Company defaulted on the Installment Plan. Defaulting on the Installment Plan can result in the IRS nullifying such plan, placing the Company in default and taking collection action against the Company for any unpaid balance. The Company is currently in default of these obligations, with a total outstanding federal excise tax liability, including accrued penalties and interest, of $10.6 million included in accrued expenses and other current liabilities on the Company's Condensed Consolidated Balance Sheet as of September 30, 2026. In December 2025, the Company submitted a request for reconsideration to the IRS regarding a previously submitted offer-in-compromise ("OIC") to the IRS, seeking to resolve all consolidated excise tax liabilities. Beginning in September 2026, under the terms of the OIC, all collection actions against the Company, in relation to these matters, will be abated and the Company will be making monthly payments of $85 thousand on historical excise tax liabilities while the IRS is considering the OIC. The Company has also defaulted on its property tax obligations in various California counties in relation to fixed assets, plane usage and aircraft leases. The Company's total outstanding property tax liability including penalties and interest is approximately $0.9 million as of September 30, 2026. Additionally, Los Angeles County had previously imposed a tax lien on four of the Company's aircraft due to the late filing of the Company's 2022 property tax return. During the year ended December 31, 2025, the Los Angeles County tax liens were released as the Company finalized remediation of the late filing, inclusive of the completion of county audits, and made payments of $1.0 million on all property taxes due to Los Angeles County that were underlying the prior aircraft liens. As of September 30, 2026, the Company was also in default of the Simple Agreements for Future Equity with Token allocation ("SAFE-T") note, where the note matured in July 2019 (see Note 7, *Financing Arrangements*). The SAFE-T note is subordinate to most of the

Company's debt obligations (see Note 7, *Financing Arrangements*); therefore, the Company cannot pay the outstanding balance prior to paying amounts due under more senior debt obligations. The SAFE-T note had an outstanding principal amount of $0.5 million as of September 30, 2026 and December 31, 2025.

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The airline industry and the Company's operations are cyclical and highly competitive. The Company's success is largely dependent on the ability to raise debt and equity capital, achieve a high level of aircraft and crew utilization, increase flight services and the number of passengers flown, and continue to expand into regions profitably throughout the United States.

The Company's prospects and ongoing business activities are subject to the risks and uncertainties frequently encountered by companies in new and rapidly evolving markets. Risks and uncertainties that could materially and adversely affect the Company's business, results of operations or financial condition include, but are not limited to the ability to (i) raise additional capital (or financing) to fund operating losses, (ii) refinance its current outstanding debt, (iii) maintain efficient aircraft utilization, primarily through the proper utilization of pilots and managing market shortages of maintenance personnel and critical aircraft components, (iv) sustain ongoing operations, (v) attract and maintain customers, (vi) integrate, manage and grow recent acquisitions and new business initiatives, (vii) obtain and maintain relevant regulatory approvals, and (viii) measure and manage risks inherent to the business model.

The Company historically has funded its operations and capital needs primarily through the net proceeds received from the issuance of various debt instruments, convertible securities, related party funding, and preferred and common stock financing arrangements and expects to continue to do so, as available. In particular, as market conditions permit, the Company may raise additional funds through sales of equity (including through the SPA (see Note 8, *Share Purchase Agreement and GEM Mandatory Convertible Security*) with GEM Global Yield LLC SCS ("GEM")) or convertible debt, using proceeds (as available) to strengthen the Company's balance sheet, among other things.

During the nine months ended September 30, 2026, the Company received net proceeds of $14.3 million through the issuance and sale of 13,575,534 shares of its common stock. Additionally, during the nine months ended September 30, 2026, the Company entered into a Securities Purchase Agreement (the "Secured Debentures Purchase Agreement") with certain affiliates of JGB Partners, L.P. (the "Purchasers"), pursuant to which the Purchasers purchased certain Senior Secured Debentures, with an aggregate face amount of $21.6 million (the "Secured Debentures"), issued by Southern Airways Pacific, LLC and Southern Airways Express, LLC, each a subsidiary of the Company.

During the nine months ended September 30, 2026, the Company received $29.0 million in advances under the SPA with GEM, of which $27.4 million had been settled through the issuance of 25,200,000 shares of the Company's common stock. As of September 30, 2026, the contractual terms allow the Company to make further advances of up to $68.5 million under the SPA. Additionally, the Company has the ability to draw an additional $251.4 million under the SPA, subject to daily volume limitations and GEM's requirement to hold less than 10% of the fully-diluted shares of the Company. As of September 30, 2026, GEM held 0% of the then fully-diluted shares of the Company. At September 30, 2026, the daily volume limitations under the SPA restricted the Company's ability to take additional draws under the SPA to approximately 23.8 million shares per draw. Additionally, the Company's ability to draw upon the SPA is contingent on the Company's common stock being listed on a national exchange. The original termination date of the SPA has been extended from July 2026 to the earlier of (i) January 2, 2028 and (ii) the date which GEM has purchased the Aggregate Limit under the SPA.

The Company is currently implementing operational improvements and stringent operating expenses management to improve the profitability of its airline operations. In parallel, the Company is advancing its technology initiatives, including its software technology platform and electrification programs. In addition, the Company continues to evaluate strategies to obtain additional funding for future operations. These strategies may include, but are not limited to, obtaining additional equity financing, issuing additional debt or entering into other financing arrangements, forming joint venture and other partnerships, and restructuring operations to grow revenues and decrease expenses. There can be no assurance that the Company will be successful in achieving its strategic plans, or that new financing will be available to the Company in a timely manner or on acceptable terms, if at all. If the Company is unable to raise sufficient financing when needed or events or circumstances occur such that the Company does not meet its strategic plans, the Company will be required to take additional measures to conserve liquidity, which could include, but are not necessarily limited to, reducing certain spending, altering or scaling back development plans, including plans to further develop our software technology platforms and to equip our regional airline operations with fully-electric or hybrid-electric aircraft, or reducing funding of capital expenditures, which could have a material adverse effect on the Company's financial position, results of operations, cash flows, and ability to achieve its intended business objectives. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and

classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Note 2. Summary of Significant Accounting Policies

Interim Financial Information

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and the rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial information. Accordingly, the interim financial statements do not include all of the information and footnotes required by U.S. GAAP for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025 and the related notes, as included in the Company's Form 10-K filed on March 12, 2026. The information herein reflects all material adjustments, including normal recurring adjustments, which are, in the opinion of management, necessary for a fair statement of the results for the period presented. The results for the nine months ended September 30, 2026 are not necessarily indicative of the results to be expected for the year ending December 31, 2026.

Except to the extent discussed below, there have been no material changes to the Company's significant accounting policies during the nine months ended September 30, 2026 from those disclosed in the notes to the Company's consolidated financial statements for the year ended December 31, 2025.

Basis of Presentation and Principles of Consolidation

The condensed consolidated financial statements include the assets, liabilities, and operating results of the Company. All intercompany balances and transactions have been eliminated in consolidation.

Cash and Restricted Cash

Cash and restricted cash consists of cash on hand held in commercial bank accounts. The Company classifies all cash with use limited by contractual provisions as restricted cash. As of September 30, 2026 and December 31, 2025, the Company had restricted cash of $0.3 million and $10.1 million, respectively. Restricted cash as of December 31, 2025 primarily consisted of funds restricted under the terms of the High Trail Convertible Note (see Note 7, *Financing Arrangements)*. The Company has classified the restricted cash as long term, which represents the expected lapse of restrictions.

Accounts Receivable, Net

Accounts receivable primarily consist of amounts due from the U.S. Department of Transportation ("DOT") in relation to certain air routes served by the Company under the Essential Air Service ("EAS") program, amounts due from airline business partners, and pending transactions with credit card processors. Receivables from the U.S. DOT and the Company's business partners are typically settled within 30 days. All accounts receivable are reported net of an allowance for credit losses, which was not material as of September 30, 2026, and December 31, 2025. The Company has considered past and future financial and qualitative factors, including the age of unpaid receivables, payment history and other credit monitoring indicators, when establishing the allowance for credit losses.

Contract Costs

The Company incurs certain costs to fulfill contracts with customers, including third-party costs associated with the configuration and customization of the Company's hosted software environment. Costs that relate directly to a customer contract, generate or enhance resources that will be used to satisfy future performance obligations, and are expected to be recovered are capitalized as contract fulfillment costs.

The Company evaluates third-party setup and implementation costs based on the nature of the underlying activities performed rather than the description of the fees in the vendor's contractual arrangements or invoices. Costs that do not meet the criteria for capitalization are expensed as incurred.

Capitalized contract fulfillment costs are amortized on a systematic basis consistent with the transfer to the customer of the related Software as a Service ("SaaS") services. For arrangements in which the capitalized costs relate solely to the Company's obligation to provide hosted SaaS services over a specified contractual term, the Company generally amortizes the costs over the applicable service period.

As of September 30, 2026, the Company had $0.6 million of capitalized costs to fulfill contracts with customers. The Company will recognize amortization expense related to these costs over the associated service period of the contracts.

Collateralized Borrowings

The Company has a revolving accounts receivable financing arrangement that allows the Company to borrow a designated percentage of eligible accounts receivable, as defined, up to a maximum unsettled amount of $5.0 million. The agreement is secured by a first security interest in certain assets of Southern Airways Express, LLC, a subsidiary of Southern ("Southern Airways Express"). The financing arrangement is uncommitted, and upon funding does not qualify for sale accounting as the Company does not relinquish control of the receivables based on, among other things, the nature and extent of the Company's continuing involvement.

Accordingly, the accounts receivable remain on the Company's Condensed Consolidated Balance Sheets until paid by the customer and cash proceeds from the financing arrangement are recorded as collateralized borrowing in Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets, with attributable interest expense recognized over the life of the related transactions. Interest expense and contractual fees associated with the collateralized borrowings are included in interest expense and other expense, net, respectively, in the accompanying Condensed Consolidated Statements of Operations.

Warrants

The Company classifies certain warrants as liabilities due to contractual provisions that may require net cash settlement. The fair value of these warrants is estimated using a Monte Carlo simulation model to reflect the path-dependent forced exercise provisions. The warrants are remeasured at fair value each reporting period, with changes in fair value recognized in earnings.

Redeemable Common Stock

The Company accounts for certain shares of common stock that are subject to redemption features as temporary equity in accordance with the guidance in Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity*, and related SEC interpretive guidance. These shares are classified outside of permanent equity (i.e., in mezzanine equity) because they are redeemable upon the occurrence of events that are not solely within the Company's control (see Note 12, *Redeemable Common Stock and Shareholders' Deficit*).

Redeemable common stock is initially recorded at its issuance date fair value, net of issuance costs. Subsequently, the Company evaluates the probability of the redemption event occurring and, if it becomes probable that the shares will become redeemable, the Company accretes the carrying value of the redeemable common stock to its redemption value over the period from the date it becomes probable to the earliest redemption date. Changes in the carrying value are recorded as adjustments to additional paid-in capital, or accumulated deficit if additional paid-in capital is insufficient.

If redemption is not probable, the Company does not accrete the carrying amount to redemption value until such time that redemption becomes probable.

Restricted Stock Unit Awards

The grant date fair value of restricted stock units ("RSUs") is estimated based on the fair value of the Company's common stock on the date of grant. RSUs vest upon the satisfaction of a service-based vesting condition and the compensation expense for these RSUs is recognized on a straight-line basis from the date of grant over the requisite service period.

Performance-Based Restricted Stock Units

During the nine months ended September 30, 2026 and the year ended December 31, 2025, the Company granted performance-based restricted stock units ("PRSUs") to employees, which will vest upon the achievement of individual performance metrics, inclusive of an adjusted EBITDA metric for the year applicable to the respective grant, as well as a service period of four years from the date of grant. The grant date fair value of these PRSUs was determined based on the Company's stock price the business day immediately preceding the grant date. Expense attribution for these awards is based on a probability assessment regarding the achievement of the financial metric. The Company will record compensation expense on a cumulative basis to reflect the grant date fair value of shares expected to vest over the service period of each award.

During 2023, the Company granted founder PRSUs ("founder PRSUs") that contain a market condition in the form of future stock price targets. The grant date fair value of the founder PRSUs was determined using a Monte Carlo simulation model and the Company estimates the derived service period of the founder PRSUs. The grant date fair value of founder PRSUs containing a market condition is recorded as stock-based compensation over the derived service period. Provided that each founder continues to be employed by the Company, either directly or as a non-employee consultant, stock-based compensation expense is recognized over the derived service period, regardless of whether the stock price goals are achieved. If the stock price goals are met sooner than the derived service period, any unrecognized compensation expenses related to the founder PRSUs will be expensed during the period in which the stock price targets are achieved.

Use of Estimates

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

On an ongoing basis, the Company evaluates its estimates using historical experience and other factors including the current economic and regulatory environment as well as management's judgment. Items subject to such estimates and assumptions include: revenue recognition and related allowances, valuation allowance on deferred tax assets, certain accrued liabilities, useful lives and recoverability of long-lived assets, fair value of assets acquired and liabilities assumed in acquisitions, legal contingencies, assumptions underlying long-term debt, convertible notes and convertible securities carried at fair value and stock-based compensation. These estimates may change as new events occur and additional information is obtained and such changes are recognized in the condensed consolidated financial statements as soon as they become known. Actual results could differ from those estimates, and any such differences may be material to the Company's condensed consolidated financial statements.

Reclassifications

Certain prior-period amounts have been reclassified to conform to the current period presentation. The reclassifications had no effect on loss before income taxes, net loss, earnings per share, shareholders' deficit or cash flows.

Recent Accounting Pronouncements Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2024-03, *Disaggregation of Income Statement Expenses* (Subtopic 220-40). The ASU requires public entities to disaggregate, in a tabular presentation, certain income statement expenses into different categories, such as purchases of inventory, employee compensation, depreciation, and intangible asset amortization. The guidance is effective for fiscal years beginning after December 15, 2026, with early adoption permitted, and may be applied retrospectively. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

In September 2025, the FASB issued ASU No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software* (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software. The ASU simplifies the capitalization guidance by removing all references to prescriptive and sequential software development stages (referred to as "project stages") throughout ASC 350-40. The ASU is effective for annual periods beginning after December 15, 2027, and interim periods within those fiscal years. Adoption of this ASU can be applied prospectively for reporting periods after its effective date; or follow a modified transition approach that is based on the status of the respective projects and whether software costs were capitalized before the date of adoption; or retrospectively to any or all prior periods presented in the consolidated financial statements. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and related disclosures.

Note 3. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consisted of the following (*in thousands*):

	September 30, 2026	December 31, 2025
Prepaid software	$ 4,489	$ 5,188
Prepaid marketing	2,381	2,395
Engine reserves	2,180	2,213
Prepaid interest	2,083	1,983
Vendor operator prepayments	1,697	811
Prepaid insurance	365	624
Other	1,237	1,106
Total prepaid expenses and other current assets	$ 14,432	$ 14,320

Note 4. Property and Equipment, Net

Property and equipment, net, consists of the following (*in thousands*):

	September 30, 2026	December 31, 2025
Aircraft, equipment and rotable spares	$ 51,560	$ 45,519
Equipment purchase deposits	—	2,000
Leasehold improvements	3,777	2,192
Office, vehicles and ground equipment	1,384	1,245
Internal-use software	18,702	4,993
Property and equipment, gross	75,423	55,949
Accumulated depreciation	(15,027)	(10,354)
Property and equipment, net	$ 60,396	$ 45,595

The Company recorded depreciation expense of $2.1 million and $1.5 million for the three months ended September 30, 2026 and 2025, respectively. The Company recorded depreciation expense of $5.5 million and $4.3 million for the nine months ended September 30, 2026 and 2025, respectively. Depreciation expense is recognized as a component of Depreciation and amortization expense in the accompanying Condensed Consolidated Statements of Operations.

The Company recorded losses of $0.5 million and $0 on the sale of property and equipment for the three months ended September 30, 2026 and 2025, respectively. The Company recorded losses of $1.6 million and $0.8 million on the sale of property and equipment for the nine months ended September 30, 2026 and 2025, respectively.

Note 5. Intangible Assets, Net

Intangible assets, net, consists of the following (*in thousands*):

	September 30, 2026	December 31, 2025
EAS contracts	$ 25,770	$ 25,770
Tradenames and trademarks	8,340	8,340
Software	3,122	3,122
Other intangibles	225	225
Intangible assets, gross	37,457	37,457
Accumulated amortization	(19,581)	(17,390)
Intangible assets, net	$ 17,876	$ 20,067

The Company recorded amortization expense of $0.7 million and $0.7 million for the three months ended September 30, 2026 and 2025, respectively. The Company recorded amortization expense of $2.3 million and $2.3 million for the nine months ended September 30, 2026 and 2025, respectively. Amortization expense is recognized as a component of Depreciation and amortization expense in the accompanying Condensed Consolidated Statements of Operations.

