

Risk Factors Comparison 2025-05-14 to 2024-01-26 Form: 10-K

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Investing in our common stock involves a high degree of risk. Certain factors may have a material adverse effect on our business, financial condition, and results of operation. You should carefully consider the risks and uncertainties described below, together with all of the other information included in this Annual Report on Form 10-K, including our financial statements and the related notes, and in our other filings with the SEC. Our business, financial condition, operating results, cash flow, and prospects could be materially and adversely affected by any of these risks or uncertainties. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. Risk Factor Summary The following is a summary of the material risk factors that could adversely affect our business, financial condition, and results of operations: • We are highly dependent on our ~~agreements~~ **agreement with United** ~~our major partners~~ and our operations may be negatively impacted if **United** ~~our major partners~~ **experience experiences** events that negatively ~~impact~~ **impacts** ~~their~~ **its** financial strength or operations. • ~~Reduced utilization levels of our aircraft under our agreements with United~~ ~~our major partners~~ would adversely impact our financial results. • ~~If United experiences events that negatively impact its financial strength or operations, our operations may be negatively impacted.~~ • ~~We have a significant amount of debt and other contractual obligations, certain of which are subject to financial and other covenants.~~ • ~~The potential impact of the deployment of 5G wireless telecommunications system to interfere with aviation equipment~~ • ~~The loss of key personnel or the inability to attract additional qualified personnel could adversely affect our business.~~ • ~~If the supply of pilots and mechanics to the airline industry remains~~ **becomes** constrained and pilot attrition ~~continues to exceed historical levels~~ **increase**, our results of operations and financial condition would be negatively impacted. • ~~Mechanic attrition and difficulty recruiting and retaining qualified maintenance technicians may negatively affect our operations and financial condition.~~ • ~~Increases in our labor costs may adversely affect our business, results of operations, and financial condition.~~ • ~~United may expand its direct operation of regional jets or seek other independent airlines to service their regional aircraft needs.~~ • ~~We may be limited from expanding our flying within United's flight system.~~ • ~~The residual value of our owned aircraft may be less than estimated in our depreciation policies.~~ • ~~The amounts we receive under our~~ ~~agreements~~ **agreement with United** ~~our major partners~~ may be less than the corresponding costs we incur. • ~~Strikes, labor disputes and increased unionization of our workforces may adversely affect our ability to conduct our business and reduce our profitability.~~ • ~~We face tail risk in that we have aircraft lease commitments that extend beyond our existing contractual terms on certain aircraft, and may incur substantial maintenance costs as part of return obligations on leased aircraft.~~ • ~~We may incur substantial maintenance costs as part of our leased aircraft return obligations.~~ • ~~We may become involved in litigation that may materially adversely affect us.~~ • ~~Disagreements regarding the interpretation of our~~ ~~agreements~~ **agreement with United** ~~our major partners~~ could have an adverse effect on our operating results and financial condition. • ~~If we face problems with any of our third- party service providers, our operations could be adversely affected.~~ • ~~Maintenance costs will likely increase as the age of our jet fleet increases.~~ • Regulatory changes or tariffs could negatively impact our business and financial condition. • The issuance of operating restrictions applicable to one of the fleet types we operate could negatively impact our business and financial condition. • If we have a failure in our technology or security breaches of our information technology infrastructure our business and financial condition may be adversely affected. • We are subject to various environmental and noise laws and regulations. • Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited. • ~~We may not be able to successfully implement our growth strategy, or make opportunistic acquisitions.~~ • ~~Our ability to obtain financing or access capital markets may be limited.~~ • Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition. • **Our failure to be current in our SEC filings could pose significant** ~~Risks~~ **risks to** associated with our presence in international emerging markets may **business, each of which could** materially **and** adversely affect us **our financial condition and results of operations**. • Future public health threats ~~similar to COVID-19~~ that negatively impact the demand for air travel could adversely impact our business. • The airline industry is highly competitive and has undergone a period of consolidation and transition leaving fewer potential major partners. • We are subject to significant governmental regulation. • Airlines are often affected by factors beyond their control including: air traffic congestion at airports; air traffic control inefficiencies; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel- related taxes; or the outbreak of disease; any of which could have a material adverse effect on our business, results of operations, and financial condition. • Terrorist activities or warnings have dramatically impacted the airline industry and are likely to continue to do so. • The occurrence of an aviation accident involving our aircraft would negatively impact our operations and financial condition. • ~~If our common stock is delisted from Nasdaq and is traded over the counter, your ability to trade and the market price of our shares of common stock may be restricted and negatively impacted.~~ • ~~The market price of our common stock may be volatile, which could cause the value of an investment in our stock to decline.~~ • If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volumes could decline. • Additional issuances of our common stock, whether by us or as a result of the exercise of our outstanding warrants, could materially affect the value of our common stock. • Our corporate charter limits certain transfers of our stock, which could have an effect on the market price and liquidity of our common stock. • We currently do not intend to pay dividends on our common stock. • The requirements of being a public company may strain our resources, increase our operating costs and divert management's attention. • We are required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports and have a material adverse effect on our business. For a more complete discussion

of the material risk factors relevant to us, see below. Risks Related to Our ~~Business~~ **Business** We are highly dependent on our ~~agreements~~ **agreement** with **United** our major partners. We derive substantially all of our operating revenue from our CPA with United ~~and previously with American~~. ~~American~~ **United** accounted for approximately ~~23-97~~ % and ~~45-73~~ % of our total revenue for our fiscal years ended September 30, ~~2024 and 2023 and 2022~~, respectively. ~~United accounted for approximately 73 % and 48 % of our revenue for our fiscal years ended September 30, 2023 and 2022, respectively. Our American CPA terminated and we ceased operating aircraft on behalf of American effective April 4, 2023.~~ A termination of our United CPA would have a material adverse effect on our business prospects, financial condition, results of operations, and cash flows. See “**Item 1. Business**” for additional information on our ~~CPAs~~ **CPA** with ~~American and~~ United. If our United CPA is terminated or not renewed, we would be significantly impacted and likely would not have an immediate source of revenue or earnings to offset such loss. United is not under any obligation to renew its CPA with us. A termination or expiration of this agreement would have a material adverse effect on our financial condition, cash flows, ability to satisfy debt and lease obligations, operating revenues, and net income unless we are able to enter into satisfactory substitute arrangements for the utilization of the affected aircraft by other airline partners, or, alternatively, obtain the airport facilities, gates, ticketing and ground services and make the other arrangements necessary to fly as an independent airline. We may not be able to enter into substitute CPAs, and any such arrangements we might secure may not be as favorable to us as our current agreements. Operating an airline independently from ~~United~~ our major partners would be a significant departure from our business plan and would likely require significant time and resources, which may not be available to us when needed. Reduced utilization levels of our aircraft under our United CPA would have a material adverse impact our results of operations and financial condition. Historically, ~~United has~~ our major partners have utilized our flight operations at levels at or near the maximum capacity of our fleet allocations under the ~~applicable CPA agreements~~ **agreement**. As previously reported, we operated at significantly lower block hours during fiscal ~~2020-2024~~ and fiscal 2021 due to the COVID pandemic. ~~Notwithstanding the increase in demand for air travel during the second half of fiscal 2021 and thereafter, in recent periods our high level of pilot attrition and pilot training output limitations has resulted in a reduction of our block hours flown. If we continue to experience pilot attrition above historic levels, we may experience further reductions in the block hours flown under our United CPA, and we may not be able to maintain operating efficiencies previously obtained, each of which would negatively impact our operating results and financial condition. In August 2022, we entered into a Letter of Agreement with the Airline Pilots Association (“ALPA”), which provided for increased~~ **decreased** overall hourly pay increases of nearly 118 % for captains and 172 % for new hire first officers. These pay increases have positively impacted our ability to attract, hire, and retain pilots in fiscal 2023, and attrition levels have dropped to a pre-COVID level. However, there can be no assurance that we will be able to adequately address the pilot attrition issues or that our major partners will increase the utilization of our aircraft to historical levels in future periods if we do experience an improvement in pilot attrition. If pilot attrition persists, we may experience additional declines in utilization levels, which would in turn have a material adverse impact on our financial condition and results of operations. Our United CPA does not require United to schedule any specified minimum level of flight operations for our aircraft. Additionally, United may remove aircraft from our United CPA with 90 days' prior notice to us. While United pays us a fixed monthly revenue amount for each aircraft under contract, a **continuation of the low block hours flown in 2024 and / or a** significant reduction in the utilization levels of our fleet in the future or removal of aircraft from our United CPA at United's election could reduce our revenues based on the number of flights and block hours flown for United. ~~Continued challenges~~ **Challenges** with hiring, training, and retaining replacement pilots may **also** lead to reduced utilization levels of our aircraft and ~~additional~~ penalties under our CPA ~~and our~~. **Our** operations and financial results could be materially and adversely impacted **by such events**. Additionally, United may change routes and frequencies of flights, which can negatively impact our operating efficiencies. Changes in schedules may increase our flight costs, which could exceed the reimbursed rates paid by United. Reduced utilization levels of our aircraft or other changes to our schedules under our CPA would adversely impact our **business, operating results and financial condition, and results of operations**. If United experiences events that negatively impact its financial strength or operations, our operations also may be negatively impacted. We may be directly affected by the financial and operating strength of United. Any events, such as new pandemics, that negatively impact the financial strength of United or have a long-term effect on the use of United by airline travelers would likely have a material adverse effect on our business, financial condition, and results of operations. In the event of a decrease in United's financial or operational strength, United may seek to reduce, or be unable to make, the payments due to us under the United CPA. In addition, in some cases, they may **further** reduce utilization of our aircraft. Although we receive guaranteed monthly revenue for each aircraft under contract and a fixed fee for each block hour or flight actually flown, United is not required to schedule any specified level of flight operations for our aircraft. If United becomes bankrupt, our agreement with them may not be assumed in bankruptcy and could be terminated. This and other events, which are outside of our control, could have a material adverse effect on our business, financial condition, and results of operations. In addition, any negative events that impact other regional carriers and that affect public perception of such carriers generally could also have a material adverse effect on our business, financial condition, and results of operations. We have a significant amount of debt and other contractual obligations that could impair our liquidity and thereby harm our business, results of operations and financial condition. The airline business is a capital-intensive business and, as a result, we are highly leveraged. As of September 30, ~~2023-2024~~, we had approximately \$ ~~538-310~~. 3 million in total long-term principal balance (including current portion of \$ ~~163-50~~. 65 million, of which \$ ~~57-1~~. 78 million ~~pertain~~ **pertains** to finance lease obligations) ~~and~~. **Additionally, all outstanding principal amounts, \$ 20-113 . 17 million as of September 30, 2024, under our UST Loan are due and payable in a single installment on October 30, 2025. We also have \$ 13. 2 million available for borrowing under our United Revolving Credit Facility as of September 30, 2024**. Substantially all of our long-term debt was incurred in connection with the acquisition of aircraft and aircraft engines. During our fiscal ~~years~~ **year** ended September 30, ~~2024, 2023, and 2022, and 2021~~, our principal **payments on** debt ~~service payments~~ totaled \$ ~~286. 3 million, \$~~

