

**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 March 31, 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

(State or other jurisdiction of
incorporation or organization)

4522

(Primary Standard Industrial
Classification Code Number)

36-5025592

(I.R.S. Employer
Identification Number)

**12111 S. Crenshaw Blvd.
Hawthorne, CA 90250
(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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

As of May 8, 2026, 100,396,873 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 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 EAS 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; and
-

- 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.

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
March 31, 2026 and December 31, 2025
(in thousands, except share and per share data)
(Unaudited)

	March 31, 2026	December 31, 2025
Assets:		
Current assets:		
Cash	\$ 4,163	\$ 12,672
Accounts receivable, net	3,705	3,929
Prepaid expenses and other current assets	13,190	14,320
Total current assets	21,058	30,921
Restricted cash	10,156	10,091
Property and equipment, net	47,393	45,595
Intangible assets, net	19,330	20,067
Operating lease right-of-use assets	11,358	12,510
Finance lease right-of-use assets	735	809
Other assets	10,797	11,688
Total assets	\$ 120,827	\$ 131,681
Liabilities and Shareholders' Deficit:		
Current liabilities:		
Accounts payable	\$ 21,143	\$ 18,437
Accrued expenses and other current liabilities	41,290	47,702
Deferred revenue	18,590	17,924
Current maturities of long-term debt	2,741	2,712
Operating lease liabilities, current	3,636	3,636
Finance lease liabilities, current	282	277
SAFE notes at fair value, current	3	5
Convertible notes at fair value, current	44,867	42,274
Due to related parties, current	374	643
Total current liabilities	132,926	133,610
Long-term liabilities:		
Long-term debt, net of current maturities	13,760	14,389
Convertible notes at fair value, long term	14,029	25,183
Operating lease liabilities, long term	7,801	8,714
Finance lease liabilities, long term	599	670
Due to related parties, long term	100	100
Other long-term liabilities	8,207	3,872
Total liabilities	\$ 177,422	\$ 186,538
Commitments and contingencies (Note 10):		
Redeemable Common Stock:		
Common Stock, \$0.0001 par value; 3,510,638 and 0 shares issued and outstanding at March 31, 2026 and December 31, 2025, respectively (Note 12).	6,600	-
Shareholders' deficit:		
Preferred Stock, \$0.0001 par value; 50,000,000 shares authorized; 0 shares issued and outstanding at March 31, 2026 and December 31, 2025	—	—
Common stock, \$0.0001 par value; 800,000,000 shares authorized as of both March 31, 2026 and December 31, 2025; 78,399,455 shares issued and outstanding as of March 31, 2026 and 73,082,025 shares issued and outstanding as of December 31, 2025	8	7
Additional paid-in capital	745,058	733,135
Accumulated deficit	(808,261)	(787,999)
Total shareholders' deficit	\$ (63,195)	\$ (54,857)
Total liabilities, redeemable common stock, and shareholders' deficit	\$ 120,827	\$ 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 Months Ended March 31, 2026 and 2025
(in thousands, except share and per share data)
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
Revenue	\$ 25,613	\$ 23,506
Operating expenses:		
Cost of revenue, exclusive of depreciation and amortization	25,946	24,706
Technology and development	2,445	2,680
Sales and marketing	1,966	1,653
General and administrative	6,059	10,886
Depreciation and amortization	2,552	2,148
Total operating expenses	38,968	42,073
Operating loss	\$ (13,355)	\$ (18,567)
Other income (expense):		
Changes in fair value of financial instruments carried at fair value, net	\$ (3,613)	\$ 5,396
Interest expense	(1,224)	(3,895)
Gain on extinguishment of debt	—	39
Other expense, net	(2,109)	(1,492)
Total other income (expense), net	\$ (6,946)	\$ 48
Loss before income taxes	(20,301)	(18,519)
Income tax benefit	39	53
Net loss	\$ (20,262)	\$ (18,466)
Net loss per share applicable to common shareholders, basic and diluted	\$ (0.26)	\$ (1.09)
Weighted-average number of common shares used in net loss per share applicable to common shareholders, basic and diluted	76,872,371	16,905,684

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 Months Ended March 31, 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 January 1, 2025	16,933,692	\$	2	\$ 557,444	\$ (677,443)	\$ (119,997)
Issuance of common stock related to restricted shares	20,554		—	—	—	—
Issuance of common stock under software license agreement	244,011		—	947	—	947
Stock-based compensation expense	—		—	1,879	—	1,879
Net loss	—		—	—	(18,466)	(18,466)
Balance at March 31, 2025	17,198,257		2	560,270	(695,909)	(135,637)

	Common Shares			Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Deficit
	Number of Shares	Amount				
Balance at January 1, 2026	73,082,025	\$	7	\$ 733,135	\$ (787,999)	\$ (54,857)
Issuance of common stock related to convertible note conversions	967,018		—	1,876	—	1,876
Issuance of common shares under Share Purchase Agreement	4,350,412		1	8,659	—	8,660
Stock-based compensation expense	—		—	1,388	—	1,388
Net loss	—		—	—	(20,262)	(20,262)
Balance at March 31, 2026	78,399,455	\$	8	\$ 745,058	\$ (808,261)	\$ (63,195)

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
Three Months Ended March 31, 2026 and 2025
(in thousands)
(Unaudited)

	Three Months Ended March 31,	
	2026	2025
Cash flows from operating activities:		
Net loss	\$ (20,262)	\$ (18,466)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	2,552	2,148
Loss on sale of fixed assets	—	667
Non-cash operating lease expense	1,059	1,480
Gain on extinguishment of debt	—	(39)
Stock-based compensation expense	1,388	1,879
Changes in fair value of financial instruments carried at fair value, net	3,613	(5,396)
Non-cash transaction costs for issuance of HT Shares	1,608	—
Amortization of debt discounts and debt issuance costs	182	605
Deferred income taxes	(39)	(53)
Changes in operating assets and liabilities:		
Accounts receivable, net	224	(472)
Prepaid expenses and other current assets	1,053	(114)
Other assets	891	16
Accounts payable	2,706	1,434
Due to related parties	(130)	(91)
Accrued expenses and other current liabilities	(6,943)	2,829
Deferred revenue	666	(790)
Operating lease liabilities	(820)	(1,436)
Other liabilities	—	(5)
Cash flows used in operating activities	\$ (12,252)	\$ (15,804)
Cash flows from investing activities:		
Purchase of property and equipment	(2,764)	(1,271)
Proceeds from the sale of fixed assets	—	2,681
Internal-use software development costs	(775)	(628)
Net cash used in investing activities	\$ (3,539)	\$ 782
Cash flows from financing activities:		
Payments of borrowings on convertible notes	(4,000)	—
Proceeds from borrowings on long-term debt	—	917
Principal payments on long-term debt	(639)	(595)
Proceeds from sales and advances under Share Purchase Agreement	12,000	—
Proceeds from (payments on) collateralized borrowings, net of repayment	52	282
Payment of finance lease obligations	(66)	(62)
Net cash provided by financing activities	\$ 7,347	\$ 542
Increase in cash, cash equivalents and restricted cash	(8,444)	(14,480)
Cash, cash equivalents and restricted cash at beginning of period	22,763	21,675
Cash, cash equivalents and restricted cash at end of period	\$ 14,319	\$ 7,195

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 develop 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 March 31, 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 \$9.9 million included in accrued expenses and other current liabilities on the Company’s Condensed Consolidated Balance Sheet as of March 31, 2026. 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 March 31, 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 March 31, 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 March 31, 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 three months ended March 31, 2026, the Company received \$12 million in advances under the SPA with GEM, of which \$8.3 million had been settled through the issuance of 4,350,412 shares of the Company's common stock. As of March 31, 2026, the contractual terms allow the Company to make further advances of up to \$85.5 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 March 31, 2026, GEM held 0% of the then fully-diluted shares of the Company. At March 31, 2026, the daily volume limitations under the SPA significantly restricted our ability to take additional draws under the SPA to approximately 8.6 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 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 three months ended March 31, 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 three months ended March 31, 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 March 31, 2026 and December 31, 2025 the Company had restricted cash of \$10.2 million and \$10.1 million, respectively, primarily consisting 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 our 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 March 31, 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.

