

Risk Factors Comparison 2025-03-21 to 2024-03-29 Form: 10-K

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You should carefully consider the risks described below in addition to the other information set forth in this Annual Report on Form 10-K, including the Management's Discussion and Analysis of Financial Condition and Results of Operations section and the consolidated financial statements and related notes. If any of the risks and uncertainties described below actually occur or continue to occur, our business, financial condition and results of operations, and the trading price of our ~~Common~~ **common Stock** ~~stock~~ could be materially and adversely affected. The risks and uncertainties described below are those that we have identified as material but are not the only risks and uncertainties we face. Our business is also subject to general risks and uncertainties that affect many other companies, including, but not limited to, overall economic and industry conditions and additional risks not currently known to us or that we presently deem immaterial may arise or become material and may negatively impact our business, reputation, financial condition, results of operations or the trading price of our ~~Common~~ **common Stock** ~~stock~~. **Moreover, some of the factors, events, and contingencies discussed below may have occurred in the past, but the disclosures below are not representations as to whether or not the factors, events or contingencies have occurred in the past, and instead reflect our beliefs and opinions as to the factors, events, or contingencies that could materially and adversely affect us in the future.**

Risks Related to Our Financial Position and Capital Requirements There is substantial doubt about our ability to continue as a going concern. We will need additional financing to execute our business plan, to fund our operations and to continue as a going concern. We have incurred losses from operations, negative cash flows from operating activities and have a working capital deficit. We are currently in default of certain excise and property taxes, as well as certain debt, tax and other contractual obligations as further described in "Management's Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources" and "- Risks Related to ~~our~~ **Our** Financial Position and Capital Requirements- ~~we~~ **We** have previously defaulted on our debt and other obligations and there can be no assurance that we will be able to fulfill our obligations under any current or future indebtedness we may incur". ~~In addition, COVID-19 related disruptions in air travel significantly impacted our business and contributed to a decrease in membership sales, flight cancellations and significant operational volatility.~~ There can be no assurances that we can cure any defaults that remain outstanding, or if cured, that we will not default on future obligations. Our success is largely dependent on the ability to raise debt and equity capital, increase our membership base, increase passenger loads, and continue to expand into regions profitably throughout the United States. We have funded our operations and capital needs primarily through the net proceeds received from the issuance of various debt instruments, convertible securities and preferred and common share financing arrangements. A significant amount of funding to date has been provided by entities affiliated with a co-founder of the Company. We will need additional financing to implement our full business plan, including our plans to electrify our fleet, which is a core part of our growth strategy, and to service our ongoing operations. We are evaluating, and will continue to evaluate, strategies to obtain additional funding for future operations. These strategies may include, but are not limited to, obtaining additional equity financing, issuing additional debt, entering into other financing arrangements, or restructuring of operations to grow revenues and decrease expenses. If we are unable to raise sufficient financing when needed or circumstances occur such that we do not meet our strategic plans, we will be required to seek other sources of liquidity or to take additional measures to conserve liquidity, which could include, but are not necessarily limited to, restructuring our operations and possibly divesting all or a portion of our business, reducing spending on payroll, marketing, station rent and aircraft purchases necessary for our planned network, altering or scaling back development plans, including plans to equip regional airline operations with fully- electric and hybrid electric aircraft and reducing funding or deferring of capital expenditures, any of which could have a material adverse effect on our financial position, results of operations, cash flows and ability to achieve our business objectives. These factors raise substantial doubt about our ability to continue as a going concern. Our prospects and ongoing business activities are subject to the risks and uncertainties frequently encountered by companies in new and rapidly evolving markets. Risks and uncertainties that could materially and adversely affect our business, results of operations or financial condition include, but are not limited to the ability to: **(i) raise additional capital (or financing) to fund operating losses, (ii) refinance our current outstanding debt, (iii) maintain efficient aircraft utilization, primarily through the proper utilization of pilots and managing market shortages of maintenance personnel and critical aircraft components, (iv) sustain ongoing operations, the ability to attract and maintain members customers, the ability to (vi) integrate, manage and grow recent acquisitions and new business initiatives, (vii) obtain and maintain relevant regulatory approvals, and the ability to (viii) measure and manage risks inherent to our business model.** Moreover, some of our vendors and suppliers likewise rely on capital raising activities to fund their operations and capital expenditures, which may be more difficult or expensive in the event of downturns in the economy or disruptions in the financial and credit markets (including as a result of the aforementioned factors that have impacted our operations). If such vendors or suppliers are unable to raise adequate capital to fund their business plans, they may not be able to comply with their obligations to us, which could have a material adverse effect on our business, financial condition and results of operations. We have incurred significant losses since our inception and expect to incur significant expenses and continuing losses for the foreseeable future. We may not be able to achieve or maintain profitability or positive cash flows. We have incurred significant losses since the Company's inception. We incurred net losses of \$ **74.9 million and \$ 250.7 million** ~~and \$ 74.4 million~~ for the years ended December 31, **2024 and 2023 and 2022**, respectively. We expect our operating expenses to increase over the next several years as we endeavor to increase our flight cadence, hire more employees and fund third-party research and development efforts relating to the development of our electrification technology, as well as due to macroeconomic