Expected future amortization as of September 30, 2026 is as follows (*in thousands*):

	Amount
Remainder of 2026	$ 724
2027	2,764
2028	2,577
2029	2,577
2030	2,577
Thereafter	6,657
Total	$ 17,876

Note 6. Accrued Expenses and Other Current Liabilities

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

	September 30, 2026	December 31, 2025
Accrued compensation and benefits	$ 6,167	$ 8,767
Accrued professional services	8,523	9,195
Excise and franchise taxes payable	10,741	10,054
Collateralized borrowings	2,400	2,264
Software license fee payable	9,538	9,547
Accrued Monarch legal settlement	1,314	1,314
Accrued major maintenance	642	3,669
Interest and commitment fee payable	139	140
Other accrued liabilities	2,108	2,752
Total accrued expenses and other current liabilities	$ 41,572	$ 47,702

Collateralized Borrowings

The Company has a revolving accounts receivable financing arrangement that allows the Company to borrow a designated percentage of eligible accounts receivable, as defined in the agreement, up to a maximum unsettled amount of $5.0 million. The agreement is secured by a first security interest in certain assets of Southern Airways Express. The related interest rate is the prime rate plus 1% per annum. Additionally, the Company pays certain ancillary fees associated with each borrowing that vary depending on the borrowed amount and duration, which is generally no more than 45 days.

For the three months ended September 30, 2026, the Company borrowed a total of $7.1 million under this financing facility, of which $4.7 million was settled through the transfer of pledged receivables. These amounts exclude the settlement of the prior period liability, which is effectively settled through the satisfaction of the pledged receivables existing as of the same period. Interest expense incurred on these borrowings for the three months ended September 30, 2026 amounted to $91 thousand, and is included in interest expense in the accompanying Condensed Consolidated Statements of Operations.

For the three months ended September 30, 2025, the Company borrowed a total of $9.7 million under this financing facility, of which $6.8 million was settled through the transfer of pledged receivables. These amounts exclude the settlement of the prior period liability, which is effectively settled through the satisfaction of the pledged receivables existing as of the same period. Interest expense incurred on these borrowings for the three months ended September 30, 2025 amounted to $128 thousand, and is included in interest expense in the accompanying Condensed Consolidated Statements of Operations.

For the nine months ended September 30, 2026, the Company borrowed a total of $21.4 million under this financing facility, of which $19.0 million was settled through the transfer of pledged receivables. These amounts exclude the settlement of the prior period liability, which is effectively settled through the satisfaction of the pledged receivables existing as of the same period. Interest expense incurred on these borrowings for the nine months ended September 30, 2026 amounted to $268 thousand, and is included in interest expense in the accompanying Condensed Consolidated Statements of Operations.

For the nine months ended September 30, 2025, the Company borrowed a total of $28.7 million under this financing facility, of which $25.8 million was settled through the transfer of pledged receivables. These amounts exclude the settlement of the prior period liability, which is effectively settled through the satisfaction of the pledged receivables existing as of the same period. Interest expense incurred on these borrowings for the nine months ended September 30, 2025 amounted to $368 thousand, and is included in interest expense in the accompanying Condensed Consolidated Statements of Operations.

As of September 30, 2026 and December 31, 2025, the Company was in compliance with all covenants.

Accrued Compensation and Benefits

The Company maintains incentive compensation programs under which payouts are based on a combination of performance metrics and are subject to discretionary adjustments by the Company's board of directors (the "Board").

As of December 31, 2025, the Company recorded an accrual of $4.8 million representing its estimate of expected payouts under the programs. During the nine months ended September 30, 2026, final payouts under the plans were approved at $1.8 million. The resulting $3.0 million reduction in accrued compensation has been recognized as a $0.3 million reduction to sales and marketing expense and a $2.7 million reduction to general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations. The resulting $1.8 million accrual was paid during the nine months ended September 30, 2026. Additionally, the Company accrued $2.5 million applicable to the 2026 incentive compensation program during the nine months ended September 30, 2026.

On September 28, 2026, the Company entered into a separation agreement with its former Chief Financial Officer providing for special termination benefits and the acceleration of vesting of then outstanding equity awards. As of September 30, 2026, the Company had accrued $1.7 million related to the agreement as a component of general and administrative expenses in the accompanying Condensed Consolidated Statements of Operations.

Accrued Professional Services

During the fourth quarter of 2024, the Company entered into agreements with several professional service firms engaged in support of the Company's July 27, 2023 direct listing on the NYSE. These agreements modify the payment terms of prior service agreements to be contingent on future equity or debt financing by the Company. The Company originally estimated that a total of $7.1 million would be due under these agreements over a five year period. Given the uncertainty regarding the timing and amount of payment, all amounts have been classified as current liabilities within the Company's Condensed Consolidated Balance Sheets. During the year ended December 31, 2025, and the nine months ended September 30, 2026, the Company has continued to make contractual payments against certain of these liabilities, with $6.6 million remaining as a current liability within the Company's Condensed Consolidated Balance Sheets as of September 30, 2026.

Note 7. Financing Arrangements

The Company's long-term debt obligations consist of the following *(in thousands)*:

	September 30, 2026	December 31, 2025
Note payable to bank, fixed interest rate of 4.65%, due November 2025	—	4
Note payable to a financing company, fixed interest rate of 5.49%, due December 2026	11	60
Notes payable to Clarus Capital, fixed interest rate of 8.66%, due April, June and September 2027	11,052	12,543
Note payable to High Trail Special Situations LLC, fixed interest rate of 12.0%, due January 2028 (a)	24,899	—
Note payable to Skywest, fixed interest rates of 4%, due April 2028	1,258	1,802
Note payable to JGB Partners, L.P. and affiliates, fixed interest rate of 13.5%, due June 2031	21,600	—
Note payable to Tecnam, fixed interest rate of 6.75%, due July and August 2032	2,477	2,692
Debt issuance costs and issuance discounts	(2,393)	—
Long-term debt, net of debt issuance costs and issuance discounts	58,904	17,101
Current maturities of long-term debt	(24,598)	(2,712)
Long-term debt, net of current maturities	$ 34,306	$ 14,389

(a) Measured at fair value. New Term Note with an aggregate principal amount of $30.0 million

Future maturities of total long-term debt as of September 30, 2026 are as follows *(in thousands)*:

	Amount
Remainder of 2026	$ 686
2027	35,791
2028	10,825
2029	3,061
2030	3,090
Thereafter	12,944
Total	$ 66,397

The Company is subject to customary affirmative covenants and negative covenants on all of the above notes payable. As of September 30, 2026, the Company was in compliance with all covenants in the loan agreements.

Asset-Backed Financing Transaction

On June 30, 2026, the Company and the Purchasers entered into the Secured Debentures Purchase Agreement pursuant to which the Purchasers purchased the Secured Debentures, with an aggregate face amount of $21.6 million, issued by Southern Airways Pacific, LLC and Southern Airways Express, each a subsidiary of the Company (individually and collectively, as the context requires, the "Subsidiaries").

An initial tranche of the Secured Debentures, with a face amount of $7.6 million, provided $7.0 million of proceeds before other debt issuance costs, was issued on June 30, 2026 and was used to finance a portion of the purchase price of certain Cessna Grand Caravan aircraft, and the remaining balance of the Secured Debentures in an amount equal to approximately $14 million was issued upon the satisfaction of certain closing conditions in August 2026. The Secured Debentures are partially backstopped by a letter of credit issued by HSBC Bank USA, N.A. and arranged by Park Lane, a related party, as well as by the purchased aircraft and certain other aircraft assets of the Subsidiaries. Net proceeds from the Secured Debentures were $19.8 million after funding debt issuance costs.

The Secured Debentures shall accrue interest at 13.5% per annum payable monthly in arrears in cash on the last day of each month, mature on June 30, 2031, be issued with an original issue discount of $0.6 million, provide for monthly amortization payments of $0.2 million beginning on June 30, 2027 and on the last day of each month thereafter and permit prepayment at par without any prepayment premium, repayment premium, make-whole or penalty.

In addition, the Company issued the Purchasers tranche A warrants to purchase an aggregate of 710,294 shares of common stock at an exercise price of $1.2555 and tranche B warrants to purchase an aggregate of 617,647 shares of common stock at an exercise price of $1.6740. Each of the tranche A warrants and tranche B warrants (collectively, the "Warrants") is immediately exercisable and has a term of five years.

Fair Value of Convertible Instruments

The Company has elected the fair value option for the convertible notes, which requires them to be remeasured to fair value each reporting period with changes in fair value recorded in Changes in fair value of financial instruments carried at fair value, net, on the Condensed Consolidated Statements of Operations, except for change in fair value that results from a change in the instrument specific credit risk which is presented separately within other comprehensive income. The fair value estimate includes significant inputs not observable in the market, which represents a Level 3 measurement within the fair value hierarchy.

High Trail Convertible Note

On November 12, 2025, the Company closed a $74.0 million aggregate principal amount of senior secured convertible notes (as amended, the "High Trail Convertible Note") in a private placement with High Trail Capital (the "Holder"). The High Trail Convertible Note will be the senior secured obligation of the Company, guaranteed by certain of the Company's subsidiaries. The High Trail Convertible Note was sold at 87.8% of its principal amount, with the Company receiving $65.0 million of proceeds before expenses. The High Trail Convertible Note will not accrue interest except in an event of default, which will accrue interest at a rate of 15% per annum. The High Trail Convertible Note will mature on October 31, 2028, unless earlier converted, redeemed or repurchased. Repayment of any principal amount remaining outstanding at maturity will be required to be made at 105% of such principal amount.

The High Trail Convertible Note was originally convertible at an initial conversion price of approximately $3.98 per share of the Company's common stock, representing an aggregate of 18,574,297 shares of the Company's common stock that could be converted under the High Trail Convertible Note.

In March 2026, the Company and the Holder entered into an agreement, by which the Company issued 3,510,638 shares of its common stock (the "HT Shares") to the Holder valued at $6.6 million as of the closing price on the day before issuance (the "Issuance Price"), in satisfaction of $6 million in cash payments due pursuant to the terms of the High Trail Convertible Note (see Note 12, *Redeemable Common Stock and Shareholders' Deficit*). The Company has agreed to provide additional cash payments based on the average daily volume-weighted average price of the Company's common stock (the "Average VWAP") in the following circumstances: (i) if the Average VWAP falls below the Issuance Price during the 45 trading days following the day after the issuance (the Average VWAP during such period, the "Initial Adjustment Price"); and (ii) if the Average VWAP falls below the lesser of the Issuance Price and the Initial Adjustment Price during the 45 trading days after the effectiveness of the registration statement with respect to the HT Shares (together, the "Make Whole Provision"). In addition, if there are delays or interruptions in the effectiveness of the registration statement the Company will be subject to liquidated damages and the Holder will have the right to put some or all of the HT Shares back to the Company at the Issuance Price. The registration statement for the HT Shares was declared effective by the SEC on March 26, 2026.

The Company has recorded transaction costs associated with the issuance of the HT Shares totaling $1.6 million during the nine months ended September 30, 2026, which are comprised of $0.6 million for the premium paid over the principal redemption amount and the initial fair value of the Make Whole Provision and the put right associated with the HT Shares. Such instruments were accounted for as derivative instruments which were remeasured to fair value at each reporting period with changes in fair value recorded in Changes in fair value of financial instruments carried at fair value, net on the Condensed Consolidated Statements of Operations (see Note 9, *Fair Value Measurements*).

During the nine months ended September 30, 2026, the Company satisfied all outstanding obligations pertaining to the HT Shares and the Make Whole Provision through the payment of $2.4 million. As a result the value of the derivative liability associated with the Make Whole Provision has been reduced to zero as of September 30, 2026 and the issued value of the HT Shares has been recorded to Shareholders' Deficit.

On June 30, 2026, the Company entered into an Omnibus Amendment and Exchange Agreement (the "Exchange Agreement") with the Holder, pursuant to which the Company and the Holder agreed to exchange the High Trail Convertible Note. Pursuant to the Exchange Agreement, the High Trail Convertible Note, was exchanged for (i) a new Senior Secured Convertible Note due 2027, with an aggregate principal amount of $16.9 million (the "New HT Convertible Note") and (ii) a new Senior Secured Term Note due 2028, with an aggregate principal amount of $30.0 million (the "New Term Note," and together with the New HT Convertible Note, the "New Notes").

The New Term Note will accrue interest at a rate of 12% per annum beginning January 1, 2027. The New Term Note will require monthly amortization payments of $2.5 million, beginning on the earlier of (1) full repayment of the New HT Convertible Note or (2) April 1, 2027, with all outstanding balances maturing on January 1, 2028. The Company has elected the fair value option for the New Term Note.

The New HT Convertible Note will mature on July 1, 2027, unless earlier converted, redeemed or repurchased. Repayment of any principal amount remaining outstanding at maturity will be required to be made at 110% of such principal amount. The New HT Convertible Note may be converted at an initial conversion rate of 896.0573 shares of Common Stock per $1,000 principal amount of the New HT Convertible Note (equivalent to an initial conversion price of approximately $1.116 per share of Common Stock), representing an aggregate of 16,615,463 shares of Common Stock issuable upon the conversion of the New HT Convertible Note. The conversion rate is subject to adjustment if certain events occur.

The holder of the New HT Convertible Note will have the option to require the Company to partially redeem the New HT Convertible Note on the first calendar day of each month beginning on August 1, 2026 in cash or in shares of common stock (a "Partial Redemption Payment"). For Partial Redemption Payments made in shares of common stock, the Company may make such payment in an amount equal to the greater of (i) 6% of the aggregate daily volume of the common stock for all trading days during the relevant determination period, subject to a cap of $3,000,000, and (ii) $2,000,000. For a Partial Redemption Payment payable in cash, such payment amount shall be $2,000,000. Any such Partial Redemption Payment (whether redeemed in cash or in shares) shall reduce the principal amount by such paid amount divided by one hundred ten percent (110%).

Concurrent with the issuance of the New Notes, the Company repriced the exercise price of the warrants originally issued to High Trail in November 2025. The exercise price of the 3,012,048 warrants held by High Trail was reduced from $3.32 to $1.12 per share of the Company's common stock (see Note 12, *Redeemable Common Stock and Shareholders' Deficit).*

In the event of a fundamental change, as described in the New Notes and generally including (i) any person or group becoming the beneficial owner of more than 50% of the voting power represented by the outstanding Common Stock, (ii) the sale, transfer or other disposition of all or substantially all of the Company's properties or assets and (iii) any transaction or series of related transactions in connection with which (whether by means of merger, consolidation, share exchange, combination, reclassification, recapitalization, acquisition, liquidation or otherwise) all of the common stock is exchanged for, converted into, acquired for, or constitutes solely the right to receive, other securities, cash or other property, the holder of the New Notes will have the right to require the Company to repurchase the New Notes (or a portion thereof) for a cash purchase price equal to the Fundamental Change Repurchase Price (as defined in each of the New HT Convertible Note and the New Term Note).

The New Notes contain customary events of defaults, consistent with the High Trail Convertible Note.

The New Notes are subject to comprehensive negative and affirmative covenants, including, inter alia, restrictions on its ability to incur indebtedness, create liens, make investments, declare or pay cash dividends or repurchase equity, and transfer or sell material assets, in each case subject to certain enumerated exceptions. The Company must also maintain a minimum liquidity of equal to: (1) at all times, $5,000,000; and (2) at all times during at least forty-five (45) calendar days out of any sixty (60) consecutive calendar day period, $8,000,000 in unrestricted cash and cash equivalents in controlled accounts. In addition, the Company must maintain a required

reserve of 60,000,000 shares of authorized and unissued common stock. The Company must also maintain at least $30,000,000 in available capacity under either an equity line of credit or an "at-the-market" offering within the meaning of Rule 415(a)(4) of the Securities Act pursuant to which the Company may issue and sell shares of common stock from time to time. Additional affirmative covenants require the Company to maintain its business within existing lines, preserve its corporate existence, properties and intellectual property rights, maintain adequate insurance and ensure affiliate transactions are on arm's length terms.

The New Notes will be senior secured obligations of the Company, guaranteed by substantially all of the Company's subsidiaries, and secured by assets of the Company and certain of the Company's subsidiaries, and the Company's obligations thereunder will be subject to a security interest on the assets of the Company and the subsidiary guarantors, subject to certain exceptions.

The Exchange Agreement, and the entry into the New Notes, closed on July 1, 2026.