203.0 million, and \$ 114.9 million, and \$ 271.0 million, respectively. We also have significant long- term lease obligations, primarily relating to our aircraft fleet, office space, and other facilities. As of September 30, 2023, we had one aircraft under operating leases (excluding aircraft leased at nominal amounts from United and DHL) in addition to other leases of facilities and equipment, with an average remaining term of 6.15 years. As of September 30, 2023-2024, future minimum lease payments due under all long- term operating leases were approximately \$ 15-10.25 million and future debt service obligations were \$ 619-363.5-6 million, including finance lease obligations and interest payments. The Company's substantial level of indebtedness, non- investment grade credit ratings, and the availability of Company assets as collateral for future loans or other indebtedness, which available collateral would be reduced under other future liquidity- raising transactions and was reduced during our fiscal year ended September 30, 2021 as a result of CARES Act loan program borrowings under our UST Loan, may make it difficult for the Company to raise additional capital if required to meet its liquidity needs on acceptable terms, or at all. Although the Company's cash flows from operations and its available capital, including the proceeds from financing transactions and asset sales, have been sufficient to meet its obligations and commitments to date, the material uncertainties arising from the impact of decrease in scheduled flying activity associated with the pilot shortage and attrition and ongoing transition of our operations from American operations to United earlier this year raised substantial doubt as to the Company's ability to continue as a going concern. The Company is evaluating strategies to obtain the required additional funding for future operations. These strategies may include, but are not limited to, obtaining equity financing, issuing debt, entering into other financing arrangements, restructuring of operations to grow revenues and decrease expenses, or selling the excess aircraft held for sale and related assets our equity investments. We cannot assure you that our operations will generate sufficient cash flow to make our required payments, or that we will be able to obtain financing to acquire additional aircraft or make other capital expenditures necessary for expansion. Our ability to pay the high level of fixed costs associated with our contractual obligations will depend on our operating performance, cash flow, and ability to secure adequate financing, which will in turn depend on, among other things, the success of our current business strategy, the U. S. economy, availability and cost of financing, as well as general economic and political conditions and other factors that are, to some extent, beyond our control. The amount of our fixed obligations could have a material adverse effect on our business, results of operations and financial condition. The degree to which we are leveraged could have important consequences to holders of our securities, including the following: • we must dedicate a substantial portion of cash flow from operations to the payment of principal and interest on applicable indebtedness which, in turn, reduces funds available for operations and capital expenditures; • our flexibility in planning for, or reacting to, changes in the markets in which we compete may be limited; • we may be at a competitive disadvantage relative to our competitors with less indebtedness; • we are rendered more vulnerable to general adverse economic and industry conditions; • we are exposed to increased interest rate risk given that a majority of our indebtedness obligations are at variable interest rates; and • our credit ratings may be reduced, and our debt and equity securities may significantly decrease in value. Additionally, failure to pay our operating leases, debt or other fixed cost obligations or a breach of our contractual obligations could result in a variety of further adverse consequences, including the exercise of remedies by our creditors and lessors. In such a situation, it is unlikely that we would be able to cure our breach, fulfill our obligations, make required lease payments, or otherwise cover our fixed costs, which would have a material adverse effect on our business, results of operations and financial condition. In addition, several of the Company's debt agreements contain affirmative and negative covenants that, among other things, restrict the ability of the Company and its subsidiaries to enter into, create, incur, assume, or suffer to exist any liens. See " Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations " of this report for additional information regarding the Company's liquidity and capital resources as of September 30, 2023. The deployment of 5G communications systems by telecommunication service providers could interfere with aviation equipment, potentially creating a material adverse effect on our business, results of operations, and financial condition. On January 17, 2022, certain major airlines warned the United States federal government of potential adverse impacts of deploying new 5G communications systems including interfering with airplane operational and safety equipment. This could result in the cancellation of flights, diminishing safety measures, and damage to equipment. Any of these consequences could result in an adverse effect on our results of operations. The DOT and FAA have required that all United States carriers install radio altimeters that are tolerant to 5G systems by February 2024. It is uncertain whether the DOT or FAA will impose additional restrictions that could have an adverse effect on our operations. We are required to comply with certain ongoing financial and other covenants under certain credit facilities and leases, and if we fail to meet those covenants or otherwise suffer a default thereunder, our lenders and lessors may accelerate the payment of such obligations. Under our (i) credit and guaranty agreement with United (the " United Revolving Credit Facility"), we are required to comply with a minimum consolidated interest and rental coverage ratio at the end of each fiscal quarter during the term of such credit facility and a minimum liquidity level, measured at the close of any business day during the term of such credit facility, and (ii) credit agreement with EDC, we are required to comply with a minimum fixed charge coverage ratio at the end of each fiscal quarter during the term of such credit facility, (iii) aircraft lease facility (" RASPRO Lease Facility") with RASPRO we are required to comply with minimum current ratio and debt ratio covenants and a minimum available cash covenant until all amounts outstanding thereunder have been paid in full, and (iv) loan and guarantee agreement with the U. S. Department of the Treasury (the " UST Loan "), we are required to comply with a minimum collateral coverage ratio, measured monthly during the term of such credit facility, and a minimum liquidity level, measured at the close of any business day during the term of such credit facility. Failure to comply with the terms of these credit facilities and financing arrangements and the ongoing financial and other covenants thereunder would result in an event of default (as defined in the applicable credit facility and financing agreement) and, to the extent the applicable lenders so elect, an acceleration of our existing indebtedness following the expiration of any applicable cure periods, causing such debt to be immediately due and payable. Acceleration of such indebtedness would also trigger cross- default clauses under our other indebtedness. It could also result in the termination of all commitments to extend further credit under the United Revolving