factors such as rising inflation rates. These efforts may be more costly than we expect and may not result in increased revenue or growth in our business. Any failure to increase our revenue sufficiently to keep pace with our investments and other expenses could prevent us from achieving or maintaining profitability or positive cash flow. Furthermore, if our future growth and operating performance fail to meet investor or analyst expectations, or if we continue to have negative cash flow or losses resulting from our investment in increasing our member base and passenger loads or expanding our operations into regions throughout the United States, our business, financial condition and results of operations could be materially adversely affected. Going forward, our future losses may be larger than anticipated, and we may not achieve profitability when expected, or at all. Even if we achieve profitability, we may not be able to maintain or increase profitability. The continued growth of our business will require significant investments in the development of **our SurfOS software platform**, fully- electric and hybrid- electric powertrains, our aircraft fleet, ground- based infrastructure, information technology and marketing and sales efforts. Our current cash flow has not been sufficient to support these needs to date. We have historically had negative cash flows and a working capital deficit, and have funded our operations and capital needs to date through the proceeds received from the issuance of various debt and equity instruments. Going forward, our ability to effectively manage growth and expansion of our operations will also require us to enhance various systems, including in relation to research and development, operations and internal controls and reporting. These enhancements will require significant capital expenditures and allocation of valuable management and employee resources. If our business does not generate the level of available cash flow required to support these operations and investments, and we are not able to determine an alternative solution to obtain the funding needed for our future operations, there may be a material adverse effect on our business, financial condition and results of operations. **We** ~~It is not possible to predict the actual number of shares we will need to sell under the Share Subscription Facility to GEM in order to draw down under such facility. Further, we~~ may not have access to the full amount available under the Share Subscription Facility, or may not be able to draw down under the Share Subscription Facility in a timely manner (or at all) in order to meet ~~our~~ **its** existing obligations. Pursuant to the **Share Purchase Agreement with GEM Global Yield LLC SCS, as amended, (the “Share Subscription Facility”)**, upon the terms of and subject to the satisfaction of certain conditions, we ~~will~~ have the right from time to time at our option to direct GEM to purchase up to a specified maximum amount of shares of our ~~Common~~ **common Stock stock**, up to a maximum aggregate purchase price equal to \$ 400 million over the ~~duration term~~ of the Share Subscription Facility. We may request advances from GEM (“GEM Advances”) at any time in an aggregate amount of up to \$ 100 million, **consisting of incremental advances of up to \$ 25 million each provided that the first GEM Advance may not exceed \$ 7.5 million without the consent of GEM. Any GEM Advance will reduce amounts that we can request for future draw downs**. We ~~intend~~ **have drawn upon the GEM Advances in 2024 and may continue** to draw upon the GEM Advances in ~~2024 and 2025~~ to augment our capital resources to address our capital needs. ~~The~~ **For a further description of the Share Subscription Facility and the other conditions to GEM’s commitment to purchase shares, see the section entitled, “Business – Key Agreements – Financing Arrangements – Share Subscription Facility”.** Our failure to satisfy ~~any~~ **the specified** conditions under the Share Subscription Facility may result in our inability to request ~~future~~ **any or all of the GEM Advances** or other draw downs pursuant to the Share Subscription Facility. In addition, **upon requesting any GEM Advance under the Share Subscription Facility, we have agreed to deposit into escrow an amount of shares of common stock equal to two times the number of shares of common stock set out in the applicable advance request for a GEM Advance. There can be no assurances that we will be able to accurately estimate the number of shares of our common stock to be deposited since we will need to determine this number prior to the trading period of our common stock that will determine the actual purchase price for a GEM Advance.** GEM will not be obligated to (but may, at its option, choose to) purchase shares of our ~~Common common~~ **Stock stock** to the extent such purchase would result in beneficial ownership (as calculated pursuant to Section 13 (d) of the Exchange Act and Rule 13d-3 promulgated thereunder) by GEM, together with its affiliates, of more than 9.99% of our issued and outstanding ~~Common common~~ **Stock stock**. Such beneficial ownership limitation will not apply to the GEM Advances. **In addition, the amount requested for each draw down (other than a GEM Advance) available under the Share Subscription Facility may not exceed 400% of the average daily trading volume for the 30 trading days immediately preceding any draw down.** There can be no guarantee that we will be able to access ~~future~~ **any or all of the** GEM Advances or other draw downs available under the Share Subscription Facility. Our inability to access a portion or the remaining amounts available under the Share Subscription Facility, in the absence of any other financing sources, will have a material adverse effect on our business and our ability to operate as a going concern. **The purchase price per share to be paid by GEM for the shares of our common stock that we may elect to sell to GEM under the Share Subscription Facility pursuant to the GEM Advances or draw downs, if any, will fluctuate based on the volume weighted average trading price of our common stock during the applicable period for each purchase made pursuant to the Share Subscription Facility. Accordingly, it is not possible to predict, prior to any such sales, the number of shares of our common stock that we will sell to GEM under the Share Subscription Facility, the purchase price per share that GEM will pay for shares purchased from us under the Share Subscription Facility, or the aggregate gross proceeds that we will receive from those purchases by GEM (other than a GEM Advance) under the Share Subscription Facility, if any. Therefore, sales to GEM by us in order to utilize the GEM Advance will, and any future draw downs under the Share Subscription Facility could, result in substantial dilution to the interests of other holders of its shares of our common stock.** Sales of shares of our ~~Common common~~ **Stock stock**, if any, to GEM under the Share Subscription Facility will be determined by us from time to time in our sole discretion and will depend on a variety of factors, many of which are outside of our control, including, among other things, market conditions and the terms, conditions and limitations set forth in the Share Subscription Facility **(subject to certain limitations on the obligation of GEM to purchase shares including, among other things, beneficial ownership limitations (other than in respect of the GEM Advances))**. We may ultimately decide to sell to GEM all, some or none of the shares of our ~~Common common~~ **Stock stock** that may be available for us to sell to GEM pursuant to the Share Subscription

Facility. Depending on market liquidity at the time, resales of those shares by GEM may cause the public trading price of our common stock to decrease. As a result of the above factors, it is possible that we may need to issue and sell more than the number of shares that we initially expect to issue to GEM under the Share Subscription Facility in order to receive aggregate gross proceeds equal to GEM's \$ 400 million total aggregate purchase commitment under the Share Subscription Facility, which could cause additional substantial dilution to holders of our common stock. The number of shares of our common stock ultimately offered for sale by GEM is dependent upon the number of shares of our common stock we ultimately sell to GEM under the Share Subscription Facility.

We have previously defaulted on our debt and other obligations and there can be no assurance that we will be able to fulfill our obligations under any current or future indebtedness we may incur. As of December 31, 2023-2024, we had \$ 52-122.46 million in debt outstanding, representing principal related to term loans, related party promissory notes and convertible notes. The incurrence of existing or future indebtedness could have important consequences on our business, including, but not limited to:

- increasing our vulnerability to general adverse economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to servicing our debt, thereby reducing the availability of cash to fund working capital, capital expenditures, acquisitions and investments and other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, challenges and opportunities, and changes in our businesses and the markets in which we operate; and
- leading to the possibility of default on future debt obligations.

Our ability to service our debt will depend on our future operating performance and financial results, which may be subject to factors beyond our control, including general economic, financial and business conditions. If we do not have sufficient cash flow to service our debt, we may need to refinance all or part of our existing debt, borrow more money or sell securities or assets, some or all of which may not be available at acceptable terms or at all. In addition, we may need to incur additional debt in the future in the ordinary course of business. Our current debt and any future additional debt we may incur may impose significant operating and financial restrictions. A breach of any of these restrictions could result in a default. If a default occurs, the relevant lenders could elect to accelerate payments due. If our operating performance declines, or if we are unable to comply with any restrictions, we may need to obtain amendments to our existing debt documents or waivers from the lenders to avoid default. These factors could have a material adverse effect on our business. Further, if there were an event of default under our debt instruments or a change of control, the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately and may be cross-defaulted to other debt. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default, and there is no guarantee that we would be able to repay, refinance or restructure the payments on those debt securities. We have previously defaulted on various debt and other obligations. Further, we are currently in default of certain excise and property taxes. See the section titled "Liquidity and Going Concern" in Note 1, Description of Business in the accompanying consolidated financial statements for further information. Our past financial results may not be a reliable indicator of our future results. Further, our results of operations may fluctuate significantly, which makes our future results of operations difficult to predict and could cause our results of operations to fall below expectations or any guidance it may provide. Our past financial results may not be a reliable indicator of our future results, particularly given our expected move toward fully- electric and hybrid- electric powertrain technology. Further, our quarterly and annual results of operations may fluctuate significantly, which makes it difficult for us to predict our future results of operations. As a result, comparing our results of operations on a period- to- period basis may not be meaningful. Investors should not rely on our past results as an indication of our future performance. This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or results of operations fall below the expectations of analysts or investors or below any forecasts we may provide to the market, or if the forecasts we provide to the market are below the expectations of analysts or investors, the price of our ~~Common common Stock stock~~ could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or earnings guidance it may provide. Loss carryforwards and certain other tax attributes to offset future taxable income for U. S. federal income tax purposes may be significantly limited due to various circumstances, including certain possible future transactions involving the sale or issuance of ~~Common common Stock stock~~, or if taxable income does not reach sufficient levels. Our ability to use Net Operating Loss ("NOL") carryforwards and certain other tax attributes will depend on the amount of taxable income we ~~generates-- generate~~ in future periods and, as a result, certain of our NOL carryforwards and other tax attributes may expire before we can generate sufficient taxable income to use them in full. In addition, our ability to use NOL carryforwards and certain other tax attributes to offset future taxable income may be limited if we experience an "ownership change" as defined in Section 382 of the Internal Revenue Code of 1986, as amended ("Section 382"). Potential future transactions involving the sale or issuance of ~~Common common Stock stock~~ may increase the possibility that we will experience a future "ownership change" under Section 382. Such transactions may include the exercise of warrants, the issuance of ~~Common common Stock stock~~ for cash, the conversion of any future convertible debt, the repurchase of any debt with ~~Common common Stock stock~~, the acquisition or disposition of any stock by a stockholder owning 5 % or more of the outstanding shares of ~~Common common Stock stock~~, or a combination of the foregoing. We may never realize the full value of our intangible assets or our long- lived assets causing us to record impairments that may negatively affect our financial condition and operating results. In accordance with applicable accounting standards, we are required to test indefinite- lived intangible assets for impairment on an annual basis, or more frequently where there is an indication of impairment, and certain other assets for impairment where there is any indication that an asset may be impaired. We may be required to recognize losses in the future due to, among other factors, extreme fuel price volatility, tight credit markets, government regulatory changes, decline in the fair values of certain tangible or intangible assets. Our contractual obligations could impair our liquidity and materially adversely affect our business, results of operations and financial condition. We have significant long- term lease obligations primarily relating to our aircraft fleet. As of December 31, 2023-2024, we had 27-40 aircraft under operating leases, with an average remaining lease term of approximately 2.4- 24.29 years. As of December

