

Risk Factors Comparison 2024-03-27 to 2023-03-24 Form: 10-K

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Certain factors may have a material adverse effect on our business, financial condition and results of operations. You should consider carefully the risks and uncertainties described below, in addition to other information contained in this ~~Annual Report on Form 10-K~~, including our financial statements and related notes. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business, financial condition and operating results.

Risks Relating to Our Business Our growth depends in part upon our ability to enter into new ground leases at airports, and we may be unsuccessful in identifying and consummating attractive new ground leases or taking advantage of other investment opportunities, which would impede our growth and materially and adversely affect our business and results of operation. Our ability to expand through new ground leases at airports is integral to our long- term business strategy and requires that we identify and consummate suitable new ground leases or investment opportunities in real estate properties for our portfolio that meet our investment criteria and are compatible with our growth strategy. Our ability to enter into new ground leases on favorable terms, or at all, may be adversely affected by the following significant factors: • we may not be able to negotiate new ground leases with airport authorities on attractive terms or at all; • we may encounter competition from other potential ground lessors, which could significantly increase the lease rate for properties we seek to lease; • we may incur significant costs and divert management attention in connection with evaluating and negotiating potential new ground leases, including ones that we are subsequently unable to complete; • even if we enter into letters of intent or conditional agreements for new ground leases of airport properties, these agreements are subject to customary closing conditions, including, but not limited to, the satisfactory results of our due diligence investigations and local government and municipal authority approvals; and • we may be unable to obtain financing for the development of additional sites on favorable terms, or at all, as a result of our existing indebtedness, market conditions or other factors. Our ability to meet our obligations under our ground leases and our indebtedness is dependent on our ability to enter into and collect lease payments from tenants. Our ability to meet our obligations under the ground leases and our debt service obligations will depend on our ability to generate revenues sufficient in the aggregate to make our payments under the ground leases and our debt service obligations under our outstanding indebtedness and any other indebtedness incurred in the future. Our ability to generate revenues may be adversely affected by a wide variety of unforeseen or unforeseeable events and conditions, including, without limitation, economic changes affecting the ~~HBS~~ industry generally, the airports or the tenants specifically, any of which could result in a default under the tenant leases. In addition, the ability of tenant leases to generate revenues may be adversely affected by competition from other facilities within or outside the airports where the facilities are located, including construction of new facilities at the airports at which we operate or the expansion of hangar facilities by competitors at nearby airports. There can be no assurances that the airports or their competitors will not undertake future improvements that may adversely impact the ability of tenant leases to generate revenues. Moreover, the terms of our tenant leases currently in place do not extend past the final maturity date of our bond debt. Our ability to make payments under the ground leases or under our debt service obligations through their final maturity will depend upon our success in renewing current tenants or in re- leasing these facilities. The loss of one or more of **our** tenants may (without a similar tenant or tenants to replace such tenant or tenants) have a material adverse effect on our ability to collect rental revenue sufficient to meet our obligations. We have a substantial amount of indebtedness outstanding, which may expose us to the risk of default under our debt obligations, restrict our operations and our ability to grow our business and revenues. ~~Our~~ **The majority of our** outstanding indebtedness is secured under the terms of the Series 2021 ~~PABs Bonds~~. We intend to incur additional debt in connection with new hangar projects at new airport locations, refinancing of existing indebtedness, future acquisitions, or for other purposes. In addition, the Series ~~PABs~~ **2021 Bonds** include, and we expect any other indebtedness we incur in the future to include, customary events of default, the occurrence of any of which, after any applicable cure period, would permit the holders of such indebtedness, among other things, to accelerate payment of all amounts outstanding under such indebtedness and to exercise their remedies with respect to the collateral, including foreclosure and sale of the real estate interests securing the loans. If any one of these events were to occur, our business and results of operations could be materially and adversely affected. Secured debt obligations, including those under the Series 2021 ~~PABs Bonds~~, expose us to the possibility of defaults and cross- defaults, as well as foreclosure, which could result in the loss of our investment in a property or group of properties subject to mortgage debt. Each constructed and in- construction facility in our portfolio is subject to secured indebtedness under the Series 2021 ~~PABs Bonds~~. Secured debt obligations increase the risk of property losses because defaults on indebtedness secured by properties may result in foreclosure actions initiated by holders of the Series 2021 ~~PABs Bonds~~, its trustee, or other lenders and ultimately our loss of the property securing any loans for which it is in default. As described above, our current tenant leases do not extend past the maturity date of the Series 2021 ~~PABs Bonds~~, and as a result we will be required to re- lease hangars as vacancies arise in order to continue to generate revenue to meet our debt service obligations under the Series 2021 ~~PABs Bonds~~. If any of our facilities are foreclosed upon due to a default, it could materially and adversely affect our business and results of operations. In addition, the agreements that govern our current indebtedness contain, and the agreements that may govern any future indebtedness that we may incur may contain, financial and other restrictive covenants, which may limit our ability to engage in activities that may be in our long- term best interests. Our failure to comply with those covenants could result in an

event of default that, if not cured or waived, could result in the acceleration of our debt and loss of any collateral securing such debt. Our growth will depend on our access to external sources of capital, and our ability to obtain financing or access capital markets may be limited. Our growth will depend on external sources of capital in order to finance the development of new properties. We may not be able to obtain such financing on favorable terms, in the time period we desire, or at all. There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including future debt and future contractual obligations, our liquidity and credit status, our operating cash flows, the trading price of our Class A Common Stock, the market conditions in the aviation and / or real estate industries, U. S. and global economic conditions, and the general state of the capital markets. We cannot assure you that we will be able to source external financing for our capital needs, and if we are unable to source financing on acceptable terms or at all, our business could be materially adversely affected. If we cannot obtain capital from third- party sources, we may not be able to grow our business when strategic opportunities exist, meet the capital and operating needs of our existing properties or satisfy our debt service obligations. To the extent we finance our activities with additional debt, we may become subject to financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations. Increases in market interest rates or unavailability of additional indebtedness may make it difficult for us to finance or refinance our debt, which could have a material adverse effect on our financial condition, results of operations and growth prospects. We expect to issue additional debt to finance future site developments and higher interest rates would impact our overall economic performance. In addition, we are subject to credit spreads demanded by fixed income investors. As a non-rated issuer, increases in general of credit spreads in the market, or for us, may result in a higher cost of borrowing in the future **particularly if interest rates remain at elevated levels as compared to when we issued our debt that is currently outstanding**. If additional indebtedness is unavailable to us at reasonable rates or at all, we may not be able to finance additional projects or refinance existing debt when it becomes due. If interest rates are higher when we refinance our debt, our income and cash flow could be reduced as a result of increased debt service requirements, which may hinder our ability to raise more capital by issuing more stock or by borrowing money. Our ability to successfully issue any additional debt will depend on a range of factors, including general economic conditions, the level of activity in capital markets generally, and the terms of our existing indebtedness then in effect. Adverse economic and geopolitical conditions and dislocations in the credit markets could have a material adverse effect on our financial condition, results of operations, cash flow, and ability to service our debt and ground lease obligations. Our business has been, and may in the future be, affected by market and economic challenges experienced by the U. S. economy or the real estate industry as a whole, increased inflation and rising interest rates. Such conditions may materially and adversely affect us as a result of the following potential consequences, among others: • a decreased demand for private airport hangar space, which would cause our rental rates to be negatively impacted ; • our ability to obtain financing on terms and conditions that we find acceptable, or at all, may be limited, which could reduce our ability to pursue new ground leases and development sites; and • declines in the financial condition of our tenants could make it more difficult to collect rental revenue from them. If the U. S. economy experiences an economic downturn, we may experience delays in leasing vacant sites, which could negatively impact our financial condition, results of operations, cash flow, and ability to service our debt obligations. Furthermore, our ability to grow and lease new sites will be inhibited. An epidemic, pandemic or contagious disease, **such as including the ongoing COVID- 19 pandemic**, could have a material adverse effect on our business and results of operations. We face risks related to an epidemic, pandemic or contagious disease, **such as including the ongoing COVID- 19 pandemic**, which have impacted, and in the future could impact, the markets in which we operate and could materially and negatively impact our business and results of operations. The impact of such events and measures to prevent the spread of such an event could materially and adversely affect our business in a number of ways. For example, reductions in passenger volumes and flights, as well as by the broader economic shutdown resulting from an epidemic, pandemic or contagious disease could materially and negatively impact our business and results of operations. **The Furthermore as the COVID- 19 pandemic continues to subside, the** demand for private air travel that increased during the pandemic may decrease, which may result in decreased demand for private airport hangar space and could materially and negatively impact our business and results of operations. We **have in the past and** may **again in the future** be required to record impairment charges to future earnings if our long- lived assets become impaired. Accounting principles generally accepted in the United States of America (“ GAAP ”) require us to assess our long- lived assets for impairment at least annually. In addition, we assess our long- lived assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Depending on the results of our review, we could be required to record a significant charge to earnings in our consolidated financial statements during the period in which any impairment of our long- lived assets were determined, negatively impacting our results of operations. **In For example, in** June 2022, the Company evaluated the development progress related to its smart hangar app. In connection with this evaluation, the Company recognized an impairment loss of approximately \$ 0. 2 million during the year ended December 31, 2022. See “ Note **5-7** — Long- lived assets ” in the Notes to our Consolidated Financial Statements for more information regarding our 2022 impairment of long- lived assets. The industry in which we operate is subject to significant competition and our failure to effectively compete could have a material adverse effect on our business and results of operations. The hangar space rental segment of the aviation services industry in which we operate is very competitive. We compete with national, regional and local FBO and other hangar real estate companies. Competitor aircraft hangar operators at an airport compete based on various factors, including location of their facilities relative to runways and street access, service, value added features, reliability, and price. Our **HBS home basing** hangar campuses compete with one or more hangar operators at their respective airports and with operators at nearby airports. Furthermore, ground leases related to **HBS home basing hangar campus** and FBO operations may be subject to competitive bidding at the end of their term. Our competitors may include hangar operators currently operating at certain airports, as well as possible entrants into our market due to new entrants, consolidation, merger, modification of airport master plans, or any other number of factors. These entrants may have additional financial or other resources and / or lower cost structures than us. Other