Credit Facility. We currently do not have sufficient liquidity to repay all of our outstanding debt in full if such debt were accelerated. If we are unable to pay our debts as they come due, or obtain waivers for such payments, our secured lenders could foreclose on any assets securing such debt. These events could materially adversely affect our business, results of operations and financial condition. The loss of key personnel upon whom we depend on to operate our business or the inability to attract additional qualified personnel could adversely affect our business. We believe that our future success will depend in large part on our ability to retain or attract highly qualified management, technical and other personnel. We may not be successful in retaining key personnel or in attracting other highly qualified personnel. Among other things, the CARES Act imposes significant restrictions on executive compensation, which will remain in place through the date that is one year after the amounts outstanding under our Loan and Guarantee Agreement with the U. S. Department of the Treasury are fully repaid. Such restrictions, over time, will likely result in lower executive compensation in the airline industry than is prevailing in other industries which may present retention challenges in the case of executives presented with alternative, non- airline opportunities. Any inability to retain or attract significant numbers of qualified management and other personnel would have a material adverse effect on our business, results of operations, and financial condition. If the supply of pilots to the airline industry ~~remains~~ **becomes** constrained and pilot attrition ~~continues to exceed historical levels~~ **increase**, our results of operations and financial condition would be negatively impacted. In prior periods, the FAA Qualification Standards (and associated regulations) related to pilot qualification and flight training standards discussed in “ Item 1. Government Regulation ” dramatically reduced the supply of qualified pilot candidates and negatively impacted our ability to hire pilots at a rate sufficient to support required utilization levels under our CPAs, resulting in certain cases issuing credits to United, temporarily removing aircraft from service under a CPA, or performance penalties. More recently, our operations have ~~been continued to be~~ negatively impacted by the severity of the pilot shortages that have plagued the airline industry as whole, and by the associated elevated pilot attrition that we believe ~~has~~ disproportionately impacted regional airlines, including us. Our pilots continue to be recruited by other carriers, primarily the major carriers and heavy equipment cargo operators, which generally offer higher salaries and more extensive benefit programs. The magnitude of this attrition in fiscal ~~years 2022 and~~ **years 2022 and** 2023 created significant backlogs in training, further exacerbating an already challenging environment. These events have had ~~, and continue to have,~~ a negative impact on pilot scheduling, work hours, and the number of pilots required to support our operations. There has been significant press coverage ~~during fiscal 2023~~ regarding the issues stemming from the pilot shortages (namely flight cancellations and delays by the major carriers), with no airline being immune to the issues created by the pilot shortage or the associated negative press. We have taken important steps to further attract, hire and retain qualified pilots, including the implementation of significant pilot wage and bonus increases, pilot retention initiatives, increases in training capacity, **the initiation of MPD**, and other cost efficiency initiatives. ~~Since implementing~~ **In August 2022, we entered into a Letter of Agreement with the Airline Pilots Association (“ ALPA ”), which provided for increased overall hourly pay increases of nearly 118 % for captains and 172 % for new-hire first officers. these These measures have positively impacted our ability to attract , hire, and retain pilots at a sufficient rate in fiscal 2023 and 2024, and** attrition rates have returned to pre- covid levels ~~, and we have been able to hire qualified pilots at a rate sufficient to fill available classroom training spaces~~. No assurance can be given that the measures we have taken or may take in the future will enable us to attract, hire and train pilots at a rate necessary to support our operations . **In August 2022, we entered into a Letter of Agreement with the Airline Pilots Association (“ ALPA ”), which provided for increased overall hourly pay increases of nearly 118 % for captains and 172 % for new- hire first officers. These pay increases have positively impacted our ability to attract, hire, and retain pilots in fiscal 2023 and 2024, and attrition levels have dropped to a pre- COVID level** . In addition to the foregoing, our pilot premium wage and bonus initiatives have substantially increased our labor costs and continue to negatively impact our operations and financial condition. Other regional air carriers have implemented similar measures, which has only served to increase the competition for qualified pilots and the costs associated with hiring pilots. As part of our Amended and Restated United CPA, United has increased rates to cover our pilot pay increases instituted in September 2022. As such, these increased costs have not materially and adversely impact our financial condition and results of operations. If the high levels of pilot attrition return and we are unable to attract, hire and retain pilots at a rate sufficient to support required utilization levels under our CPA, we may be required to issue credits or provide offsets to United, as we have done in the past, and to reduced flight schedules with United, which has resulted in and may continue to result in monetary performance penalties under our CPA, as well as give rise to the ability of United in certain circumstances to elect to remove aircraft from the scope of our CPA. Should any of these events arise in the future, they could have a material and adverse impact on our financial condition and results of operations. Mechanic attrition, together with difficulty recruiting and retaining qualified maintenance technicians, may negatively affect our operations and financial condition. Our operations rely on qualified personnel, including maintenance technicians. Our maintenance technicians may seek employment at mainline airlines, which generally offer higher salaries and more extensive benefit programs than regional airlines are financially able to offer. Should the turnover of maintenance technicians increase, we may not be able to hire sufficient maintenance technicians to replace those leaving. Additionally, FAA regulations regarding personnel certification and qualifications, and potential future changes in FAA regulations, could limit the number of qualified new entrants that we could hire. In the event we are unable to hire and retain qualified mechanics, our business ~~and,~~ financial condition ~~,~~ **or results of operations** could be adversely affected. Increases in our labor costs, which constitute a substantial portion of our total operating costs, may adversely affect our business, results of operations and financial condition. As a result of the FAA Qualification Standards ~~and other events described above in August 2022, we entered into a Letter of Agreement with the ALPA, which provided for increased overall hourly pay increases of nearly 118 % for captains and 172 % for new- hire first officers~~ , the supply of qualified pilots has been dramatically reduced. This shortage of pilots has driven up our pilot salaries and sign- on bonuses and resulted in a material increase in our labor costs. ~~A continued~~ **Another pilot** shortage of pilots could require us to further increase our labor costs, which could result in a material reduction in our earnings. United may expand its direct