The New Notes are partially backstopped by a letter of credit issued by HSBC Bank USA, N.A. and arranged by Park Lane, a related party, and in connection therewith, the Company has entered into an amended reimbursement agreement with Park Lane (see Note 16, *Related Party Balances and Transactions*).

LamVen Note

During the year ended December 31, 2025, LamVen LLC ("LamVen") transferred $49.9 million of the outstanding principal due under the LamVen Note (see Note 16, *Related Party Balances and Transactions*) to a non-affiliated third party under terms identical to the original LamVen Note (the "New Convertible Note"). Subsequent to these transfers, during 2025, the holder of the New Convertible Note converted $48.0 million of the principal amount, inclusive of then accrued interest, to 14,025,167 shares of the Company's common stock. As a result, as of September 30, 2026 and December 31, 2025, LamVen retained a principal balance of $0.1 million (the "New LamVen Note"), with $1.9 million outstanding under the New Convertible Note as of December 31, 2025.

During January 2026, the holder of the New Convertible Note converted the remaining $1.9 million of the principal amount, inclusive of then accrued interest, to 967,018 shares of the Company's common stock.

PFG Convertible Note Purchase Agreement

On June 21, 2023, the Company entered into a convertible note purchase agreement (the "Convertible Note Purchase Agreement") with Partners for Growth V.L.P. ("PFG") for a senior unsecured convertible promissory note for an aggregate principal amount of $8.0 million.

On November 14, 2024, the Company amended the Convertible Note Purchase Agreement, which had an outstanding principal amount of $8.0 million upon amendment.

The Convertible Note Purchase Agreement accrues interest at the greater of (i) SOFR (subject to a 1.00% floor) plus 5.00% and (ii) 9.75%. In the event the Company raises capital in certain equity offerings, a portion of the net cash proceeds from such equity offerings is required to be applied to repay the obligations under the Convertible Note Purchase Agreement, subject to certain limitations. The maturity of the Convertible Note Purchase Agreement is December 31, 2028, which may be accelerated upon the occurrence of certain events of default.

PFG has the right to convert, at its option, the amounts outstanding under the Convertible Note Purchase Agreement into common stock of the Company, at a conversion price of $42.00 per share.

During the nine months ended September 30, 2026, the Company made principal payments of $1.8 million against the Convertible Note Purchase Agreement. The obligations under the Convertible Note Purchase Agreement are guaranteed by certain of the Company's subsidiaries, and subject to a security interest on assets of the Company and the subsidiary guarantors, subject to certain exceptions.

As of September 30, 2026, the Company was in compliance with all covenants under the Convertible Note Purchase Agreement.

Fair value of convertible notes *(in thousands)*:

	Fair Value at	
	September 30, 2026	**December 31, 2025**
High Trail Convertible Note	$ —	$ 61,600
New HT Convertible Note	$ 12,961	$ —
New Convertible Note	—	1,875
Convertible Note Purchase Agreement	2,237	3,982
Total	15,198	67,457
Convertible notes at fair value, current	(15,198)	(42,274)
Convertible notes at fair value, long-term	$ —	$ 25,183

Fair Value of SAFE-T Notes

The Company's SAFE-T notes are carried at fair value, with fair value determined using Level 3 inputs. The Company determined that the SAFE-T instruments should be classified as liabilities based on evaluating the characteristics of the instruments, which contained both debt and equity-like features. The SAFE-T instrument matured in July 2019, but the holder has elected not to effect an equity conversion of the instrument. Subsequent changes in the fair value of the SAFE-T notes are recorded as part of changes in fair value of financial instruments carried at fair value, net within the Condensed Consolidated Statements of Operations. As of September 30, 2026 and December 31, 2025, the value of the SAFE-T notes was $3 thousand and $5 thousand, respectively.

Note 8. Share Purchase Agreement and GEM Mandatory Convertible Security

Share Purchase Agreement

During 2020, the Company entered into a Share Purchase Agreement ("SPA") with GEM and an entity affiliated with GEM to provide incremental financing in the event the Company completed a business combination transaction with a SPAC, IPO, or direct listing. On May 17, 2022, February 8, 2023, and September 18, 2023, the SPA was amended to increase the maximum aggregate shares of the Company's common stock that may be required to be purchased by GEM from $200.0 million to $400.0 million (the "Aggregate Limit") and amend the commitment fee required under the SPA from $4.0 million to 571,429 shares of the Company's common stock. Pursuant to the amended and restated SPA, and subject to the satisfaction of certain conditions, the Company will have the right from time to time at its option to direct GEM to purchase up to the Aggregate Limit of shares of the Company's common stock over the term of the amended and restated SPA. Upon its public listing, the Company may request GEM to provide advances under the SPA in an aggregate amount of up to $100.0 million, provided that individual advances are not to exceed $25.0 million each, with the first advance not to exceed $7.5 million. Each advance will reduce the amount that the Company can request for future purchases under the SPA. Following an advance or draw, the number of shares to be transferred to GEM will be based on an average of the volume-weighted average trading price of the Company's common stock over a period of fifteen trading days following the receipt of an advance, subject to a 15 day extension in certain circumstances. This average price will be subject to a contractual discount of 10%. Additionally, contractual provisions within the SPA provide that in no event may GEM receive a share issuance, from a draw under the SPA, that would raise their share ownership percentage above 10% of the Company. This provision may impact the Company's ability to request additional draws under the SPA.

On June 15, 2023, July 21, 2023, and July 24, 2023, the SPA was further amended to modify the number of shares of the Company's common stock to be issued to GEM at the time of a public listing transaction of the Company from an amount equal to 0.75% of the Company's fully-diluted shares of common stock outstanding to a fixed 185,714 shares of the Company's common stock. The amendments to the SPA also modified certain registration requirements whereby the Company was obligated to file a re-sale registration statement within 5 business days of the Company's public listing. On July 27, 2023, concurrent with the Company's direct listing, the Company issued 185,714 shares of the Company's common stock to GEM in full satisfaction of this provision. Pursuant to GEM's associated registration rights, the Company filed a re-sale registration statement, covering the 185,714 shares, on August 2, 2023, which was declared effective by the SEC on September 28, 2023.

The Company has accounted for the shares issuance contracts under the SPA, as amended, as derivative financial instruments which are recorded at fair value within Other long-term liabilities on the Condensed Consolidated Balance Sheets.

For the nine months ended September 30, 2026 and 2025, the Company received total proceeds of $29.0 million and $19.0 million, respectively, through completed advances under the SPA, for which the Company has issued 25,200,000 shares and 5,692,349 shares, respectively, of common stock. The fair value of unsettled liabilities related to the SPA was $1.6 million and $0 as of September 30, 2026 and December 31, 2025, respectively. Changes in fair value were recorded in Changes in fair value of financial instruments carried at fair value, net on the Condensed Consolidated Statements of Operations (see Note 9, *Fair Value Measurements*).

As of September 30, 2026, the Company had $251.4 million in remaining availability for draws under the SPA, as well as $68.5 million in remaining availability for advances. The original termination date of the SPA has been extended from July 2026 to the earlier of (i) January 2, 2028 and (ii) the date which GEM has purchased the Aggregate Limit under the SPA.

GEM Mandatory Convertible Security

On March 1, 2024, the Company entered into a mandatory convertible security purchase agreement (the "MCSPA") with GEM. Pursuant to the MCSPA, the Company has agreed to issue and sell to GEM, and GEM has agreed to purchase from the Company, a mandatory convertible security with a par amount of up to $35,200,000 (the "Mandatory Convertible Security"), which shall be convertible into a maximum of 1,142,857 shares of the Company's common stock, par value $0.0001 per share, subject to adjustment as described in the MCSPA.

During the year ended December 31, 2025, the Company made payments against the outstanding principal of the Mandatory Convertible Security totaling $38.6 million, which represented full settlement of the Mandatory Convertible Security. As a result, the outstanding principal balance of the Mandatory Convertible Security was $0 as of both September 30, 2026 and December 31, 2025.

Note 9. Fair Value Measurements

The following tables summarize the Company's financial liabilities that are measured at fair value on a recurring basis in the condensed consolidated financial statements *(in thousands)*:

	Fair Value Measurements at September 30, 2026 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Convertible notes at fair value	$ —	$ —	$ 15,198	$ 15,198
Long term debt at fair value	$ —	$ —	$ 24,899	$ 24,899
SAFE-T notes at fair value	—	—	3	3
New LamVen Note	—	—	100	100
GEM Derivative	—	—	1,587	1,587
HT Side Letter Agreement			—	-
Liability classified warrants	—	—	1,205	1,205
Total financial liabilities	$ —	$ —	$ 42,992	$ 42,992

	Fair Value Measurements at December 31, 2025 Using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities:				
Convertible notes at fair value	$ —	$ —	$ 67,457	$ 67,457
SAFE-T notes at fair value	—	—	5	5
New LamVen Note	—	—	100	100
Liability classified warrants	—	—	2,831	2,831
Total financial liabilities	$ —	$ —	$ 70,393	$ 70,393

The following table provides a reconciliation of the Company's financial liabilities that are measured at fair value using inputs classified as Level 3 *(in thousands)*:

	Convertible Notes at Fair Value	Long Term Debt at Fair Value	SAFE Notes	New LamVen Note	GEM Derivative	HT Side-Letter Agreement	Liability Classified Warrants
Balance at December 31, 2025	$ 67,457	$ —	$ 5	$ 100	$ —	$ —	$ 2,831
Change in fair value	10,159	1,745	(2)	—	2,678	1,355	(2,289)
Debt and equity financing issuances	—	—	—	—	29,000	1,008	—
Debt restructuring	(23,817)	23,154	—	—	—	—	663
Transfers	182	—	—	—	(77)	—	—
Conversions into common stock	(1,875)	—	—	—	(30,014)	—	—
Payments and share settlement	(36,908)	—	—	—	—	(2,363)	—
Balance at September 30, 2026	$ 15,198	$ 24,899	$ 3	$ 100	$ 1,587	$ —	$ 1,205

Long-Term Debt

The carrying amounts and fair values of the Company's long-term debt obligations were as follows (*in thousands*):

	As of September 30, 2026		As of December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities	$ 58,904	$ 59,998	$ 17,101	$ 16,988

In assessing the fair value of the Company's long-term debt, including current maturities, the Company primarily uses an estimation of discounted future cash flows of the debt at rates currently applicable to the Company for similar debt instruments of comparable maturities and comparable collateral requirements.

Note 10. Commitments and Contingencies

Software License Agreements

On May 18, 2021, and later modified during July 2025, November 2025, June 2026, and September 2026, the Company executed six agreements with Palantir Technologies Inc. ("Palantir") to license a suite of software for a combined term of nine years, commencing on the effective date, and to obtain software development services pertaining to the Company's Surf O/S platform. The agreements identify two phases where Palantir provides services to customize the software: an initial term from May 18, 2021 through June 30, 2023 with a cost of $11.0 million and an enterprise term from July 1, 2023 to June 30, 2030 with a cost of $44.7 million, for a total cost of $55.7 million.

As of September 30, 2026 and December 31, 2025, the Company had capitalized $12.6 million and $3.4 million, respectively, related to the software that Palantir has provided to the Company. During the year ended December 31, 2025, the Company settled $11.8 million in invoiced amounts from Palantir through the issuance of 3,769,385 shares of the Company's common stock. During the nine months ended September 30, 2026, the Company settled $11.8 million in invoiced amounts from Palantir through the issuance of 11,450,053 shares of the Company's common stock. As of September 30, 2026, the Company had $11.8 million in remaining commitments under these agreements, of which $4.2 million has been prepaid through the issuance of shares of the Company's common stock.

In July 2025, the Company and Palantir modified the enterprise term of the existing software license agreement. In addition to a two-year extension, the Company will be Palantir's exclusive partner with respect to the configuration and sale of software to part 135 operators and charter brokers. Furthermore, the Company will have the ability to sub-license certain of its rights under the agreement to third-party clients. Palantir has the right to receive equity in Surf Air Technologies, Inc., a wholly owned subsidiary of the Company ("Surf Air Technologies"), versus that of the Company, at its election, in exchange for its services and contributions under the modified software license agreement.

Licensing, Exclusivity and Aircraft Purchase Arrangements

Textron Agreement

On September 15, 2022, the Company entered into agreements with Textron Aviation Inc. and one of its affiliates (collectively, "TAI"), for engineering services and licensing, sales and marketing, and aircraft purchases, which became effective as of the Company's direct listing on July 27, 2023 ("TAI Effective Date").

The engineering services and licensing agreement provides, among other things, that TAI will provide the Company with certain services in furtherance of development of an electrified powertrain technology (the "SAM System"). The engineering agreement requires payment by the Company as such services are provided by TAI. Under this agreement, the Company agrees to meet certain development milestones by specified dates, including issuance of a supplemental type certificate by the Federal Aviation Administration ("FAA"). Should the Company fail to meet certain development milestones, TAI has the right to terminate the collaboration agreement. The Company is currently complying with necessary development milestones under this agreement.

The licensing agreement grants the Company a nonexclusive license to certain technical information and intellectual property for the purpose of developing an electrified propulsion system for the Cessna Caravan aircraft, and to assist in obtaining Supplemental Type Certificates ("STCs") from the FAA, including any foreign validation by any other aviation authority, for electrified propulsion upfits/retrofits of the Cessna Caravan aircraft. The licensing agreement provides for payment by the Company of license fees aggregating $60.0 million over a multi-year period, with an initial $12.5 million in deposits being made as of December 31, 2023. During the year ended December 31, 2024, the Company and TAI agreed to apply a previous deposit under the aircraft purchase agreement to amounts due under the licensing agreement. Remaining payments due under the initial license fees of $9.5 million have been previously accrued for and are due as of September 30, 2026. The remaining $35.0 million of payments under the licensing agreement will be due, via annual payments, following the Company's receipt of the STC, which the Company intends to pursue with commercial partners.

Under the sales and marketing agreement, the parties agreed to develop marketing, promotional and sales strategies for the specifically configured Cessna Grand Caravans and further agreed to: (i) include Cessna Grand Caravans fitted with the SAM System (the "SAM Aircraft") in sales and marketing materials (print and digital) distributed to authorized dealers, (ii) prominently display the SAM Aircraft on their respective websites and social media, (iii) include representatives of the Company and TAI at trade show booths, (iv) market the SAM Aircraft and conversions to SAM Aircraft to all owners of pre-owned Cessna Grand Caravans, and (v) not advertise or offer any third-party-developed electrified variants of the Cessna Grand Caravan. Certain technologies for aircraft propulsion are specifically carved out from TAI's agreement to exclusively promote the SAM System for Cessna Grand Caravans. The sales and marketing agreement provides for payment by the Company of exclusivity fees aggregating $40.0 million, with certain amounts deferred such that the aggregate fee is payable over four years commencing on the earlier of the year after the Company obtains an STC for the SAM System on the Cessna Grand Caravan or the 5th anniversary of the TAI Effective Date. The Company's obligation to pay exclusivity fees in any year may be offset, in whole or in part, based on the achievement of certain sales milestones of SAM Aircraft and Cessna Grand Caravans subsequently converted to a SAM System.

Under the aircraft purchase agreement, the Company may purchase from TAI 90 specifically configured Cessna Caravans at prevailing market rates whereby the aggregate purchase price could be approximately $297.0 million, with an option to purchase an additional 26 specifically configured Cessna Caravans having an aggregate purchase price in excess of $85.8 million, over the course of seven years. The final price to be paid by the Company will be dependent upon a number of factors, including the final specifications of such aircraft and any price escalations.

In February 2026, the Company and TAI amended their aircraft purchase agreement, pursuant to which commitments for firm deliveries of 90 specifically configured Cessna Caravans, and the option to purchase an additional 26 specifically configured Cessna Caravans, were reduced to a commitment for firm deliveries of four specifically configured Cessna Caravans slated for delivery in 2026. Following this amendment, remaining firm commitments under the TAI aircraft purchase agreement have been reduced from $283.8 million to $13.2 million. Previously made deposits of $2.0 million have been applied against these deliveries. The Company may elect to purchase additional specifically configured Cessna Caravans, on terms consistent with the original aircraft purchase agreement, with mutual agreement from TAI and the payment of a $0.5 million deposit for each aircraft. As of September 30, 2026, the Company has no remaining deposits under this agreement. The Company accepted delivery of four aircraft under the aircraft purchase agreement during 2024 and four during the nine months ended September 30, 2026. The Company has no remaining commitments under this agreement.