31, 2023-2024, future minimum lease payments due under all long-term operating leases were approximately \$ 13-17.0-3 million. In addition, as further described in the section titled “ Management’s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources ”, in connection with certain past due rental and maintenance payments under our aircraft leases totaling approximately \$ 6.0 million, we have in place a payment plan under the terms of which all repayments are deferred until such time as we receive at least \$ 30 million in aggregate funds in connection with any capital contribution with an additional \$ 1 million payment due when we receive at least \$ 40 million in aggregate funds, which repayment may be triggered by the GEM Purchase and utilization of the first \$ 25 million of drawdowns or GEM Advances under the Share Subscription Facility or other new capital commitments. Our future ability to pay our contractual obligations and our liquidity will depend on our operating performance, cash flow and our ability to secure adequate financing, which will in turn depend on, among other things, the success of our business strategy, U. S. and global economic conditions, the availability and cost of financing, as well as general economic and political conditions and other factors that are beyond our control. If our liquidity is materially diminished, there may be a material adverse effect on our cash flow available to fund working capital requirements, capital expenditures and business development efforts. We may not be able to accurately predict our future capital needs, and we may not be able to obtain additional financing or access the capital markets to fund our ongoing operations and execute on our growth strategy on acceptable terms and conditions. We will need to raise capital in the future to fund our operations and to execute on our anticipated growth strategy, including the development of our planned electrification technology. For example, the cost of aircraft is a significant portion of our operating costs and is subject to change. As part of our agreement with TAI, we have committed to the purchase of 90 Cessna Caravans over a five-year period beginning in 2024, with an option for up to 38-25 additional Cessna Caravans, which we believe are currently competitively priced, but which may increase in price pursuant to price escalation clauses by the time we execute the purchase. Historically, we have financed our operations and capital expenditures primarily through private financing rounds and the issuance of debt and equity. A significant amount of our funding to date has been provided by entities affiliated with a an officer and co-founder of the Company. We may utilize intend to draw upon the GEM Advances, as necessary, in 2024-2025 to address our capital needs. We may also seek additional capital through a combination of equity and debt financings. There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including current and future debt and contractual obligations, our liquidity and credit status, our operating cash flows, market conditions in the aviation industry, U. S. and global economic conditions, the financial impact of global events such as wars and pandemics, the general state of the banking system and capital markets and the financial position of the major providers of aircraft and other aviation industry financing. Any additional financing required by us may not be available on terms acceptable to us, or at all. If we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected. If we are unable to raise sufficient funds, we will have to significantly reduce our spending, delay or cancel our planned activities or substantially change our corporate structure. If, in the future, we raise additional funds by issuing equity securities (including the GEM Advances), convertible debt or other similar securities, investors may experience significant dilution of their ownership interest, and these newly issued securities may have rights senior to those of the holders of Common common Stock stock. Debt Our current and any future financing arrangements, that we if obtained, may enter into from time to time, involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, and currently, and in the future, could impair our operational flexibility, including restricting our ability to pursue our business strategy, increase our expenses, require that our assets secure such debt, or provide for high interest rates, discounted conversion prices, or other unfavorable terms. Higher interest rates could increase debt service requirements on our current variable rate indebtedness, and on any debt we subsequently incur, and could reduce funds available for operations, future business opportunities or other purposes. If we need to repay debt during periods of rising interest rates, we could be required to refinance our then-existing debt on unfavorable terms or liquidate one or more of our assets to repay such debt at times which may not permit realization of the maximum return on such assets and could result in a loss. The occurrence of such events could materially and adversely affect our profitability, cash flows and results of operations. If we are unable to obtain additional financing, including the GEM Advances, when needed or on acceptable terms, we will need to restructure our operations, and possibly divest all or a portion of our business. We may be required to cease operations which could result in our stockholders losing all or most of their investment. Agreements governing our debt obligations include financial and other covenants that provide limitations on our business and operations under certain circumstances, and failure to comply with any of the covenants in such agreements could adversely impact us. Our current and any future financing agreements that we may enter into from time to time, contain certain affirmative, negative and financial covenants, and other customary events of default. Under certain circumstances, such covenants require us to maintain minimum liquidity levels, limit our ability to enter into certain strategic transactions, make certain investments, pay dividends and make certain other specified restricted payments. Certain covenants in our financing agreements are subject to important exceptions, qualifications and cure rights, including, under limited circumstances, the requirement to provide additional collateral or prepay or redeem certain obligations. In addition, certain of our financing agreements are cross-collateralized, such that an event of default or acceleration of indebtedness under one agreement could result in an event of default under other financing agreements. If we fail to comply with such covenants, if any other events of default occur for which no waiver or amendment is obtained, or if we are unable to timely refinance the debt obligations subject to such covenants or take other mitigating actions, the holders of our indebtedness could, among other things, declare outstanding amounts immediately due and payable and, subject to the terms of relevant financing agreements, repossess or foreclose on collateral, including certain of our aircraft or other assets used in our business. The acceleration of significant indebtedness or actions to repossess or foreclose on collateral may cause us to renegotiate, repay or refinance the affected obligations, and there is no assurance that such efforts would be successful or on terms we deem attractive. In addition, any acceleration or actions to repossess or foreclose on collateral under our financing agreements could result in a downgrade of any