operation of regional jets or seek other independent airlines to service their regional aircraft needs, thus limiting the expansion of our relationships with them. We depend on United electing to contract with us instead of operating their own regional jets or operating their own "captive" regional airlines through wholly owned subsidiaries. Currently, the captive regional airlines include Endeavor (owned by Delta), Envoy (owned by American), PSA (owned by American), Piedmont (owned by American), and Horizon (owned by Alaska). These major airlines possess the financial and other resources to acquire and operate their own regional jets, create, or grow their own captive regional airlines, or acquire other regional air carriers instead of entering into contracts with us. We have no guarantee that in the future United will choose to enter into contracts with us, or renew their existing agreements with us, instead of operating their own regional jets, allocating flying to their captive regional airlines, or entering into relationships with competing regional airlines. A decision by United to phase out or limit our CPA or to enter into similar agreements with our competitors would have a material adverse effect on our business, financial condition, or results of operations. We may be limited from expanding our flying within United flight systems and there are constraints on our ability to provide services to airlines other than United. Additional growth opportunities within United's flight system are limited by various factors, including a limited number of independent regional aircraft that United can operate in its regional network due to "scope" clauses in the current collective bargaining agreements with their pilots that restrict the number and size of regional jets that may be operated in their flight systems not flown by their pilots. Except as contemplated by our existing agreement, we cannot be sure that United will contract with us to fly any additional aircraft. We may not have additional growth opportunities or may agree to modifications to our agreement that reduce certain benefits to us in order to obtain additional aircraft, or for other reasons. Given the competitive nature of the airline industry, we believe limited growth opportunities may result in competitors accepting reduced margins and less favorable contract terms in order to secure new or additional capacity purchase operations. Even if we are offered growth opportunities by United, those opportunities may involve economic terms or financing commitments that are unacceptable to us. Additionally, United may reduce the number of regional jets in its system by not renewing or extending existing flying arrangements with regional operators or transitioning those flying arrangements to their own captive regional carriers. Any one or more of these factors may reduce or eliminate our ability to expand our flight operations with United. Additionally, our CPA limits our ability to provide regional flying services to other airlines in certain major airport hubs of United. These restrictions may make us a less attractive partner to other major airlines whose regional flying needs do not align with our geographical restrictions. **The residual value of our owned aircraft may be less than estimated in our depreciation policies.** As of September 30, ~~2023-2024~~, we had approximately \$ ~~698-426~~ . ~~0-4~~ million of property and equipment and related assets, net of accumulated depreciation, of which \$ ~~569-353~~ . ~~9-7~~ million relates to owned aircraft. In accounting for these long-lived assets, we make estimates about the expected useful lives of the assets, the expected residual values of certain of these assets, and the potential for impairment based on the fair value of the assets and the cash flows they generate. Factors indicating potential impairment include, but are not limited to, significant decreases in the market value of the long-lived assets, a significant change in the condition of the long-lived assets and operating cash flow losses associated with the use of the long-lived assets. In the event the estimated residual value of any of our aircraft types is determined to be lower than the residual value assumptions used in our depreciation policies, the applicable aircraft type in our fleet may be impaired and may result in a material reduction in the book value of applicable aircraft types we operate or we may need to prospectively modify our depreciation policies. An impairment on any of the aircraft types we operate or an increased level of depreciation expense resulting from a change to our depreciation policies could result in a material negative impact to our financial results. For our fiscal year ended September 30, ~~2023-2024~~, we recognized approximately \$ ~~50-73~~ . ~~6-7~~ million of impairment losses on our owned aircraft and related assets. See Note ~~8-7~~ - "Balance Sheet Information" in the notes to the audited consolidated financial statements included in this Annual Report on Form 10-K for further discussion of our impairment of long-lived assets. The amounts we receive under our ~~agreements~~ **United CPA** may be less than the corresponding costs we incur. Under our CPA with United ~~and PSA with DHL~~, a portion of our compensation is based upon pre-determined rates typically applied to production statistics (such as departures and block hours flown). The primary operating costs intended to be compensated by the pre-determined rates include labor costs, including crew training costs, certain aircraft maintenance expenses and overhead costs. During our fiscal year ended September 30, ~~2023-2024~~, approximately \$ ~~77-72~~ . ~~5-1~~ million, or 13. ~~4-3~~ %, of our operating costs under our agreements were pass-through costs, excluding fuel which is paid directly to suppliers by **United our major partners**. If our operating costs for labor, aircraft maintenance and overhead costs exceed the compensation earned from our pre-determined rates under our ~~agreements~~ **agreement**, our financial position and operating results will be negatively affected. **During Strikes, labor disputes and increased unionization of our fiscal year ended workforces may adversely affect our ability to conduct our business and reduce our profitability.** As of September 30, ~~2023-2024~~, the revenue received under our CPA was not adequate to cover all corresponding costs incurred. As of September 30, 2023, approximately ~~63-62~~ . ~~1-8~~ % of our workforce was represented by labor unions, including the Air Line Pilots Association, International ("ALPA") and the Association of Flight Attendants ("AFA"). In August 2022, we entered into a Letter of Agreement with the ALPA, which provided for increased overall hourly pay increases of nearly 118 % for captains and 172 % for new-hire first officers. These pay increases have positively impacted our ability to attract, hire, and retain pilots in fiscal 2023 **and 2024**, and attrition levels have dropped to a ~~pre-COVID-covid~~ **level levels**. The inability to negotiate acceptable contracts with existing unions or with new unions could result in work stoppages by the affected workers, lost revenues resulting from the cancellation of flights and increased operating costs as a result of higher wages or benefits paid to union members. The terms and conditions of our future collective bargaining agreements may be affected by the results of collective bargaining negotiations at other airlines that may have a greater ability, due to larger scale, greater efficiency or other factors, to bear higher costs than we can. In addition, if we are unable to reach agreement with any of our unionized work groups in future negotiations regarding the terms of their collective bargaining agreements, we may be subject to work interruptions, stoppages, or shortages. We may also become subject to additional collective bargaining

agreements in the future as non-unionized workers may unionize. Our labor agreements with the ALPA and AFA are amendable as of September 30, 2023-2024. We are also subject to various ongoing employment disputes outside of the collective bargaining agreements. We consider these disputes to not be material, but any current or future dispute could become material. Relations between air carriers and labor unions in the United States are governed by the RLA. Under the RLA, collective bargaining agreements generally contain "amendable dates" rather than expiration dates, and the RLA requires that a carrier maintain the existing terms and conditions of employment following the amendable date through a multi-stage and usually lengthy series of bargaining processes overseen by the NMB. This process continues until either the parties have reached agreement on a new collective bargaining agreement, or the parties have been released to "self-help" by the NMB. In most circumstances, the RLA prohibits strikes; however, after release by the NMB, carriers and unions are free to engage in self-help measures such as lockouts and strikes. Any strike, labor dispute or increased unionization among our employees could disrupt our operations, reduce our profitability, or interfere with the ability of our management to focus on executing our business strategies. For example, if a labor strike were to continue for a specified number of consecutive days or longer, United may have cause to terminate the CPA. As a result, our business, results of operations and financial condition may be materially adversely affected. We face tail risk in that we have aircraft lease commitments that extend beyond our existing contractual terms on certain aircraft. We currently have aircraft with leases extending past the term of their corresponding agreement. We may not be successful in extending the flying contract terms on these aircraft with our major partners. In that event, we intend to pursue alternative uses for those aircraft over the remaining portions of their leases including, but not limited to, operating the aircraft with another major airline under a negotiated CPA, subleasing the aircraft to another operator or marketing them for sale. Additionally, we may negotiate an early lease return agreement with an aircraft's lessor. In such event, we may incur **substantial maintenance** cash and non-cash early lease termination costs **as part of** that would negatively impact our **leased** operations and financial condition. Additionally, if we are unable to extend a flying contract with an existing major partner but reach an agreement to place an aircraft **return** into service with a different major partner, we likely will incur inefficiencies and incremental costs, such as changing the aircraft livery, which would negatively impact our financial results. Furthermore, we have lease aircraft buyout obligations on certain aircraft due in March 2024 that we may not be able to meet. Our inability to meet such buyout obligations could have a material adverse effect on our business, results of operations, and financial condition. Our aircraft lease agreements contain provisions that require us to return aircraft airframes and engines to the lessor in a specified condition or pay an amount to the lessor based on the actual return condition of the equipment. These lease return costs are recorded in the period in which they are incurred. We estimate the cost of maintenance lease return obligations and accrue such costs over the remaining lease term when the expense is probable and can be reasonably estimated. Any unexpected increase in maintenance return costs may negatively impact our financial position and results of operations. **We may become involved in litigation that may materially adversely affect us.** From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including employment, commercial, product liability, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability and / or require us to change our business practices. Because of the potential risks, expenses, and uncertainties of litigation, we may, from time to time, settle disputes, even where we believe that we have meritorious claims or defenses. Because litigation is inherently unpredictable, we cannot assure you that the results of any of these actions will not have a material adverse effect on our business, results of operations and financial condition. **Disagreements regarding the interpretation of our CPA with United could have an adverse effect on our operating results and financial condition.** To the extent that we experience disagreements regarding the interpretation of our CPA or FSA, we will likely expend valuable management time and financial resources in our efforts to resolve those disagreements. Those disagreements may result in litigation, arbitration, settlement negotiations, or other proceedings. Furthermore, there can be no assurance that any or all of those proceedings, if commenced, would be resolved in our favor or that we would be able to exercise sufficient leverage in any **related** proceeding **relative to our major partner** to achieve a favorable outcome. An unfavorable result in any such proceeding could have adverse financial consequences or require us to modify our operations. Such disagreements and their consequences could have an adverse effect on our operating results and financial condition. We rely on third-party suppliers as the sole manufacturers of our aircraft and aircraft engines. We depend upon MHI, Boeing, and Embraer as the sole manufacturers of our aircraft and GE as the sole manufacturer of our aircraft engines. Our operations could be materially and adversely affected by the failure or inability of MHI, Boeing, Embraer or GE to provide sufficient parts or related maintenance and support services to us in a timely manner, or the interruption of our flight operations as a result of unscheduled or unanticipated maintenance requirements for our aircraft or engines. **Maintenance costs will likely increase as the age of our jet fleet increases.** The average age of our E-175, and CRJ-900, Boeing 737 and CRJ-700 type aircraft is approximately 8.7 and 9-18.2, 30.0, and 16.4 years, respectively. We have incurred relatively low maintenance expenses on our E-175 aircraft because most of the parts are under multi-year warranties and a limited number of heavy airframe checks and engine overhauls have occurred. Our maintenance costs will increase significantly, both on an absolute basis and as a percentage of our operating expenses, as our fleet ages and the E-175 warranties expire. In addition, because our current aircraft were acquired over a relatively short period of time, significant maintenance events scheduled for these aircraft will occur at roughly the same intervals, meaning we will incur our most expensive scheduled maintenance obligations across our present fleet at approximately the same time. These more significant maintenance activities will result in out-of-service periods during which aircraft are dedicated to maintenance activities and unavailable for flying under our ~~agreements~~ **agreement**. Any unexpected increase in our maintenance costs as our fleet ages or decreased revenues resulting from out-of-service periods could have an adverse effect on our cash flows, operating results, and financial condition. **If we face problems with any of our third-party service providers, our operations could be adversely affected.** Our reliance upon others to provide essential services on behalf of our operations may