BETA Aircraft Purchase and Strategic Agreements

In March 2026, the Company entered into an agreement with BETA Technologies ("BETA") to purchase 25 BETA CX300 all-electric ALIA aircraft with the option to add up to 75 additional CX300 all-electric ALIA aircraft through 2030. Deliveries are scheduled

to commence in 2028 and represent firm purchase commitments in excess of $90.0 million. With this, and other, strategic agreements, the Company will combine its operating expertise, existing passenger demand, and established airport infrastructure with BETA's electric aircraft with the goal of launching the first commercial electric passenger service in Hawaii.

Jetstream Agreement

On October 10, 2022, the Company and Jetstream Aviation Capital, LLC ("Jetstream") entered into an agreement (the "Jetstream Agreement") that provides for a sale and/or assignment of purchase rights of aircraft from the Company to Jetstream and the leaseback of such aircraft from Jetstream to the Company within a maximum aggregate purchase amount of $450.0 million, including a $120.0 million total minimum usage obligation by the Company. The Jetstream Agreement may be terminated: (i) upon a termination notice by either party in the event that a material adverse change in the business of the other party is not resolved within 30 days of such notice; and (ii) as mutually agreed in writing by the parties. No transactions have been executed under this agreement as of September 30, 2026.

Palantir Joint Venture

On August 9, 2024, the Company entered into a joint venture agreement (the "JV Agreement") with Palantir. Pursuant to the JV Agreement, the Company established Surf Air Technologies in order to develop, market, sell, maintain, and support an artificial intelligence-powered software platform for the advanced air mobility industry, to provide operators of all types of aircraft, amongst other software products and solutions, with systems for the management of planes, airline operations, and customer facing applications.

In lieu of the consummation of the JV Agreement, on July 2, 2025, the Company and Palantir modified their existing software license agreement, as an expansion and enhancement of the overall relationship between the companies. In addition to a two-year extension, the Company will be Palantir's exclusive partner with respect to the configuration and sale of software to part 135 operators and charter brokers. Furthermore, the Company will have the ability to sub-license certain of its rights under the agreement to third-party clients. Palantir has the right to receive equity in Surf Air Technologies, versus that of the Company, at its election, in exchange for its services and contributions under the modified software license agreement, as discussed above.

Guarantees

The Company indemnifies its officers and directors for certain events or occurrences arising as a result of the officer or director serving in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential future amount the Company could be required to pay under these indemnification agreements is unlimited. The Company believes its insurance would cover any liability that may arise from the acts of its officers and directors and as of September 30, 2026 the Company is not aware of any pending claims or liabilities.

The Company enters into indemnification provisions under agreements with other parties in the ordinary course of business, typically with business partners, contractors, customers, landlords and investors. Under these provisions, the Company generally indemnifies and holds harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of its activities or, in some cases, as a result of the indemnified party's activities under the agreement. These indemnification provisions sometimes include indemnifications relating to representations the Company has made with regards to intellectual property rights. These indemnification provisions generally survive termination of the underlying agreement. The maximum potential future amount the Company could be required to pay under these indemnification provisions is unlimited.

Legal Contingencies

In 2017, the Company acquired Rise U.S. Holdings, LLC ("Rise"). Prior to the close of the acquisition, Rise Alpha, LLC and Rise Management, LLC (both of which are wholly-owned subsidiaries of Rise and hereinafter referred to as the "Rise Parties"), were served with a petition for judgment by Menagerie Enterprises, Inc. ("Monarch Air"), relating to breach of contract for failure to pay Monarch Air pursuant to the terms and conditions of a flight services agreement with Monarch Air, which occurred prior to the Company's acquisition of Rise. The Rise Parties filed numerous counterclaims against Monarch Air, including fraud, breach of contract and breach of fiduciary duty. Rise, a subsidiary of the Company, was named as a party in the lawsuit. During 2018 and 2019, certain summary judgments were granted in favor of Monarch Air.

On November 8, 2021, the Rise Parties entered into a final judgment in respect of litigation to finally resolve all claims raised by Monarch Air, and the Rise Parties agreed to pay actual damages of $1.0 million, pre-judgment interest of $0.2 million, attorneys' fees of $60 thousand and court costs of approximately $3 thousand. Since then, Monarch Air has been conducting post-judgment discovery. The full settlement had been accrued within Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets by the Company as of September 30, 2026 and December 31, 2025.

The Company is also a party to various other claims and matters of litigation incidental to the normal course of its business, none of which were considered to have a potential material impact on the Company as of September 30, 2026. However, the resolution of, or

increase in any accruals for, one or more matters may have a material adverse effect on the Company's results of operations and cash flows.

FAA Matters

The Company's operations are highly regulated by several U.S. government agencies, including the U.S. DOT, the FAA and the Transportation Security Administration. Requirements imposed by these regulators (and others) may restrict the ways the Company may conduct its business, as well as the operations of the Company's third-party aircraft operators. Failure to comply with such requirements may result in fines and other enforcement actions by the regulators.

Tax Commitment

On May 15, 2018, the Company received notice of a tax lien filing from the IRS for unpaid federal excise taxes for the quarterly periods from October 2016 through September 2017 in the amount of $1.9 million, including penalties and interest as of the date of the notice. The Company agreed to an Installment Plan whereby the IRS agreed to take no further action and remove such liens at the time such amounts have been paid. In 2019, the Company defaulted on the Installment Plan. Defaulting on the Installment Plan can result in the IRS nullifying such plan, placing the Company in default and taking collection action against the Company for any unpaid balance. The Company's total outstanding federal excise tax liability, including accrued penalties and interest, is recorded in Accrued expenses and other current liabilities on the Condensed Consolidated Balance Sheets and is in the amount of $10.6 million and $9.9 million as of September 30, 2026 and December 31, 2025, respectively. In June 2024, the Company submitted a formal offer-in-compromise ("OIC") to the IRS, seeking to resolve all consolidated excise tax liabilities. Under the terms of the OIC, all collection actions against the Company, in relation to these matters, were abated and the Company made $34 thousand monthly payments on historical excise tax liabilities through November 2024. In December 2024, the Company received notice from the IRS that the OIC had been rejected. In December 2025, the Company submitted a request for reconsideration to the IRS regarding the previously filed OIC. As part of this request, the Company began making monthly payments of $85 thousand on historical excise tax liabilities beginning in September 2026. The Company will continue to explore available options regarding settlement of its federal excise tax liability, including the submission of additional OICs.

During 2018, the Company defaulted on its property tax obligations in various California counties in relation to fixed assets, plane usage and aircraft leases. Additionally, Los Angeles County had previously imposed a tax lien on four of the Company's aircraft due to the late filing of the Company's 2022 property tax return. During 2025 the Company finalized remediation of the late filing, inclusive of the completion of county audits, and made payment on all property taxes due to Los Angeles County that were underlying the prior aircraft liens. The Company's total outstanding property tax liability including penalties and interest is $0.9 million and $0.9 million as of September 30, 2026 and December 31, 2025, respectively.

Note 11. Disaggregated Revenue

The disaggregated revenue for the three and nine months ended September 30, 2026 and 2025 were as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Scheduled	$ 17,443	$ 20,586	$ 50,287	$ 59,777
On-Demand	19,013	8,586	$ 41,291	$ 20,332
Total revenue	$ 36,456	$ 29,172	$ 91,578	$ 80,109

The revenue deferred and recognized for the three and nine months ended September 30, 2026 and 2025 were as follows *(in thousands)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Deferred revenue, beginning of period	$ 30,163	$ 17,769	$ 17,924	$ 17,482
Revenue deferred	19,561	15,014	68,789	41,626
Revenue recognized	(27,290)	(16,814)	(64,279)	(43,139)
Deferred revenue, end of period	$ 22,434	$ 15,969	$ 22,434	$ 15,969

Deferred revenue principally represents tickets sold for future travel on the Company's flights. The balance fluctuates with seasonal travel patterns. The contract duration of passenger tickets is generally one to two years. Accordingly, any revenue associated with tickets sold for future travel will be recognized within 12 to 24 months, when the tickets are either used by passengers or expired pursuant to their terms. For the nine months ended September 30, 2026, $10.8 million of revenue was recognized in passenger revenue that was included in the Company's deferred revenue liability at December 31, 2025.

Note 12. Redeemable Common Stock and Shareholders' Deficit

Redeemable Common Stock

Redeemable common stock was comprised of 3,510,638 shares of the Company's common stock (par value $0.0001), issued and outstanding, that was contingently puttable to the Company upon the satisfaction of certain events. As part of a side-letter agreement to the High Trail Convertible Note (see Note 7, *Financing Arrangements*), the Company granted to the Holder the option to put the 3,510,638 shares of the Company's common stock delivered as part of satisfaction of $6 million in redemption payments due under the High Trail Convertible Note. This instrument was exercisable in the event there were interruptions in the effectiveness of the registration statement covering the HT Shares. During the nine months ended September 30, 2026, the Company fully settled all of the terms of the side-letter agreement, with no further obligations thereunder. As a result, the full redemption value of the previously redeemable common stock was reclassified to Shareholders' Deficit.

2026 Registered Direct Offering

On April 20, 2026, the Company entered into a securities purchase agreement (the "Purchase Agreement") with LamVen, an existing investor, and another institutional investor, relating to the offering and sale in a registered direct offering (the "Offering") of an aggregate of 13,318,181 shares (the "Investor Shares") of the Company's common stock, $0.0001 par value per share, at an offering price of $1.10 per share. In addition, certain of the Company's directors and officers have agreed to purchase 257,353 shares of the Company's common stock in the Offering (the "D&O Shares" and, together with the Investor Shares, the "Shares") at an offering price of $1.36 per share, which was the official closing price of the Company's common stock on the NYSE on April 17, 2026. The Offering closed on April 21, 2026 (the "Closing Date").

The Company received gross proceeds from the Offering in the aggregate amount of approximately $15.0 million, which resulted in approximately $14.3 million of net proceeds after deducting placement agent fees and direct offering expenses totaling $0.7 million.

2025 Registered Direct Offerings

On March 31, 2025, the Company entered into a securities purchase agreement with an investor relating to the offering and sale in a registered direct offering of an aggregate of 1,860,000 shares of the Company's common stock, at an offering price of $2.50 per share, and pre-funded warrants to purchase up to 140,000 shares of the Company's common stock, at an offering price of $2.4999 per share, which were all exercised concurrent with the closing of the offering on April 1, 2025, and are included as shares issued with the remainder of the offering. As part of this offering, the Company issued warrants to purchase up to 100,000 shares of the Company's common stock to an advisor who assisted with the offerings. These warrants have an exercise price equal to $3.125 per share and are exercisable for five years from the commencement of sales in the offerings.

On June 25, 2025, the Company entered into a securities purchase agreement with certain investors relating to the offering and sale in a registered direct offering of an aggregate of 10,800,002 shares of the Company's common stock, at an offering price of $2.50 per share, including pre-funded warrants to purchase up to 926,668 shares of common stock, at an offering price of $2.4999 per share, which were all exercised concurrent with the closing of the offering on June 26, 2025. As part of this offering, the Company issued warrants to purchase up to 540,000 shares of the Company's common stock to an advisor who assisted with the offerings. These warrants have an exercise price equal to $3.125 per share and are exercisable for five years from the commencement of sales in the offerings.

On November 10, 2025, the Company entered into a securities purchase agreement with certain investors relating to the offering and sale in a registered direct offering of an aggregate of 3,975,901 shares of the Company's common stock, at an offering price of $3.32 per share. Concurrent with the closing of the offering on November 12, 2025, the Company issued warrants to purchase up to 3,975,901 shares of the Company's common stock to the associated investors. These warrants have an exercise price equal to $3.32 per share and are exercisable for two years from the commencement of the offering. Due to settlement provisions included in the warrant agreements, such amounts have been classified as a liability, carried at fair value, with changes in such fair values recorded through earnings at each reporting period.

The Company received gross proceeds from these offerings of $45.2 million, which resulted in approximately $42.6 million of net proceeds after deducting placement agent fees and direct offering expenses totaling $2.6 million. These proceeds have been allocated between the common stock, equity classified warrants, and liability classified warrants issued as part of the offerings.

In addition, the Company issued 1,000,000 shares of common stock (the "Palantir Shares") on November 10, 2025 at a price of $3.32 per share as a prepayment of consideration for license fees and related professional services to be rendered by Palantir pursuant to the Company's existing software license agreement with Palantir (See Note 10, *Commitments and Contingencies)*. In addition, the Company delivered 881,579 additional shares of its common stock to Palantir as consideration for license fees and related professional services pursuant to the license agreement on an unregistered basis on November 12, 2025, representing a total payment in shares of the Company's common stock of approximately $6.0 million (together, the "Palantir Placement").

2025 Private Placements

During May 2025, the Company sold 816,326 shares of the Company's common stock in private placements for gross proceeds of $2.0 million. Such sales were effected at a purchase price of $2.45 per share, which was the minimum price, under NYSE regulations, as of May 22, 2025.

On November 10, 2025, the Company entered into a securities purchase agreement with certain investors relating to the offering and sale in a private placement of an aggregate of 2,048,195 shares of the Company's common stock, at an offering price of $3.32 per share for total proceeds of $6.8 million, with attached warrants to purchase up to 2,048,195 additional shares of the Company's common stock. These warrants have an exercise price equal to $3.32 per share and are exercisable for two years from the commencement of the offering. Due to settlement provisions included in the warrant agreements, such amounts have been classified as a liability, carried at fair value, with changes in such fair values recorded through earnings at each reporting period.

The Company received net proceeds from these private placement offerings of $8.8 million. These proceeds have been allocated between the common stock and liability classified warrants issued as part of the offerings.

Warrants

A summary of warrant activity associated with debt and equity financings as of September 30, 2026 is set forth below:

	Number of Warrants Outstanding	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2025	9,787,769	6.24	$ 373	$ 2.80
Granted	5,005,335	4.82	2,666	0.78
Exercised	—	—	—	
Canceled	—	—	—	—
Outstanding at September 30, 2026	14,793,104	5.26	6,699	1.11
Exercisable at September 30, 2026	14,793,104	5.26	6,699	1.11

Of the outstanding warrants noted above, 6,024,096 are classified as liabilities, with periodic changes in fair value recorded as component of Changes in fair value of financial instruments carried at fair value, net in the accompanying Condensed Consolidated Statements of Operations.

Note 13. Stock-Based Compensation

2026 Inducement Plan

During the three months ended September 30, 2026, the Company adopted the Surf Air Mobility Inc. 2026 Inducement Plan (the "Inducement Plan") and reserved 5,000,000 shares of common stock for equity-based awards to eligible new employees as an inducement to employment, in accordance with the New York Stock Exchange listing standards. As of September 30, 2026, no awards had been granted under the Inducement Plan.

Stock Options

A summary of stock option activity for the nine months ended September 30, 2026 is set forth below:

	Number of Stock Options Outstanding	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2025	2,332,762	8.24	$ 11	$ 8.07
Granted	—	—	—	—
Exercised	—	—	—	—
Canceled	(89,541)	—	—	12.08
Outstanding at September 30, 2026	2,243,221	7.51	6	7.91
Exercisable at September 30, 2026	1,807,096	7.46	6	8.45

No stock options were granted during the nine months ended September 30, 2026.

As of September 30, 2026, unrecognized compensation expense related to the unvested portion of the Company's share options was approximately $0.2 million with a weighted-average remaining vesting period of approximately 0.56 years.

Warrants

A summary of common stock warrant activity for the nine months ended September 30, 2026 is set forth below:

	Number of Warrants Outstanding	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)	Weighted Average Exercise Price Per Share
Outstanding at December 31, 2025	1,376,056	5.30	$ —	$ 5.91
Granted	—	—	—	—
Exercised	—	—	—	—
Canceled	—	—	—	—
Outstanding at September 30, 2026	1,376,056	4.56	—	5.91
Exercisable at September 30, 2026	927,566	4.39	—	5.79

As of September 30, 2026, unrecognized compensation expense related to the unvested portion of the Company's common stock warrants was approximately $0.2 million which is expected to be recognized over the weighted-average remaining vesting period of approximately 0.57 years.

Equity-based awards granted in the form of warrants are not considered granted under the terms of the Company's Amended and Restated 2023 Equity Incentive Plan (the "2023 Plan") and are often subject to separate registration rights than those included under the 2023 Plan.

The Company has also granted warrants as a component of debt and equity financing transactions, which were granted fully vested as of the respective transaction dates (see Note 12, *Redeemable Common Stock and Shareholders' Deficit*). No compensation expense has been recorded for these transactions.

Restricted Stock Units

During the nine months ended September 30, 2026, the Company issued 659,704 RSUs pursuant to the 2023 Plan to employees and non-employee consultants which vest upon the satisfaction of certain service periods. The fair value of these RSUs was determined based on the Company's stock price on the grant date. The service period of these RSUs is satisfied over a range of 12 months to 4 years.