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 all 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.

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.

The Company has issued shares of common stock that are subject to a contingent redemption feature, whereby holders have the right to require the Company to repurchase such shares for cash upon the occurrence of specified events, including a failure to maintain the effectiveness of a registration statement covering the resale of such shares. As the redemption feature is outside the Company's control, these shares are presented as redeemable common stock in the mezzanine section of the Condensed Consolidated Balance Sheets.

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 three months ended March 31, 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 an adjusted EBITDA metric for the year ending December 31, 2025 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 income 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 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.

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*):

	March 31, 2026	December 31, 2025
Prepaid software	\$ 4,074	\$ 5,188
Prepaid marketing	2,389	2,395
Engine reserves	2,395	2,213
Prepaid interest	1,983	1,983
Vendor operator prepayments	1,207	811
Prepaid insurance	504	624
Other	638	1,106
Total prepaid expenses and other current assets	<u>\$ 13,190</u>	<u>\$ 14,320</u>

Note 4. Property, Plant and Equipment, Net

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

	March 31, 2026	December 31, 2025
Aircraft, equipment and rotable spares	\$ 46,759	\$ 45,519
Equipment purchase deposits	2,000	2,000
Leasehold improvements	4,914	2,192
Office, vehicles and ground equipment	2,431	1,245
Internal-use software	6,035	4,993
Property and equipment, gross	62,139	55,949
Accumulated depreciation	(14,746)	(10,354)
Property and equipment, net	<u>\$ 47,393</u>	<u>\$ 45,595</u>

The Company recorded depreciation expense of \$1.7 million and \$1.2 million for the three months ended March 31, 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 a loss of \$0.7 million on the sale of property and equipment for the three months ended March 31, 2025. The Company did not have any sales of property and equipment during the three months ended March 31, 2026.

Note 5. Intangible Assets, Net

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

	March 31, 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	(18,127)	(17,390)
Intangible assets, net	<u>\$ 19,330</u>	<u>\$ 20,067</u>

The Company recorded amortization expense of \$0.7 million and \$0.9 million for the three months ended March 31, 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 March 31, 2026 is as follows (*in thousands*):

	Amount
Remainder of 2026	\$ 2,177
2027	2,764
2028	2,577
2029	2,577
2030	2,577
Thereafter	6,658
Total	\$ 19,330

Note 6. Accrued Expenses and Other Current Liabilities

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

	March 31, 2026	December 31, 2025
Accrued compensation and benefits	\$ 4,449	\$ 8,767
Accrued professional services	9,399	9,195
Excise and franchise taxes payable	10,108	10,054
Collateralized borrowings	2,304	2,264
Software license fee payable	9,552	9,547
Accrued Monarch legal settlement	1,314	1,314
Accrued major maintenance	1,140	3,669
Interest and commitment fee payable	146	140
Other accrued liabilities	2,878	2,752
Total accrued expenses and other current liabilities	\$ 41,290	\$ 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 all 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 March 31, 2026, the Company borrowed a total of \$6.5 million under this financing facility, of which \$4.2 million was settled through the transfer of pledged receivables. Interest expense incurred on these borrowings for the three months ended March 31, 2026 amounted to \$76 thousand, and is included in interest expense in the accompanying Condensed Consolidated Statements of Operations.

As of March 31, 2026 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 three months ended March 31, 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 for the three months ended March 31, 2026.

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, the Company has continued to make contractual payments against certain of these liabilities, with \$6.7 million remaining as a current liability within the Company's Condensed Consolidated Balance Sheets as of March 31, 2026.

Note 7. Financing Arrangements

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

	March 31, 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	43	60
Notes payable to Clarus Capital, fixed interest rate of 8.66%, due April, June and September 2027	12,147	12,543
Note payable to Skywest, fixed interest rates of 4%, due April 2028	1,691	1,802
Note payable to Tecnam, fixed interest rate of 6.75%, due July and August 2032	2,620	2,692
Long-term debt, gross	16,501	17,101
Current maturities of long-term debt	(2,741)	(2,712)
Long-term debt, net of current maturities	<u>\$ 13,760</u>	<u>\$ 14,389</u>

Future maturities of total long-term debt as of March 31, 2026 are as follows (*in thousands*):

	Amount
Remainder of 2026	\$ 2,113
2027	12,029
2028	685
2029	157
2030	450
Thereafter	1,067
Total	<u>\$ 16,501</u>

The Company is subject to customary affirmative covenants and negative covenants on all of the above notes payable. As of March 31, 2026, the Company was in compliance with all covenants in the loan agreements.

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 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 million of proceeds before expenses. The High Trail Convertible Note will not accrue interest except in the event of 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 may be converted 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.

Subject to specified conditions, the Company may force the Holder to convert the High Trail Convertible Note at any time if the last reported sale price per share of the Company's common stock equals or exceeds 150% of the then current conversion price on each of the immediately preceding 20 consecutive trading days, in amounts (i) not less than the lesser of (x) \$10,000,000 and (y) the remaining outstanding principal amount of the High Trail Convertible Note, but (ii) not greater than 2.5 times the average dollar daily trading volume during the related 20 trading day measurement period.

The Holder will have the option to require the Company to partially redeem the High Trail Convertible Note on the first and fifteenth day of each month beginning March 1, 2026 in an amount equal to the greater of (a) 5.0% of the aggregate dollar trading volume of the Company's common stock, (b) an amount equal to (i) \$2,000,000, minus (ii) the cumulative sum of the amounts by which the principal amounts partially redeemed have exceeded \$2,000,000 for all prior redemption periods, less any amounts that have previously been applied by the Company pursuant to this clause (ii) to reduce partial redemption amounts, if any, and (c) \$750,000. The Holder may elect to receive shares in an amount determined by applying the conversion rate to the redemption payment otherwise due. Any such partial redemption payment (whether in cash or in shares) shall reduce the principal amount by such paid amount divided by one hundred five percent (105%). The maximum number of shares issuable under the High Trail Convertible Note (if the entire High Trail Convertible Note were redeemed on this basis) would be 19,503,012. During the three months ended March 31, 2026 the Company made partial redemption payments totaling \$ 4.0 million.

Further, on March 1, 2026, the Holder of the High Trail Convertible Note had the right to require the Company to redeem a principal amount of the High Trail Convertible Note equal to up to 50% of the gross proceeds from any equity financings (including from our equity line of credit or any future at-the-market program) since issuance of the High Trail Convertible Note, provided that in no event will such amount exceed \$6,000,000. The Holder exercised such right in March 2026 up to the maximum amount of \$6,000,000.

The Company is 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 \$10,000,000 in cash and cash equivalents in controlled accounts. The Company also must obtain prior written consent from a majority of holders of the High Trail Convertible Note before issuing additional debt or securities that would cause a default under the Note or restrict the Company's ability to pay the principal amount thereon. In addition, the Company must maintain a required reserve of authorized and unissued common stock calculated pursuant to a specified formula set forth in the High Trail Convertible Note, and deliver and maintain a letter of credit to backstop the High Trail Convertible Note. 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. This requirement will be met through continued access to the SPA with GEM (see Note 8, *Share Purchase Agreement and GEM Mandatory Convertible Security*). 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 High Trail Convertible Note is 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 had entered into an amended reimbursement agreement with Park Lane (see Note 16, *Related Party Balances and Transactions*).

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, 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 are accounted for as derivative instruments which will be 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*).

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 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.

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 year ended December 31, 2025, the Company made principal payments of \$4 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 March 31, 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	
	March 31, 2026	December 31, 2025
High Trail Note	\$ 54,900	\$ 61,600
New Convertible Note	—	1,875
Convertible Note Purchase Agreement	3,996	3,982
Total	58,896	67,457
Convertible notes at fair value, current	(44,867)	(42,274)
Convertible notes at fair value, long-term	\$ 14,029	\$ 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 Consolidated Statements of Operations. As of March 31, 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 three months ended March 31, 2026, the Company received total proceeds of \$12 million through completed advances under the SPA, for which the Company has issued 4,350,412 shares of common stock as partial settlement as of March 31, 2026. The fair value of unsettled liabilities related to the SPA was \$4.1 million and \$0 as of March 31, 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 Consolidated Statements of Operations (see Note 9, *Fair Value Measurements*).