credit ratings then applicable to us, which could result in additional events of default or limit our ability to obtain additional financing. Risks Related to Our Business and Industry The market for regional air mobility has not been established with precision, is still emerging and may not achieve the growth potential we expect or may grow more slowly than expected. The regional air mobility market is still emerging and has not been established with precision. It is uncertain to what extent market acceptance will grow, if at all. We have historically operated in a limited number of regional areas. The success of the regional markets in which we operate and the opportunity for future growth in such markets may not be representative of the potential market for regional air mobility in other regional areas. Our success will depend to a substantial extent on the willingness of commuters and travelers to widely adopt regional air mobility, particularly point- to- point versus the currently predominant hub- and- spoke industry configuration, as an alternative for ground transportation. Although we believe our ability to develop **AI- enhanced software to drive our growth and profitability and, in the future, to offer to other charter brokers, air operators, and aircraft owners to improve their operating efficiencies, will be a key factor in our future growth, if we are unable to develop our software solutions to meet the needs of our commercial partners, the actual operating efficiencies from using our software are less than anticipated, or charter brokers, air operators and aircraft owners do not adopt our software, then the market for our offerings may not develop, may develop more slowly than we expect or may not achieve the growth potential we expect. In addition, although we believe our ability to develop** and integrate hybrid- electric and electric technology with our commercial partners to present a cost- effective solution to address the needs of consumers in this market will also be a key factor to the success of our future growth, if the market that we seek to address does not perceive electrification as beneficial, or chooses not to adopt electrification as a result of concerns regarding safety, affordability, value proposition or for other reasons, then the market for our offerings may not develop, may develop more slowly than we expect or may not achieve the growth potential we expect. As a result, the number of potential customers using our future services and the number of operators adopting our planned fully- electric and hybrid- electric powertrains cannot be predicted with any degree of certainty, and we cannot provide assurance that we will be able to operate in a profitable manner in any of our current or targeted future markets. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. Our prospects and operations may be adversely affected by changes in consumer preferences, discretionary spending and other economic conditions that affect demand for our services. Our business is concentrated on air mobility, which is vulnerable to changes in consumer preferences, discretionary spending and other market changes impacting luxury goods and discretionary purchases (including as a result of concerns regarding the impact of a global recession). The global economy has in the past, and may in the future, experience recessionary periods and periods of economic instability, such as uncertainty in the banking system, rising fuel costs and ongoing business disruptions and related financial impacts resulting from public health crises such as pandemics, including changes in inflation and interest rates, and disruptions in manufacturing, delivery and overall supply chain. In particular, as a result of the ~~lasting impacts of the COVID-19 pandemic,~~ **the current international trade environment (including uncertainties in global trade policies, potential escalation of tensions under the new U. S. administration, and the unpredictable impact of tariffs and trade restrictions),** the conflict between Russia and Ukraine, ~~the conflict in the Israel- Gaza region~~ and any potential increase in hostilities in the Middle East and rising prices and interest rates, many market observers anticipate that the global economy could face a recession in the foreseeable future. During such periods, our customers have chosen not to make discretionary purchases or to reduce overall spending on discretionary purchases. Such changes could result in reduced consumer demand for air transportation, including our air mobility services, or could shift demand from our air mobility services to other methods of air or ground transportation for which we do not offer a competing service. If we are unable to generate demand or there is a future shift in consumer spending away from air mobility, there could be a material adverse effect on our business, financial condition and results of operations. We expect to face intense competition in the regional air mobility industry. The regional air mobility industry is still developing and evolving, but we expect it to be highly competitive. We have a number of competitors in the regional air mobility market. For example, we compete against existing on- demand mobility air travel services, as well as ground transportation alternatives. Additionally, for certain of our longer routes, we compete against providers, including legacy commercial airlines, which have larger aircraft. We compete against companies that use technology that differs from the technology we intend to deploy in our aircraft in the future. For example, we will likely compete against other companies that utilize and develop fixed- wing electrification aircraft as well as competitors that pursue electric vertical takeoff and landing aircraft. Our potential competitors may be able to devote greater resources to the development of their current and future technologies or the promotion and sale of their offerings, or offer lower prices. Our potential competitors also may establish cooperative or strategic relationships among themselves or with third parties, including regional or national airport operations that we rely on to offer our air mobility services, which may further enhance their resources and offerings. It is possible that domestic or foreign companies or governments, some with greater experience in the air mobility industry or greater financial resources than we possess, will seek to provide products or services that compete directly or indirectly with ours in the future. Any such foreign competitor could benefit from subsidies or other protective measures provided by its home country. We believe our ability to compete successfully as an air mobility service will depend on a number of factors, which may change in the future due to increased competition, including the price of our offerings, consumer confidence in the safety of our offerings, consumer satisfaction for the experiences we offer and the routes, frequency of flights and availability of seats offered through our platform. If we are unable to compete successfully, there could be a material adverse effect on our business, financial condition and results of operations. If we are not able to successfully enter into new markets, offer new routes and services and enhance our existing offerings, our business, financial condition and results of operations could be adversely affected. Our growth will depend in part on our ability to successfully enter into new markets, create and introduce new routes, and expand our existing routes by adding more frequent flights. Significant changes to our existing routes or the introduction of new and unproven routes may require us to obtain and maintain applicable permits, authorizations or other regulatory approvals. If these

new or expanded routes are unsuccessful or fail to attract a sufficient number of customers to be profitable, or we are unable to bring new or expanded routes to market efficiently, our business, financial condition and results of operations could be adversely affected. Further, new third- party aircraft operator or flier demands regarding our services, including the availability of superior routes or a deterioration in the quality of our existing routes, could adversely affect the attractiveness of our platform and the economics of our business and require us to make substantial changes to and additional investments in our routes or our business model. Developing and launching new routes or enhancements to routes historically flown by us involves significant risks and uncertainties, including risks related to the reception of such routes by existing and potential future third- party aircraft operators and customers, increases in operational complexity, unanticipated delays or challenges in implementing such routes or enhancements, increased strain on our operational and internal resources (including an impairment of our ability to accurately forecast flier demand and the number of third- party aircraft operators using our platform) and negative publicity in the event such new or enhanced routes are perceived to be unsuccessful. Significant new initiatives have in the past resulted in similar operational challenges, and our growth strategy contemplates scaling our business rapidly, such as through acquisitions. In addition, developing and launching new routes and enhancements to our existing routes may involve significant upfront investment, such as additional marketing and terminal build- out, and such investments may not generate a return. Any of the foregoing risks and challenges could have a material adverse effect on our business, financial condition and results of operations. Our long- term growth strategy includes the establishment of a regional air travel ecosystem, including the implementation of our Aircraft- as- a- Service initiative. This involves (1) expanding the existing platform and brand to become the commercialization path for current and future sustainable air mobility technology, including sustainable aviation fuel flights, (2) providing bundled aircraft leasing, powertrain maintenance and operating software for conventional internal combustion and, in the future, our planned electrified aircraft, (3) once developed and certified, selling or leasing our electrification technology to other operators regardless of which network they serve and (4) working in close partnership with selected aircraft manufacturers and manufacturers of components of fully- electric and hybrid- electric propulsion systems to design and build the technology required to develop, and apply to obtain STCs for, the fully- electric and hybrid- electric propulsion systems that we intend to develop with our commercial partners. This ecosystem is complex and involves risk at each stage of implementation. There can be no assurance that we will successfully implement each stage of our regional air travel ecosystem or that the establishment of this ecosystem will result in the market opportunities we anticipate, and our failure to successfully achieve part or all of this ecosystem could have a material adverse effect on our business, financial condition and results of operations. If we experience harm to our reputation and brands, our business, financial condition and results of operations could be adversely affected. We must continue to increase the strength of our reputation and brands as reliable, experience- driven and cost- effective air mobility **providers** in order to attract and retain qualified third- party aircraft operators and customers. In addition, our growth strategy includes, among other things, exploring complementary strategic mergers and acquisitions, as well as strategic partnerships, to expand our capabilities and market opportunities, all of which benefit from our reputation and brand recognition. The successful development of our reputation and brands will depend on a number of factors, many of which are outside of our control. Negative perception of our business or platform may have a material adverse effect on our reputation and brands, including as a result of:

- complaints or negative publicity or reviews about us, our third- party aircraft operators or customers, our air mobility services, certain other brands or events we associate with or our flight operations policies (e. g., cancellation or baggage fee policies), even if factually incorrect or based on isolated incidents;
- general safety concerns or specific perceptions of the safety and performance of certain types of aircraft, such as single- engine versus twin- engine aircraft or propeller- powered aircraft versus jet- powered aircraft, or if companies have policies that prevent them from utilizing our services due to the aircraft we operate;
- changes to our flight operations, safety and security, data privacy or other policies that users or others perceive as overly restrictive, unclear or inconsistent with our values;
- a failure to enforce our flight operations policies in a manner that users perceive as effective, fair and transparent;
- illegal, negligent, reckless or otherwise inappropriate behavior by our customers, our third- party aircraft operators or other third parties involved in the operation of our business or by our management team or other employees;
- flight delays or a failure to provide routes and flight schedules sought by customers;
- actual or perceived disruptions or defects in our platform or other technology development, such as data privacy or security incidents, platform outages, payment processing disruptions or other incidents that impact the availability, reliability or security of our offerings;
- litigation over, or investigations by regulators into, our operations or those of our third- party aircraft operators;
- inadequate or unsatisfactory customer support service experiences;
- negative responses by third- party aircraft operators or customers to new mobility offerings on our platform;
- perception of our treatment of employees, contractors or third- party aircraft operators and our response to their sentiment related to political or social causes or actions of management;
- disputes with any of our strategic partners;
- problems in engagement with aircraft certification bodies or other regulators, communities, target demographics or other positioning in the market; or
- any of the foregoing with respect to our competitors, to the extent such resulting negative perception affects the public’ s perception of us or the aviation industry as a whole, and particularly if we are unable to adequately differentiate our brand, services and aircraft from others in the market. In addition, changes we may make to enhance and improve our offerings, and to balance the needs and interests of our third- party aircraft operators and customers may be viewed positively from one group’ s perspective (such as customers) but negatively from another’ s perspective (such as third- party aircraft operators), or may be viewed negatively by either third- party aircraft operators or customers. If we fail to balance the interests of third- party aircraft operators and customers or make changes that they view negatively, third- party aircraft operators and customers may stop using our platform or take fewer flights, any of which could have a material adverse effect on our reputation, brands, business, financial condition and results of operations. Moreover, we may fail to adequately differentiate our brand, services, and aircraft from others in the market, which could impact our ability to attract customers or engage with other key stakeholders. We may be unable to reduce end- user pricing for our air mobility services over time at rates sufficient to stimulate demand and drive expected growth for our air mobility services. We

may not be able to successfully reduce end- user pricing for our air mobility services over time to increase demand, address new market segments and develop a significantly broader customer base. Our end- user pricing may be most applicable to relatively affluent consumers who are willing to purchase our services, and we will need to address additional markets and expand our customer demographic in order to further grow our business. In particular, we intend for our air mobility services to be economically accessible to a broad segment of the population and appeal to the customers of existing on- demand mobility air travel services in addition to ground- based travel services, taxis and other methods of transportation. Reducing end- user pricing in a timely manner is dependent on management accurately estimating the unit economics of our aircraft and the corresponding service. For example, if management' s estimates are inaccurate regarding utilization rates, demand elasticity, operating conditions, production costs, indirect cost of goods sold, landing fees, charging fees, electricity availability and / or other operating expenses, we may be unable to offer our service at end- user pricing that is sufficiently compelling to initiate the local network effects that we are predicting. This could negatively impact our reputation or brand and have a material adverse effect on our business, financial condition and results of operations. ~~The duration and severity of the COVID- 19 pandemic adversely affected our business operations and financial results, and similar public health threats that we may face in the future could result in additional adverse effects on our business, financial condition and results of operations. The COVID- 19 pandemic, along with the measures governments and private organizations worldwide implemented in an attempt to contain the spread of the pandemic, resulted in a severe decline in demand for air travel and adversely affected our business, financial condition and results of operations to an unprecedented extent. Measures such as travel restrictions, "shelter in place" and quarantine orders, limitations on public gatherings, cancellation of public events and many other restrictions resulted in a precipitous decline in demand for business and leisure travel generally, including demand for our air mobility services. For example, historically our business has been comprised of business travel and commuter traffic, which largely was replaced by "virtual meeting" and teleconferencing products, or in some cases, became unnecessary as a result of the significant number of people now working from home. If a similar public health threat like the COVID- 19 pandemic occurs again in the future, it could have a material adverse effect on our business, financial condition and results of operations. The impact of COVID- 19 resulted in changes in consumer and business behavior, pandemic fears, market downturns and restrictions on business and individual activities, which created and continues to create significant volatility in the economy and led to reduced economic activity, particularly in the air travel industry, and continues to have lingering impacts on pilot availability and flight operations as the public has returned to air travel. Specifically, COVID- 19 related disruption in air travel has led to a decrease in membership sales, flight cancellations and significant operational volatility which significantly contributed to our defaulting on convertible notes owed to one of our lenders and related renegotiations of terms and conditions of such debt arrangements, as well as redundancies, in order to meet liquidity needs. As a result of any continued impacts from the COVID- 19 pandemic or similar public health threats, we could experience continued fluctuations in demand, increased operating costs, delayed development of our electrified powertrain and purchases of aircraft, and disruptions to other elements of our supply chains, among other negative effects, which could have a material adverse effect on our business, financial condition and results of operation.~~ From time to time, the aircraft industry has experienced periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could materially adversely affect our financial results and growth prospects. Historically, the aircraft leasing business has experienced periods of aircraft oversupply. The oversupply of a specific type of aircraft is likely to depress the lease rates for and the value of that type of aircraft. The supply and demand for aircraft is affected by various cyclical and non- cyclical factors that are outside of our control, including: • passenger and air cargo demand; • fuel costs and general economic conditions; • geopolitical events, including war, prolonged armed conflict and acts of terrorism; • outbreaks of communicable diseases and natural disasters; • governmental regulation; • interest rates; • the availability of credit; • airline restructurings and bankruptcies; • manufacturer production levels and technological innovation; • manufacturers merging or exiting the industry or ceasing to produce aircraft types; • retirement and obsolescence of aircraft models; • reintroduction into service of aircraft previously in storage; and • airport and air traffic control infrastructure constraints. In addition, due to the recent economic downturn and increased financial pressures, a number of operating lessors may be sold or merged with other operating lessors. The sale of any of these operating lessors (which may include a reduction in their aircraft fleets) and, in particular, their aircraft portfolios, could increase supply levels of used and older aircraft in the market. These factors may produce sharp and prolonged decreases in aircraft lease rates and values and have a material adverse effect on our ability to lease or re- lease the commercial aircraft that we ultimately acquire and on our ability to sell such aircraft and parts at acceptable prices. Any of these factors could materially and adversely affect our financial results and growth prospects. Any failure to offer high- quality customer support may harm our relationships with customers and could adversely affect our reputation, brands, business, financial condition and results of operations. Through our marketing, advertising and communications with customers, we intend to set the tone for our brands as aspirational but also within reach. We strive to create high levels of customer satisfaction through the experience we provide in our terminal lounges and the support provided by our team and representatives. The ease and reliability of our offerings, including our ability to provide high- quality flier support, helps us attract and retain customers. Customers depend on our team to resolve any issues relating to our services, such as lost luggage and personal belongings, flight cancellations or scheduling changes. Our ability to provide effective and timely support is largely dependent on our ability to attract and retain skilled employees who can support customers and are sufficiently knowledgeable about our services. As we grow our business and improve our air mobility service platform, we will face challenges related to providing quality support at scale. Any failure to provide efficient flier support, or a market perception that we do not maintain high- quality support, could have a material adverse effect on our reputation, brands, business, financial condition and results of operations. The success of our business will be highly dependent on our ability to effectively market and sell our air mobility solutions as a substitute for alternate methods of transportation. We currently generate substantially all of our revenue from the sale of air transportation. Our success will depend in part on our ability to cost- effectively attract new customers, retain existing customers and increase utilization of our