competitors have been in business longer than us. Having greater financial resources may make it easier for these competitors to absorb higher construction costs and other increases in expenses. This could impact our business and results of operations. Our **HBS home basing** hangar campuses do not have the right to be the sole provider of services at any airport. Furthermore, despite limited space for further development at certain airports, existing competitors with FBO facilities located at our current or future airports could expand their hangar facilities and additional operators of **HBS home basing hangar campuses** could begin operations at such airports. Competitors might seek acquisitions in regions and markets competitive to us. Given the variety of factors that impact competitiveness within the **HBS home basing hangar campus** industry, we can give no assurance that we will be able to successfully compete, which could, in turn, result in a decline in the trading price of our securities. The growth and success of our business is subject to our ability to market, and to attract, and retain tenants. Our future success depends upon our ability to attract and retain tenants for hangars at our **HBS home basing** hangar campuses. The extent to which we achieve growth in our customer base materially influences our business and results of operation. Any number of factors could affect our ability to grow our customer base, including tenant preferences for hangar space and related services, including size and location of the hangar, as well as general economic conditions. The level and volatility of fuel prices may also impact the general aviation industry and our ability to attract and retain tenants. In addition, our ability to attract and retain customers may be dependent on other factors outside of our control, including the future trend of private aircraft sizes, the availability of alternative hangars, including size, location and / or services provided, as well as the external perception of us. Any significant decline in our customer base, or in our rate of growth, could have a material adverse effect on our business and results of operations, which could, in turn, result in a decline in the trading price of our securities. Our rental revenue is concentrated within a small number of tenants and the loss of or default by one or more significant tenants could have a material adverse effect on our business and results of operations. ~~Our~~ **For the year ended December 31, 2023, our** two largest tenants contributed **30 %** a substantial portion of our revenues. Both of these tenants have ongoing leases with us that expire in December ~~2023-2026~~ and November 2025, respectively (assuming no exercise of tenant option extensions). If any of our most significant tenants, currently or in the future, were to discontinue or otherwise reduce their use of our **HBS home basing** hangar campuses or other services, our business and results of operation would be materially and adversely affected. Our capital projects are subject to uncertainties, including the possibility of delays, cost overruns, and inflation, which could have a material adverse effect on our business, results of operation and market reputation. The estimated costs of, and the projected schedule for, our capital projects are subject to a number of uncertainties. Our ability to complete these projects within budgets and on expected schedules may be adversely affected by various factors including: • estimating errors; • design and engineering errors; • cost increases because of demand for labor and materials; • contractors' difficulty in predicting costs over a lengthy construction period; • the need to estimate costs of unbid project elements; • changes to the scope of the projects; • delays in contract awards; • material and / or labor shortages; • unforeseen site conditions; • adverse weather conditions; • contractor defaults and bankruptcy; • labor disputes; • unanticipated levels of inflation; • litigation; and • environmental issues. Inflationary and supply chain pressures have **previously** led to increased construction materials costs, specifically associated with steel, concrete, and other materials. We believe we **will may** continue to experience such pressures in future quarters, as well as delays in our **subsidiaries' and** contractors' ability to requisition such materials. These pressures have led to an overall increase in budgeted and actual construction costs, as well as delays in starting and completing certain of our development projects, particularly at our Centennial and Deer Valley Airport development projects. No assurance can be given that the costs of our projects will not exceed budgets or the guaranteed maximum price for such projects or that the completion will not be delayed beyond the projected completion dates. Any such cost overruns or delays could have a material adverse effect on our business, results of operations or market reputation, which could, in turn, result in a decline in the **value market price** of our **Class A** Common Stock. **The production of our hangar buildings is subject to design and construction defects, product liability, and other claims that could be significant and costly, which may delay our construction projects and could have a material adverse effect on our business and results of operations. In May 2023, we acquired a controlling interest in a pre-engineered metal building manufacturer with the intention to design and manufacture our own hangar prototypes for our home basing hangar campuses. As a manufacturer of hangar buildings, we are subject to design and construction defects, product liability and other claims in the ordinary course of business. These defects and claims are common in the pre-engineered metal building industry and can be significant and costly to remediate, and may cause delays to our home basing hangar campus construction projects. For example, in December 2023, we engaged several structural engineering firms to perform an independent peer review of the hangar buildings designed for our DVT Phase I and APA Phase I development projects. The independent peer reviews determined that a significant design defect existed within our prototype hangar building designs that will require retrofitting to both meet and exceed our standards. The anticipated retrofitting efforts are also expected to be applied to ADS Phase I, and we project that the aggregate additional cost of such retrofits could total \$ 26 to \$ 28 million and require an additional three to five months of construction time for each project impacted. Future costs associated with our adherence to our standards and relevant local building codes could be significant, and may exceed our estimates of construction costs and timelines, which could have a material adverse effect on our business, cash flows, or results of operations. In addition, our acquisition of a controlling interest in a pre-engineered metal building manufacturer may in the future subject us to a variety of legal proceedings and legal compliance risks in respect to various issues, including product liability, regulatory, safety, environmental, employment, and intellectual property matters that arise in the ordinary course of its business and in its industry, including matters that may have existed prior to our acquisition and claims that have not been asserted. We and many of our subcontractors have general liability, property, workers compensation, professional, and other business insurance. This insurance is intended to protect us against a portion of our risk of loss from defects and claims, subject to certain deductibles and coverage limits. The availability of insurance for design and construction defects, and the**

scope of the coverage, are currently limited and the policies that can be obtained are costly and often include substantial exclusions. There can be no assurance that insurance coverage will be available for such defects and claims, or that such coverage will not be further restricted or become more costly.