Additionally, during the nine months ended September 30, 2026, the Company issued 901,298 fully vested RSUs in satisfaction of $1.1 million in previously recognized short-term incentive plan accruals.

A summary of RSU activity for the nine months ended September 30, 2026 is set forth below:

	Number of RSUs	Weighted Average Grant Date Fair Value per RSU
Unvested RSUs at December 31, 2025	1,307,366	$ 2.89
Granted	1,561,002	1.13
Vested/shares issued	(1,386,043)	1.75
Forfeited, canceled, or expired	(15,511)	2.95
Unvested RSUs at September 30, 2026	1,466,814	$ 2.07

As of September 30, 2026, unrecognized compensation expense related to the unvested portion of the Company's RSUs was approximately $2.1 million which is expected to be recognized over the weighted-average remaining vesting period of approximately 2.77 years.

Restricted Share Purchase Agreement ("RSPA")

A summary of RSPA activity for the nine months ended September 30, 2026 is set forth below:

	Number of RSPA	Weighted Average Grant Date Fair Value per RSPA
Unvested RSPAs at December 31, 2025	13,486	$ 29.13
Granted	—	—
Vested	(13,486)	29.13
Forfeited	—	—
Unvested RSPAs at September 30, 2026	—	—

As of September 30, 2026, all compensation expense related to the Company's RSPAs had been recognized.

Performance-Based Restricted Stock Units

During the nine months ended September 30, 2026, the Company issued 1,115,000 PRSUs under the 2023 Plan to employees and non-employee consultants. The PRSUs granted will vest upon the achievement of grant specific performance metrics as well as a service period of four years from the date of grant. The fair value of these PRSUs was determined based on the Company's stock price on the grant date.

A summary of PRSU activity for the nine months ended September 30, 2026 is set forth below:

	Number of PRSUs	Weighted Average Grant Date Fair Value per PRSU
PRSUs at December 31, 2025	1,131,071	$ 3.09
Granted	1,115,000	0.77
Shares issued	(225,000)	2.36
Forfeited, canceled, or expired	(53,125)	12.49
PRSUs at September 30, 2026	1,967,946	$ 1.60

As of September 30, 2026, the unrecognized compensation expense related to the unvested portion of the Company's PRSUs was $1.6 million, which is expected to be recognized over a weighted average period of 1.52 years.

Other

During the three and nine months ended September 30, 2026, the Company issued 1,000,000 shares of the Company's common stock to a former non-employee director of the Company pursuant to the terms of an Advisory Services Agreement. The shares were valued as of the grant date and resulted in $0.8 million of incremental stock-based compensation expense.

During the nine months ended September 30, 2026, the Company issued 750,000 shares of the Company's common stock to a non-employee consultant. The shares were valued as of the grant date and resulted in $0.7 million of incremental stock-based compensation expense. Also, during the nine months ended September 30, 2026, the Company repriced the exercise price of a warrant issued to LamVen in November 2024. The warrant had previously been issued as part of the restructuring of amounts due under prior term note agreements in the issuance of the LamVen Note (see Note 16, *Related Party Balances and Transactions*). The repricing of the warrant was intended to provide incremental compensation in connection with an existing advisory services agreement with the owner of LamVen. The adjustment of the exercise price from $1.83 to $0.01 resulted in $1.0 million of incremental stock-based compensation expense.

A summary of stock-based compensation expense recognized for the three and nine months ended September 30, 2026 and 2025 is as follows *(in thousands)*:

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2026	**2025**	**2026**	**2025**
Stock Options	$ 99	$ 390	$ 324	$ 1,354
RSUs	405	467	1,337	2,464
RSPAs	—	169	394	507
PRSUs	285	376	868	2,587
Warrants	104	362	415	541
Other	791	504	2,477	504
Total Stock-Based Compensation	$ 1,684	$ 2,268	$ 5,815	$ 7,957

In connection with the separation of a former executive, the Company has modified previously granted equity awards to allow for the acceleration of vesting of equity awards, as of September 30, 2026. Incremental stock-based compensation expense associated with such modifications was not material.

Note 14. Segment Reporting

The Company and its chief operating decision maker ("CODM"), which is the Company's chief executive officer, organize and manage the Company on a consolidated basis, and, accordingly, the Company operates as a single operating and reportable segment, namely its Air Mobility segment.

The Air Mobility segment derives revenues from two categories of services:

Scheduled Air Service – revenue from operating scheduled commercial air service flights which are sold to the public primarily on a per seat basis, and through subsidized EAS revenue awards from the Department of Transportation.

On-Demand – revenue from on-demand flights created for customers on an ad-hoc, by request basis.

The accounting policies of the Air Mobility segment are the same as those described in the summary of significant accounting policies. The CODM assesses performance for the Air Mobility segment and decides how to allocate resources based on net loss as reported on the Condensed Consolidated Statements of Operations. The measure of segment assets is reported on the Condensed Consolidated Balance Sheets as total consolidated assets.

In addition to consolidated financial metrics used in assessing the Air Mobility segment, the CODM also regularly reviews additional significant expense categories, which comprise cost of revenue, exclusive of depreciation and amortization within the Company's Condensed Consolidated Statements of Operations. Such cost categories are determined to be those most relevant in providing flight services, and are aligned with cost designations measured by other carriers. All other financial statement metrics are reviewed and/or considered on a consolidated basis as follows (*in thousands*):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Revenue	$ 36,456	$ 29,172	$ 91,578	$ 80,109
Operating Expenses:				
Aircraft expenses	$ 28,099	$ 20,271	$ 70,975	$ 56,331
Pilot expenses	$ 2,637	3,789	9,210	10,925
Other [1]	2,749	3,602	8,693	9,440
Cost of revenue, exclusive of depreciation and amortization	33,485	27,662	88,878	76,696
Technology and development	1,428	2,327	5,654	8,012
Sales and marketing	2,417	2,060	7,519	5,214
General and administrative	12,237	11,200	29,784	34,173
Depreciation and amortization	2,851	2,423	7,858	7,012
Total operating expenses	52,418	45,672	139,693	131,107
Operating loss	$ (15,962)	$ (16,500)	$ (48,115)	$ (50,998)
Other income (expense):				
Changes in fair value of financial instruments carried at fair value, net	(3,239)	(7,415)	(13,646)	(9,772)
Interest expense	(2,258)	(3,255)	(4,721)	(10,916)
Gain on extinguishment of debt	-	-	-	39
Other expense, net	1,052	(105)	(2,412)	(2,209)
Total other expense, net	$ (4,445)	$ (10,775)	$ (20,779)	$ (22,858)
Loss before income taxes	(20,407)	(27,275)	(68,894)	(73,856)
Income tax benefit	39	62	131	179
Net loss	$ (20,368)	$ (27,213)	$ (68,763)	$ (73,677)

[1] Other costs of revenue are comprised of personnel costs related to customer service operations, station expenses, reservation systems and passenger re-accommodation/ re-booking on other carriers.

The CODM uses net loss to evaluate income (loss) generated from segment assets (return on assets) in deciding how to allocate resources. Consolidated net loss is used to monitor budget versus actual results. The monitoring of budgeted versus actual results is used in assessing performance of the segment and in establishing management's compensation.

The Company does not have intra-entity sales or transfers. All of the Company's long-lived assets are located in the United States and revenue is substantially earned from flights throughout the United States.

Note 15. Income Taxes

The Company's provision for income taxes for the three months ended September 30, 2026 and 2025 was a benefit of $39 thousand and $62 thousand, respectively. The Company's provision for income taxes for the nine months ended September 30, 2026 and 2025 was a benefit of $131 thousand and $179 thousand, respectively. The Company's effective tax rate for all periods was lower than the federal statutory rate of 21%, primarily due to the Company's full U.S. federal and state valuation allowance.

The Company is subject to income tax examinations by the U.S. federal and state tax authorities. There were no ongoing income tax examinations as of September 30, 2026. In general, tax years 2011 and forward remain open to audit for U.S. federal and state income tax purposes.

Note 16. Related Party Balances and Transactions

LamVen Note

On November 14, 2024, the Company entered into a secured convertible promissory note (the "LamVen Note") in aggregate principal amount of $50.0 million to LamVen, to refinance certain existing notes.

The LamVen Note accrues interest at the greater of (i) SOFR (subject to a 1.00% floor) plus 5.00% and (ii) 9.75%. In the event the Company raises capital in certain equity offerings, unless specifically waived by LamVen, a portion of the net cash proceeds from such equity offerings and the net cash proceeds from certain asset sales are required to be applied to repay the obligations under the LamVen Note. LamVen agreed to waive this provision with respect to the proceeds received from the April and June 2025 Registered Direct Offerings (see Note 12, *Redeemable Common Stock and Shareholders' Deficit*). The scheduled maturity of the LamVen Note is December 31, 2028, which may be accelerated upon the occurrence of certain events of default.

At the election of LamVen from time to time, on one or more occasions, the outstanding principal amount of the LamVen Note (or any portion thereof), together with all accrued but unpaid interest thereon, can be converted into a number of shares of common stock, using a conversion price per share equal to the Minimum Price, as defined in NYSE Listed Company Manual Section 312.04(h) (the "Minimum Price"); provided, however, that LamVen shall not be able to convert the LamVen Note if so doing would increase LamVen's beneficial ownership interest in the Company to 10% or more of the Company's then outstanding common stock.

In addition, on November 14, 2024, the outstanding principal and the interest of the existing LamVen Note of $7,473,131 was exchanged for (i) 750,000 shares of common stock of the Company issued to LamVen at $1.83 per share, which represents the official closing price of the Company's common stock on the NYSE on the date immediately preceding November 14, 2024, and (ii) 3,389,398 warrants to purchase common stock of the Company issued to LamVen with a strike price of $1.83 per share.

The obligations under the LamVen Note are guaranteed by certain of the Company's subsidiaries, and subject to a security interest on assets of the Company and the subsidiary guarantors, subject to certain exceptions.

The conversion feature embedded in the LamVen Note failed to satisfy the requirements for the derivative scope exception for contracts indexed in the Company's own stock. The conversion feature of the LamVen Note required bifurcation from the host contract. The embedded derivative was initially measured at fair value of $6.8 million, with a corresponding debt discount of $6.8 million being recorded as the excess of the principal amount of the LamVen Note over the fair value of the host contract. The debt discount will be amortized to interest expense using the effective interest rate over the term of the LamVen Note. During the nine months ended September 30, 2026, the Company recorded $0.2 million of interest expense related to the amortization of this discount.

During the year ended December 31, 2025, LamVen transferred $49.9 million of the outstanding principal due under the LamVen Note to a non-affiliated third party under terms identical to the original LamVen Note. Subsequent to the transfer, the holder of the New Convertible Note converted $49.9 million of the principal amount, inclusive of then accrued interest, through the issuance of 14,025,167 shares of the Company's common stock in 2025 and 967,018 shares of the Company's common stock during the nine months ended September 30, 2026. As a result, as of September 30, 2026 and December 31, 2025, LamVen retained a principal balance of $0.1 million.

Promissory Note

On April 20, 2026, the Company and two of its subsidiaries (such subsidiaries, the "Borrowers") entered into a promissory note with LamVen (the "Note") in an aggregate principal amount of up to $15 million (the "Maximum Principal Amount"). LamVen will advance funds (each, an "Advance") on request of the Company or any of the Borrowers; provided such Advances (i) may not exceed $5 million in each consecutive 90-day period commencing on April 20, 2026 and (ii) all Advances under the Note may not exceed the Maximum Principal Amount. The Borrowers' obligations under the Note are subject to a security interest on certain aircraft assets of Borrowers and their subsidiaries that may become party to the Note (collectively, the "Grantors"), including airframes, engines, propellers, helicopters, and aircraft records relating thereto, subject to certain exceptions (the "Collateral"). In addition to the security interest, the Company and its subsidiaries agree not to create, incur, or suffer to exist any lien, security interest, or encumbrance on the Collateral, subject to certain limitations. The maturity date of the Note is April 20, 2029. The Note is non-recourse to the Company, and LamVen's sole remedy for any breach or default is limited to exercise of remedies against the Borrowers. Outstanding principal will bear interest at a rate of 12.5% per annum.

On July 19, 2026, the Company satisfied the $1.5 million origination fee due to LamVen under the Note by issuing LamVen pre-funded warrants to purchase 1,177,394 shares of the Company's common stock, at an offering price of $1.274 per share.

As of September 30, 2026, the Company had recorded $5.0 million in outstanding borrowings under the Note. Additionally, the Company has recorded $1.6 million in costs associated in securing the Note, inclusive of the origination fee. Such amounts have been reflected within Other assets on the accompanying Condensed Consolidated Balance Sheets, which will be amortized to interest expense over the three year term of the Note.

Park Lane Reimbursement Agreement

On November 14, 2024, in connection with the letter of credit backstopping a 4-year credit agreement with certain affiliates of Comvest Partners as lenders, the Company entered into a Reimbursement Agreement with Park Lane, an entity affiliated with a co-founder of the Company (the "Reimbursement Agreement"), such that if the letter of credit is drawn upon, the Company will be required to reimburse Park Lane for the drawn amount of the letter of credit and pay interest to Park Lane at 15.00% per annum on such drawn amounts (subject to increase in the event of default). The Company is separately obligated to pay a fee of 1.00% per annum to Park Lane on the outstanding face amount of the backstop letter of credit. In the event the Company raises capital in certain equity offerings, a portion of the net cash proceeds from such equity offerings is required to be remitted to Park Lane to be held in trust in accordance with the Reimbursement Agreement.

The obligations under the Reimbursement Agreement are guaranteed by certain of the Company's subsidiaries, and subject to a security interest on assets of the Company and the subsidiary guarantors, subject to certain exceptions. The Reimbursement Agreement contains certain representations and warranties, covenants and events of default.

Park Lane appointed an observer to the Board, a right that was granted in the Reimbursement Agreement.

On November 12, 2025, the Company entered into an amendment to the Reimbursement Agreement, to add the letter of credit, used in support of the High Trail Convertible Note to the scope of the Reimbursement Agreement. As consideration for Park Lane's commitment to provide credit support for the letter of credit over a three year period, the Company issued 2,025,000 shares of the Company's common stock to Park Lane on November 12, 2025. Such amount has been capitalized as a credit enhancement asset of the Company and will be amortized to interest expense over the three year term of the credit support commitment.

On June 30, 2026, the Company entered into an amendment to the Reimbursement Agreement to add a letter of credit related to the Secured Debentures to the scope of the Reimbursement Agreement and revise the references to the High Trail Convertible Note to the New HT Convertible Note and the New Term Note. As consideration for Park Lane's commitment to provide credit support for the Debenture Letter of Credit, the Company issued warrants to purchase up to 2,500,000 shares of Common Stock at an exercise price equal to the "Minimum Price" as determined under the rules of the NYSE during the three months ended September 30, 2026.

Other Transactions

The Company previously leased four aircraft from Park Lane, for a monthly lease payment of $25 thousand per aircraft. The lease for the four planes was extended on a month to month basis as of January 31, 2025. In October 2025, the parties entered into a settlement agreement with respect to return conditions under the leases. As consideration, the Company issued 1,200,000 shares (300,000 shares per aircraft) of its common stock to Park Lane and subsequently terminated the respective aircraft leases thereto. As a result of this issuance, the Company recorded the $5.4 million fair value of the shares issued as a settlement expense for the year ended December 31, 2025.

Schuman Aviation

The Company previously leased six aircraft from Schuman Aviation Ltd. ("Schuman"), an entity which is owned by Richard Schuman, a former employee and shareholder of the Company. All leases consisted of 60-month terms, fixed monthly lease payments and were all eligible for extension at the end of the lease term. All the leases were also subject to monthly engine, propeller and other reserve payment requirements, based on actual flight activity incurred on the subject aircraft engine. During the three months ended September 30, 2026, the Company completed the return of five of the aircraft held under these leases, with no remaining lease commitments due as of September 30, 2026.

The Company recorded approximately $0.5 million and $1.2 million in combined lease and engine reserve expense attributable to Schuman for the three and nine months ended September 30, 2026, respectively.

Additionally, the Company has an existing agreement with Schuman, whereby Schuman agreed not to fly any of its Makani Kai airline routes servicing the Hawaiian Islands commuter airspace for a period of 10 years.

Advisory Services Agreement with Proxima Centauri, LLC

Proxima Centauri, LLC ("Proxima Centauri"), an entity wholly-owned by David Anderman, a member of the Board, provided advisory services to the Company for a monthly fee of $20,000 per month pursuant to an Advisory Services Agreement entered into on December 16, 2024. As additional compensation, the Company issued a warrant to Proxima Centauri to purchase up to 142,857 shares of common stock on December 16, 2024. The Advisory Services Agreement with Proxima Centauri was terminated, effective February 13, 2026.