As of March 31, 2026, the Company had \$251.4 million in remaining availability for draws under the SPA, as well as \$85.5 million in remaining availability for advances.

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 March 31, 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 March 31, 2026 Using:			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Convertible notes at fair value	\$ —	\$ —	\$ 58,896	\$ 58,896
SAFE-T notes at fair value	—	—	3	3
New LamVen Note	—	—	100	100
GEM Derivative	—	—	4,052	4,052
HT Side Letter Agreement	—	—	2,509	2,509
Liability classified warrants	—	—	1,024	1,024
Total financial liabilities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 66,584</u>	<u>\$ 66,584</u>

	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	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 70,393</u>	<u>\$ 70,393</u>

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	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	3,132	(2)	—	789	1,501	(1,807)
Debt and equity financing issuances	—	—	—	12,000	1,008	—
Transfers	182	—	—	(77)	—	—
Conversions into common stock	(1,875)	—	—	(8,660)	—	—
Payments and share settlement	(10,000)	—	—	—	—	—
Balance at March 31, 2026	<u>\$ 58,896</u>	<u>\$ 3</u>	<u>\$ 100</u>	<u>\$ 4,052</u>	<u>\$ 2,509</u>	<u>\$ 1,024</u>

Long-Term Debt

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

	As of March 31, 2026		As of December 31, 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities	\$ 16,501	\$ 16,258	\$ 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 and November 2025, the Company executed four agreements with Palantir Technologies Inc. (“Palantir”) to license a suite of software for a combined term of nine years, commencing on the effective date. 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 \$30.7 million, for a total cost of \$41.7 million.

As of both March 31, 2026 and December 31, 2025, the Company had capitalized \$3.4 million 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. As of March 31, 2026, the Company had \$11.5 million in remaining commitments under these agreements, of which \$4.5 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 March 31, 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 continues to actively pursue.

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. As of March 31, 2026, the Company has made deposits of \$2.0 million under this agreement. The Company accepted delivery of four aircraft under the aircraft purchase agreement during 2024.

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 million will be 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.

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 March 31, 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 sublicense 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 March 31, 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 March 31, 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 March 31, 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

Our 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 we may conduct our business, as well as the operations of our 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 \$9.9 million and \$9.9 million as of March 31, 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. Along with this request, 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 March 31, 2026 and December 31, 2025, respectively.

Note 11. Disaggregated Revenue

The disaggregated revenue for the three months ended March 31, 2026 and 2025 were as follows (*in thousands*):

	Three Months Ended March 31,	
	2026	2025
Scheduled	\$ 15,461	\$ 17,783
On-Demand	\$ 10,152	\$ 5,723
Total revenue	<u>\$ 25,613</u>	<u>\$ 23,506</u>

The revenue deferred and recognized for the three months ended March 31, 2026 and 2025 were as follows (*in thousands*):

	Three Months Ended March 31,	
	2026	2025
Deferred revenue, beginning of period	\$ 17,924	\$ 17,399
Revenue deferred	17,781	11,263
Revenue recognized	(17,115)	(12,059)
Deferred revenue, end of period	<u>\$ 18,590</u>	<u>\$ 16,603</u>

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 three months ended March 31, 2026, \$4.2 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 is comprised of 3,510,638 shares of the Company's common stock (par value \$0.0001), issued and outstanding, that is 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 will be exercisable in the event there are interruptions in the effectiveness of the registration statement covering the HT Shares. Given the presence of conditional redemption features that are outside of the Company's control, this instrument is required to be classified as temporary equity under ASC 480-10-S99. The instrument was originally valued at \$6.6 million, an amount equal to the fair value of the shares of common stock issued. This amount has not been subsequently adjusted as of March 31, 2026 due to the instrument not currently being redeemable and it not being probable that the instrument will become redeemable due to a default on the Company's obligation to maintain the effectiveness of the registration statement for the periods required.

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.

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 these offerings, the Company issued warrants to purchase up to 640,000 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.

The Company received gross proceeds from these offerings of \$32 million, which resulted in approximately \$29.4 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 and warrants issued as part of the offerings, both of which are included as part of shareholders' deficit in the consolidated financial statements.

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 New York Stock Exchange 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 equity financings as of March 31, 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	—	—	—	—
Exercised	—	—	—	—
Canceled	—	—	—	—
Outstanding at March 31, 2026	<u>9,787,769</u>	5.99	—	2.80
Exercisable at March 31, 2026	9,787,769	5.99	—	2.80

Note 13. Stock-Based Compensation

Stock Options

A summary of stock option activity for the three months ended March 31, 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	—	—	—	—
Outstanding at March 31, 2026	<u>2,332,762</u>	8.00	6	8.07
Exercisable at March 31, 2026	1,292,236	7.84	6	9.74

No stock options were granted during the three months ended March 31, 2026.

As of March 31, 2026, unrecognized compensation expense related to the unvested portion of the Company's share options was approximately \$0.5 million with a weighted-average remaining vesting period of approximately 1.05 years.

Warrants

A summary of common stock warrant activity for the three months ended March 31, 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 March 31, 2026	<u>1,376,056</u>	5.25	—	5.91
Exercisable at March 31, 2026	564,790	5.51	—	5.54

As of March 31, 2026, unrecognized compensation expense related to the unvested portion of the Company's common stock warrants was approximately \$0.5 million which is expected to be recognized over the weighted-average remaining vesting period of approximately 1.07 years.

Equity-based awards granted in the form of warrants are not considered granted under the terms of the 2023 Plan and are often subject to separate registration rights that those included under the 2023 Plan.

The Company has also granted warrants as a component of 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 three months ended March 31, 2026, the Company issued 180,000 RSUs pursuant to the Company's Amended and Restated 2023 Equity Incentive Plan (the "2023 Plan") to employees and non-employee consultant which vest upon the satisfaction of certain service periods. The fair value of these RSUs was determined based on the Company's stock price the business day immediately preceding the grant date. The service period of these RSUs is satisfied over a range of 12 months to 4 years.

A summary of RSU activity for the three months ended March 31, 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	180,000	2.01
Vested/shares issued	—	—
Forfeited, cancelled, or expired	—	—
Unvested RSUs at March 31, 2026	<u>1,487,366</u>	\$ 2.78

As of March 31, 2026, unrecognized compensation expense related to the unvested portion of the Company's RSUs was approximately \$2.8 million which is expected to be recognized over the weighted-average remaining vesting period of approximately 2.83 years.

Restricted Share Purchase Agreement (“RSPA”)

A summary of RSPA activity for the three months ended March 31, 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	(5,780)	29.13
Forfeited	—	—
Unvested RSPAs at March 31, 2026	7,706	29.13

As of March 31, 2026, the unrecognized compensation expense related to the unvested portion of the Company’s RSPAs was \$0.2 million, which is expected to be recognized over a weighted average period of 0.16 years.

Performance-Based Restricted Stock Units

During the three months ended March 31, 2026, the Company issued 80,000 PRSUs under the 2023 Plan to employees and non-employee consultants. The PRSUs granted will vest upon the achievement of an adjusted EBITDA metric for the year ending December 31, 2025 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 the business day immediately preceding the grant date.

A summary of PRSU activity for the three months ended March 31, 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	80,000	1.57
Shares issued	—	—
Forfeited, cancelled, or expired	—	—
PRSUs at March 31, 2026	1,211,071	\$ 2.99

As of March 31, 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 2.11 years.