platform by existing customers. Our growth is highly dependent upon the adoption by **charter brokers, air operators and aircraft owners of our SurfOS software solutions, the adoption by** consumers of an enhanced form of mobility offered by our fully- electric and hybrid- electric aircraft , **and those of others** , once developed, and the growth of the regional air mobility industry. This market is new, rapidly evolving, characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, new aircraft announcements and changing consumer demands and behaviors. If customers do not broadly adopt this new form of mobility or are not willing to pay the prices we anticipate for our air mobility services, our business, including our planned Aircraft- as- a- Service initiative, may never materialize and there could be a material adverse effect on our prospects, financial condition and results of operations. Passengers have a wide variety of options for transportation, including business aviation, commercial airlines, private aircraft operators, personal vehicles, rental cars, taxis, public transit and ridesharing offerings. To expand our customer base, we must appeal to new customers who have historically used other forms of transportation for regional travel. If customers do not perceive our air mobility services to be reliable, safe and cost- effective, or if we fail to offer new and relevant services and features on our platform, we may not be able to attract or retain customers or increase their utilization of our platform. If we fail to grow our customer base, retain existing customers or increase the overall utilization of our platform, there could be a material adverse effect on our business, financial condition and results of operations. Our success in a given market will also depend on our ability to maintain and further develop our network of customers and accurately assess and predict customer demand and price sensitivity. Demand and price sensitivity may fluctuate based on a variety of factors, including macroeconomic factors, quality of service, negative publicity, safety incidents, corporate reporting related to safety, quality of customer service and support, perceived political or geopolitical affiliations and dissatisfaction with our products and offerings in general. If we fail to attract new customers or fail to accurately predict demand and price sensitivity, it may harm our financial performance, and our competitors' services and products may achieve greater market adoption and as a result may grow at a faster rate than our service. We expect that a large driver of customer demand for our service will be time savings when compared with alternative modes of transportation. If we are unable to deliver a sufficient level of time savings for our customers or if expected time savings are impacted by delays or cancellations, it may reduce demand for our services. If we are unable to generate demand or demand falls, there could be a material adverse effect on our business, financial condition and results of operations. We will be dependent on our senior management team and other highly skilled personnel, and if we are not successful in attracting and / or retaining highly qualified personnel, we may not be able to successfully implement our business strategy. Our success will depend, in significant part, on the continued services of our senior management team and on our ability to attract, motivate, develop and retain a sufficient number of other highly skilled personnel, including finance, marketing, sales and technology and support personnel. The loss of any one or more members of our senior management team, for any reason, including resignation or retirement, could impair our ability to execute our business strategy and have an adverse effect on our business, financial condition and results of operations. If we are unable to attract and retain skilled employees to support our operations and growth, there could be a material adverse effect on our financial condition and results of operations. As part of our growth strategy, we are engaging in, and may in the future engage in, acquisitions that could disrupt our business and have a material adverse effect on our financial condition. We intend to explore potential strategic acquisitions of businesses, as well as strategic partnerships, to expand our capabilities and market opportunities, as well as the establishment of a wholly- owned or joint venture aircraft and powertrain financing company. There can be no assurance that any future acquisitions or partnerships will be consummated successfully, if at all. We may also not be successful in identifying appropriate targets for such transactions. In addition, we may not be able to continue the operational success of such businesses or successfully finance or integrate any businesses that we acquire or with which we form a partnership. We may have potential write- offs of acquired assets and / or an impairment of any goodwill recorded as a result of acquisitions. Furthermore, the integration of any acquisition, including the acquisition of Southern, or the establishment of a partnership or joint venture may divert management' s time and resources from our core business and disrupt our operations or may result in conflicts with our business. Any acquisition, partnership or joint venture may not result in anticipated synergies or cost savings over time, may reduce our cash reserves, may negatively affect our earnings and financial performance, to the extent financed with the proceeds of debt, may increase our indebtedness and to the extent financed with the proceeds of equity, and may result in dilution to our existing equity holders. We cannot ensure that any acquisition or partnership we make will not have a material adverse effect on our business, financial condition and results of operations. We may be unable to manage our future growth effectively, which could make it difficult to execute our business strategy. If our operations continue to grow as planned, of which there can be no assurance, we will need to expand our sales, marketing, operations and the number of aircraft operators with whom we do business. Our continued growth could increase the strain on our resources, and we could experience operating difficulties, including difficulties in hiring, training and managing an increasing number of employees. These difficulties may result in the erosion of our brand image, divert the attention of management and key employees and impact our financial condition and results of operations. In addition, in order to continue to increase our presence, we expect to incur substantial expenses as we continue to attempt to increase our route offerings, flight frequency, passenger terminal footprint and employee base. The continued expansion of our business may also require additional space for administrative support. If we are unable to drive commensurate growth, these costs, which include lease commitments, marketing costs and headcount, could result in decreased margins, which could have a material adverse effect on our business, financial condition **and results of operations. Risks Related to the Development of the SurfOS Software Platform We may not realize the expected return on our significant investment in SurfOS due to development delays, technical challenges, or lack of market acceptance, which could undermine our financial performance and competitive position. We have invested, and will continue to invest, significant time, effort, and financial resources into the development and implementation of SurfOS, our AI- enhanced software operating system. The success of SurfOS is critical to our strategy of enhancing operational efficiency and providing advanced technological solutions to our**

customers. However, there are several risks associated with this initiative. The development of SurfOS involves complex software engineering and integration with our existing systems and operations. Any delays or technical challenges in the development process could postpone the deployment of SurfOS, potentially leading to increased costs and missed market opportunities. Additionally, unforeseen technical issues could arise, requiring further investment and resources to resolve. Even if SurfOS is successfully developed and deployed, its success depends on market acceptance and adoption by our customers and partners. If SurfOS does not meet the expectations of our customers or fails to deliver the anticipated benefits, we may not achieve the desired return on our investment. This could adversely affect our financial performance and competitive position. The joint venture to develop SurfOS creates risks through technology dependence, potential partner misalignment, relationship challenges, and funding uncertainties that could significantly impact the company's business. Our joint venture with Palantir to develop SurfOS and other software solutions introduces additional risks that could impact our business. The success of SurfOS is heavily reliant on Palantir's proprietary software platforms and their implementation engineering services. Any disruption in Palantir's ability to deliver these services, or any deterioration in our relationship with Palantir, could adversely affect the development and functionality of SurfOS. Additionally, any changes in Palantir's business strategy or priorities could impact their commitment to the joint venture. The joint venture requires close collaboration and alignment between us and Palantir. Any misalignment in strategic goals, operational processes, or management decisions could hinder the progress of SurfOS development and its subsequent commercialization. Furthermore, disagreements or conflicts between the parties could lead to delays, increased costs, or even the dissolution of the joint venture. The joint venture is expected to be capitalized by outside third-party investors. If we are unable to secure sufficient funding or if the capital raised is inadequate to support the development and commercialization of SurfOS, the project may face significant setbacks. Additionally, the allocation of resources between SurfOS and other business priorities could strain our financial and operational capabilities. In summary, while SurfOS represents a significant opportunity for innovation and growth, it also carries substantial risks related to its development, market acceptance, and the dynamics of our joint venture with Palantir. These risks could materially and adversely affect our business, financial condition, and results of operations.