limit our ability to control the efficiency and timeliness of contract services. We have entered into agreements with contractors to provide various facilities and services required for our operations, including aircraft maintenance, ground facilities and IT services, and expect to enter into additional similar agreements in the future. In particular, we rely on AAR and Aviall to provide fixed-rate parts procurement and component overhaul services for our aircraft fleet and GE to provide engine support. Our agreements with AAR, and other service providers, are subject to termination after notice. If our third-party service providers terminate their contracts with us, or do not provide timely or consistently high-quality service, we may not be able to replace them in a cost-efficient manner or in a manner timely enough to support our operational needs, which could have a material adverse effect on our business, financial condition, and results of operations. In addition, our operations could be materially and adversely affected by the failure or inability of AAR, Aviall or GE to provide sufficient parts or related maintenance and support services to us in a timely manner. **Regulatory changes or tariffs could negatively impact our business and financial condition.** We import a substantial portion of the equipment we utilize in our operations. For example, the sole manufacturers of our regional aircraft, MHI and Embraer, are headquartered in Japan and Brazil, respectively. We cannot predict the impact of potential regulatory changes or action by U. S. regulatory agencies, including the potential impact of tariffs or changes in international trade treaties on the cost and timing of parts and aircraft. Our business may be subject to additional costs as a result of potential regulatory changes, which could have an adverse effect on our operations and financial results. **The issuance of operating restrictions applicable to one of the fleet types we operate could negatively impact our business and financial condition.** We rely on a limited number of aircraft types, including CRJ-700, CRJ-900, ~~Boeing 737~~, and E-175 aircraft. The issuance of FAA or manufacturer directives restricting or prohibiting the use of the aircraft types we operate could negatively impact our business and financial results. **If we have a failure in our technology or security breaches of our information technology infrastructure our business and financial condition may be adversely affected.** The performance and reliability of our technology, and the technology of ~~United our major partners~~, are critical to our ability to compete effectively. Any internal technological error or failure or large-scale external interruption in the technological infrastructure we depend on, such as power, telecommunications, or the internet, may disrupt our internal network. Any individual, sustained or repeated failure of our technology or that of our major partners could impact our ability to conduct our business, lower the utilization of our aircraft and result in increased costs. Our technological systems and related data, and those of ~~United our major partners~~, may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers, and other security issues. In addition, as a part of our ordinary business operations, we collect and store sensitive data, including personal information of our employees and information of ~~United our major partners~~. Our information systems are subject to an increasing threat of continually evolving cybersecurity risks. Unauthorized parties may attempt to gain access to our systems or information through fraud or other means of deception. The methods used to obtain unauthorized access, disable, or degrade service or sabotage systems are constantly evolving, and may be difficult to anticipate or to detect for long periods of time. We may not be able to prevent all data security breaches or misuse of data. The compromise of our technology systems resulting in the loss, disclosure, misappropriation of, or access to, employees' or business partners' information could result in legal claims or proceedings, liability or regulatory penalties under laws protecting the privacy of personal information, disruption to our operations and damage to our reputation, any or all of which could adversely affect our business and financial condition. We are subject to various environmental and noise laws and regulations, which could have a material adverse effect on our business, results of operations and financial condition. We are subject to increasingly stringent federal, state, local, and foreign laws, regulations and ordinances relating to the protection of the environment and noise, including those relating to emissions to the air, discharges (including storm water discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous substances, oils and waste materials. We are or may be subject to new or proposed laws and regulations that may have a direct effect (or indirect effect through our third-party specialists or airport facilities at which we operate) on our operations. In addition, U. S. airport authorities are exploring ways to limit de-icing fluid discharges. Any such existing, future, new or potential laws and regulations could have an adverse impact on our business, results of operations, and financial condition. Similarly, we are subject to environmental laws and regulations that require us to investigate and remediate soil or groundwater to meet certain remediation standards. Under certain laws, generators of waste materials, and current and former owners or operators of facilities, can be subject to liability for investigation and remediation costs at locations that have been identified as requiring response actions. Liability under these laws may be strict, joint and several, meaning that we could be liable for the costs of cleaning up environmental contamination regardless of fault or the amount of wastes directly attributable to us. **Our ability to utilize our net operating loss carryforwards and certain other tax attributes may be limited.** As of September 30, 2023-2024, we had aggregate federal and state net operating loss ("NOL") carryforwards of approximately \$ 562-511.67 million and \$ 233-226.59 million, which expire in fiscal years 2027-2038 and 2022-2024, 2042-2044, respectively. Approximately \$ 194.2 million of our federal NOL carryforwards are not subject to expiration. Our unused losses generally carry forward to offset future taxable income, if any, until such unused losses expire. We may be unable to use these losses to offset income before such unused losses expire. However, US federal net operating losses generated in fiscal years 2018 and forward are not subject to expiration and, if not utilized by fiscal 2023, are only available to offset eighty percent of taxable income each year due to changes in tax law attributable to the passage of Tax Cuts and Jobs Act. In addition, if a corporation undergoes an "ownership change" (generally defined as a greater than 50 % cumulative change in the equity ownership of certain shareholders over a rolling three-year period) under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), the corporation's ability to use its pre-change net operating loss carryforwards and other pre-change tax attributes to offset future taxable income or taxes may be limited. We have experienced ownership changes in the past and may experience ownership changes as a result of future changes in our stock ownership (some of which changes may not be within our control). This, in turn, could materially reduce or eliminate our ability to use our losses or tax attributes to offset future

taxable income or tax and have an adverse effect on our future cash flows. We may not be able to successfully implement our growth strategy. Our growth strategy has historically included, among other things, providing regional flying to other airlines and / or entering into the cargo and express shipping business. We face numerous challenges in implementing this growth strategy in the future, including our ability to **obtain financing** - provide regional flying to other airlines with hub cities that overlap with our **or access capital markets** existing airline partners; and - enter into relationships with third parties to carry their cargo on terms that are acceptable to us. Our United CPA limits our ability to provide regional flying services to other airlines in certain major airport hubs of United. These restrictions may make us a less attractive partner to other major airlines whose regional flying needs do not align with our geographical restrictions. The potential benefits of entering the air cargo and express shipping sector will depend substantially on our ability to enter into additional relationships with integrated logistics companies and transition our existing business strategies into a new sector. We may be unsuccessful in entering into relationships with integrated logistics companies to carry cargo on terms that are acceptable to us. Additionally, our ability to transition our existing business strategies into a new sector may be costly, complex, and time-consuming, and our management will have to devote substantial time and resources to such effort. As we transition into this new sector, we may experience difficulties or delays in securing gate access and other airport services necessary to operate in the air cargo and express shipping sector. Our inability to successfully implement our growth strategies could have a material adverse effect on our business, financial condition, and results of operations and any assumptions underlying estimates of expected cost savings or expected revenues may be inaccurate. We may not be able to make opportunistic acquisitions should we elect to do so as part of our growth strategy. If we elect to pursue an acquisition, our ability to successfully implement this transaction would depend on a variety of factors, including the approval of our acquisition target's major partners, obtaining financing on acceptable terms and compliance with the restrictions contained in our debt agreements. If we need to obtain our lenders' consent prior to an acquisition, they may refuse to provide such consent or condition their consent on our compliance with additional restrictive covenants that limit **limited** our operating flexibility. Acquisition transactions involve risks, including those associated with integrating the operations or (as applicable) separately maintaining the operations, financial reporting, disparate technologies and personnel of acquired companies; managing geographically dispersed operations; the diversion of management's attention from other business concerns; unknown risks; and the potential loss of key employees. We may not successfully integrate any businesses we may acquire in the future and may not achieve anticipated revenue and cost benefits relating to any such transactions. Strategic transactions may be expensive, time consuming and may strain our resources. Strategic transactions may not be accretive to our earnings and may negatively impact our results of operations as a result of, among other things, the incurrence of debt, one-time write-offs of goodwill and amortization expenses of other intangible assets. In addition, strategic transactions that we may pursue could result in dilutive issuances of equity securities. There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including our significant debt and future contractual obligations, our liquidity and credit status, our operating cash flows, the market conditions in the airline industry, U. S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of commercial aircraft financing. We cannot assure you that we will be able to source external financing for future aircraft acquisitions or for other significant capital needs, and if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. To the extent we finance our activities with additional debt, we may become subject to additional financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations. **Negative publicity regarding our customer service could have a material adverse effect on our business, results of operations and financial condition.** Our business strategy includes the implementation of **United our major partners' s** brand and product in order to increase customer loyalty and drive future ticket sales. In addition, we also receive certain amounts **or incur penalties** under our United CPA upon the results of **passenger satisfaction surveys certain performance metrics**. However, we may experience a high number of passenger complaints related to, among other things, our customer service. These complaints, together with delayed and cancelled flights, and other service issues, are reported to the public by the DOT. If we do not meet **United our major partners' s** expectations with respect to reliability and service, our and **United our major partners' s** brand and product could be negatively impacted, which could result in customers deciding not to fly with **United our major partners** or with us. If we are unable to provide consistently high-quality customer service, it could have an adverse effect on our relationships with **United our major partners**. **Our Risks** associated with our presence in international emerging markets, including political or economic instability, and failure to adequately comply with existing legal requirements **be current in our SEC filings could pose significant risks to our business**, may **each of which could** materially **and** adversely affect us. Some of our target growth markets include countries with less developed economies, legal systems, financial markets and business and political environments are vulnerable to economic and political disruptions, such as significant fluctuations in gross domestic product, interest and currency exchange rates, civil disturbances, government instability, nationalization and expropriation of private assets, trafficking and the imposition of taxes or **our** other charges by governments. The occurrence of any of these events in markets served by us now or in the future and the resulting instability may have a material adverse effect on our business, results of operations and financial condition **and results of operations**. We emphasize compliance **Under the Exchange Act, the Company, as reporting company, is required to provide investors on a regular basis with all applicable laws periodic reports that contain important financial and regulations business information. Examples of these reports include the annually filed Form 10-K and the quarterly filed Form 10-Q. The timely and complete submission of periodic reports provides investors with information to help them make informed investment decisions. Our inability to timely file our periodic reports with the SEC, as occurred with our Annual Report on Form 10-K for the fiscal year ended September 30, 2023 and Quarterly Reports on Form 10-Q for the periods ended December 31, 2023, March 31, 2024, and June 30, 2024, could have implemented and- an continue adverse impact on our ability** to implement and refresh policies, procedures **among other things, (i) remain listed on the**