Failure to adequately maintain our HBS home basing hangar campuses or the integrity of our fuel supplies may have a material adverse impact on the revenue or market share of one or more of our HBS home basing hangar campuses resulting in a decline in operations of the business. HBS Home basing hangar campuses and FBO operators compete, in part, based on the overall quality and attractiveness of their facilities. Inadequate maintenance of any of the hangars or other assets comprising our HBS home basing hangar campuses could result in customers' electing not to utilize us where another provider operates, or to elect not to use a particular airport where an alternative operator in the same market exists. The resulting decline in tenants or negative impact on our reputation could adversely impact revenue, including from more than one facility, which would have a material adverse effect on our business and results of operation. Aircraft owners and operators rely on HBS home basing hangar campuses and FBO operators to control the quality of the fuel they provide. Failure to maintain the integrity of fuel supplies as a result of inadequate or inappropriate procedures or maintenance of fuel storage facilities, fuel trucks or related equipment on our part or our suppliers, including FBOs, could result in the introduction of contaminants and could lead to damage or failure of aircraft and could adversely impact the reputation, revenue, and / or profitability of our business. The growth and success of our business is dependent on the continued service of certain key employees and the ability to recruit and retain new employees. We are dependent on the continued availability of the services of our employees, many of whom are individually key to our current and future success, as well as the availability of new employees to implement our development plans. Because our management team and key employees are not obligated to provide us with continued service, they could terminate their employment with us at any time. In addition, the market for employees is highly competitive, especially for employees in fields such as aviation and real estate. While our compensation programs are intended to attract and retain the employees required for us to be successful, ultimately, we may not be able to retain the services of all of our key employees or a sufficient number to execute our development plans. In addition, we may not be able to continue to attract new employees as required. In the event we are unable to attract and retain talent sufficient to support our development plans, our business and results of operations may be adversely affected.

Our management team has no prior experience operating a public company, and we cannot assure you that the past experience of our senior management team will be sufficient to successfully operate as a public company. While certain members of our senior management team and directors have extensive experience in real estate, aviation, development, management and finance, no members of our senior management team and Board of Directors have prior experience in operating a public company. As a public company, we are required to develop and implement substantial control systems, policies and procedures in order to satisfy the company's periodic SEC reporting. We previously identified cannot assure you that management's past experience will be sufficient to successfully develop and implement these systems, policies and procedures and to operate a public company, which could have a material adverse effect on a weakness in our business, results of operation, and value of our Class A Common Stock. We are not required to have our outside auditor attest to the effectiveness of our internal controls for several years. If we fail to maintain effective internal control over financial reporting, which was recently remediated. We may identify additional material weaknesses in the future that may cause us to fail to meet our reporting obligations or result in material misstatements of our financial statements. If we may not be able fail to remediate any material weaknesses or if we otherwise fail to establish and maintain effective control over financial reporting, our ability to accurately and timely report our financial results could be, which may adversely affect affected investor confidence in the Company and, as a result, the value of our Common Stock. Our management is responsible for establishing and maintaining adequate As previously disclosed, we identified a material weakness in our internal control over financial reporting in Substantial work on our part is required to implement appropriate processes, document the system of internal control over key processes, assess their design, remediate any deficiencies identified and test their operation. This process is expected to be both costly and challenging. As of such time that we are no longer an emerging growth company or a non-accelerated filer and smaller reporting company, Section 404 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") will require our auditors to deliver an attestation report on the effectiveness of our internal control over financial reporting in conjunction as of June 30, 2023 related to the classification of certain cash transactions made during the six months ended June 30, 2023 associated with their-- the payment of construction retainage liabilities incurred and appropriately recognized during opinion on our audited financial statements. As a result, there-- the would likely be no outside auditor attestation report on our internal controls over financial reporting for the fiscal years through ended December 31, 2024 2021. We will be required to evaluate our status as a smaller reporting company on an and annual basis December 31, 2022. A We cannot give any assurances that material weaknesses will not be identified in the future in connection with our compliance with the provisions of Section 404 of the Sarbanes-Oxley Act. The existence of any material weakness is would preclude a deficiency, conclusion by management and our- or independent auditors that we maintained effective a combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented, or detected and corrected on a timely basis. Our Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud. With oversight from the audit committee of the Board (the "Audit Committee") and input from management, in order may be required to devote significant time and expense to remediate the any material weaknesses that may be discovered and may not be able to remediate any material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting related to the ineffective operation of controls related to manual adjustments to the statement of cash flows, the Company designed and implemented changes in processes and controls to remediate the material weakness described above and to enhance our internal control over financial reporting, including a control to review non- standard manual adjustments to the statement of cash flows in accordance with applicable accounting guidance, and the contemporaneous preparation and review of the statement of

cash flows at greater levels of disaggregation, including lower-level reporting units. As of December 31, 2023, management has completed the implementation of our remediation efforts of the material weakness described above and has performed testing to evaluate the design and operating effectiveness of the controls. As a result, management has determined that our completed remediation activities are sufficient to allow them to conclude that the previously-reported material weakness related to the identification and classification of certain manual cash flow adjustments has been remediated as of December 31, 2023. Although the material weakness has been remediated as of December 31, 2023, if we identify additional control deficiencies that individually or in the aggregate constitute one or more material weaknesses or we otherwise fail to maintain effective disclosure controls and procedures or internal control over financial reporting in the future, our ability to accurately record, process, and report financial information and consequently, our ability to prepare financial statements within required time periods, could be adversely affected, which may negatively impact the confidence level of our stockholders and other market participants as well as our ability to remain listed on the NYSE American. The discovery of additional material weaknesses could also result cause investors to lose confidence in errors our reported financial and other information, which would likely have a negative effect on the market price of our Class A Common Stock. Although we implemented additional controls and procedures to remediate the material weakness described above, in the future those controls and procedures may not be adequate to prevent our or detect material misstatements in our interim or annual consolidated financial statements due that could require us to restate fraud our or errors financial statements, cause us to fail to meet our reporting obligations and cause investors to lose confidence in our reported financial information, all of which could lead to a decline in the value of our Common Stock.

We conduct substantially all of our operations under ground leases, which grant significant rights to airport authorities as our direct or ultimate landlord. The termination for cause of one or more of the ground leases would affect our business and results of operations significantly. We do not directly own the sites we develop and lease to tenants. Instead, we enter into ground leases at each site directly or indirectly (thru a sub- lessor) from airport authorities and other governmental agencies that regulate local airports. Airport authorities may choose not to renew a lease at all or to only renew the lease on terms that are unfavorable to us. In addition, airport authorities may require us to participate in a bidding process to renew a lease, which could require unanticipated capital spending and could divert management's attention during the pendency of the process. The loss or modification of any of our airport ground leases could adversely impact our business and results of operations. Because we do not directly own the sites we lease, we will not be able to liquidate real estate investments in order to meet liquidity needs. Unlike other real estate companies that lease space to tenants, we do not directly own the sites we lease. Instead, the sites are subject to long-term ground leases with airport authorities. As a result, we will not be able to sell underlying real estate assets in order to meet liquidity requirements, including our debt service obligations, which could have a material and adverse impact on our liquidity position and ability to meet our obligations. We may be unable to renew ground leases, lease vacant space or re- lease space as leases expire, or renewing existing leases may require significant concession, inducements and / or capital expenditures. We cannot assure you that our airport ground leases will be renewed or that our hangars will be re- leased at rental rates equal to or above the current average rental rates or that we will not offer substantial concessions or below-market renewal options to attract new tenants or retain existing tenants. If the rental rates for our hangar campuses decrease, or if our existing tenants do not renew their leases or we do not re- lease a significant portion of our available space and space for which leases will expire, our business and results of operations could be adversely affected. In order to attract and retain tenants, we may be required to make rent or other concessions to tenants, accommodate requests for renovations and other improvements or provide additional services to our tenants. Additionally, we may need to raise capital to make such expenditures. If we are unable to do so or if capital is otherwise unavailable, we may be unable to make the required expenditures. This could result in non- renewals by tenants upon expiration of their leases and / or an inability to attract new tenants, which would have a material adverse effect on our business and results of operation. Failure to succeed in new markets may have adverse consequences. We intend to continue to develop properties across the United States. When we develop properties located in new geographic areas in the United States, we may face risks associated with a lack of market knowledge or understanding of the local market, including the availability and identity of quality tenants, forging new business relationships in the area, and developing an understanding of local government requirements and procedures. **For example, we recently signed new ground leases at BDL, POU, and PWK, which represent our initial entries into the states of Connecticut, New York, and Illinois, respectively, and our first home basing hanger campuses in the broader Chicago and New York markets.** Furthermore, the negotiation of a potential expansion into new markets may divert management time and other resources. As a result, we may have difficulties executing our business strategy in these new markets, which could have a negative impact on our business and results of operations. Our business and results of operations will be dependent on tenants satisfying their obligations under tenant leases, which may be subject to default or termination. We are subject to tenant credit risk. Our **HBS home basing** hangars are generally leased to single or multi hangar tenants, and certain of our tenants constitute a significant percentage of our revenues. Therefore, the financial failure of, or other default by, a single tenant under its lease is likely to cause a significant or complete reduction in the operating cash flow generated by the property leased to that tenant. For instance, any of our tenants could experience a downturn in their businesses, which may weaken their financial condition and liquidity and result in their failure to make timely payments to us or otherwise default under their contracts. If a tenant defaults under its lease, we may be forced to pursue alternative arrangements with those tenants in order to recover amounts due under the leases or pursue litigation in order to collect payments from tenants who are unable make their lease payments as they come due. We can provide no assurance that we will be able to collect the full amount due under a particular lease if we are forced to pursue alternative payment arrangements or litigation with any of our tenants. If the tenant represents a significant portion of our rental revenues, the impact on our business and results of operations would be material if it impacts the company's ability to pay ground lease rent payments on a timely basis. If a bankrupt tenant rejects a lease with us, any claim we might have for