A summary of stock-based compensation expense recognized for the three months ended March 31, 2026 and 2025 is as follows (*in thousands*):

	For The Three Months Ended March 31,	
	2026	2025
Stock Options	\$ 119	\$ 501
RSUs	487	380
RSPAs	169	169
PRSUs	410	757
Warrants	203	72
Other	—	—
Total Stock Based Compensation	\$ 1,388	\$ 1,879

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 March 31,	
	2026	2025
Revenue	\$ 25,613	\$ 23,506
Operating Expenses:		
Aircraft expenses	\$ 19,535	\$ 17,789
Pilot expenses	3,489	3,892
Other ⁽¹⁾	2,922	3,025
Cost of revenue, exclusive of depreciation and amortization	25,946	24,706
Technology and development	2,445	2,680
Sales and marketing	1,966	1,653
General and administrative	6,059	10,886
Depreciation and amortization	2,552	2,148
Total operating expenses	38,968	42,073
Operating loss	\$ (13,355)	\$ (18,567)
Other income (expense):		
Changes in fair value of financial instruments carried at fair value, net	\$ (3,613)	\$ 5,396
Interest expense	(1,224)	(3,895)
Gain on extinguishment of debt	-	39
Other expense, net	(2,109)	(1,492)
Total other income (expense), net	\$ (6,946)	\$ 48
Loss before income taxes	(20,301)	(18,519)
Income tax benefit	39	53
Net loss	\$ (20,262)	\$ (18,466)

⁽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 are 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 March 31, 2026 and 2025, was a benefit of \$39 thousand and \$53 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 March 31, 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

Term Notes

The Company entered into term note agreements with LamVen, a related entity affiliated with a co-founder of the Company, with aggregate principal amounts of \$4.5 million and \$1.0 million, an effective date of November 30, 2022 and January 18, 2023, respectively, and bearing an interest rate of 8.25% per annum. In November 2024, the term notes were exchanged for a new secured convertible promissory note with LamVen.

On May 22, 2023, the Company entered into an additional term note agreement in exchange for \$4.6 million in cash from LamVen. In November 2024, the term note was exchanged for a new secured convertible promissory note with LamVen.

On June 15, 2023, the Company entered into a \$5.0 million note agreement with LamVen. In November 2024, the note was exchanged for a new secured convertible promissory note with LamVen.

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 New York Stock Exchange 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 New York Stock Exchange 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 three months ended March 31, 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, to 14,992,185 shares of the Company's common stock. As a result, as of March 31, 2026 and December 31, 2025, LamVen retained a principal balance of \$0.1 million (the "New LamVen 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.

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.

JA Flight Services and BAJ Flight Services

The Company previously leased a total of three aircraft from JA Flight Services ("JAFS") and one aircraft from BAJ Flight Services ("BAJFS") under short-term operating leases. JAFS is 50% owned by Bruce A. Jacobs ("BAJ"), an employee and shareholder of the Company, and BAJFS is 100% owned by BAJ.

The Company recorded \$0 and \$0.1 million in combined lease and engine reserve expense attributable to JAFS and BAJFS during the three months ended March 31, 2026 and 2025, respectively.

Schuman Aviation

As of March 31, 2026, the Company 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 consist of 60-month terms, fixed monthly lease payments and are all eligible for extension at the end of the lease term. All the leases are also subject to monthly engine, propeller and other reserve payment requirements, based on actual flight activity incurred on the subject aircraft engine.

The Company recorded approximately \$0.4 million and \$0.3 million in combined lease and engine reserve expense attributable to Schuman for the three months ended March 31, 2026 and 2025, 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, LLC 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.

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.

Note 17. Supplemental Cash Flows

Supplemental cash flow information for the three months ended March 31, 2026 and 2025 *(in thousands)*:

	Three Months Ended March 31,	
	2026	2025
Supplemental cash flow information		
Cash paid for interest	\$ 426	\$ 2,263
Supplemental schedule of non-cash investing and financing activities:		
Common stock issued under Software License Agreement	\$ —	\$ 947
Issuance of Common shares related to Convertible Notes conversions	\$ 1,876	\$ —
Purchases of property and equipment included in accounts payable and accrued expenses	\$ 4,114	\$ 716
Issuance of redeemable common stock related to High Trail Convertible Note	\$ 6,600	\$ —
Issuance of common stock as settlement of advances under Share Purchase Agreement	\$ 8,660	\$ —

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 March 31,	
	2026	2025
Net loss	\$ (20,262)	\$ (18,466)
Weighted-average number of common shares used in net loss per share applicable to common shareholders, basic and diluted	76,872,371	16,905,684
Net loss per share applicable to common shareholders, basic and diluted	\$ (0.26)	\$ (1.09)

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 March 31,	
	2026	2025
Excluded securities:		
Options to purchase common shares	2,332,762	2,581,989
Warrants to purchase common shares	11,163,825	4,549,958
Restricted stock units	2,698,437	719,398
Unvested RSPAs	7,706	30,825
Convertible notes (as converted to common shares)	16,333,549	18,917,877
GEM Derivative	3,914,010	—
Mandatory Convertible Security	—	9,387,409
Total common shares equivalents	<u>36,450,289</u>	<u>36,187,456</u>

Note 19. Subsequent Events

Registered Direct Offering

On April 20, 2026, the Company entered into a securities purchase agreement (the “Purchase Agreement”) with LamVen LLC (“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 (the “Common Stock”) 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 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 million before deducting financial advisor’s fees and other estimated Offering expenses.

Promissory Note

On April 20, 2026, the Company, Southern Airways Express, and Southern Airways Pacific, LLC (South Airways Express and South Airways Pacific, LLC, collectively, the “Borrowers”) entered into a promissory note with LamVen (the “2026 LamVen Note”) in an aggregate principal amount of up to \$15 million (the “Maximum Principal Amount”). Lender 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 2026 LamVen Note are subject to a security interest on certain aircraft assets of Borrowers and their subsidiaries that may become party to the 2026 LamVen 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 2026 LamVen Note is April 20, 2029. The 2026 LamVen 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.

Upon the later of (i) July 19, 2026 and (ii) the date of an initial Advance under the 2026 LamVen Note, the Borrowers will pay an origination fee in the amount of \$1.5 million. The Company may elect to satisfy such origination fee, in whole or in part, in shares of the Company’s Common Stock (or pre-funded warrants in lieu thereof), valued at \$1.274 per share, the average closing price for the five trading day period ended April 17, 2026. Outstanding principal will bear interest at a rate of 12.5% per annum, payable monthly in cash, shares of the Company’s Common Stock (or pre-funded warrants in lieu thereof), or both, at the Company’s election. Interest payments in Common Stock will be valued at \$1.274 per share. LamVen is also subject to certain beneficial ownership limitations, which may restrict the Company’s decision to satisfy any of the foregoing with shares of its Common Stock.

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 Statements" included in this Quarterly Report on Form 10-Q 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 U.S. Securities and Exchange Commission ("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 is developing fully-electric and hybrid-electric powertrain technologies with its 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 the 2025 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 inefficient aircraft utilization, primarily caused by an underutilization of pilots and a shortage of maintenance personnel and critical aircraft components, which, in aggregate, 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.