Advisory Services Agreement with LamVen LLC

LamVen provides advisory services to the Company for an annual fee of $1 pursuant to an Advisory Services Agreement effective as of January 1, 2025. As additional compensation, the Company issued a warrant to LamJam II LLC to purchase up to 911,544 shares of the Company's common stock during 2024. During the nine months ended September 30, 2026, the Company repriced the exercise price of a warrant originally issued to LamVen in November 2024 as part of the restructuring of amounts due under prior term note agreements in the issuance of the LamVen Note. The repricing of the warrant was intended to provide incremental compensation in connection with an existing advisory services agreement with the owner of LamVen. The adjustment of the exercise price from $1.83 to $0.01 resulted in $1.0 million of incremental stock-based compensation expense (see Note 13, *Stock-Based Compensation*).

Advisory Services Agreement with SRS Ventures LLC

SRS Ventures LLC, an entity associated with Sudhin Shahani, a co-founder and Board member of the Company, provides advisory services to the Company for an annual fee of $450,000 to be paid in approximately equal monthly payments pursuant to an Advisory Services Agreement effective as of January 1, 2025.

Carl Albert Advisory Services Agreement

Carl Albert and the Company entered into an Amended and Restated Advisory Services Agreement effective July 24, 2026 (the "Advisory Agreement"). Pursuant to the terms of the Advisory Agreement, Mr. Albert shall serve as an advisor to the Board for a one year period that will commence following completion of the Annual Meeting, provided that the term may be earlier terminated by either party upon 30 days' prior written notice, or immediately by the Company upon written notice in the event of certain misconduct by Mr. Albert, and may be extended for an additional one (1) year period by mutual agreement of the parties. In accordance with the Advisory Agreement, in exchange for provision of the advisory services, Mr. Albert will receive an annual fee of $0.1 million, annual compensation with a grant-date value of approximately $165,000 per year (payable at Mr. Albert's election in the Company's common stock), on the same terms, conditions, and vesting schedule as equity compensation grants then in effect for non-employee members of the Board, and a one-time award of $0.8 million issuable in two tranches: 75% to be granted and fully vested on the effective date of

the Advisory Services Agreement, and 25% to be granted and fully vested, with release on the one-year anniversary of the effective date of the Advisory Service Agreement, subject to Mr. Albert's continued service through such date. Mr. Albert had the option to elect, and has so elected, to receive the one-time award in shares of the Company's common stock in lieu of cash, in an aggregate amount of 1,000,000 shares.

Gravity Strategic Partners Advisory Services Agreement

Gravity Strategic Partners LLC, an entity associated with Charles Leisure, an observer to the Board appointed by Park Lane, provides advisory services to the Company for an annual fee of $650,000 to be paid in approximately equal monthly payments pursuant to an Advisory Services Agreement effective as of September 1, 2026. This advisory services agreement also provides for the payment of an annual bonus up to $350,000 and the payment of additional equity awards, subject to board approval.

Note 17. Supplemental Cash Flows

Supplemental cash flow information for the nine months ended September 30, 2026 and 2025 *(in thousands)*:

	Nine Months Ended September 30,	
	2026	2025
Supplemental cash flow information		
Cash paid for interest	$ 2,067	$ 7,708
Supplemental schedule of non-cash investing and financing activities:		
Common stock issued under software license agreement with Palantir	$ 11,750	$ 5,789
Issuance of common shares related to convertible notes conversions	$ 1,876	$ 35,182
Issuance of common stock related to HT note redemption	$ 9,758	$ —
Issuance of warrants as consideration for credit support and financing fees	$ 2,914	$ —
Issuance of common stock to settle incentive bonus accruals	$ 1,056	$ —
Issuance of common stock in settlement of vendor payables	$ —	$ 760
Purchases of property and equipment included in accounts payable and accrued expenses	$ 2,340	$ 3,856
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 4,321	$ —
Issuance of common stock as settlement of advances under Share Purchase Agreement	$ 30,014	$ —

Note 18. Net Loss per Share Applicable to Common Stockholders, Basic and Diluted

The Company calculates basic and diluted net loss per share attributable to common stockholders using the two-class method required for companies with participating securities. The Company considers preferred stock to be participating securities as the holders are entitled to receive dividends on a pari passu basis in the event that a dividend is paid on shares of common stock.

The following table sets forth the computation of net loss per share applicable to common shareholders *(in thousands, except share data and per share amounts)*:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Net loss	$ (20,368)	$ (27,213)	$ (68,763)	$ (73,677)
Weighted-average number of common shares used in net loss per share applicable to common shareholders, basic and diluted	125,243,614	42,430,909	100,328,425	26,850,694
Net loss per share applicable to common shareholders, basic and diluted	$ (0.16)	$ (0.64)	$ (0.69)	$ (2.74)

The Company excluded the following potential shares of common stock, presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
Excluded securities:				
Options to purchase common shares	2,243,221	2,392,914	2,243,221	2,392,914
Warrants to purchase common shares	16,169,160	5,139,729	16,169,160	5,139,729
Restricted stock units	3,434,760	2,373,247	3,434,760	2,373,247
Unvested RSPAs	—	19,266	—	19,266
Convertible notes (as converted to common shares)	11,015,988	3,764,416	11,020,126	4,616,065
Mandatory Convertible Security	—	4,945,537	—	5,782,497
Total common shares equivalents	32,863,129	18,635,109	32,867,267	20,323,718

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis is intended to help the reader understand the Company's results of operations and financial condition. This discussion and analysis is provided as a supplement to, and should be read in conjunction with, the information included in Item 1. Financial Statements in this Quarterly Report on Form 10-Q. Some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q, including information with respect to the Company's plans and strategy for its business, includes forward-looking statements that involve risks and uncertainties. The Company's actual results and outcomes, and the timing of its results and outcomes, may differ materially from management's expectations as a result of various factors, including but not limited to those discussed in the section entitled "Special Note Regarding Forward-Looking Information" included in this Quarterly Report on Form 10-Q, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2026, filed with the U.S. Securities and Exchange Commission ("SEC") on May 11, 2026, and the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 filed with the SEC on August 10, 2026, and the sections entitled "Risk Factors" included within this Quarterly Report on Form 10-Q and the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2025 filed with the SEC on March 12, 2026.

Overview of the Business

Surf Air Mobility Inc. ("Surf Air Mobility", the "Company," "us," "we" or "our"), a Delaware corporation, is a regional air mobility platform that aims to transform regional flying. The Company currently operates one of the largest commuter airlines in the United States by scheduled departures as well as an expanding on-demand charter marketplace for passengers in the U.S. and globally. The Company's operations provide scale, distribution and real-world operating data to validate and, eventually, deploy the software and technology offerings it is currently developing to support the modernization of air operations and the adoption of next-generation aircraft.

The Air Mobility business is an established regional air mobility platform providing scheduled service and an on-demand charter marketplace to passengers in the U.S. and globally. Current initiatives surrounding the Air Technology business seek to drive an innovative platform developing a proprietary, AI-enhanced aviation software operating system as well as technology and services to enable electrification across the regional air mobility sector.

The Company was incorporated in 2021 and became the ultimate parent of both Surf Air Global Limited ("Surf Air") and Southern Airways Corporation ("Southern") in July of 2023 following the Company's public listing on the New York Stock Exchange ("NYSE"). For 2025, the Company's combined network served over 300,000 passengers with approximately 62,000 scheduled departures. We expect the combination of our legacy networks will continue to provide the basis for our expanded, nationwide regional air mobility platform.

Our predecessor company, Surf Air, was formed in 2016 and prior to its reorganization into Surf Air Mobility, aimed to expand the category of regional air travel, connecting underutilized regional airports and private terminals to create a "shared private" customer experience and a high frequency "commercial-like" air service, using small turboprop aircraft. Surf Air provided both scheduled routes and on-demand charter flights operated by third parties that operate under Part 135 of Title 14 of the U.S. Code of Federal Regulations ("Part 135"). Surf Air drove the early stages of development of our current efforts to develop electrified powertrain technology, including the establishment of relationships with key commercial partners who, as a group, we believe can deliver novel hardware and software solutions that can make electrified flight possible for operators across the Part 135 industry, starting with our owned and operated fleet.

Operating Environment

Since 2020, the Company has been incurring expenses to support the development of the technology of its digital platform with the aim of enabling the regional air mobility market to operate at scale and to enhance the user's ability to make informed decisions based on multiple first and third-party data sources as well as connected aircraft, and the Company expects these development expenses to continue to be incurred. Additionally, the Company intends to continue developing fully electric and hybrid-electric powertrain technologies with commercial partners to electrify existing fleets and new aircraft. As a result, the Company expects to incur significant costs in the future to support the development of this technology.

In addition to incremental costs incurred in the execution of the Company's near and long-term business strategy, the Company has experienced inflationary pressures, which have materially increased the Company's costs for aircraft fuel, wages and benefits and other goods and services critical to its operations during 2024 and 2025 and believes perceived recessionary risks have impacted 2026 results. For example, perceived recessionary risks, as a result of tariff or trade uncertainty or otherwise, as well as shifting travel patterns, may cause companies and individuals to reduce travel for either professional or personal reasons, and drive higher prices in the supply chain the Company relies upon. In addition, the Company has incurred greater than expected losses and negative cash flows from operating activities due to previous inefficient aircraft utilization, primarily caused by an underutilization of pilots and a shortage of

maintenance personnel and critical aircraft components. This, coupled with operating cost variability in the current global economic setting, have challenged the Company's ability to serve its customers as desired and, in turn, cover expenses, specifically related to its scheduled service offerings.

As such, the extent to which global events and market inflationary impacts will affect our financial condition, liquidity and future results of operations is uncertain. Given the uncertainty regarding the length, and intensity, of these factors, the Company cannot reasonably estimate their impact on its future results of operations, cash flows or financial condition. The Company continues to actively monitor its financial condition, liquidity, operations, suppliers, industry and workforce. As the Company does not currently, and does not intend in the foreseeable future to, enter into any transactions to hedge fuel costs, or otherwise fix labor costs, the Company will continue to be fully exposed to fluctuations in prices of material operating costs.

During January 2025, the Company utilized an abundance of caution and voluntarily cancelled a significant number of scheduled flights due to maintenance concerns. The Company took actions to mitigate these concerns and returned its operations to full schedule during the first quarter of 2025. The most significant financial impacts of these cancellations were lost revenues, lost operating income, decreased operating cash flows, and unplanned maintenance costs.

Following the passage of the FAA Reauthorization Act of 2024, and resulting changes to the administration of the Essential Air Service Program, we have been subject to increased competition for certain subsidized routes. As a result, we expect to face increased and continued competition when bidding for or renewing Essential Air Service contracts, which could impact our ability to retain existing routes or the level of subsidy associated with those routes.

Key Operating Measures

In addition to the data presented in our condensed consolidated financial statements, we use the following key operating measures commonly used throughout the air transport industry to evaluate our business, measure our performance, develop financial forecasts and make strategic decisions. The following table summarizes key operating measures for each period presented below, which are unaudited.

	Nine months ended September 30,		Change	
	2026	2025	Increase/ Decrease	%
Scheduled Flight Hours[(1)]	34,671	43,160	(8,489)	(20)%
On-Demand Flights[(2)]	3,432	2,090	1,342	64%
Scheduled Passengers[(3)]	200,508	225,653	(25,145)	(11)%
Headcount[(4)]	481	620	(139)	(22)%
Scheduled Departures[(5)]	39,746	45,958	(6,212)	(14)%

[(1)] Scheduled Flight Hours represent actual flight time from takeoff through landing that were flown in the period and excludes departures for maintenance or repositioning events. This metric only measures flight hours for flights that generated scheduled revenue and does not include flight hours for flights that generated on-demand revenue.
[(2)] On-Demand Flights represent the number of flights that generate on-demand revenue taken by customers on the Company's aircraft or third-party operated aircraft during the period.
[(3)] Scheduled Passengers represent the number of passengers flown during the period for scheduled service.
[(4)] Headcount represents all full-time and part-time employees at the end of the period.
[(5)] Scheduled Departures represent the number of takeoffs in the period, agnostic of operator and excludes departures for maintenance or repositioning events. This metric only measures takeoffs that generated scheduled revenue and does not include takeoffs that generated on-demand revenue.

Results of Operations

Results of the Company's Operations for the Three Months Ended September 30, 2026 and 2025

The following table sets forth our condensed consolidated statements of operations data for the three months ended September 30, 2026 and 2025 (*in thousands, except percentages*):

	Three months ended September 30,		Change	
	2026	2025	$	%
Revenue	$ 36,456	$ 29,172	$ 7,284	25%
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization	33,485	27,662	5,823	21%
Technology and development	1,428	2,327	(899)	(39)%
Sales and marketing	2,417	2,060	357	17%
General and administrative	12,237	11,200	1,037	9%
Depreciation and amortization	2,851	2,423	428	18%
Total operating expenses	52,418	45,672	6,746	15%
Operating loss	(15,962)	(16,500)	538	(3)%
Other income (expense):				
Changes in fair value of financial instruments carried at fair value, net	(3,239)	(7,415)	4,176	(56)%
Interest expense	(2,258)	(3,255)	997	(31)%
Other income (expense), net	1,052	(105)	1,157	1,102%
Total other expense, net	(4,445)	(10,775)	6,330	(59)%
Loss before income taxes	(20,407)	(27,275)	6,868	(25)%
Income tax benefit	39	62	(23)	(37)%
Net loss	$ (20,368)	$ (27,213)	$ 6,845	(25)%

Revenue

Revenue increased by $7.3 million, or 25%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase in revenue was attributable to the following changes in scheduled and on-demand revenues (*in thousands, except percentages*):

	For The Three Months Ended September 30,		Change	
	2026	2025	$	%
Scheduled	$ 17,443	$ 20,586	$ (3,143)	(15)%
On-Demand	19,013	8,586	10,427	121%
Total revenue	$ 36,456	$ 29,172	$ 7,284	25%

Scheduled revenue decreased $3.1 million, or 15%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The decrease in scheduled revenue was primarily related to the exiting of certain EAS routes, partially offset by higher productivity.

On-Demand revenue increased $10.4 million, or 121%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase in on-demand revenue was related to a focus on larger jet charter sales, driving higher average revenue per charter flight, as well as an increase in the number of charter flights flown.

Operating Expenses

Cost of Revenue, exclusive of depreciation and amortization

Cost of revenue increased by $5.8 million, or 21%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The decrease of $3.6 million in scheduled cost of revenue was primarily attributable to a reduction in block

hours flown as a result of exiting certain EAS routes, partially offset by higher average fuel costs and investments to improve operations. The increase of $9.4 million in on-demand cost of revenue was primarily associated with achieving higher revenue performance, slightly offset by improving on-demand margins with higher volumes.

Technology and Development

Technology and development expenses decreased by $0.9 million, or 39%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The decrease in technology and development expense is due to a higher amount of cost capitalization relating to the Company's Surf O/S platform.

Sales and Marketing

Sales and marketing expenses increased by $0.4 million, or 17%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025, primarily due to increases in external marketing initiatives.

General and Administrative

General and administrative expenses increased by $1.0 million, or 9%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025. The increase in general and administrative expense was driven primarily by $1.7 million in severance accruals due to the separation of a former officer of the Company and an increase of $1.6 million in losses on disposal of aircraft. These increases were partially offset by decreases of $1.7 million in employee compensation expenses due to reduced headcount, and a $0.6 million decrease in stock-based compensation expense.

Depreciation and Amortization

Depreciation and amortization expenses increased by $0.4 million, or 18%, for the three months ended September 30, 2026, compared to the three months ended September 30, 2025, primarily due to increases in internal use software associated with the Company's Surf O/S platform.

Other Income/(Expense)

Other expense, net decreased by $6.3 million for the three months ended September 30, 2026 compared to the three months ended September 30, 2025. This was primarily attributable to a $4.2 million decrease in losses from changes in fair value of financial instruments, primarily due to the impact of changes in price of our common stock on valuations of convertible notes and the GEM Global Yield LLC SCS ("GEM") mandatory convertible security during the comparable period in 2025, and a $1.0 million reduction in interest expense due to restructuring of high interest debt in favor of zero-coupon, convertible, obligations.

Net loss

The decrease in net loss of $6.8 million, or 25%, for the three months ended September 30, 2026 compared to the three months ended September 30, 2025, was primarily attributable to a decrease in operating loss of $0.5 million and the $6.3 million decrease in other expense, net.