breach of the lease, excluding a claim against collateral securing the lease, would be treated as a general unsecured claim. In the event of a tenant's default under its lease or its rejection of the lease in bankruptcy proceedings, we may be unable to locate a replacement tenant in a timely manner or on comparable or better terms. As a result, our financial condition and results of operations could be adversely affected. Our business and results of operations may be materially adversely affected by a default under a ground lease or the bankruptcy of a subsidiary. We are a holding company with no independent operations and, as such, will be dependent upon the operations of our subsidiaries. Our subsidiaries' operations rely upon the authority granted under certain ground leases to operate project sites. Each operating subsidiary with bond debt is structured as a special purpose entity. In the event of the bankruptcy of one or more of these subsidiaries, delays in the payment of rent, fees or loan payments may occur under the automatic stay provisions of the United States Bankruptcy Code. Moreover, a subsidiary debtor as lessee or a trustee in bankruptcy may reject a ground lease altogether, thereby extinguishing the respective subsidiary's duty to pay rent and its right to use the leased property. In addition, a subsidiary lessee may fail to make rental or fee payments when due to the respective airport landlord, regardless of its financial situation. Such bankruptcy or default of a subsidiary lessee could result in the loss of the leased property, which is critical to the operation of our business. A loss of any leased property could have a material adverse effect on our business and results of operations. To the extent a ground lease constitutes a "true lease," a subsidiary that has executed its applicable ground lease, or other executory contract, with an airport landlord and seeks protection under the U. S. bankruptcy laws must, subject to the bankruptcy court's approval, assume or reject (a) its ground lease within 120 days after the bankruptcy filing (subject to court approval, a one-time 90-day extension is allowed (further extensions are subject to the consent of the relevant airport landlords)), and (b) its other executory contracts with the airport landlord no later than the confirmation of a plan of reorganization. In the event of assumption and / or assumption and assignment of any executory contract with a third party, the subsidiary would be required to cure any pre- and post- petition monetary defaults and provide adequate assurance of future performance under the ground lease or other applicable agreements. Rejection of a ground lease or other executory contract, in general, is treated as a pre- petition breach of contract. Subject to certain exceptions, this rejection relieves the subsidiary of performing future obligations under the contract, but will give rise to the tenant's loss of use of the leased property and a pre- petition general unsecured claim of the airport landlord for rejection damages, the amount of which in the case of a ground lease or other agreement is limited by the United States Bankruptcy Code generally to any amounts due and payable prior to the bankruptcy plus the greater of (a) the rent reserved by such lease, without acceleration, for one year of rent; or (b) 15 % of the total remaining rent payments, not to exceed three years. However, the amount ultimately received in the event of a rejection of a ground lease or other agreement could be considerably less than the maximum amounts allowed under the United States Bankruptcy Code. In addition, payments made by a subsidiary in bankruptcy within 90 days of filing a bankruptcy case could be deemed to be an "avoidable preference" under the United States Bankruptcy Code and thus subject to recapture by the debtor- in- possession or its trustee in bankruptcy. In general, risks associated with bankruptcy include risks of substantial delay in payment or of non- payment and the risk that the airport landlord may not be able to enforce any of its remedies under the agreements with a bankrupt borrower. During the pendency of a bankruptcy proceeding, a debtor subsidiary may not, absent a court order, make any payments to the airport landlord or to us on account of goods and services provided prior to the bankruptcy. Thus, the airport landlord or our stream of payments from a debtor subsidiary would be interrupted to the extent of pre- petition goods and services, including accrued loan and lease payments, which would have a material adverse effect on our business and results of operation. In addition, with respect to tenant leases, under current bankruptcy law, in the event of a bankruptcy of such tenant, the tenant can generally assume or reject a lease within a certain number of days of filing its bankruptcy petition. If a tenant rejects the lease, our damages as a landlord, subject to availability of funds from the bankruptcy estate, are generally limited to the greater of (1) one year's rent and (2) the rent for 15 % of the remaining term of the lease, not to exceed three years. Any such event could have a material adverse effect on our business and results of operations. The lack of accurate and reliable industry data can result in unfavorable strategic planning, mergers and acquisitions, and macro pricing decisions. We use industry and airport- specific general aviation traffic data published by the FAA, as well as data from private sources, to identify trends in the aircraft hangar industry. We also use this data as an input to decision- making, including in strategic planning and pricing matters. Both the public and private data, however, has several limitations and challenges. As a result, the use of such data may result in decisions in strategic planning or pricing that are incorrect or inefficient, which could have a material adverse effect on our business and results of operation. We are subject to extensive governmental regulations that could require significant expenditures. Regulators, such as the TSA, have and may again consider regulations that could impair the relative convenience of general aviation and adversely affect demand for our services. We are subject to extensive regulatory requirements and compliance with those requirements could result in significant costs. For example, the FAA, from time to time, issues directives and other regulations relating to the management, maintenance, and operation of airport facilities. Compliance with those requirements may cause us to incur significant expenditures. In addition, the proposal and enactment of additional laws and regulations, including by the TSA, as well as any failure to comply with such laws and regulations, could significantly increase the cost of our operations and reduce overall revenue. Moreover, certain new regulations, if implemented, could decrease the convenience and attractiveness of general aviation travel relative to commercial air travel and may adversely impact demand for our services. Compliance or failure to comply with the ADA and other regulations could result in substantial costs. Under the ADA, places of public accommodation must meet certain federal requirements related to access and use by disabled persons. Noncompliance with these requirements could result in additional costs to attain compliance, the imposition of fines by the federal government or the award of damages or attorney's fees to private litigants. If we are required to make unanticipated expenditures to comply with the ADA or other regulations, including removing access barriers, then our business and results of operations may be adversely affected. Potential limitation of tax- exemption of interest on private activity bonds could impact the debt funding of Sky for future projects or significantly increase our cost. From time to time, the President of the United States, the United States Congress and / or state