Nasdaq Stock Market, (ii) access our credit facilities, (iii) attract and certain- retain key ongoing training of our employees, third-party specialists and **(iv) raise funds in** partners with regard to business ethics and key legal requirements; however, we cannot assure you that our employees, third-party specialists or partners will adhere to our code of ethics, other-- **the public markets** policies or other legal requirements. If we fail to enforce our policies and procedures properly or maintain adequate recordkeeping and internal accounting practices to record our transactions accurately, **any of** we may be subject to sanctions. In the event we believe or have reason to believe our employees, third-party specialists or partners have or may have violated applicable laws or regulations, we may incur investigation costs, potential penalties and other related costs which **could** in turn may materially **and** adversely affect our reputation and could have a material adverse effect on our business, results of operations and financial condition **and results of operations**.

Risks Related to Our Industry **Future public health threats that negatively impact the** The outbreak and global spread of COVID-19 beginning in our 2020 fiscal year resulted in a severe decline in demand for air travel **could**, which has adversely impacted-- **impact the our** business of our major partners, and in turn has had an adverse impact that has been material to our business, operating results, financial condition and liquidity. The duration and severity of **a the COVID-19 pandemic, and similar** public health threats-- **threat** that we may face in the future; could result in additional adverse effects on our business, operating results, financial condition, and liquidity. **The airline industry is highly competitive and has undergone a period of consolidation and transition leaving fewer potential major partners**. The airline industry is highly competitive. We compete primarily with other regional airlines, some of which are owned by or operated by major airlines. In certain instances, our competitors are larger than us and possess significantly greater financial and other resources than we do. The airline industry has undergone substantial consolidation, including the mergers between **Alaska Airlines and Hawaiian Airlines in 2024**, Alaska Airlines and Virgin America Inc. in 2016, American and US Airways in 2013, Southwest Airlines Co. and AirTran Airways in 2011, United and Continental Airlines in 2010 and Delta and Northwest Airlines in 2008. Any additional consolidation or significant alliance activity within the airline industry could further limit the number of potential partners with whom we could enter into CPAs. **We are subject to significant governmental regulation**. All interstate air carriers, including us, are subject to regulation by the DOT, the FAA and other governmental agencies, as described in "Item 1. Government Regulation." We cannot predict whether we will be able to comply with all present and future laws, rules, regulations, and certification requirements or that the cost of continued compliance will not have a material adverse effect on our operations. We incur substantial costs in maintaining our current certifications and otherwise complying with the laws, rules, and regulations to which we are subject. A decision by the FAA to ground, or require time consuming inspections of or maintenance on, all or any of our aircraft for any reason may have a material adverse effect on our operations. In addition to state and federal regulation, airports and municipalities enact rules and regulations that affect our operations and require that we incur substantial on-going costs. Airlines are often affected by factors beyond their control, including: air traffic congestion at airports; air traffic control inefficiencies; adverse weather conditions, such as hurricanes or blizzards; increased security measures; new travel-related taxes; or the outbreak of disease; any of which could have a material adverse effect on our business, results of operations, and financial condition. Like other airlines, our business is affected by factors beyond our control, including air traffic congestion at airports, air traffic control inefficiencies, increased security measures, new travel-related taxes and fees, adverse weather conditions, natural disasters, and the outbreak of disease. Factors that cause flight delays frustrate passengers and increase operating costs and decrease revenues, which in turn could adversely affect profitability. The federal government singularly controls all U. S. airspace, and airlines are completely dependent on the FAA to operate that airspace in a safe, efficient, and affordable manner. The air traffic control system, which is operated by the FAA, faces challenges in managing the growing demand for U. S. air travel. U. S. and foreign air-traffic controllers often rely on outdated technologies that routinely overwhelm the system and compel airlines to fly inefficient, indirect routes resulting in delays. In addition, there are currently proposals before Congress that could potentially lead to the privatization of the United States' air traffic control system, which could adversely affect our business. Further, implementation of the Next Generation Air Transport System by the FAA would result in changes to aircraft routings and flight paths that could lead to increased noise complaints and lawsuits, resulting in increased costs. There are additional proposals before Congress that would treat a wide range of consumer protection issues, including, among other things, proposals to regulate seat size, which could increase the costs of doing business. Adverse weather conditions and natural disasters, such as hurricanes, winter snowstorms, or earthquakes, can cause flight cancellations or significant delays. Cancellations or delays due to adverse weather conditions or natural disasters, air traffic control problems or inefficiencies, breaches in security or other factors may affect us to a greater degree than other, larger airlines that may be able to recover more quickly from these events, and therefore could have a material adverse effect on our business, results of operations, and financial condition to a greater degree than other air carriers. Any general reduction in airline passenger traffic could have a material adverse effect on our business, results of operations, and financial condition. Terrorist activities or warnings have dramatically impacted the airline industry and will likely continue to do so. The terrorist attacks of September 11, 2001 and their aftermath have negatively impacted the airline industry in general, including our operations. If additional terrorist attacks are launched against the airline industry, there will be lasting consequences of the attacks, which may include loss of life, property damage, increased security and insurance costs, increased concerns about future terrorist attacks, increased government regulation and airport delays due to heightened security. We cannot provide any assurance that these events will not harm the airline industry generally or our operations or financial condition in particular. **The occurrence of an aviation accident involving our aircraft would negatively impact our operations and financial condition.** An accident or incident involving our aircraft 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. In the event of an accident, our liability insurance may not be adequate to offset our exposure to potential claims and we may be forced to bear substantial losses from the accident. 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, could cause a public perception that our operations are less safe or reliable than other airlines.