Risks Related to the Development of Electrification Technology We, as well as our development and supply chain partners, have limited experience to date in the development and manufacturing of fully- electric and hybrid- electric powertrains and integrating those newly developed powertrains into existing certified airframes, and we may never develop or manufacture any fully- electric and hybrid- electric powertrains. Our business depends in large part on our ability to execute our plans to develop, produce, assemble, market, sell, install and service our fully- electric and hybrid- electric powertrain solutions. Our ability to develop and produce fully- electric and hybrid- electric powertrain solutions of sufficient quality and appeal to customers on schedule and at scale is unproven. We have no prior experience or operating history in the development and manufacturing of electrification technology. We have entered into agreements with development and supply chain partners, such as TAI and AeroTEC, who each have limited experience in the development and manufacturing of the fully- electric and hybrid- electric powertrains that we are planning to produce, as well as in the integration of this newly developed technology into existing certified airframes. Our fully- electric and hybrid- electric powertrains are currently in the developmental stage. We do not expect to successfully commercialize our first fully- electric powertrains before early 2027 and the hybrid- electric powertrains before the end of 2027, if at all. There can be no assurance as to whether our current or future third- party partners will be able to develop efficient, automated, low- cost production capabilities and processes and / or obtain reliable sources of component supply to allow us to meet the quality, price, engineering, design and production standards and production volumes required to successfully develop, manufacture and market our fully- electric and hybrid- electric powertrains before the end of 2027. Moreover, unlike the market for electric automobiles, the commercialization of electric and hybrid- electric aircraft remains unproven. Although we believe that the component technology to electrify small aircraft exists today, there is currently no other producer of fully- electric or hybrid- electric aircraft in the industry. Any delay in the development, manufacture and launch of electrification technology could adversely affect our brand, operations and the delivery of our growth strategy, particularly if it results in a failure to expand our market share in the regional air mobility market as anticipated. Any such delays could require us to incur additional costs. Even if we and our third- party partners are successful in developing our fully- electric and hybrid- electric powertrains and reliably sourcing our component supply, we do not know whether we will be able to do so in a manner that avoids significant delays and cost overruns, including as a result of factors beyond our control such as problems with suppliers and vendors, force majeure events, delays in meeting commercialization schedules, or failure to satisfy the requirements of customers and potential customers. Any such failure could have a material adverse effect on our business, financial condition and results of operations. As a new entrant into the nascent market of hybrid- electric and battery electric aircraft, we anticipate that we will face risks and significant challenges that would impact our ability to, among other things: • design and produce safe, reliable and quality fully- electric and hybrid- electric powertrains on an ongoing basis; • obtain necessary regulatory approvals in a timely manner, or at all; • build a well- recognized and respected brand; • attract and maintain core commercial partnerships; • establish and expand our customer base; • successfully service our aircraft after sales and maintain a good flow of spare parts and customer goodwill; • improve and maintain our operational efficiency; • predict our future revenues and appropriately budget for our expenses; • attract, retain and motivate talented employees; • anticipate trends that may emerge and affect our business; • anticipate and adapt to changing market conditions, including technological developments and changes in our competitive landscape; and • navigate an evolving and complex regulatory environment. If we fail to adequately address any or all of these risks and challenges, our business, financial condition and results of operations may be materially and adversely affected. Our competitors may commercialize their technology before us, either in general or in specific markets, or we may otherwise not be able to fully capture the first mover advantage that we anticipate. While we strive to be the first to market providing air mobility services with a hybrid- electric aircraft, we expect this industry to be increasingly

competitive and it is possible that our competitors could get to market before us, either generally or in specific markets. The timing of our production ramp is dependent upon finalizing certain aspects of the design, engineering, component procurement, testing, build out and manufacturing plans in a timely manner, and our ability to execute these plans within the current timeline and upon regulatory approval by the FAA, which can be a lengthy and unpredictable process. Even if we are first to market with fully- electric or hybrid- electric aircraft, we may not fully realize the benefits we anticipate, and we may not receive any competitive advantage or may be overcome by other competitors. New companies or existing aerospace companies may launch competing solutions, including fully- electric and hybrid- electric aircraft in the markets in which we intend to operate, or fully- electric or hybrid- electric aircraft utilizing different technologies such as hydrogen fuel cells, and obtain large scale capital investment, which may result in increased competition. Additionally, our competitors may benefit from our efforts in developing consumer and community acceptance for hybrid- electric aircraft and air mobility, making it easier for them to obtain the permits and authorizations required to operate an air mobility service in the markets in which we intend to launch or in other markets. In the event we do not capture the first mover advantage that we anticipate, it could have a material adverse effect on our business, financial condition, results of operations and prospects. The planned fully- electric and hybrid- electric powertrain solutions may not result in the operating cost savings we anticipate, which could negatively impact the future economics of our network operations as well as our ability to successfully sell and market our planned future Aircraft- as- a- Service initiative. In developing our business strategy for future aircraft electrification and network expansion, we have assumed implementing fully- electric technology will result in operating cost savings of approximately 50 % compared to current combustion powertrain technologies, with more limited range and payload characteristics, and hybrid- electric technology will result in operating cost savings of approximately 25 % compared to current internal combustion powertrain technologies, while maintaining similar performance characteristics. If these assumptions change by a material amount, our network expansion plans could be negatively impacted and we would be unlikely to be able to develop significant future revenues and earnings from our planned Aircraft- as- a- Service initiative. Our future fully- electric and hybrid- electric aircraft may require maintenance at frequencies or at costs which are unexpected and could adversely affect our business and operations. Our future fully- electric and hybrid- electric aircraft will be highly technical products that will require maintenance and support. We are still developing our understanding of the long- term maintenance profile of the fully- electric and hybrid- electric aircraft, and if useful lifetimes are shorter than expected, this may lead to greater maintenance costs than previously anticipated. If our future fully- electric and hybrid- electric aircraft and related equipment require maintenance more frequently than we plan for or at costs that exceed our estimates, that would disrupt the operation of our service and could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our Operations and Infrastructure If we are unable to obtain and maintain access to adequate facilities and infrastructure in desirable locations, including securing access to key infrastructure such as airports, we may be unable to offer our service in a way that is useful to passengers. Our air mobility service will depend on our ability to operate in desirable metropolitan and regional locations. This will require permits and approvals from federal, state and local regulatory authorities and government bodies and our ability to operate our service will depend on such permits and approvals, as well as our ability to lease and license access to passenger terminal infrastructure. We lease and license access to passenger terminal infrastructure, such as hangars, from airport operators in certain of the markets in which they operate. These lease agreements have termination dates ranging from two to three years, and often include the right to extend on a month to month basis. We may face competition for capacity at passenger facilities in our preferred locations, which may impact our ability to service customers effectively. We also cannot predict whether we will receive any such permits and approvals, whether we will receive them for desirable locations or whether we will receive them in a timely manner. If we are prohibited, restricted or delayed from developing and operating desirable locations, there could be a material adverse effect on our business. Our operations are currently concentrated in a small number of metropolitan areas and airports which makes our business particularly susceptible to natural disasters, outbreaks and pandemics, growth constraints, economic, social, weather and regulatory conditions or other circumstances affecting these metropolitan areas. We currently derive revenues from regional flights operated in Hawaii and the Mid- Atlantic, Gulf South, Rocky Mountains, West Coast and New England regions. As a result of this geographic concentration, our business historically has been particularly susceptible to natural disasters, outbreaks and pandemics, growth constraints, economic, social, weather and regulatory conditions or other circumstances applicable to metropolitan areas. A significant interruption or disruption in service at an airport where we have a significant volume of flights could result in the cancellation or delay of a significant portion of our flights and, as a result, could have an adverse effect on our business, financial condition and results of operations. In addition, any changes to local laws or regulations within key metropolitan areas that affect our ability to operate or increase our operating expenses in these markets could have a material adverse effect on our business, financial condition and results of operations. Disruption of operations at airports, whether caused by natural disasters including tornados, hurricanes, floods, volcanic eruptions and earthquakes, and severe weather conditions, such as heavy rains, strong winds, dense fog, blizzards or snowstorms, or labor relations, utility or communications issues, power outages, or changes in federal, state and local regulatory requirements could have a material adverse effect on our business. Our aircraft utilization may be lower than expected and our aircraft may be limited in performance during certain weather conditions. We are vulnerable to delays, cancellations or flight rescheduling, as we will rely on maintaining a high daily aircraft usage rate, and need to aggregate customers on our by- the- seat flights to lower direct costs to third- party operators. Our aircraft may not be able to fly safely in poor weather conditions, including snowstorms, thunderstorms, lightning, hail, known icing conditions or fog. The aircraft models that we have flown to date and the smaller airports out of which they operate are more vulnerable to delays of this nature and we have experienced delays and disruptions as a result of extreme weather. Our inability to operate in these conditions in the future will reduce our aircraft utilization and cause delays and disruptions in our services. We intend to maintain a high daily aircraft utilization rate which is the amount of time our aircraft spend in the air carrying passengers. High daily aircraft utilization is achieved in part by reducing turnaround times at airports so we can fly