	Three Months Ended March 31,		Change	
	2026	2025	Increase/ Decrease	%
Scheduled Flight Hours ⁽¹⁾	11,061	13,090	(2,029)	(16)%
On-Demand Flights ⁽²⁾	832	620	212	34%
Scheduled Passengers ⁽³⁾	65,376	66,638	(1,262)	(2)%
Headcount ⁽⁴⁾	571	654	(83)	(13)%
Scheduled Departures ⁽⁵⁾	12,503	13,717	(1,214)	(9)%

⁽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 March 31, 2026 and 2025

The following table sets forth our condensed consolidated statements of operations data for the three months ended March 31, 2026 and 2025 (in thousands, except percentages):

	Three months ended March 31,		Change	
	2026	2025	\$	%
Revenue	\$ 25,613	\$ 23,506	\$ 2,107	9%
Operating expenses:				
Cost of revenue, exclusive of depreciation and amortization	25,946	24,706	1,240	5%
Technology and development	2,445	2,680	(235)	(9)%
Sales and marketing	1,966	1,653	313	19%
General and administrative	6,059	10,886	(4,827)	(44)%
Depreciation and amortization	2,552	2,148	404	19%
Total operating expenses	38,968	42,073	(3,105)	(7)%
Operating loss	(13,355)	(18,567)	5,212	(28)%
Other income (expense):				
Changes in fair value of financial instruments carried at fair value, net	(3,613)	5,396	(9,009)	(167)%
Interest expense	(1,224)	(3,895)	2,671	(69)%
Gain on extinguishment of debt	—	39	(39)	(100)%
Other expense, net	(2,109)	(1,492)	(617)	41%
Total other income (expense), net	(6,946)	48	(6,994)	NM
Loss before income taxes	(20,301)	(18,519)	(1,782)	10%
Income tax benefit	39	53	(14)	(26)%
Net loss	\$ (20,262)	\$ (18,466)	\$ (1,796)	10%

Revenue

Revenue increased by \$2.1 million, or 9%, for the three months ended March 31, 2026, compared to the three months ended March 31, 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 March 31,		Change	
	2026	2025	\$	%
Scheduled	\$ 15,461	\$ 17,783	\$ (2,322)	(13)%
On-Demand	10,152	5,723	4,429	77%
Total revenue	\$ 25,613	\$ 23,506	\$ 2,107	9%

Scheduled revenue decreased \$2.3 million, or 13%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decrease in scheduled revenue was primarily related to the exiting of unprofitable routes, partially offset by higher completion factors.

On-Demand revenue increased \$4.4 million, or 77%, for the three months ended March 31, 2026, compared to the three months ended March 31, 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 increase in the number of charter flights flown.

Operating Expenses

Cost of Revenue, exclusive of depreciation and amortization

Cost of revenue increased by \$1.2 million, or 5%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decrease of \$3.0 million in scheduled cost of revenue was primarily attributable to a reduction in block hours flown as a result of exiting unprofitable routes, partially offset by investments to improve operations. The increase of \$4.2 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 \$0.2 million, or 9%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The flat technology and development expense is due to a similar mix of product development activities related to the Company's Surf O/S platform.

Sales and Marketing

Sales and marketing expenses increased by \$0.3 million, or 19%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025, primarily due to an increase of \$0.3 million in external marketing initiatives.

General and Administrative

General and administrative expenses decreased by \$4.8 million, or 44%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. The decrease in general and administrative expense was driven primarily by a \$2.7 million reduction in short term incentive bonus accruals, a \$1.3 million decrease in compensation expense, a \$0.5 million decrease in stock-based compensation expense, and a \$0.3 million decrease in other general expenses.

Depreciation and Amortization

Depreciation and amortization expenses increased by \$0.4 million, or 19%, for the three months ended March 31, 2026, compared to the three months ended March 31, 2025. This was primarily due to overall increases in aircraft depreciation due to capital expenditures subsequent to March 31, 2025.

Other Income/(Expense)

Other expense, net increased by \$7.0 million for the three months ended March 31, 2026 compared to the three months ended March 31, 2025. This was primarily attributable to a \$9.0 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 Global Yield LLC SCS ("GEM") mandatory convertible security, and a \$0.6 million increase in other expense, primarily driven by non-cash transaction costs. This was offset by a \$2.7 million decrease in interest expense due to restructuring of high interest debt in favor of zero-coupon, convertible, obligations.

Net Loss

The increase in net loss of \$1.8 million, or 10%, for the three months ended March 31, 2026 compared to the three months ended March 31, 2025, was primarily attributable to increases in other expense of \$7.0 million. This was partially offset by an increase in revenue of \$2.1 million, coupled with decreases in operating expenses of \$3.1 million.

Cash Flow Analysis

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

	Three Months Ended March 31,		Change	
	2026	2025	\$	%
Net cash provided by (used in):				
Operating activities	\$ (12,252)	\$ (15,804)	\$ 3,552	22%
Investing activities	(3,539)	782	(4,321)	(553)%
Financing activities	7,347	542	6,805	1,256%
Net change in cash and cash equivalents	<u>\$ (8,444)</u>	<u>\$ (14,480)</u>	<u>\$ 6,036</u>	<u>42%</u>

Cash Flow from Operating Activities

For the three months ended March 31, 2026, net cash used in operating activities was \$12.3 million, primarily driven by a net loss of \$20.3 million. Operating outflows were partially offset by depreciation and amortization expense of \$2.6 million, stock-based compensation expense of \$1.4 million, and changes in fair value of financial instruments of \$3.6 million.

For the three months ended March 31, 2025, net cash used in operating activities was \$15.8 million, driven by a net loss of \$18.5 million. These operating outflows were partially offset by depreciation and amortization expense of \$2.1 million and losses on disposals of fixed assets of \$0.7 million.

Cash Flow from Investing Activities

For the three months ended March 31, 2026, net cash used in investing activities was \$3.5 million, a decrease of \$4.3 million compared to the three months ended March 31, 2025. The increase was driven by an increase of \$1.6 million in purchases of property and equipment and internal use software development costs, partially offset by a decrease in proceeds from the sale of fixed assets of \$2.7 million.

Cash Flow from Financing Activities

For the three months ended March 31, 2026, net cash provided by financing activities was \$7.3 million, primarily from \$12.0 million in advances under the GEM Share Purchase Agreement (as defined below), partially offset by \$4 million in borrowings under convertible note agreements.

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 March 31, 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 \$9.9 million included in accrued expenses and other current liabilities on the Company's Condensed Consolidated Balance Sheet as of March 31, 2026. 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 March 31, 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 March 31, 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 March 31, 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 "Share Purchase Agreement") with GEM) or convertible debt, using proceeds (as available) to strengthen the Company's balance sheet, among other things.

During the three months ended March 31, 2026, the Company received \$12 million in advances under the Share Purchase Agreement with GEM, of which \$8.3 million had been settled through the issuance of 4,350,412 shares of the Company's common stock. As of March 31, 2026, the contractual terms allow the Company to make further advances of up to \$85.5 million under the Share Purchase Agreement. Additionally, the Company has the ability to draw an additional \$251.4 million under the Share Purchase Agreement, subject to daily volume limitations and GEM's requirement to hold less than 10% of the fully-diluted shares of the Company. As of March 31, 2026, GEM held 0% of the then fully-diluted shares of the Company. At March 31, 2026, the daily volume limitations under the Share Purchase Agreement significantly restricted our ability to take additional draws under the Share Purchase Agreement to approximately 8.6 million shares per draw. Additionally, the Company's ability to draw upon the Share Purchase Agreement is contingent on the Company's common stock being listed on a national exchange.

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 three months ended March 31, 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. Except as indicated below, 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 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 March 31, 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 March 31, 2026, due to material weaknesses in our internal control over financial reporting described below.

Material Weaknesses in Internal Control Over Financial Reporting

As of March 31, 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 March 31, 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 for the risk factors below, 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:

We, as well as our strategic partners, have limited experience to date in the development, manufacturing and operation at scale of fully-electric and hybrid-electric powertrains, and we may fail to realize the desired return on our investments with respect to fully-electric and hybrid-electric powertrains.

In March 2026 we announced that we had entered into an aircraft purchase agreement with BETA Technologies for the purchase of 25 all-electric aircraft, with an option to add an additional 75 aircraft, and in April 2026 we announced that we had eliminated up to \$100 million in planned Cessna Caravan electrification spending as we continue to explore partner paths to advance the electrification of the Caravan.