legislatures have proposed and could propose in the future, legislation that, if enacted, could cause interest on private activity bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation. Clarifications of the Internal Revenue Code of 1986 (the “ Code ”), as amended, or court decisions may also cause interest on private activity bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation. The introduction or enactment of any such legislative proposals or any clarification of the Code or court decisions may also affect the market price for, or marketability of, private activity bonds. We expect to issue private activity bonds in the future to partially fund our expansion of hangar campuses at new airport sites. Lack of access to private activity bonds due to change in law or market access would have an increase in the cost of our debt and our future financial results. Uninsured losses or a loss in excess of insured limits could adversely affect our business and results of operations. We carry comprehensive liability, fire, property damage, and business interruption insurance on our **HBS-home basing** hangar campuses, with policy specifications and insured limits that we believe are customary for similar properties. An unanticipated number of claims under the insurance policy or policies, however, could result in payment of unanticipated deductibles and increased premiums, which could result in a material adverse effect on our business and results of operations. As with all real estate, if reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the damaged property, changes in laws and governmental regulations may be applicable and may materially affect the cost to, or ability of, us to affect such reconstruction, major repair or improvement. In addition, there can be no assurance that the amount of insurance required or provided would be sufficient to cover damages caused by any casualty, or that such insurance will be commercially available in the future. There can also be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. For instance, there are certain types of losses, such as losses resulting from wars, terrorism or certain acts of God, that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could suffer disruption of rental income, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the applicable **HBS-home basing** hangar campus, which would have a material adverse effect on our business **and results of operations. A major health or safety incident could adversely affect our business and results of operations and could be costly in terms of reputational damage. Construction sites and airports are inherently dangerous, and operating in the aviation infrastructure industry poses certain inherent health and safety risks. Due to health and safety regulatory requirements and the number of home basing hangar campus sites we intend to construct and operate, health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance may result in penalties for non-compliance with relevant regulatory requirements or litigation, and a failure that results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result. Such a failure could generate significant negative publicity and have a corresponding impact on our reputation and our relationships with relevant regulatory agencies, governmental authorities, and local communities, which in turn could have a material adverse effect on our business, prospects, financial condition,** and results of operations. We may not be able to rebuild our properties to their existing specifications if we experience a substantial or comprehensive loss of such properties. In the event that we experience a substantial or comprehensive loss of one of our properties, we may not be able to rebuild such property to its existing specifications. Further, reconstruction or improvement of such a property may require significant upgrades to meet zoning and building code requirements. Environmental and legal restrictions could also restrict the rebuilding of properties. Our ~~businesses~~ **properties** are subject to environmental risks that may impact our future profitability. Our ~~businesses~~ **properties** are subject to numerous statutes, rules and regulations relating to environmental protection and we are exposed to various environmental risk and hazards, including the environmental protection requirements related to the storage and handling of jet fuel and compliance with firefighting regulations. Materialization of these risks could result in substantial losses including personal injury, loss of life, damage or destruction of property and equipment, and environmental damage. Any losses we face could be greater than insurance levels maintained by ~~us~~ **our businesses** and could have an adverse effect on us and our ~~businesses~~ **business** and results of operations. We also could be subject to fines and penalties for violation of applicable environmental regulations, which could be substantial. In addition, disruptions to physical assets could reduce our ability to serve customers and adversely affect future rentals, services and cash flows. Failure to comply with regulations or other claims may interrupt operations and result in civil or criminal penalties, significant unexpected compliance costs and liabilities that could adversely affect the profitability of our business. These rules and regulations are subject to change, and compliance with any changes could result in a restriction of the activities of our ~~businesses~~ **business**, significant capital expenditures, and / or increased ongoing operating costs. We may also be required to address other prior or future environmental contamination, including soil and groundwater contamination that results from the spillage of fuel, hazardous materials, or other pollutants. Any past contamination of the properties could result in remediation obligations, personal injury, property damage, environmental damage, or similar claims by third parties. Under various federal, state, and local environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether the current owner or operator knew of, or was responsible for, the presence of hazardous materials. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person and whether or not the original disposal or treatment activity accorded with all regulatory requirements. The presence of hazardous materials on a property could result in personal injury, loss of life, damage or destruction of property and equipment, environmental damage and / or claims by third parties that could have a material adverse effect on our business and results of operations. We are exposed to the potential impacts of future climate change and climate change-related risks. Our properties may be exposed to rare catastrophic weather events, such as severe storms, floods or wildfires. ~~If~~ **We cannot predict the rate at**

which climate change will progress. However, if the frequency of extreme weather events increases due to climate change, our exposure to these events could increase. For example, some of our properties are located in Florida and Texas and are situated in geographic areas that are periodically impacted by severe weather conditions such as hurricanes, flooding, and tornadoes. The occurrence of these or other natural disasters could cause delays in the completion of our development projects or could adversely impact the ongoing operations at our home basing hangar campuses. In

In addition, in connection with any development project, we may be harmed by potential changes to the supply chain or stricter energy efficiency standards for industrial buildings. To the extent climate change causes shifts in weather patterns, our markets could experience negative consequences, including declining demand for hangar space and an inability to operate our hangar campuses. Climate change may also have indirect negative effects on our business by increasing the cost of, or decreasing the availability of, property insurance on terms we find acceptable and increasing the cost of, among other things, energy, aircraft fuel and building materials. In addition, compliance with new laws or regulations relating to climate change, including compliance with “green” building codes, may require us to make improvements to our existing properties or result in increased operating costs that we may not be able to effectively pass on to our tenants. Any such laws or regulations could also impose substantial costs on our tenants, thereby impacting the financial condition of our tenants and their ability to meet their lease obligations. Cybersecurity risks and cyber incidents may adversely affect our business by causing a disruption to our operations, a compromise or corruption of our confidential information, misappropriation of assets and / or damage to our business relationships, all of which could negatively impact our business and results of operations. Cyber incidents may result in disrupted operations, misstated or unreliable financial data, liability for stolen assets or information, increased cybersecurity protection and insurance costs and litigation and damage to our tenants. As our reliance on technology has increased, so have the risks posed to our information systems, both internal and those we have outsourced. Any processes, procedures, and internal controls that we implement, as well as our increased awareness of the nature and extent of a risk of a **cyber-related** incident, do not guarantee that our financial results, operations, business relationships, confidential information or **market price of our**

Class A Common Stock price will not be negatively impacted by such an incident. Insider or employee cyber and security threats are increasingly a concern for all companies, including us. In addition, social engineering and phishing are a particular concern for companies with employees. As a landlord, we are also susceptible to cyber- attacks on our tenants and their payment information. We are continuously working to deploy information technology systems and to provide employee awareness training around phishing, malware and other cyber risks to ensure that we are protected against cyber risks and security breaches. Such technology and training, however, may not be sufficient to protect us and our tenants from all risks. As a smaller company, we use third- party vendors to assist us with our network and information technology requirements. While we carefully select these third- party vendors, we cannot control their actions. Any problems caused by these third parties, including those resulting from breakdowns or other disruptions in communication services provided by a vendor, failure of a vendor to handle current or higher volumes, cyber- attacks and security breaches at a vendor could adversely affect our business and results of operations. We may not be able to adequately address these additional risks. If we were unable to do so, our operations might suffer, which may adversely impact our results of operations and financial condition.

Risks Relating to Our Organization and Structure We are a “controlled company” within the meaning of the NYSE American listing standards and, as a result, qualify for, and rely on, exemptions from certain corporate governance requirements. You do not have the same protections afforded to stockholders of companies that are subject to such requirements. We qualify as a “controlled company” within the meaning of the corporate governance standards of the NYSE American. Under these rules, a listed company of which more than 50 % of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirement that (i) a majority of the our Board consist of independent directors, (ii) our compensation committee ~~consist is composed~~ entirely of independent directors and (iii) **our** director nominees be selected or recommended to our Board by **our** independent directors. We rely on certain of these exemptions. As a result, we do not have a compensation committee consisting entirely of independent directors and our directors are not nominated or selected solely by **our** independent directors. We may also rely on the other exemptions so long as we qualify as a controlled company. To the extent we rely on any of these exemptions, holders of Class A Common Stock will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE American. The Existing Sky Equityholders control the direction of **our SHG Corporation’s** business, and the concentrated ownership of Common Stock prevent you and other stockholders from influencing significant decisions. In connection with the ~~Business Combination~~ **Yellowstone Transaction**, ~~we the Company~~, each of Tal Keinan, Due West Partners LLC and Center Sky Harbour LLC (collectively, “the Existing Sky Equityholders”), and the Sponsor (collectively the “Stockholder Parties”) entered into a stockholders’ agreement (the “Stockholders’ Agreement”). Pursuant to the terms of the Stockholders’ Agreement, each of the parties thereto are required to take all necessary action to cause the specified designees of the Existing Sky Equityholders to be nominated to serve on our Board, and each of the holders are required, among other things, to vote all of the **Company’s** securities of SHG Corporation held by such party in a manner necessary to elect the individuals designated by such holders. For so long as these parties hold a majority of Common Stock, they will be able to control the composition of our Board, which in turn will be able to control all matters affecting us, subject to the terms of the Stockholders’ Agreement, including: ● any determination with respect to our business direction and policies, including the appointment and removal of officers and, in the event of a vacancy on our Board, additional or replacement directors; ● any determinations with respect to mergers, business combinations or disposition of assets; ● determination of our management policies; ● our financing policy; ● our compensation and benefit programs and other human resources policy decisions; and ● the payment of dividends on Common Stock. Because the interests of these stockholders may differ from our interests or the interests of our other stockholders, actions that these stockholders take with respect to us may not be favorable to us or our other stockholders. Provisions in our Bylaws and Delaware law may have the effect of discouraging lawsuits against our directors and officers. Our