Results of the Company's Operations for the Nine Months Ended September 30, 2026 and 2025

The following table sets forth our condensed consolidated statements of operations data for the nine months ended September 30, 2026 and 2025 (*in thousands, except percentages*):

	Nine Months Ended September 30,		Change	
	2026	2025	$	%
Revenue	$ 91,578	$ 80,109	$ 11,469	14%
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization	88,878	76,696	12,182	16%
Technology and development	5,654	8,012	(2,358)	(29)%
Sales and marketing	7,519	5,214	2,305	44%
General and administrative	29,784	34,173	(4,389)	(13)%
Depreciation and amortization	7,858	7,012	846	12%
Total operating expenses	139,693	131,107	8,586	7%
Operating loss	(48,115)	(50,998)	2,883	(6)%
Other income (expense):				
Changes in fair value of financial instruments carried at fair value, net	(13,646)	(9,772)	(3,874)	40%
Interest expense	(4,721)	(10,916)	6,195	(57)%
Gain on extinguishment of debt	—	39	(39)	(100)%
Other expense, net	(2,412)	(2,209)	(203)	9%
Total other expense, net	(20,779)	(22,858)	2,079	(9)%
Loss before income taxes	(68,894)	(73,856)	4,962	(7)%
Income tax benefit	131	179	(48)	(27)%
Net loss	$ (68,763)	$ (73,677)	$ 4,914	(7)%

Revenue increased by $11.5 million, or 14%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The increase in revenue was attributable to the following changes in scheduled and on-demand revenues (*in thousands, except percentages*):

	Nine Months Ended September 30,		Change	
	2026	2025	$	%
Scheduled	$ 50,287	$ 59,777	$ (9,490)	(16)%
On-Demand	41,291	20,332	20,959	103%
Total revenue	$ 91,578	$ 80,109	$ 11,469	14%

Scheduled revenue decreased $9.5 million, or 16%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The decrease in scheduled revenue was primarily related to the prior exiting of certain EAS routes, partially offset by higher productivity.

On-Demand revenue increased $21.0 million, or 103%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The increase in on-demand revenue was related to a focus on larger jet charter sales, driving higher average revenue per charter flight, as well as an increase in the number of charter flights flown.

Operating Expenses

Cost of Revenue, exclusive of depreciation and amortization

Cost of revenue increased by $12.2 million, or 16%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The decrease of $8.7 million in scheduled cost of revenue was primarily attributable to a reduction in block hours flown as a result of the prior exiting of certain EAS routes, partially offset by higher average fuel costs and investments to improve operations. The increase of $20.9 million in on-demand cost of revenue was primarily associated with achieving higher revenue performance, slightly offset by improving on-demand margins with higher volumes.

Technology and Development

Technology and development expenses decreased by $2.4 million, or 29%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The decrease in technology and development expenses is due to a higher amount of cost capitalization relating to the Company's Surf O/S platform.

Sales and Marketing

Sales and marketing expenses increased by $2.3 million, or 44%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025, primarily due to an increase in external marketing initiatives.

General and Administrative

General and administrative expenses decreased by $4.4 million, or 13%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. The decrease in general and administrative expense was driven primarily by a $3.3 million reduction in short term incentive bonus accruals, a $2.2 million decrease in compensation expense, and a $2.1 million decrease in stock-based compensation expense. These were offset by an increase in severance related expenses of $1.7 million and losses on disposal of aircraft of $1.6 million.

Depreciation and Amortization

Depreciation and amortization expenses increased by $0.8 million, or 12%, for the nine months ended September 30, 2026, compared to the nine months ended September 30, 2025. This was primarily due to increases in internal use software associated with the Company's Surf O/S platform.

Other Income/(Expense)

Other expense, net decreased by $2.1 million for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025. This was primarily attributable to a $6.2 million decrease in interest expense due to restructuring of high interest debt in favor of zero-coupon, convertible, obligations. This was partially offset by a $3.9 million increase in losses from changes in fair value of financial instruments, primarily due to the impact of changes in price of our common stock on valuations of convertible notes and the GEM mandatory convertible security in the comparable period of 2025.

Net Loss

The decrease in net loss of $4.9 million, or 7%, for the nine months ended September 30, 2026 compared to the nine months ended September 30, 2025, was primarily attributable to decreases in operating loss of $2.9 million and a $2.1 million decrease in total other expense, net.

Cash Flow Analysis

The following table presents a summary of our cash flows (*in thousands*):

	Nine Months Ended September 30,		Change	
	2026	2025	$	%
Net cash provided by (used in):				
Operating activities	$ (34,611)	$ (45,788)	$ 11,177	(24)%
Investing activities	(12,633)	(3,301)	(9,332)	283%
Financing activities	35,487	34,531	956	3%
Net change in cash and cash equivalents and restricted cash	$ (11,757)	$ (14,558)	$ 2,801	(19)%

Cash Flow from Operating Activities

For the nine months ended September 30, 2026, net cash used in operating activities was $34.6 million, primarily driven by a net loss of $68.8 million. Operating outflows were partially offset by depreciation and amortization expense of $7.9 million, stock-based compensation expense of $5.8 million, changes in fair value of financial instruments of $13.6 million, losses on the sale of fixed assets of $1.6 million, non-cash transaction expenses of $1.6 million, and increases in deferred revenue of $4.5 million.

For the nine months ended September 30, 2025, net cash used in operating activities was $45.8 million, primarily driven by a net loss of $73.7 million. Operating outflows were partially offset by depreciation and amortization expense of $7.0 million, stock-based compensation expense of $8.0 million, changes in fair value of financial instruments of $9.8 million and a $4.6 million increase in accounts payable and accrued liabilities.

Cash Flow from Investing Activities

For the nine months ended September 30, 2026, net cash used in investing activities was $12.6 million, an increase of $9.3 million compared to the nine months ended September 30, 2025. The increase was driven by an increase of $8.7 million in purchases of property and equipment and internal use software development costs, and compounded by a decrease in proceeds from the sale of fixed assets of $0.6 million.

Cash Flow from Financing Activities

For the nine months ended September 30, 2026, net cash provided by financing activities was $35.5 million, primarily from $29.0 million in advances under the GEM Share Purchase Agreement, $14.3 million in proceeds from equity issuances, and $28.0 million in debt issuances with external and related parties. These were partially offset by $27.8 million in repayments of borrowings under convertible note agreements, $4.4 million in payments under debt agreements with external and related parties, $2.4 million in payments under the HT Side-Letter Agreement and the payment of $1.3 million in debt issuance costs.

Liquidity and Capital Resources

The Company has incurred losses from operations, negative cash flows from operating activities and has a working capital deficit. In addition, the Company is currently in default of certain excise and property taxes as well as certain debt obligations. These tax and debt obligations are classified as current liabilities on the Company's Condensed Consolidated Balance Sheets as of September 30, 2026 and December 31, 2025. As discussed in Note 10, *Commitments and Contingencies*, on May 15, 2018, the Company received a notice of a tax lien filing from the Internal Revenue Service ("IRS") for unpaid federal excise taxes for the quarterly periods from October 2016 through September 2017 in the amount of $1.9 million, including penalties and interest as of the date of the notice. The Company agreed to a payment plan (the "Installment Plan") whereby the IRS would take no further action and remove such liens at the time such amounts have been paid. In 2019, the Company defaulted on the Installment Plan. Defaulting on the Installment Plan can result in the IRS nullifying such plan, placing the Company in default and taking collection action against the Company for any unpaid balance. The Company is currently in default of these obligations, with a total outstanding federal excise tax liability, including accrued penalties and interest, of $10.6 million included in accrued expenses and other current liabilities on the Company's Condensed Consolidated Balance Sheet as of September 30, 2026. In December 2025, the Company submitted a request for reconsideration to the IRS regarding a previously submitted offer-in-compromise ("OIC") to the IRS, seeking to resolve all consolidated excise tax liabilities. Beginning in September 2026, under the terms of the OIC, all collection actions against the Company, in relation to these matters, will be abated and the Company will be making monthly payments of $85 thousand on historical excise tax liabilities while the IRS is considering the OIC. The Company has also defaulted on its property tax obligations in various California counties in relation to fixed assets, plane usage

and aircraft leases. The Company's total outstanding property tax liability including penalties and interest is approximately $0.9 million as of September 30, 2026. Additionally, Los Angeles County had previously imposed a tax lien on four of the Company's aircraft due to the late filing of the Company's 2022 property tax return. During the year ended December 31, 2025, the Los Angeles County tax liens were released as the Company finalized remediation of the late filing, inclusive of the completion of county audits, and made payments of $1.0 million on all property taxes due to Los Angeles County that were underlying the prior aircraft liens. As of September 30, 2026, the Company was also in default of the Simple Agreements for Future Equity with Token allocation ("SAFE-T") note, where the note matured in July 2019 (see Note 7, *Financing Arrangements*). The SAFE-T note is subordinate to most of the Company's debt obligations (see Note 7, *Financing Arrangements*); therefore, the Company cannot pay the outstanding balance prior to paying amounts due under more senior debt obligations. The SAFE-T note had an outstanding principal amount of $0.5 million as of September 30, 2026 and December 31, 2025.

The accompanying unaudited condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

The airline industry and the Company's operations are cyclical and highly competitive. The Company's success is largely dependent on the ability to raise debt and equity capital, achieve a high level of aircraft and crew utilization, increase flight services and the number of passengers flown, and continue to expand into regions profitably throughout the United States.

The Company's prospects and ongoing business activities are subject to the risks and uncertainties frequently encountered by companies in new and rapidly evolving markets. Risks and uncertainties that could materially and adversely affect the Company's business, results of operations or financial condition include, but are not limited to the ability to (i) raise additional capital (or financing) to fund operating losses, (ii) refinance its current outstanding debt, (iii) maintain efficient aircraft utilization, primarily through the proper utilization of pilots and managing market shortages of maintenance personnel and critical aircraft components, (iv) sustain ongoing operations, (v) attract and maintain customers, (vi) integrate, manage and grow recent acquisitions and new business initiatives, (vii) obtain and maintain relevant regulatory approvals, and (viii) measure and manage risks inherent to the business model.

The Company historically has funded its operations and capital needs primarily through the net proceeds received from the issuance of various debt instruments, convertible securities, related party funding, and preferred and common stock financing arrangements and expects to continue to do so, as available. In particular, as market conditions permit, the Company may raise additional funds through sales of equity (including through the Share Purchase Agreement (the "SPA") with GEM) or convertible debt, using proceeds (as available) to strengthen the Company's balance sheet, among other things.

During the nine months ended September 30, 2026, the Company received net proceeds of $14.3 million through the issuance and sale of 13,575,534 shares of its common stock. Additionally, during the nine months ended September 30, 2026, the Company entered into a Securities Purchase Agreement (the "Secured Debentures Purchase Agreement") with certain affiliates of JGB Partners, L.P. (the "Purchasers"), pursuant to which the Purchasers purchased certain Senior Secured Debentures, with an aggregate face amount of $21.6 million (the "Secured Debentures"), issued by Southern Airways Pacific, LLC and Southern Airways Express, LLC, each a subsidiary of the Company.

During the nine months ended September 30, 2026, the Company received $29.0 million in advances under the SPA with GEM, of which $27.4 million had been settled through the issuance of 25,200,000 shares of the Company's common stock. As of September 30, 2026, the contractual terms allow the Company to make further advances of up to $68.5 million under the SPA. Additionally, the Company has the ability to draw an additional $251.4 million under the SPA, subject to daily volume limitations and GEM's requirement to hold less than 10% of the fully-diluted shares of the Company. As of September 30, 2026, GEM held 0% of the then fully-diluted shares of the Company. At September 30, 2026, the daily volume limitations under the SPA restricted our ability to take additional draws under the SPA to approximately 23.8 million shares per draw. Additionally, the Company's ability to draw upon the SPA is contingent on the Company's common stock being listed on a national exchange. The original termination date of the SPA has been extended from July 2026 to the earlier of (i) January 2, 2028 and (ii) the date which GEM has purchased the Aggregate Limit under the SPA.

The Company is currently implementing operational improvements and stringent operating expenses management to improve the profitability of its airline operations. In parallel, the Company is advancing its technology initiatives, including its software technology platform and electrification programs. In addition, the Company continues to evaluate strategies to obtain additional funding for future operations. These strategies may include, but are not limited to, obtaining additional equity financing, issuing additional debt or entering into other financing arrangements, forming joint venture and other partnerships, and restructuring operations to grow revenues and decrease expenses. There can be no assurance that the Company will be successful in achieving its strategic plans, or that new financing will be available to the Company in a timely manner or on acceptable terms, if at all. If the Company is unable to raise sufficient financing when needed or events or circumstances occur such that the Company does not meet its strategic plans, the Company will be

required to take additional measures to conserve liquidity, which could include, but are not necessarily limited to, reducing certain spending, altering or scaling back development plans, including plans to further develop our software technology platforms and to equip our regional airline operations with fully-electric or hybrid-electric aircraft, or reducing funding of capital expenditures, which could have a material adverse effect on the Company's financial position, results of operations, cash flows, and ability to achieve its intended business objectives. These factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Commitments

The Company has entered into various contractual arrangements related to the build-out of the Company's air service fleet, the development of its proprietary hybrid and electric aircraft technology, and the build out of its aircraft as a service platform. These arrangements include commitments for payments pursuant to licensing agreements, which routinely contain provisions for guarantees or minimum expenditures during the terms of the contracts. The Company also enters into long-term debt arrangements that include periodic interest and principal payments. Additionally, the Company routinely enters into noncancelable lease agreements for aircraft and operating locations, which contain minimum rental payments.

The timing and nature of these commitments are expected to have an impact on our liquidity and capital requirements in future periods. Refer to the Notes to the accompanying condensed consolidated financial statements included in Part I, Item 1 for additional information relating to our long-term debt, operating and finance leases, related party term notes, and commitments.

Critical Accounting Policies and Estimates

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting period. Our most significant estimates and judgments involve difficult, subjective, or complex judgments made by management. Actual results may differ from these estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected.

There have been no material changes to our critical accounting policies and estimates during the nine months ended September 30, 2026 as compared to those described in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

JOBS Act

The Company currently qualifies as an "emerging growth company" under the JOBS Act. Accordingly, the Company has elected to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. The Company's utilization of these transition periods may make it difficult to compare our financial statements to those of non-emerging growth companies and other emerging growth companies that have opted out of the transition periods afforded under the JOBS Act.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of operating our business, we are exposed to market risks. Market risk represents the risk of loss that may impact our financial position or results of operations due to adverse changes in financial market prices and rates. There has been no material change in our exposure to market risk from that described in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), that are designed to provide reasonable assurance that information required to be disclosed

in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow for timely decisions regarding required disclosure. It should be noted that, because of inherent limitations, our disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

As required by Rule 13a-15(b) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of September 30, 2026, due to material weaknesses in our internal control over financial reporting described below.

Material Weaknesses in Internal Control Over Financial Reporting

As of September 30, 2026, material weaknesses existed in our internal control over financial reporting. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses are as follows:

- We did not design and maintain an effective control environment commensurate with our financial reporting requirements. Specifically, we lacked a sufficient complement of resources with (i) an appropriate level of accounting knowledge, training and experience to appropriately analyze, record and disclose accounting matters timely and accurately, and (ii) an appropriate level of knowledge and experience to establish effective processes and controls. Additionally, the lack of a sufficient complement of resources resulted in an inability to consistently establish appropriate authorities and responsibilities in pursuit of our financial reporting objectives, as demonstrated by, among other things, insufficient segregation of duties in our finance and accounting functions.
- We did not design and maintain effective controls in response to the risks of material misstatement. Specifically, changes to existing controls or the implementation of new controls have not been sufficient to respond to changes to the risks of material misstatement to financial reporting.

These material weaknesses contributed to the following additional material weaknesses:

- We did not design and maintain effective controls related to the identification of and accounting for certain non-routine, unusual or complex transactions, including the proper application of U.S. GAAP of such transactions. Specifically, we did not design and maintain effective controls to timely identify and account for capitalizable costs, revenue, stock-based compensation, and debt and equity financing transactions.
- We did not design and maintain effective controls related to the period-end financial reporting process, including designing and maintaining formal accounting policies, procedures and controls to achieve complete, accurate and timely financial accounting, reporting and disclosures. Additionally, we did not design and maintain effective controls over the preparation and review of account reconciliations and journal entries, including maintaining appropriate segregation of duties.
- We did not design and maintain effective information technology ("IT") general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain: (i) program change management controls to ensure that program and data changes are identified, tested, authorized, and implemented appropriately; (ii) user access controls to ensure appropriate segregation of duties and to adequately restrict user and privileged access to appropriate personnel; (iii) computer operations controls to ensure that processing and transfer of data, and data backups and recovery are monitored; and (iv) program development controls to ensure that new software development is tested, authorized and implemented appropriately.
- We did not design and maintain effective controls to achieve complete, accurate and timely accounting for debt, deferred liabilities, leases, property and equipment, redeemable convertible preferred shares, accounts payable, and accrued liabilities.