If we fail to execute our plans to develop, acquire, implement and service fully-electric and hybrid-electric powertrain solutions in our fleet then we may not be able to generate sufficient revenue to achieve the desired return on our investment. Our and our strategic partners’ ability to develop and produce fully-electric and hybrid-electric powertrain solutions of sufficient quality and appeal to customers on schedule and at scale is unproven. There can be no assurance as to whether our current or future third-party strategic partners will be able to develop efficient, automated, low-cost production capabilities and processes and/or obtain reliable sources of component supply to allow for the quality, price, engineering, design and volumes necessary to successfully develop, deploy and implement fully-electric and hybrid-electric powertrains within our fleet. Moreover, unlike the market for electric automobiles, the commercialization of electric and hybrid-electric aircraft remains unproven. Although we believe that the component technology to electrify small aircraft exists today, any delay in the development, manufacture and launch of electrification technology could adversely affect our brand, operations and the delivery of our growth strategy, particularly if it results in a failure to expand our market share in the regional air mobility market as anticipated and could require us to incur additional costs, or impacts the development and attractiveness of our software solutions, such as SurfOS. Even if our strategic partners are successful in developing fully-electric and hybrid-electric powertrains and reliably sourcing component supply, we do not know whether they will be able to do so in a manner that avoids significant delays and cost overruns, including as a result of factors beyond our or their control such as problems with suppliers and vendors, regulatory approval delays, force majeure events, delays in meeting commercialization schedules, or failure to satisfy the requirements of customers and potential customers. Any such failure could have a material adverse effect on our business, financial condition and results of operations.

As a new entrant into the nascent market of operating hybrid-electric and battery electric aircraft, we anticipate that we will face risks and significant challenges that would impact our ability to, among other things:

- deploy or incorporate safe, reliable and quality fully-electric and hybrid-electric aircraft into our fleet on an ongoing basis;
- obtain necessary regulatory approvals in a timely manner, or at all;
- build a well-recognized and respected brand;
- attract and maintain core commercial partnerships;
- establish and expand our customer base;
- successfully service electrified aircraft after incorporation into our fleet and maintain a good flow of spare parts and customer goodwill;
- improve and maintain our operational efficiency;
- predict our future revenues and appropriately budget for our expenses;
- attract, retain and motivate talented employees;

- anticipate trends that may emerge and affect our business;
- anticipate and adapt to changing market conditions, including technological developments and changes in our competitive landscape; and
- navigate an evolving and complex regulatory environment.

If we fail to adequately address any or all of these risks and challenges, our business, financial condition and results of operations may be materially and adversely affected.

Our competitors may incorporate electrified aircraft before us, either in general or in specific markets, or we may otherwise not be able to fully capture a first mover advantage.

While we strive to be the first to market providing air mobility services with electrified aircraft, we expect this industry to be increasingly competitive and it is possible that our competitors could get to market before us, either generally or in specific markets. The timing for providing air mobility services with electrified aircraft is dependent on our third-party strategic partners ability to finalize certain aspects of the design, engineering, component procurement, testing, build out and manufacturing plans in a timely manner and on their ability to execute these plans within the current timeline and upon regulatory approval by the FAA, which can be a lengthy and unpredictable process.

Even if we are first to provide air mobility services with electrified aircraft, we may not fully realize the benefits we anticipate, and we may not receive any competitive advantage or may be overcome by other competitors. New companies or existing aerospace companies may launch different products from those offered by our strategic partners and suppliers, which may result in new entrants into our markets or improved services by our competitors.

Additionally, our competitors may benefit from our efforts in developing consumer and community acceptance for electrified aircraft and air mobility, making it easier for them to obtain the permits and authorizations required to operate an air mobility service in the markets in which we intend to launch or in other markets. If our competitors get to market before us, or we are overcome by other competitors, it could have a material adverse effect on our business, financial condition, results of operations and prospects.

The planned fully-electric and hybrid-electric powertrain solutions may not result in the operating cost savings we anticipate, which could negatively impact the future economics of our network operations as well as our ability to successfully sell and market our planned future Aircraft-as-a-Service strategy.

In developing our business strategy for future aircraft electrification and network expansion, we have assumed implementing fully-electric technology will result in operating cost savings of approximately 50% compared to current combustion powertrain technologies, with more limited range and payload characteristics, and hybrid-electric technology will result in operating cost savings of approximately 25% compared to current internal combustion powertrain technologies, while maintaining similar performance characteristics. If these assumptions change by a material amount, our network expansion plans could be negatively impacted and we would be unlikely to be able to develop significant future revenues and earnings from our planned Aircraft-as-a-Service initiative.

Our fully-electric and hybrid-electric aircraft may require maintenance at frequencies or at costs which are unexpected and could adversely affect our business and operations.

Our fully-electric and hybrid-electric aircraft will be highly technical products that will require maintenance and support. We are still developing our understanding of the long-term maintenance profile of the fully-electric and hybrid-electric aircraft, and if useful lifetimes are shorter than expected, this may lead to greater maintenance costs than previously anticipated. If our future fully-electric and hybrid-electric aircraft and related equipment require maintenance more frequently than we plan for or at costs that exceed our estimates, that would disrupt the operation of our service and could have a material adverse effect on our business, financial condition and results of operations.

Crashes, accidents or incidents of aircraft involving us or our competitors could have a material adverse effect on our business, financial condition and results of operations.

The operation of aircraft is subject to various risks, and we expect demand for our air mobility services to be impacted by accidents or other safety issues regardless of whether such accidents or issues involve our aircraft.

Crashes, accidents or incidents involving our aircraft, or involving aircraft operating our powertrains, once developed, are possible. Any such occurrence would negatively impact our business, financial condition and results of operations in a number of ways. An

accident or incident involving an aircraft operated by us or by a third-party operator on our behalf or using our powertrains, could result in significant potential claims of injured passengers and others, as well as repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service. For example, in January 2024, a Southern flight was forced to make an emergency landing following take-off in severe weather from Dulles International Airport in Virginia. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our operational and financial results. Moreover, any aircraft accident or incident, even if fully insured or due to reasons not attributable to us or our operations or products, could result in negative public perception that our operations are less safe or reliable than other providers and have a material adverse effect on our reputation, business and results of operations. Safety issues experienced by a particular model of aircraft could impact consumer confidence in that particular aircraft type or the air transportation services industry as a whole, or result in a regulatory body grounding that particular aircraft model. If we or other operators experience accidents with aircraft models that we operate, obligating us to take such aircraft out of service until the cause of such accidents is determined and rectified, we might lose revenues and might lose customers. The value of the aircraft model might also be permanently reduced in the secondary market if the model were to be considered less desirable for future service.

Moreover, such accidents or incidents could also have a material impact on our ability to obtain or maintain FAA certification for our aircraft in a timely manner, or at all.

If our personnel, third-party contractors with whom we have arrangements, our aircraft, other types of aircraft or other companies in the industry are involved in a public incident, accident, catastrophe or regulatory enforcement action, we could be exposed to significant reputational harm and/or potential legal liability. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident, catastrophe or action. In the event that our insurance is inapplicable or inadequate, we may be forced to bear substantial losses from an incident or accident.

Further, as we deploy and incorporate fully-electric and hybrid-electric aircraft in our fleet we may be exposed to additional risks, including that demand for our products and services will be negatively impacted by accidents or incidents involving such powertrains (including during test flights of prototypes). Such events could impact confidence in not just our products and services, but the development of electrification technology as a whole. This could have a material adverse effect on our future growth, financial condition and results of operations.

We are substantially dependent upon our relationships with our strategic partners, and we are or may be subject to risks associated with such strategic alliances. Our reliance on these arrangements, and the loss of any such alliances or arrangements or failure to identify future opportunities could affect our growth plans.

In March 2026 we announced that we had entered into an aircraft purchase agreement with BETA Technologies for the purchase of 25 all-electric aircraft, with an option to add an additional 75 aircraft, and in April 2026 we announced that we had eliminated up to \$100 million in planned Cessna Caravan electrification spending as we continue to explore partner paths to advance the electrification of the Caravan. We have also entered into collaborations with third parties for the development of SurfOS, as more fully described in “*Risks Related to the Development of the SurfOS Software Platform - Our collaborations to develop SurfOS create risks through technology dependence, potential collaborator misalignment, relationship challenges, and funding uncertainties that could significantly impact the Company’s business.*”

Such strategic business relationships will be a critical component in the growth and success of our business and, in particular, our ability to develop and commercialize SurfOS and deploy fully-electric and hybrid-electric powertrains and related aircraft within our fleet. However, there are no assurances that we will be able to timely meet all of the conditions of these agreements, if at all, maintain these relationships or continue to identify or secure suitable business relationship opportunities in the future, or that our competitors will not capitalize on such opportunities before we do. Moreover, identifying such opportunities could require substantial management time and resources, and negotiating and financing relationships involves significant costs and uncertainties.