Risks Related to Owning Our Common Stock **The market price of** We are currently not in compliance with the Nasdaq continued listing requirements. If we are unable to regain compliance with Nasdaq's listing requirements, our securities could **common stock may** be delisted **volatile**, which could **cause the value of an investment in** our common stock's market price and liquidity and reduce our ability to **decline** raise capital. On November 3, 2023, we received a letter from the Listing Qualifications Staff of The Nasdaq Stock Market LLC ("Nasdaq") indicating that, based upon the closing bid price of our common stock for the last 30 consecutive business days, we no longer meet Nasdaq Listing Rule 5450 (a) (1), which requires listed companies to maintain a minimum bid price of at least \$ 1.00 per share. Nasdaq Listing Rule 5810 (e) (3) (A) provides a compliance period of 180 calendar days, or until May 1, 2024, in which to regain compliance with the minimum bid price requirement. If we evidence a closing bid price of at least \$ 1.00 per share for a minimum of ten consecutive business days during the 180-day compliance period, we will automatically regain compliance. In the event we do not regain compliance with the \$ 1.00 bid price requirement by May 1, 2024, we may be eligible for consideration of a second 180-day compliance period. To qualify for this additional compliance period, the Company would be required to transfer the listing of the common stock to the Nasdaq Capital Market. To qualify, the Company must meet the continued listing requirement for the applicable market value of publicly held shares requirement and all other applicable initial listing standards for the Nasdaq Capital Market, with the exception of the minimum bid price requirement. In addition, the Company would also be required to notify Nasdaq of its intent to cure the minimum bid price deficiency. If we fail to regain compliance with the Nasdaq continued listing standards, Nasdaq will provide notice that our common stock will be subject to delisting. We would then be entitled to appeal that determination to a Nasdaq hearings panel. The notification has no immediate effect on the listing of our common stock on Nasdaq. We intend to monitor the closing bid price of our common stock and consider our available options in the event the closing bid price of our common stock remains below \$ 1.00 per share. We cannot assure you that we will be able to regain compliance with Nasdaq listing standards. Our failure to continue to meet the minimum bid requirement would result in our common stock being delisted from Nasdaq. We and holders of our securities could be materially adversely impacted if our securities are delisted from Nasdaq. In particular: • we may be unable to raise equity capital on acceptable terms or at all; • we may lose the confidence of our customers, which would jeopardize our ability to continue our business as currently conducted; • the price of our common stock will likely decrease as a result of the loss of market efficiencies associated with Nasdaq and the loss of federal preemption of state securities laws; • holders may be unable to sell or purchase our securities when they wish to do so; • we may become subject to stockholder litigation; • we may lose the interest of institutional investors in our common stock; • we may lose media and analyst coverage; • our common stock could be considered a "penny stock," which would likely limit the level of trading activity in the secondary market for our common stock; and • we would likely lose any active trading market for our common stock, as it may only be traded on one of the over-the-counter markets, if at all. The market price of our common stock may fluctuate substantially due to a variety of factors, many of which are beyond our control, including: (i) announcements concerning our major partners, competitors, the airline industry, or the economy in general; (ii) strategic actions by us, our major partners, or our competitors, such as acquisitions or restructurings; (iii) media reports and publications about the safety of our aircraft or the types of aircraft we operate; (iv) new regulatory pronouncements and changes in regulatory guidelines; (v) announcements concerning the availability of the types of aircraft we use; (vi) significant volatility in the market price and trading volume of companies in the airline industry; (vii) changes in financial estimates or recommendations by securities analysts or failure to meet analysts' performance expectations; (viii) sales of our common stock or other actions by insiders or investors with significant shareholdings, including sales by our principal shareholders; and (ix) general market, political and other economic conditions; and (x) in response to the risk factors described in this Annual Report on Form 10-K. The stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of particular companies. Broad market fluctuations may materially adversely affect the trading price of our common stock. In the past, shareholders have sometimes instituted securities class action litigation against companies following periods of volatility in the market price of their securities. Any similar litigation against us could result in substantial costs, divert management's attention and resources, and have a material adverse effect on our business, results of operations and financial condition. If securities or industry analysts do not publish research or reports about our business or publish negative reports about our business, our stock price and trading volume could decline. The trading market for our common stock depends in part on the research and reports that securities and industry analysts may publish about us or our business. If one or more of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the trading price of our common stock would likely decline. If one or more of these analysts ceases to cover our company or fails to publish reports on us regularly, demand for our stock could decrease, which may cause the trading price of our common stock and the trading volume of our common stock to decline. The value of our common stock may be materially adversely affected by additional issuances of common stock underlying our outstanding warrants. As of September 30, 2023-2024, we had outstanding warrants to purchase an aggregate of 4,899,497 shares of our common stock, all of which were issued to the U. S. Treasury pursuant to the terms of the Loan and Guarantee Agreement dated October 30, 2020. The warrants have a term of five years from the date of issuance and an initial exercise price of \$ 3.98 per share. Any future warrant exercises by the U. S. Treasury, or any authorized transferee of the U. S. Treasury, will be dilutive to our existing common shareholders. Sales of substantial amounts of our common stock in the public or private market, a perception in the market that such sales could occur, or the issuance of securities exercisable into our common stock, could adversely affect the prevailing price of our common stock. Provisions in our charter documents might deter acquisition bids for us, which could adversely affect the price of our common stock. Our second amended and restated articles of incorporation and amended and restated bylaws contain provisions that, among other things: • authorize our Board of Directors, without shareholder approval, to designate and fix the voting powers, designations, preferences, limitations, restrictions, and relative rights of one or more series of preferred stock so

designated, or right to acquire such preferred stock; ▪ dilute the interest of, or impair the voting power of, holders of our common stock and could also have the effect of discouraging, delaying, or preventing a change of control; ▪ establish advance notice procedures that shareholders must comply with in order to nominate candidates to our Board of Directors and propose matters to be brought before an annual or special meeting of our shareholders, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company; ▪ authorize a majority of our Board of Directors to appoint a director to fill a vacancy created by the expansion of our Board of Directors or the resignation, death or removal of a director, which may prevent shareholders from being able to fill vacancies on our Board of Directors; ▪ restrict the number of directors constituting our Board of Directors to within a set range, and give our Board of Directors exclusive authority to increase or decrease the number of directors within such range, which may prevent shareholders from being able to fill vacancies on our Board of Directors; and ▪ restrict the ability of shareholders to call special meetings of shareholders. Our corporate charter includes provisions limiting ownership by non- U. S. citizens. To comply with restrictions imposed by federal law on foreign ownership of U. S. airlines, our second amended and restated articles of incorporation restrict the ownership and voting of shares of our common stock by people and entities who are not "citizens of the United States" as that term is defined in 49 U. S. C. § 40102 (a). That statute defines "citizen of the United States" as, among other things, a U. S. corporation, of which the president and at least two- thirds of the board of directors and other managing officers are individuals who are citizens of the United States, which is under the actual control of citizens of the United States and in which at least 75 % of the voting interest is owned or controlled by persons who are citizens of the United States. Our second amended and restated articles of incorporation prohibit any non- U. S. citizen from owning or controlling more than 24.9 % of the aggregate votes of all outstanding shares of our common stock or 49.0 % of the total number of outstanding shares of our capital stock. The restrictions imposed by the above- described ownership caps are applied to each non- U. S. citizen in reverse chronological order based on the date of registration on our foreign stock record. At no time may shares of our capital stock held by non- U. S. citizens be voted unless such shares are reflected on the foreign stock record. The voting rights of non- U. S. citizens having voting control over any shares of our capital stock are subject to automatic suspension to the extent required to ensure that we are in compliance with applicable law. In the event any transfer or issuance of shares of our capital stock to a non- U. S. citizen would result in non- U. S. citizens owning more than the above- described cap amounts, such transfer or issuance will be void and of no effect. As of September 30, 2023-2024, we had outstanding warrants to purchase 4,899,497 shares of our common stock, all of which were held by the U. S. Treasury. We are currently in compliance with all applicable foreign ownership restrictions. Our corporate charter limits certain transfers of our stock, which limits are intended to preserve our ability to use our net operating loss carryforwards, and these limits could have an effect on the market price and liquidity of our common stock. To reduce the risk of a potential adverse effect on our ability to use our net operating loss carryforwards for federal income tax purposes, our second amended and restated articles of incorporation prohibit the transfer of any shares of our capital stock that would result in (i) any person or entity owning 4.75 % or more of our then- outstanding capital stock, or (ii) an increase in the percentage ownership of any person or entity owning 4.75 % or more of our then- outstanding capital stock. These transfer restrictions expire upon the earliest of (i) the repeal of Section 382 of the Code or any successor statute if our Board of Directors determines that such restrictions are no longer necessary to preserve our ability to use our net operating loss carryforwards, (ii) the beginning of a fiscal year to which our Board of Directors determines that no net operating losses may be carried forward, or (iii) such other date as determined by our Board of Directors. These transfer restrictions apply to the beneficial owner of the shares of our capital stock. The clients of an investment advisor are treated as the beneficial owners of stock for this purpose if the clients have the right to receive dividends, if any, the power to acquire or dispose of the shares of our capital stock, and the right to proceeds from the sale of our capital stock. Certain transactions approved by our Board of Directors, such as mergers and consolidations meeting certain requirements set forth in our articles of incorporation, are exempt from the above- described transfer restrictions. Our Board of Directors also has the ability to grant waivers, in its discretion, with respect to transfers of our stock that would otherwise be prohibited. The transfer restrictions contained in our second amended and restated articles of incorporation may impair or prevent a sale of common stock by a shareholder and may adversely affect the price at which a shareholder can sell our common stock. In addition, this limitation may have the effect of delaying or preventing a change in control of the Company, creating a perception that a change in control cannot occur or otherwise discouraging takeover attempts that some shareholders may consider beneficial, which could also adversely affect the market price of our common stock. We cannot predict the effect that this provision in our second amended and restated articles of incorporation may have on the market price of our common stock. We currently do not intend to pay dividends on our common stock and, consequently, your only opportunity to achieve a return on your investment is if the price of our common stock appreciates. We have not historically paid dividends on shares of our common stock and do not expect to pay dividends on such shares in the foreseeable future. Additionally, our United CPA, certain of our aircraft lease facilities, and our loan with the U. S. Treasury contain restrictions that limit our ability to or prohibit us from paying dividends to holders of our common stock. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our results of operations, financial condition, capital requirements, restrictions contained in current or future leases and financing instruments, business prospects and such other factors as our Board of Directors deems relevant, including restrictions under applicable law. Consequently, your only opportunity to achieve a positive return on your investment in us will be if the market price of our common stock appreciates. **Risks Related to our Merger with Republic Airways Holdings Inc. The merger of Republic Airways Holdings Inc. (" Republic ") with and into the Company (the " Merger ") is subject to conditions, some or all of which may not be satisfied, or completed on a timely basis, if at all. Failure to complete the Merger in a timely manner or at all could have adverse effects on the Company. The completion of the merger of Republic with and into the Company is subject to a number of conditions, including, among others: (i) approval of the transactions contemplated under the Agreement, Plan of Conversion and Plan of Merger (the " Merger Agreement ") by**