These material weaknesses resulted in audit adjustments to substantially all of our accounts, which were recorded prior to the issuance of the consolidated financial statements as of December 31, 2021 and 2020 and for the years then ended, and as of June 30, 2022 and 2021 and for the six-month periods then ended. Subsequently, these material weaknesses also resulted in misstatements to revenue, deferred revenue, accrued expenses, additional paid-in capital and stock-based compensation expense to the consolidated financial statements as of December 31, 2022 and 2023 and for the years then ended. These material weaknesses also resulted in misstatements to prepaid expenses and other current assets and sales and marketing to the consolidated financial statements as of and

for the quarter ended September 30, 2023. Additionally, these material weaknesses could result in a misstatement of substantially all of our accounts or disclosures that would result in a material misstatement to the annual or interim consolidated financial statements that would not be prevented or detected.

Remediation Plans to Address Material Weaknesses

As of the date of this Quarterly Report, we have executed on the following remediation actions:

- Adding key personnel with sufficient technical knowledge for the proper application of U.S. GAAP and the assessment of complex transactions;
- Integration and alignment of enterprise wide accounting operations under uniform financial systems and processes; and
- Engagement of a third party in the identification of risks of material misstatement and the designing and implementing of key controls to address the identified risks of material misstatement.

Our remediation plan includes the following actions that are ongoing:

- further segregate key duties, and actively monitor such duties, to reduce risks that could present a reasonable possibility of material misstatements;
- developing and executing action plans to address control deficiencies identified within certain key financial processes, prioritized by potential financial impact and risk;
- develop procedures promoting the consistent operation and evidencing of IT general controls specific to all key systems supporting financial reporting, including program change management, computer operations, program development, and user access reviews; and
- formalize our risk assessment process and accounting policies and provide training to relevant personnel on the importance of internal controls and compliance with policies.

We are prioritizing the above actions to complete our remediation plan. We believe that these actions, when fully implemented, will remediate the deficiencies described above. The deficiencies will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. As we continue to evaluate and improve the applicable controls, management may take additional remedial measures or modify the remediation plan described above.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rules 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Inherent Limitation on the Effectiveness of Internal Control over Financial Reporting and Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the controls. The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected or preventable.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. Except as set out in Item 1 “Financial Statements - Note 10 - Commitments and Contingencies - Legal Contingencies,” we are not currently party to any legal proceedings, the outcome of which, if determined adversely, we believe would individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

ITEM 1A. RISK FACTORS

Except as discussed in Part II, Item 1A “Risk Factors” of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2026 and June 30, 2026, there have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In July 2026, we issued an aggregate of 1,000,000 shares of the Company’s common stock, par value $0.0001 per share, worth $0.8 million, to Carl Albert for in-kind services in a transaction exempt from registration under Section 4(a)(2) of the Securities Act (or Rule 506(b) of Regulation D promulgated thereunder) as a transaction by an issuer not involving a public offering.

In September 2026, we issued an aggregate of 2,043,226 shares of the Company’s common stock, par value $0.0001 per share, worth $2.3 million, to Palantir Technologies for in-kind services in a transaction exempt from registration under Section 4(a)(2) of the Securities Act (or Rule 506(b) of Regulation D promulgated thereunder) as a transaction by an issuer not involving a public offering.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) Not applicable.

(c) Rule 10b5-1 Trading Plans or Other Preplanned Trading Arrangements

During the three months ended September 30, 2026, none of our directors or officers (as defined in Section 16 of the Exchange Act), adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any “non-Rule 10b5-1 trading arrangement” (as defined in Item 408(c) of Regulation S-K of the Exchange Act).

ITEM 6 – EXHIBITS

The following documents are filed or furnished as exhibits to this Quarterly Report:

Exhibit Number	Description of Document
10.1	Omnibus Amendment and Exchange Agreement (*incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on July 1, 2026*).
10.2	Form Senior Secured Convertible Note due 2027 (*incorporated by reference to Exhibit 10.2 to the Company's Form 8-K, filed on July 1, 2026*).
10.3	Form Senior Secured Term Note due 2028 (*incorporated by reference to Exhibit 10.3 to the Company's Form 8-K, filed on July 1, 2026*).
10.4	Second Amendment to Reimbursement Agreement (*incorporated by reference to Exhibit 10.8 to the Company's Form 8-K, filed on July 1, 2026*).
10.5	Amended and Restated Advisory Services Agreement made and entered into as of July 24, 2026 by and between the Company and Carl Albert *(incorporated by reference to Exhibit 10.12 to the Company's Form 10-Q, filed on August 10, 2026*).
10.6	Amendment No.5 to the Amended and Restated Share Purchase Agreement, dated as of August 6, 2026, by and among Surf Air Mobility Inc., Surf Air Global Ltd., GEM Global Yield LLC SCS and GEM Yield Bahamas Limited (*incorporated by reference to Exhibit 10.13 to the Company's Form 10-Q, filed on August 10, 2026).*
10.7	Form of Modification Agreement and Allonge to Secured Debenture (*incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on August 11, 2026).*
10.8	Surf Air Mobility Inc. 2026 Inducement Plan (*incorporated by reference to Exhibit 99.1 to the Company's Form S-8, filed on September 4, 2026).*
10.9	Employment Agreement, dated as of September 24, 2026, but effective as of September 30, 2026, by and among Surf Air Mobility Inc. and Jason Secore (*incorporated by reference to Exhibit 10.1 to the Company's Form 8-K, filed on September 28, 2026).*
10.10*	Separation and Mutual Release Agreement, dated as of September 28, 2026, by and between Surf Air Mobility Inc. and Oliver Reeves
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial and Accounting Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1§	Certification of Principal Executive Officer and Principal Financial and Accounting Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Documents
104*	Cover Page Interactive Data File (embedded within the Inline XBRL document).

* Filed herewith.

§ Furnished herewith. This certification is not deemed filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act whether made before or after the date hereof, regardless of any general incorporation language in such filing.

SIGNATURES

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

Surf Air Mobility Inc.
(Registrant)

Date: November 5, 2026

/s/ Deanna White
Deanna White
Chief Executive Officer
(Principal Executive Officer)

Date: November 5, 2026

/s/ Jason Secore
Jason Secore
Chief Financial Officer
(Principal Financial and Accounting Officer)



Exhibit 10.10

September 28, 2026

Oliver Reeves

Re: Separation from Employment

Dear Oliver:

Reference is made to (i) that certain Employment Agreement dated as of December 21, 2023 and effective as of January 1, 2024, as amended by that certain Amendment to Employment Agreement dated as of May 20, 2024 and that certain Second Amendment to Employment Agreement dated as of February 4, 2025 and effective as of January 1, 2025 (as so amended, the "***Employment Agreement***"), by and between Surf Air Mobility Inc., a Delaware corporation (the "***Company***" or "***we***"), and Oliver Reeves ("***you***" or "***Executive***"); and (ii) the stock options and restricted stock units granted by the Company to you under the Company's 2023 Equity Incentive Plan (collectively, the "***Equity Awards***"). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Employment Agreement.

This letter agreement confirms our mutual agreement that your employment with the Company will end effective as of September 30, 2026 (the "***Separation Date***"). Effective as of the Separation Date, you hereby resign as Chief Financial Officer and from all other positions as an officer or director of the Company and each of its Affiliates and as a fiduciary of any benefit plan of the Company or any of its Affiliates, and you agree to promptly execute any further documents reasonably requested by the Company to confirm such resignations. From now until the Separation Date, you will continue to perform your duties and assist in the orderly transition of your responsibilities as reasonably requested by the Chief Executive Officer. Please be reminded of your obligations under U.S. securities laws not to offer to sell, buy or sell or otherwise enter into any trades or transactions in connection with equity securities of the Company (NYSE: SRFM) while you are in possession of material nonpublic information regarding the Company.

Effective as of the Separation Date, this letter agreement supersedes the Employment Agreement in its entirety, and the Employment Agreement shall terminate and be of no further force or effect; provided, however, that Sections 5.4(b), 5.5, 6, 7 through 12, and 14 through 22 of the Employment Agreement (the "***Surviving Provisions***") shall survive and continue in full force and effect in accordance with their terms and are incorporated herein by reference, and references in the Surviving Provisions to "this Agreement" shall be deemed to include this letter agreement. In full satisfaction of all obligations of the Company and its Affiliates to you under the Employment Agreement or otherwise in connection with your employment and its termination, you shall be entitled only to the following:

(a) Accrued Amounts. On the Separation Date, the Company will pay you, less applicable withholding, (i) your earned but unpaid base salary through the Separation Date, and (ii) your pro-rated guaranteed bonus for the period from July 1, 2026 through the Separation Date, in the amount of $37,500. The Company will also reimburse your reasonable business expenses incurred through the Separation Date in accordance with Company policy, provided that you submit appropriate documentation within thirty (30) days after the Separation Date, and you will receive any vested benefits under the Company's employee benefit plans in accordance with their terms. The amounts described in this paragraph (a) are payable whether or not you execute the Release.

(b) Release. The payments and benefits described in paragraphs (c) through (g) below are conditioned upon your execution and delivery to the Company of a mutual general release of claims in the form provided to you together with this letter agreement (the "***Release***"), and the Release becoming effective and irrevocable in accordance with its terms. You may not execute the Release before the

Separation Date, and you must execute and return it within twenty-one (21) days after the date you received it and not revoke it within the seven (7) day revocation period provided therein.

(c) Severance Pay. The Company will pay you an aggregate amount of $650,000, less applicable withholding, in twenty-six (26) equal installments of $25,000 on the Company's regularly scheduled bi-weekly payroll dates. The first installment will be payable on the first regularly scheduled payroll date occurring after the sixtieth (60th) day following the Separation from Service and will include all installments that would otherwise have been paid prior to such date.

(d) COBRA. If you timely elect continued medical coverage under COBRA, the Company will pay or reimburse you for the premiums for such coverage for you and your eligible dependents, at the level in effect immediately prior to the Separation Date, commencing with coverage for the month following the month in which your Separation from Service occurs and ending upon the earliest of (i) the conclusion of the eighteenth (18th) such month, (ii) the date you become eligible for coverage under the health plan of a future employer, which you agree to promptly notify the Company of, and (iii) the date the Company ceases to offer group medical coverage to its active executive employees or is otherwise no longer obligated to offer COBRA continuation coverage to you. The Company's obligations under this paragraph (d) are subject to its ability to provide such benefit in compliance with applicable law and without adverse tax consequences.

(e) One-Time Bonus. Subject to the Release becoming effective and irrevocable in accordance with its terms on or before the Grant Date (as defined below), the Company shall grant to you on the fourth (4th) trading day following the Company's public release of its financial results for the quarter ended September 30, 2026 (the "***Q3 Earnings Release***" and such date, the "***Grant Date***") a one-time, fully vested award of shares of the Company's common stock, par value $0.0001 per share ("***Common Stock***"), under the Company's 2023 Equity Incentive Plan (the "***Plan***"). The number of shares shall equal $732,329 divided by the closing price of the Common Stock on the New York Stock Exchange on the third (3rd) trading day following the Q3 Earnings Release, rounded down to the nearest whole share. No fractional shares shall be issued, and no cash shall be paid in lieu of any fractional share. For purposes of this paragraph (e), a "trading day" is a day on which the New York Stock Exchange is open for trading, and trading days shall be counted beginning with the first trading day that begins after the Q3 Earnings Release is made public. If the Release does not become effective and irrevocable on or before the Grant Date, you shall have no right to such award.

(f) Equity Awards. Each Equity Award that is outstanding and unvested as of the Separation Date shall vest in full as of the Separation Date; provided that any portion of an Equity Award that would otherwise be forfeited upon the termination of your employment shall remain outstanding (but may not be exercised or settled) until the Release becomes effective and irrevocable, and shall be forfeited without consideration if the Release does not become effective and irrevocable within the period described in paragraph (b). Vested stock options shall remain exercisable until the original expiration date of the option. Each award agreement governing the Equity Awards is hereby amended to the extent necessary to give effect to this paragraph (f), and the Equity Awards otherwise remain subject to their terms and the Company's 2023 Equity Incentive Plan.

(g) Advisory Services Agreement. You agree to serve as an advisor to the Company pursuant to an Advisory Services Agreement to be entered into between you and the Company (the "***Advisory Agreement***"), which shall be effective as of the Separation Date. Pursuant to the terms of the Advisory Agreement, you shall serve as an advisor to the Company for a one (1) year period, and in exchange for provision of the advisory services, you will receive an annual fee of $240,000 payable in twelve (12) equal monthly installments. Your right to receive any fees under the Advisory Agreement is subject to the Release becoming effective and irrevocable in accordance with its terms, and no such fees shall be paid before that date; any installments that would otherwise have been paid before the Release becomes effective and irrevocable shall be paid in a lump sum on the first regular payment date under the

Advisory Agreement thereafter. If the Release does not become effective and irrevocable within the period described in paragraph (b), the Advisory Agreement shall terminate and you shall have no right to any fees thereunder.

You acknowledge that your incentive bonus for fiscal year 2025 has been paid in full and that, other than as set forth above, no other compensation, bonus, severance or benefits are owed to you. If you breach any of your obligations under Section 6 of the Employment Agreement, the Company will have no further obligation to pay or provide any unpaid portion of the payments and benefits described in paragraphs (c) through (e) and (g) above, without limiting any other remedy available to the Company. All payments hereunder are subject to Section 21 (Section 409A) of the Employment Agreement. You shall continue to be entitled to indemnification, advancement of expenses and coverage under the Company's directors' and officers' liability insurance, with respect to your service as an officer, director, employee or fiduciary of the Company or any of its Affiliates, in accordance with the Company's certificate of incorporation and bylaws and the indemnification agreement dated as of February 1, 2024, between you and the Company (the "***Indemnification Agreement***"). The Indemnification Agreement remains in full force and effect in accordance with its terms, including Sections 15(b) and 16 thereof, and nothing in this letter agreement or the Release limits your rights thereunder. For so long as the Indemnification Agreement remains in effect, the Company shall not maintain directors' and officers' liability insurance covering its then-serving directors and officers unless such insurance also covers you, as a former officer of the Company, with respect to your service to the Company, on terms no less favorable than those applicable to the Company's other former officers.

This letter agreement, together with the Surviving Provisions, the Release, the Advisory Agreement, the Indemnification Agreement and the award agreements governing the Equity Awards (as modified hereby), constitutes the entire agreement between you and the Company regarding its subject matter and supersedes all prior agreements and understandings with respect thereto. For purposes of Section 18 of the Employment Agreement and Section 22 of the Indemnification Agreement, any notice to the Company shall be delivered to Surf Air Mobility Inc., 5080 Spectrum Dr. Ste 250W, Addison, Texas 75001, Attention: General Counsel, with a copy by email to legalnotices@surfair.com. For purposes of Section 22 of the Indemnification Agreement, any notice to you shall be delivered to you at the latest address provided by you to the Company in writing. This letter agreement may be executed in one or more counterparts, all of which together shall constitute a single agreement. Signatures of the parties transmitted electronically (including by DocuSign or transmission of .pdf files) will be valid and binding for all purposes.

Please indicate your approval of the terms of this letter agreement by executing it in the space provided below and returning an executed copy.

Sincerely,

SURF AIR MOBILITY INC.

By:/s/ Deanna White
Deanna White, CEO

Acknowledged and agreed as of
September 28, 2026

/s/ Oliver Reeves
Oliver Reeves

cc: legalnotices@surfair.com

Exhibit 31.1

CERTIFICATIONS

I, Deanna White, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Surf Air Mobility Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Deanna White
Deanna White
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Jason Secore, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Surf Air Mobility Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2026

/s/ Jason Secore
Jason Secore
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATIONS
PURSUANT TO 18 U.S.C. 1350

Solely for the purposes of complying with 18 U.S.C. 1350, I, the undersigned Principal Executive Officer and Principal Financial and Accounting Officer of Surf Air Mobility Inc. (the "Company") hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Deanna White

Deanna White, Chief Executive Officer

(Principal Executive Officer)

November 5, 2026

/s/ Jason Secore

Jason Secore, Chief Financial Officer

(Principal Financial and Accounting Officer)

November 5, 2026