If any conflicts arise between our strategic partners and us, the other party may act in a manner adverse to us and could limit our ability to implement our business strategies, which could impact our projected business timelines. Our strategic partners may also develop, either alone or with others, products in related fields that are competitive with our products. Specifically, conflicts with our key strategic partners could adversely impact our ability to develop and commercialize SurfOS or incorporate electrified aircraft into our fleet, which, in turn could have a material adverse effect on our prospects, business, financial condition and results of operation.

If we are unable to successfully maintain, source and execute on strategic relationship opportunities in the future related to electrification or other technologies relevant to our competitive position, or if any of our agreements with our strategic partners were to be terminated, our overall growth could be impaired, and there could be a material adverse effect on our business, financial condition and results of operations.

Aircraft purchase agreements are often subject to indexed price escalation clauses which could subject us to unanticipated expenses.

Commercial aircraft sales contracts are often entered into years before the aircraft are delivered. In order to help account for economic fluctuations between the contract date and delivery date, aircraft pricing generally consists of a fixed amount as modified by price escalation formulas derived from labor, commodity and other price indices, the actual escalation amounts of which are outside of the purchaser's control. Escalation factors can fluctuate significantly from period to period and changes in escalation amounts can significantly impact expenses and operating margins. The terms and conditions of the aircraft purchase agreements may contain price escalation clauses and future purchase orders with other suppliers may also contain price escalation clauses yet to be determined, and there is no assurance that they will be determined in a manner that will mitigate the risks described above.

If we fail to adequately protect our intellectual property rights, our competitive position could be impaired and we may lose market share, generate reduced revenue and incur costly litigation to protect our rights.

Our success depends in part on our ability to protect our intellectual property rights, including trademarks and service marks applicable to our operating entities and, in the future once developed, certain technologies and software that we expect to be deployed in our aircraft or that we expect to utilize in arranging air transportation. To date, we have relied primarily on trademarks to distinguish us from our competitors, and trade secrets and other forms of legal protection and contractual agreements to establish and protect our proprietary rights.

We expect that in the future we will rely on patents, copyrights, and trade secrets to protect any proprietary technology we develop. We routinely enter into agreements with employees, consultants, third parties and other relevant persons and take other measures to protect our intellectual property rights, such as limiting access to our trade secrets and other confidential information. However, we cannot guarantee that we have entered into or will enter into such an agreement with each person that has access to such information or that the steps we take to protect our intellectual property will otherwise be adequate. For example, unauthorized parties may attempt to obtain and use information that we regard as proprietary and, if successful, may potentially harm our ability to compete, accelerate the development programs of our competitors, and/or our competitive position in the market. Moreover, our agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to ours, and there can be no assurance that our counterparties will comply with the terms of these agreements, or that we will be able to successfully enforce such agreements or obtain sufficient remedies if they are breached. There can be no assurance that the intellectual property rights we own or license will offer us meaningful protection for our business, provide competitive advantages or will not be challenged or circumvented by our competitors.

Further, obtaining and maintaining patent, copyright, and trademark protection can be costly, and we may choose not to, or may fail to, pursue or maintain such forms of protection for our technology, products or services in the United States or foreign jurisdictions, which could harm our ability to obtain or maintain a competitive advantage in such jurisdictions. It is also possible that we will fail to identify patentable aspects of our technology before it is too late to obtain patent protection, that we will be unable to devote the resources needed to file and prosecute patent applications for such technology, or that we will inadvertently abandon them by failing to comply with all procedural, documentary, payment, and similar obligations during the patent prosecution process. Even if we obtain patent protection in future, we cannot assure you that such patents would be sufficiently broad to protect our proprietary technology to prevent competitors or other third parties from using the same or similar technologies. Failure to comply with legal requirements to maintain a patent, copyright, or trademark registration can result in lapse or cancellation of the patent, copyright, or trademark registration, which could result in the loss of patent or trademark rights. If this occurs, we may not be able to exclude our competitors from using patented technology that we have developed or our trademarks. Also, patents, copyrights, and trademark registrations may be challenged in court or administrative proceedings.

The laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate to prevent other parties from infringing our proprietary technology. To the extent we expand our international activities, our exposure to unauthorized use of our technologies and proprietary information may increase. We may also fail to detect unauthorized use of our intellectual property, or be required to expend significant resources to monitor and protect our intellectual property rights, including engaging in litigation, which may be costly, time-consuming, and divert the attention of management and resources, and may not ultimately be successful. If we fail to meaningfully establish, maintain, protect and enforce our intellectual property rights, there could be a material adverse effect on our business, financial condition and results of operations.

We may enter into strategic partnerships in the future with respect to electrification of aircraft, including the Cessna Caravan, that do not give us any intellectual property rights or exclusivity of such technology.

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

None.

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 March 31, 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:

<u>Exhibit Number</u>	<u>Description of Document</u>
10.1*	<u>Amendment to Senior Secured Convertible Note due 2028 and Security Agreement, dated as of April 24, 2026 by and among Surf Air Mobility Inc. and certain of its subsidiaries, High Trail Special Situations LLC, and each of the Holders signing thereto.</u>
31.1*	<u>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.</u>
31.2*	<u>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.</u>
32.1§	<u>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.</u>
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: May 11, 2026

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

Date: May 11, 2026

/s/ Oliver Reeves
Oliver Reeves
Chief Financial Officer
(Principal Financial and Accounting Officer)

AMENDMENT TO SENIOR SECURED CONVERTIBLE NOTE DUE 2028 AND SECURITY AGREEMENT, dated as of April 23, 2026 (this “**Amendment**”), is made and entered into by and among SURF AIR MOBILITY INC., a Delaware corporation (the “**Company**”), each of the Subsidiaries of the Company listed on the signature pages hereto (together with the Company, the “**Grantors**”), HIGH TRAIL SPECIAL SITUATIONS LLC, a Delaware limited liability company, in its capacity as collateral agent for the benefit of the Holders (together with its successors and assigns in such capacity, the “**Secured Party**”) and each of the entities signing in its capacity as a “Holder” on the signature pages hereto (the “**Noteholders**”).

RECITALS:

WHEREAS, reference is made to (x) that certain Senior Secured Convertible Note due 2028 dated November 12, 2025 (the “**Convertible Note**”) made by the Company and (y) that certain Security Agreement dated as of November 12, 2025 (this “**Security Agreement**”), among the Company, the Grantors and the Secured Party;

WHEREAS, the Company has requested certain amendments to the Convertible Note and the Security Agreement, and the parties hereto have agreed to the requested amendments on the terms and conditions set forth herein; and

WHEREAS, the undersigned Noteholders, constituting the Required Holders under the Convertible Note, approve this Amendment.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Convertible Note or Security Agreement, as applicable.