(a) the holders of at least two-thirds of the outstanding shares of Republic common stock entitled to vote thereon and (b) the holders of a majority of the outstanding shares of Company common stock, (ii) expiration of the waiting period (or extension thereof) under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, (iii) effectiveness of the registration statement relating to the transaction, (iv) the shares of Company common stock to be issued in the Merger being approved for listing on NASDAQ, (v) no governmental entity shall have enacted, issued, promulgated, enforced or entered any law or order that has the effect of making illegal, enjoining, or otherwise restraining or prohibiting the consummation of the transactions contemplated under the Merger Agreement, (vi) the receipt of requisite approvals from specified aviation authorities, (vii) the representations and warranties of the other party being true and correct, subject to the materiality standards contained in the Merger Agreement, (viii) material compliance by the other party with its covenants, (ix) no material adverse effect having occurred with respect to the other party since the signing of the Merger Agreement, (x) the satisfaction of certain specified conditions of the Three Party Agreement among the Company, Republic, and United, (xi) United shall not have materially breached the terms of the CPA Side Letter (as defined in the Merger Agreement) or provided the Company or Republic with written notice of its intention not to perform or comply with any of the terms or conditions under the Go-Forward CPA (as defined in the Merger Agreement), and (xiii) the filing by the Company of its Form 10-Q for the period ended December 31, 2024. If the Merger is not completed, the Company's ongoing business, financial condition, financial results and stock price may be materially adversely affected. The market price of our common stock after the Merger may be affected by factors different from those affecting the price of our common stock before the Merger. After completion of the Merger, the results of operations as well as the price of our common stock may in the future be affected by factors different from those factors affecting the Company and Republic, respectively, as independent standalone companies. The Company, following the Merger, may face additional risks and uncertainties that the Company is currently not be exposed to as an independent company. Potential litigation against the Company and / or Republic could result in substantial costs, an injunction preventing the completion of the Merger and / or a judgment resulting in the payment of damages. Securities class action lawsuits and derivative lawsuits are often brought against public companies that have entered into merger agreements. Even if such a lawsuit is unsuccessful, defending against these claims can result in substantial costs. An adverse judgment could result in monetary damages, which could have a negative impact on the Company's liquidity and financial condition. Stockholders of the Company or Republic may file lawsuits against the Company, Republic and / or the directors and officers of each company in connection with the Merger. These lawsuits could prevent or delay the completion of the Merger and result in significant costs to the Company, including any costs associated with the indemnification of the Company's directors and officers. There can be no assurance that any of the defendants will be successful in the outcome of any potential lawsuits. The Merger is subject to the requirements of the HSR Act, and regulatory authorities may impose conditions that could have an adverse effect on the Company and / or Republic following the Merger or that could delay, prevent or increase the costs associated with completion of the Merger. Before the Merger may be completed, all applicable waiting periods (or extensions thereof) under the provisions of the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (the "HSR Act") must have expired or been terminated. In deciding whether to grant the required approvals, consents, registration, permits, expirations or terminations of the waiting periods, authorizations or other confirmations, the relevant governmental entities may impose requirements, limitations or costs or place restrictions on the conduct of our business following the acquisitions. Under the Merger Agreement, the Company and Republic, as applicable, have agreed to use their respective reasonable best efforts to cause the expiration or termination of the applicable waiting periods under any applicable Competition Laws (as defined the Merger Agreement) as soon as reasonably practicable following the date of the Merger Agreement (and prior to the Outside Date specified in the Merger Agreement). However, notwithstanding the foregoing, Republic is not required to (and no member of the Parent Group (as defined in the Merger Agreement) shall without the prior written consent of Republic) agree to any term, condition, obligation, liability, requirement, limitation, qualification, remedy, commitment, sanction or other action imposed, required or requested by a governmental entity, including but not limited to selling, holding separate or otherwise disposing of or conducting their business (or, following the closing, the combined business) in a specified manner, or agree to sell, hold separate or otherwise dispose of or conduct their business (or, following the closing, the combined business) in a specified manner, or entering into or agreeing to enter into a voting trust arrangement, proxy arrangement, "hold separate" agreement or arrangement or similar agreement or arrangement with respect to the assets, operations or conduct of their business (or, following the closing, the combined business) in a specified manner, or permitting the sale, hold separate or other disposition of, any assets of the Company, Republic or their respective affiliates, or otherwise take any action that limits the freedom of action with respect to, or its ability to retain any of the businesses, product lines or assets of, the Company or Republic. Governmental authorities may also impose conditions, terms, obligations or restrictions in connection with their approval of or consent to the Merger, and such conditions, terms, obligations or restrictions may delay completion of the Merger or impose additional material costs. There can be no assurance that governmental authorities will choose not to impose such conditions, terms, obligations, or restrictions, and, if imposed, such conditions, terms, obligations or restrictions may delay or lead to the abandonment of the Merger. At any time before or after consummation of the Merger, notwithstanding the early termination of the applicable waiting period under the HSR Act, the Federal Trade Commission, the Antitrust Division of the U. S. Department of Justice, or any state could take such action under U. S. antitrust laws as it deems necessary or desirable in the public interest, including seeking (i) to enjoin the completion of the Merger, (ii) to require divestiture of assets of the Company, Republic or their respective subsidiaries, (iii) to require the parties to take other actions or agree to other restrictions limiting the freedom of action of the parties.

General Risk Factors The requirements of being a public

company may strain our resources, increase our operating costs, divert management' s attention, and affect our ability to attract and retain qualified board members or executive officers. We became a public company in August 2018. As a public company, we incur significant legal, accounting, and other expenses, including costs associated with public company reporting requirements. We also have incurred and will continue to incur costs associated with the Sarbanes- Oxley Act of 2002, as amended, the Dodd- Frank Wall Street Reform and Consumer Protection Act and related rules implemented or to be implemented by the SEC and the Nasdaq **Capital Global Select** Market. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time- consuming and costly and divert management' s time and attention from revenue- generating activities to compliance activities. It could also make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees, or as our executive officers and may divert management' s attention. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation. **37** ~~We are required to assess our internal control over financial reporting on an annual basis, and any future adverse findings from such assessment could result in a loss of investor confidence in our financial reports, result in significant expenses to remediate any internal control deficiencies and have a material adverse effect on our business, results of operations and financial condition. We are required, pursuant to Section 404 of the Sarbanes- Oxley Act, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting for our fiscal year ended September 30, 2023 and each subsequent year. This assessment includes disclosure of any material weaknesses identified by our management in our internal control over financial reporting. As of August 10, 2023, we are no longer an "emerging growth company," as defined in the JOBS Act. As such, our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting and we are required to disclose, to the extent material, changes made in our internal control over financial reporting on a quarterly basis. To comply with the requirements of being a public company, we may need to undertake various actions, such as implementing new internal controls and procedures and hiring accounting or internal audit staff. Management assessed the effectiveness of our internal control over financial reporting at September 30, 2023. In making these assessments, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). Based on our assessments and those criteria, management determined that we maintained effective internal control over financial reporting as of September 30, 2023. In future periods, if we fail to achieve and maintain an effective internal control environment, it could result in material misstatements in our financial statements and failure to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information and adversely impact our stock price.~~