Bylaws provide that, to the fullest extent permitted by law, and unless we provide notice in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of ~~us SHG Corporation~~, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of ~~our SHG Corporation's~~ directors, officers, employees or agents to ~~SHG Corporation us or our~~ its stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, the Certificate of Incorporation or ~~our SHG Corporation~~ Bylaws or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware or (iv) any action asserting a claim governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Our Bylaws further provide that the federal district courts of the United States are the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. There is uncertainty as to whether a court would enforce such a provision relating to causes of action arising under the Securities Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. The clauses described above do not apply to suits brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Although we believe these provisions benefit us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, a court may determine that this provision is unenforceable, and to the extent it is enforceable, the provision may have the effect of discouraging lawsuits against our directors and officers, although our stockholders will not be deemed to have waived our compliance with federal securities laws and the rules and regulations thereunder. We qualify as an “emerging growth company” within the meaning of the Securities Act, and we take advantage of certain exemptions from disclosure requirements available to emerging growth companies, and as such, it could make our securities less attractive to investors and may make it more difficult to compare our performance to the performance of other public companies. We qualify as an “emerging growth company” as defined in Section 2 (a) (19) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012 (the “JOBS Act”). As such, we are eligible for and we take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not emerging growth companies for as long as it continues to be an emerging growth company, including, but not limited to, (i) not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, (ii) reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and (iii) exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. As a result, our stockholders may not have access to certain information they may deem important. We will remain an emerging growth company until the earliest of (i) the last day of the fiscal year (a) following the fifth anniversary of the completion of the ~~Business Combination~~ **Yellowstone Transaction**, (b) in which we have total annual gross revenue of at least \$ 1. 235 billion, or (c) in which we are deemed to be a large accelerated filer, which means the market value of our Common Stock that is held by non- affiliates exceeds \$ 700 million as of the prior June 30th, and (ii) the date on which we have issued more than \$ 1. 0 billion in non- convertible debt securities during the prior three year period. We cannot predict whether investors will find our securities less attractive because it will rely on these exemptions. If some investors find our securities less attractive as a result of its reliance on these exemptions, the trading prices of our securities may be lower than they otherwise would be, there may be a less active trading market for our securities and the trading prices of our securities may be more volatile. Because members of our senior management team hold most or all of their economic interest in Sky through other entities, conflicts of interest may arise between them and holders of shares of Class A Common Stock or us. Because members of our senior management team hold most or all of their economic interest in Sky directly through holding companies, they may have interests that do not align with, or conflict with, those of the holders of ~~our~~ Class A Common Stock or with us. For example, members of our senior management team may have different tax positions from those of ~~SHG Corporation~~ **the Company** and / or holders of Class A Common Stock, which could influence their decisions regarding whether and when to enter into certain transactions or dispose of assets, whether and when to incur new or refinance existing indebtedness, and whether and when we should terminate the Tax Receivable Agreement and accelerate the obligations thereunder. In addition, the structuring of future transactions and investments may take into consideration the members’ tax considerations even where no similar benefit would accrue to ~~SHG Corporation~~ **the Company**. The requirements of being a public company may strain our resources and divert management’ s attention. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, the Dodd- Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE American and other applicable securities rules and regulations. Compliance with these rules and regulations increase our legal and financial compliance costs, make some activities more difficult, time- consuming or costly and increase demand on our systems and resources, particularly after we are no longer an “emerging growth company.” The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and, if required, improve our disclosure controls and procedures and internal control over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management’ s attention may be diverted from other business concerns, which could adversely affect our business and operating results. We may need to hire more employees in the future or engage outside consultants to comply with these requirements, which will increase our costs and expenses. Risks Relating to Tax Our only principal asset is our interest in Sky, and accordingly we will depend on distributions from Sky to pay dividends, taxes, other expenses, and make any payments required to be made by us under the Tax Receivable Agreement. We are a holding company and have no material assets other than our ownership of Sky Common Units. We are not expected to have independent means of generating revenue or cash flow, and our ability to pay our taxes, operating expenses, and pay any dividends in the future will be dependent upon the financial results and cash flows of Sky. There can be no assurance that Sky will generate sufficient cash flow to distribute funds to us or that applicable state law and contractual restrictions, including negative covenants under debt instruments will permit such distributions. If Sky does not distribute

sufficient funds to us to pay our taxes or other liabilities, we may default on contractual obligations or have to borrow additional funds. In the event that we are required to borrow additional funds, it could adversely affect our liquidity and subject us to additional restrictions imposed by lenders. Sky is treated as partnership for U. S. federal income tax purposes and, as such, generally is not subject to any entity- level U. S. federal income tax. Instead, taxable income will be allocated, for U. S. federal income tax purposes, to the holders Sky Common Units. Under the terms of the third amended and restated Operating Agreement (the “ A & R Operating Agreement ”), Sky is obligated to make pro rata tax distributions to holders of Sky Common Units calculated at certain assumed rates. In addition to tax expenses, we will also incur expenses related to our operations, including payment obligations under the Tax Receivable Agreement, which could be significant and some of which will be reimbursed by Sky (excluding payment obligations under the Tax Receivable Agreement). For so long as we are Managing Member (as defined in the A & R Operating Agreement) of Sky, we intend to cause Sky to make ordinary distributions and tax distributions to the holders of Sky Common Units on a pro rata basis in amounts sufficient to enable us to cover all applicable taxes, relevant operating expenses, payments under the Tax Receivable Agreement and dividends, if any, declared by us. However, Sky’ s ability to make such distributions may be subject to various limitations and restrictions, including, but not limited to, retention of amounts necessary to satisfy the obligations of Sky and its subsidiaries and restrictions on distributions that would violate any applicable restrictions contained in Sky’ s debt agreements, or any applicable law, or that would have the effect of rendering Sky insolvent. To the extent we are unable to make payments under the Tax Receivable Agreement for any reason, such payments will be deferred and will accrue interest until paid. Additionally, nonpayment for a specified period and / or under certain circumstances may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments under the Tax Receivable Agreement, which could be substantial. We anticipate that the distributions received from Sky may, in certain periods, exceed our actual tax liabilities and obligations to make payments under the Tax Receivable Agreement. The Board, in its sole discretion, will make any determination from time to time with respect to the use of any such excess cash so accumulated, which may include, among other uses, to pay dividends on our Class A Common Stock. We will have no obligation to distribute such cash (or other available cash other than any declared dividend) to our stockholders. The Tax Receivable Agreement requires us to make cash payments to the TRA Holders in respect of certain tax benefits and such payments may be substantial. In certain cases, payments under the Tax Receivable Agreement may (i) exceed any actual tax benefits the Tax Group realizes or (ii) be accelerated. Following closing of the ~~Business Combination~~ **Yellowstone Transaction**, we, Sky, the Existing Sky Equityholders and Tal Keinan (in the capacity of “ TRA Holder Representative ”) entered into the Tax Receivable Agreement. Pursuant to the Tax Receivable Agreement, we are generally required to pay the TRA Holders 85 % of the amount of savings, if any, in U. S. federal, state, local, and foreign taxes that are based on, or measured with respect to, net income or profits, and any interest related thereto that the Tax Group (i. e., ~~SHG Corporation~~ **the Company** and applicable consolidated, unitary, or combined Subsidiaries) realizes, or is deemed to realize, as a result of certain Tax Attributes, which include: • existing tax basis in certain assets of Sky and certain of its direct or indirect Subsidiaries, including assets that will eventually be subject to depreciation or amortization, once placed in service, attributable to Sky Common Units acquired by ~~SHG Corporation~~ **the Company** from a TRA Holder, as determined at the time of the relevant acquisition; • tax basis adjustments resulting from taxable exchanges of Sky Common Units (including any such adjustments resulting from certain payments made by ~~SHG Corporation~~ **the Company** under the Tax Receivable Agreement) acquired by ~~SHG Corporation~~ **the Company** from a TRA Holder pursuant to the terms of the A & R Operating Agreement; and • tax deductions in respect of portions of certain payments made under the Tax Receivable Agreement. Payments under the Tax Receivable Agreement generally will be based on the tax reporting positions that we determine (with the amount of subject payments determined in consultation with an advisory firm and subject to the TRA Holder Representative’ s review and consent), and the Internal Revenue Service (the “ IRS ”) or another taxing authority may challenge all or any part of a position taken with respect to tax attributes or the utilization thereof, as well as other tax positions that we take, and a court may sustain such a challenge. In the event that any tax attributes initially claimed or utilized by the tax group are disallowed, the TRA Holders will not be required to reimburse us for any excess payments that may previously have been made pursuant to the Tax Receivable Agreement, for example, due to adjustments resulting from examinations by taxing authorities. Rather, any excess payments made to such TRA Holders will be applied against and reduce any future cash payments otherwise required to be made by us to the applicable TRA Holders under the Tax Receivable Agreement, after the determination of such excess. However, a challenge to any tax attributes initially claimed or utilized by the tax group may not arise for a number of years following the initial time of such payment and, even if challenged earlier, such excess cash payment may be greater than the amount of future cash payments that we might otherwise be required to make under the terms of the Tax Receivable Agreement. As a result, there might not be future cash payments against which such excess can be applied and we could be required to make payments under the Tax Receivable Agreement in excess of the tax group’ s actual savings in respect of the tax attributes. Moreover, the Tax Receivable Agreement will provide that, in certain early termination events, we will be required to make a lump- sum cash payment to all the TRA Holders equal to the present value of all forecasted future payments that would have otherwise been made under the Tax Receivable Agreement. The lump- sum payment would be based on certain assumptions, including those relating to there being sufficient future taxable income of the tax group to fully utilize the tax attributes over certain specified time periods and that all Sky Common Units that had not yet been exchanged for Class A Common Stock or cash are deemed exchanged for cash. The lump- sum payment could be material and could materially exceed any actual tax benefits that the tax group realizes subsequent to such payment. Payments under the Tax Receivable Agreement will be our obligations and not obligations of Sky. Any actual increase in our allocable share of Sky and its relevant subsidiaries’ tax basis in relevant assets, as well as the amount and timing of any payments under the Tax Receivable Agreement, will vary depending upon a number of factors, including the timing of exchanges, the market price of the Class A Common Stock at the time of an exchange of Sky Common Units by a TRA Holder pursuant to the terms of the A & R Operating Agreement and the amount and