2. Amendments to Convertible Note. Effective as of the Effective Date (as defined below):

(a) clause (H) of the definition of “Permitted Indebtedness” in the Convertible Note shall hereby be amended and restated in its entirety as follows:

Indebtedness of any Subsidiary outstanding at any time secured only by Liens on Aircraft (as such term is defined in the Security Agreement) and any insurance proceeds and required cash deposits in respect thereof; provided that (x) such Indebtedness does not exceed the lesser of (i) the fair market value of the applicable aircraft at the time of incurrence and (ii) the initial cost of the applicable aircraft, (y) such Indebtedness is not incurred by the Company or any Subsidiary (other than Southern Airways Pacific, LLC or Southern Airways Express, LLC), and (z) such Indebtedness is non-recourse to the Company or any Subsidiary of the Company (other than Southern Airways Pacific, LLC or Southern Airways Express, LLC);

(b) clause (M) of the definition of “Permitted Liens” in the Convertible Note shall hereby be amended and restated in its entirety as follows:

Liens on Aircraft (as such term is defined in the Security Agreement) and any insurance proceeds and required cash deposits in respect thereof, in each case,

securing Indebtedness permitted under clause (H) of the definition of Permitted Indebtedness;

3. Amendment to Security Agreement. Effective as of the Effective Date (as defined below):

(a) clause (F) of the last paragraph of Section 3(a) of the Security Agreement shall hereby be amended and restated in its entirety as follows:

any Aircraft and insurance proceeds in respect thereof that do not exceed the amount of claims with respect such proceeds;

4. Representations. As of the date hereof and as of the Effective Date, the Company and each of the Grantors hereby represents and warrants that:

(a) (i) it has all requisite corporate or limited liability company power and authority to enter into and perform its obligations under this Amendment, and the Convertible Note and Security Agreement each as amended hereby, and (ii) this Amendment has been duly authorized, executed and delivered by it;

(b) this Amendment, and the Convertible Note and the Security Agreement, each as amended hereby, constitute legal, valid and binding obligations of such entity, enforceable against it in accordance with their respective terms, in each case except as enforceability may be limited by applicable domestic or foreign bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law); and

(c) Neither the Company, any other Grantor nor any of their respective representatives have provided High Trail Special Situations LLC ("HTSS") with any material nonpublic information regarding the Company or any other Grantor or their respective securities in connection with the discussions or transactions contemplated by this Amendment. The Company and each Grantor further represent that HTSS is not subject to any obligations of confidentiality or similar obligations to the Company or any other Grantor that would restrict HTSS from trading in the Company's or any Grantor's securities. The Company and each Grantor understand and agree that HTSS may rely on the foregoing representations in effecting transactions in securities of the Company and each Grantor subject to applicable securities laws.

5. Conditions to Effectiveness. This Amendment shall become effective on the date (the "**Effective Date**") when each of the following conditions shall have been satisfied:

(a) the Secured Party shall have received counterparts of this Amendment executed by the Company, the Grantors and the Required Holders;

(b) the representations set forth in Section 4 above shall be true and correct in all material respects; and

(c) receipt by the Secured Party and each Noteholder of reimbursement or payment of the Secured Party's or such Noteholder's, as applicable, reasonable and documented legal fees and expenses incurred in connection with the preparation and negotiation of this Amendment and the transactions contemplated hereby.

6. No Other Changes. Except as modified hereby, all of the terms and provisions of the Note, the Security Agreement and the other Transaction Documents shall remain in full force and effect. Nothing herein shall be deemed to entitle any party hereto to a consent to, or a waiver, amendment, modification or

other change of, any of the terms, conditions, obligations, covenants or agreements contained in the Note, the Security Agreement or any other Transaction Document in similar or different circumstances.

7. Counterparts; Delivery. Delivery of an executed counterpart of a signature page of this Commitment Letter by facsimile transmission or other electronic transmission (e.g., a “.pdf” or “.tif” file) shall be effective as delivery of a manually executed counterpart hereof. For purposes hereof, the words “execution,” “execute,” “executed,” “signed,” “signature” and words of like import shall be deemed to include electronic signatures, the electronic matching of assignment terms and contract formulations on electronic platforms, or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transaction Act.

8. Governing Law. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of New York.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Amendment to be duly executed and delivered as of the date first written above.

COMPANY:

SURF AIR MOBILITY, INC.

By:

Name: Deanna White
Title: Chief Executive Officer

Notice Address:

Surf Air Mobility Inc.
5080 Spectrum Drive, Suite 200
Addison, TX 75001
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

GRANTORS:

SOUTHERN AIRWAYS CORPORATION

By:

Name: Deanna White
Title: Chief Executive Officer

Notice Address:

Southern Airways Corporation
5080 Spectrum Drive, Suite 200
Addison, TX 75001
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

SOUTHERN AIRWAYS EXPRESS, LLC

By:

Name: Deanna White
Title: Chief Executive Officer

Notice Address:

Southern Airways Express, LLC
5080 Spectrum Drive, Suite 200
Addison, TX 75001
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

SOUTHERN AIRWAYS PACIFIC, LLC

By: _____

Name: Deanna White

Title: Chief Executive Officer

Notice Address:

Southern Airways Pacific, LLC

5080 Spectrum Drive, Suite 200

Addison, TX 75001

Attention: Deanna White, Chief Executive Officer

Email address: deanna.white@surfair.com

SOUTHERN AIRWAYS AUTOS, LLC

By: _____

Name: Deanna White

Title: Chief Executive Officer

Notice Address:

Southern Airways Autos, LLC

5080 Spectrum Drive, Suite 200

Addison, TX 75001

Attention: Deanna White, Chief Executive Officer

Email address: deanna.white@surfair.com

MULTI-AERO, INC.

By: _____

Name: Deanna White

Title: Chief Executive Officer

Notice Address:

Multi-Aero, Inc.

5080 Spectrum Drive, Suite 200

Addison, TX 75001

Attention: Deanna White, Chief Executive Officer

Email address: deanna.white@surfair.com

N107KA, INC.

By: _____
Name: Deanna White
Title: Chief Executive Officer

Notice Address:

N107KA, Inc.
5080 Spectrum Drive, Suite 200
Addison, TX 75001
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

N208EE, INC.

By: _____
Name: Deanna White
Title: Chief Executive Officer

Notice Address:

N208EE, Inc.
5080 Spectrum Drive, Suite 200
Addison, TX 75001
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

N803F, INC.

By: _____
Name: Deanna White
Title: Chief Executive Officer

Notice Address:

N803F, Inc.
5080 Spectrum Drive, Suite 200
Addison, TX 75001
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

SURFAIR HOLDINGS US, INC.

By: _____

Name: Deanna White

Title: Chief Executive Officer

Notice Address:

SURFAIR Holdings US, Inc.

12111 Crenshaw Blvd.,

Hawthorne, CA 90250

Attention: Deanna White, Chief Executive Officer

Email address: deanna.white@surfair.com

SURF AIR SUB 1, INC.

By: _____

Name: Deanna White

Title: Chief Executive Officer

Notice Address:

Surf Air Sub 1, Inc.

12111 Crenshaw Blvd.,

Hawthorne, CA 90250

Attention: Deanna White, Chief Executive Officer

Email address: deanna.white@surfair.com

SURF ON DEMAND INC.

By: _____

Name: Deanna White

Title: Chief Executive Officer

Notice Address:

Surf On Demand Inc.

12111 Crenshaw Blvd.,

Hawthorne, CA 90250

Attention: Deanna White, Chief Executive Officer

Email address: deanna.white@surfair.com

PAYMENTS OS INC.

By: _____
Name: Deanna White
Title: Chief Executive Officer

Notice Address:

Payments OS Inc.
12111 Crenshaw Blvd.,
Hawthorne, CA 90250
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

SURF AIR TECHNOLOGIES INC.

By: _____
Name: Deanna White
Title: Chief Executive Officer

Notice Address:

Surf Air Technologies Inc.
12111 Crenshaw Blvd.,
Hawthorne, CA 90250
Attention: Deanna White, Chief Executive Officer
Email address: deanna.white@surfair.com

SURF AIR GLOBAL LIMITED

By: _____
Name: Oliver Reeves
Title: Chief Financial Officer

Notice Address:

Surf Air Global Limited
12111 Crenshaw Blvd.,
Hawthorne, CA 90250
Attention: Oliver Reeves, Chief Financial Officer
Email address: oliver.reeves@surfair.com

SECURED PARTY:

HIGH TRAIL SPECIAL SITUATIONS LLC

By:

Name:
Title:

By:

Name:
Title:

HOLDERS:

HIGH TRAIL SPECIAL SITUATIONS LLC

By:

Name:
Title:

By:

Name:
Title:

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: May 11, 2026

/s/ Deanna White

Deanna White
Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Oliver Reeves, 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: May 11, 2026

/s/ Oliver Reeves

Oliver Reeves
Chief Financial Officer
(Principal Financial and Accounting Officer)

**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 March 31, 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)

May 11, 2026

/s/ Oliver Reeves

Oliver Reeves, Chief Financial Officer

(Principal Financial and Accounting Officer)

May 11, 2026