timing of the recognition of the Tax Group's income for applicable tax purposes. While many of the factors that will determine the amount of payments that we will be required to make under the Tax Receivable Agreement are outside of our control, we expect that the aggregate payments we will be required to make under the Tax Receivable Agreement could be substantial and, if those payments substantially exceed the tax benefit we realize in a given year or in the aggregate, could have an adverse effect on our financial condition, which may be material. Any payments made by us under the Tax Receivable Agreement will generally reduce the amount of overall cash flow that might have otherwise been available to us. To the extent that we are unable to make timely payments under the Tax Receivable Agreement for any reason, the unpaid amounts will be deferred and will accrue interest until paid. Additionally, nonpayment for a specified period and / or under certain circumstances may constitute a material breach of a material obligation under the Tax Receivable Agreement and therefore accelerate payments due under the Tax Receivable Agreement. Furthermore, our future obligation to make payments under the Tax Receivable Agreement could make us a less attractive target for an acquisition, particularly in the case of an acquirer that cannot use some or all of the Tax Attributes that may be deemed realized under the Tax Receivable Agreement. We could be adversely affected by changes in applicable tax laws, regulations, or administrative interpretations thereof in the United States or other jurisdictions. We could also be adversely affected by changes in applicable tax laws, regulations, or administrative interpretations thereof in the United States or other jurisdictions and changes in tax law could reduce our after-tax income and adversely affect our business and financial condition. For example, the U. S. federal tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"), enacted in December 2017, resulted in fundamental changes to the Code. These changes included, among many other things, a reduction to the federal corporate income tax rate, a partial limitation on the deductibility of business interest expense, a limitation on the deductibility of certain director and officer compensation expense, limitations on net operating loss carrybacks and carryovers and changes relating to the scope and timing of U. S. taxation on earnings from international business operations. Subsequent legislation, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") enacted on March 27, 2020, relaxed certain of the limitations imposed by the Tax Act for certain taxable years, including the limitation on the use and carryback of net operating losses and the limitation on the deductibility of business interest expense. The exact impact of the Tax Act and the CARES Act for future years is difficult to quantify, but these changes could materially affect ~~SHG Corporation~~ **the Company**, Sky, or ~~its~~ **our respective** subsidiaries. In addition, other changes could be enacted in the future to increase the corporate tax rate, limit further the deductibility of interest, or effect other changes that could have a material adverse effect on ~~SHG Corporation~~ **the Company**'s financial condition. Such changes could also include increases in state taxes and other changes to state tax laws to replenish state and local government finances depleted by costs attributable to the COVID-19 pandemic and the reduction in tax revenues due to the accompanying economic downturn. More recently, the United States government has recently enacted the Inflation Reduction Act of 2022 which, among other things, significantly changes the taxation of business entities including by imposing a minimum tax equal to fifteen percent of the adjusted financial statement income of certain corporations as well as a one percent excise tax on share buybacks, effective for tax years beginning in 2023. When effective, it is possible that the minimum tax could result in an additional tax liability over the regular federal corporate tax liability in a given year based on differences between book and taxable income (including as a result of temporary differences). The resulting tax liability could adversely impact ~~SHG Corporation~~ **the Company**'s business, financial condition, results of operation and liquidity. The excise tax on share buybacks is currently not expected to have a material impact on ~~SHG Corporation~~ **the Company**'s tax liability. In addition, our effective tax rate and tax liability are based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex and often open to interpretation. In the future, the tax authorities could challenge our interpretation of laws, regulations and treaties, resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. Changes to tax laws may also adversely affect our ability to attract and retain key personnel. Risks Relating to Our Common Stock and Warrants The market price of Class A Common Stock and Public Warrants has been and may continue to be extremely volatile, which could cause purchasers of our securities to incur substantial losses. The market prices and trading volume that our shares of Class A Common Stock have recently experienced, and may continue to experience, extreme volatility, which could cause purchasers of our Class A Common Stock and Public Warrants to incur substantial losses. Since the closing of the ~~Business Combination~~ **Yellowstone Transaction**, our Class A Common Stock has traded as low as \$ 2. 50 and as high as \$ 43. 41 through December 31, ~~2022~~ **2023**. In addition, the volume of trading of our Class A Common Stock has been inconsistent. For example, on February ~~16-24~~ **16-24**, ~~2022~~ **2023** our Class A Common Stock had trading volume of ~~13-3, 800~~ **300** shares and on February ~~18-28~~ **18-28**, ~~2022~~ **2023** our Class A Common Stock had trading volume of ~~19-1, 692-546~~ **800** shares. Our Public Warrants have not traded in tandem with our Class A Common Stock, and since the closing of the ~~Business Combination~~ **Yellowstone Transaction** have traded within a range of \$ 0. ~~18-17~~ **18-17** to \$ 2. 75 through December 31, ~~2022~~ **2023**. We believe that the recent volatility and our current market prices reflect market and trading dynamics unrelated to our underlying business, or macro or industry fundamentals, and we do not know how long these dynamics will last. Under the circumstances, investors in our Class A Common Stock and **Public** Warrants are subject to the risk of losing all or a substantial portion of their investment. Extreme fluctuations in the market price of our Class A Common Stock have been accompanied by reports of strong and atypical retail investor interest, including on social media and online forums. The market volatility and trading patterns we have experienced create several risks for investors, including the following: ● the market price of our Class A Common Stock has experienced and may continue to experience rapid and substantial increases or decreases unrelated to our operating performance or prospects, or macro or industry fundamentals, and substantial increases may be significantly inconsistent with the risks and uncertainties that we continue to face; ● factors in the public trading market for our Class A Common Stock may include the sentiment of retail investors, the direct access by retail investors to broadly available trading platforms, the amount and status of short interest in our securities, access to margin debt, trading in options and other derivatives on our Class A Common Stock and any related hedging and other trading factors; ● to the extent volatility in our Class A

Common Stock is caused by a “short squeeze” in which coordinated trading activity causes a spike in the market price of our Class A Common Stock as traders with a short position make market purchases to avoid or to mitigate potential losses, investors purchase at inflated prices unrelated to our financial performance or prospects, and may thereafter suffer substantial losses as prices decline once the level of short-covering purchases has abated; and • if the market price of our Class A Common Stock declines, you may be unable to resell your shares at or above the price at which you acquired them, and the **Public Warrant Warrants** you own may become out of the money. The trading price of Class A Common Stock and Public Warrants depends on many factors, including those described in this “Risk Factors” section, many of which are beyond our control and may not be related to our operating performance. Any of the factors listed below could have a material adverse effect on investment in Class A Common Stock and Public Warrants, and Class A Common Stock and Public Warrants may trade at prices significantly below the price paid for them. In such circumstances, the trading price of Class A Common Stock and Public Warrants may not recover and may experience a further decline. Factors affecting the trading price of Class A Common Stock and Public Warrants may include: • actual or anticipated fluctuations in our quarterly financial results or the quarterly financial results of companies perceived to be similar to us; • changes in the market’s expectations about our operating results; • the public’s reaction to our press releases, our other public announcements and our filings with the SEC; • speculation in the press or investment community; • actual or anticipated developments in our business or our competitors’ businesses or the competitive landscape generally; • our operating results failing to meet the expectation of securities analysts or investors in a particular period; • changes in financial estimates and recommendations by securities analysts concerning us or the market in general; • operating and stock price performance of other companies that investors deem comparable to us; • publications of research reports by securities analysts about us, our competitors, or the industry we operate in; • changes in laws and regulations affecting our business; • commencement of, or involvement in, litigation involving us; • changes in our capital structure, such as future issuances of securities or the incurrence of additional debt; • the volume of Class A Common Stock available for public sale; • any major change in the Board of Directors or management; • sales of substantial amounts of Class A Common Stock by directors, officers or significant stockholders or the perception that such sales could occur; • general economic and political conditions such as recessions, interest rates, fuel prices, trade wars, pandemics (such as COVID- 19), epidemics, currency fluctuations and acts of war (such as the conflict between Russia and Ukraine **and the military conflict in Israel and Gaza**) or terrorism; and • other risk factors listed under this “Risk Factors” section. The public float of our Class A Common Stock is very illiquid, and there may not be sufficient demand in the marketplace to absorb the sale of newly registered shares. As of December 31, ~~2022~~ **2023**, the public float of our Class A Common Stock listed in the NYSE American was approximately \$ ~~4105.1~~ million, which is ~~45~~ **only 2.70** % of the equity capitalization of the Company. Given the company is recently listed, and does not have ~~any broad~~ investor research coverage nor a seasoned established institutional investor base, any significant sale of newly registered shares may have a significant negative impact on the ~~market~~ **price** of our Class A Common Stock. We cannot predict the impact our dual class structure may have on the ~~stock market~~ **price** of Class A Common Stock. We cannot predict whether our dual class structure will result in a lower or more volatile market price of Class A Common Stock or in adverse publicity or other adverse consequences. For example, certain index providers have announced restrictions on including companies with multiple- class share structures in certain of their indexes. Under these policies, our dual class capital structure would make us ineligible for inclusion in certain indices, and as a result, mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track those indices will not be investing in our stock. It is unclear what effect, if any, these policies will have on the valuations of publicly traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. As a result, the market price of shares of Class A Common Stock could be adversely affected. The outstanding Warrants are exercisable for shares of Class A Common Stock and common units in Sky may be redeemed for Class A Common Stock. The exercise of these outstanding warrants will increase the number of shares eligible for future resale in the public market and result in dilution to our stockholders. As of December 31, ~~2022~~ **2023**, there were 6, ~~799,798~~, ~~189,964~~ outstanding Public Warrants to purchase 6, ~~799,798~~, ~~189,694~~ shares of Class A Common Stock at an exercise price of \$ 11.50 per share. In addition, as of December 31, ~~2022~~ **2023**, there were 7,719,779 Private Placement Warrants outstanding exercisable for 7,719,779 shares of Class A Common Stock at an exercise price of \$ 11.50 per share **and 1,541,600 outstanding PIPE Warrants to purchase 1,541,600 shares of Class A Common Stock at an exercise price of \$ 11.50 per share**. To the extent such warrants are exercised, additional shares of Class A Common Stock will be issued, which will result in dilution to the holders of Class A Common Stock and increase the number of shares eligible for resale in the public market. In addition, as of December 31, ~~2022~~ **2023**, there were 42, ~~192,046~~, ~~250,356~~ outstanding Sky Common Units **held by the members of Sky (excluding the Company as Managing Member of Sky)**, which may be redeemed for shares of our Class A Common Stock on a one- for- one basis, and in connection with the redemption of such Sky Common Units, the corresponding shares of Class B Common Stock will be cancelled. The lock- up period for the outstanding shares of Class B Common Stock, and for the shares of Class A Common Stock underlying the Private Placement Warrants, expired on January 25, 2023. Furthermore, we have registered for resale all of the Class A Common Stock underlying such outstanding ~~Sky Common units~~ **Units and Private Placement Warrants**. Sales of substantial numbers of such shares in the public market, or the perception that such sales may occur, could adversely affect the market price of Class A Common Stock, the impact of which is increased as the value of our stock price increases. We do not intend to pay cash dividends for the foreseeable future. We currently intend to retain our future earnings, if any, to finance the further development and expansion of our business and do not intend to pay cash dividends in the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board and will depend on our financial condition, results of operations, capital requirements, restrictions contained in future agreements and financing instruments, business prospects and such other factors as our Board deems relevant. If analysts do not publish research about our business or if they publish inaccurate or unfavorable research, our stock price and trading volume could decline. The trading market for Class A Common

Stock will depend in part on the research and reports that analysts publish about our business. We do not have any control over these analysts. If one or more of the analysts who cover us downgrade our Class A Common Stock or publish inaccurate or unfavorable research about our business, the price of Class A Common Stock would likely decline. If few analysts cover us, demand for Class A Common Stock could decrease and our Class A Common Stock price and trading volume may decline. Similar results may occur if one or more of these analysts stop covering us in the future or fail to publish reports on us regularly. You may experience future dilution as a result of future equity issuances. In order to raise additional capital, we **have offered in the past, and** may **offer** in the future **offer**, additional shares of our **Class A** Common Stock or other securities convertible into or exchangeable for our **Class A** Common Stock at prices that may not be the same as the price per share paid by any investor. For example, **in November on August 18, 2022-2023**, we **entered into a Common Stock sold and issued the PIPE Shares and PIPE Warrants pursuant to the Private Placement** Purchase Agreement **and a Registration Rights Agreement (as defined herein** collectively, the "**Stock Purchase Agreement**") with **B. Riley Principal Capital II, LLC ("B. Riley")** pursuant to which **we may issue from time to time up to 10,000,000 shares of our Class A Common Stock. We will have discretion over the prices at a** which we sell shares under the **Stock Purchase purchase** Agreement over its **36-month term price equivalent to approximately \$ 6.50 per PIPE Share and associated PIPE Warrant coverage**. We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by any investor, and investors purchasing shares or other securities in the future could have rights superior to you. The price per share at which we sell additional shares of our **Class A** Common Stock, or securities convertible or exchangeable into **Class A** Common Stock, in future transactions may be higher or lower than the price per share paid by any investor. We may be subject to securities litigation, which is expensive and could divert management attention. The market price of Class A Common Stock has been and may continue to be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Securities litigation against us could result in substantial costs and divert management's attention from other business concerns, which could seriously harm our business.

ITEM 1B. UNRESOLVED STAFF COMMENTS.