more hours on average in a day. Aircraft utilization is reduced by delays and cancellations from various factors, many of which are beyond our control, including adverse weather conditions, security requirements, air traffic congestion and unscheduled maintenance events. The success of our business is dependent, in part, on the utilization rate of our aircraft and reductions in utilization will have a material adverse effect on our financial condition as well as cause passenger dissatisfaction. Our success also depends on our ability to generate more revenue per flight by maintaining high customer utilization rates (i. e., the number of seats purchased on each flight). Customer utilization rates may be reduced by a variety of factors, including the introduction of new routes or schedules. In some cases, we may choose to offer flights with low customer utilization rates to increase or maintain customer satisfaction, brand recognition, and for marketing or other purposes. We have utilized monthly and annual commuter passes and annual corporate bulk purchasing options to increase our customer utilization rates in the past; however, these products may be less appealing following COVID- 19. While historically we have maintained daily aircraft and customer utilization rates sufficient to offset the costs we pay to operators, we may be unable ~~to resume our pre- COVID utilization rates~~ or maintain and increase utilization rates as our business grows and expands. The risk of delays, cancellations and flight rescheduling, which could negatively impact our utilization rates, may increase as we expand our business to include new markets and destinations, more frequent flights on current routes and expanded facilities. The supply of pilots to the airline industry is limited and may negatively affect our operations and financial condition. Increases in our labor costs, which constitute a substantial portion of our total operating costs, may have a material adverse effect on our business, financial condition and results of operations. Our pilots are subject to stringent pilot qualification and crew member flight training standards (“ FAA Qualification Standards ”), which among other things require minimum flight time for pilots and mandate strict rules to minimize pilot fatigue. The existence of such requirements effectively limits the supply of qualified pilot candidates and increases pilot salaries and related labor costs. Such requirements also impact pilot scheduling, work hours and the number of pilots required to be employed for our operations, all of which could have a material adverse effect on our business, results of operation and financial condition. We have a pilot pipeline agreement with SkyWest to hire, train and provide a pipeline of pilots for our operations and a potential subsequent transition into SkyWest’ s operations, and we intend to continue this arrangement going forward. However, this potentially exposes us to a number of risks. This arrangement may not be sufficient to offset a significant or prolonged shortage of pilots, and we will be increasingly reliant on this partnership as we look to expand our operations. If this pipeline is unable to provide us with pilots in the expected numbers or at the appropriate times, or if the agreement with SkyWest were to be terminated, we would be required to incur significant labor costs to find replacement or substitute pilots, which would result in a material reduction in our earnings. If we are unable to find a sufficient supply of pilots to fly our routes, we may be forced to cancel flights. In addition, our competitors may seek to use this training program as a way to generate negative publicity about us, which could have a material adverse effect on our reputation, business and results of operation. In addition, our operations and financial condition may be negatively impacted if we are unable to train pilots in a timely manner. Due to an industry- wide shortage of qualified pilots, driven by the flight hours requirements under the FAA Qualification Standards and attrition resulting from the hiring needs of other industry participants, pilot training timelines have significantly increased and stressed the availability of flight simulators, instructors and related training equipment. As a result, the training of our pilots may not be accomplished in a cost- efficient manner or in a manner timely enough to support our operational needs. We are subject to legal, regulatory and physical risks associated with climate change, including the potential increased impacts of severe weather events on our operations and infrastructure. We are subject to federal, state, and local laws and regulations relating to the protection of the environment and noise, including those relating to emissions to the air, discharges (including storm water and de- icing fluid discharges) to surface and subsurface waters, safe drinking water and the use, management, disposal and release of, and exposure to, hazardous substances, oils and waste materials. Certain legislative bodies and regulatory authorities are increasingly focused on climate change and have taken actions to implement additional laws, regulations, and programs intended to protect the environment. For example, the federal government, as well as several state and local governments, have implemented legislative and regulatory proposals and voluntary measures intended to reduce greenhouse gas emissions. Compliance with laws, regulations, and other programs intended to reduce emissions or otherwise protect the environment may require us to reduce our emissions secure carbon offset credits or otherwise pay for emissions, or make capital investments to modify certain aspects of our operations to reduce emissions. Future policy, legal, and regulatory developments relating to the protection of the environment, **including modifications to or reversals of such developments,** could increase our costs and have a material adverse effect on our operations. Additionally, we may be subject to risks associated with climate change litigation, and to avoid the risks associated with climate change litigation, we would be required to manage our climate impacts responsibly, which may result in considerable expenses being incurred. Moreover, the potential physical effects of climate change, such as increased frequency and severity of storms, floods, fires, fog, mist, freezing conditions, sea- level rise and other climate- related events, could affect our operations, infrastructure and financial results. Operational impacts, such as the delay or cancellation of flights, could result in loss of revenue. In addition, certain of our terminals are in locations susceptible to the impacts of storm- related flooding and sea- level rise, which could result in costs and loss of revenue. We could incur significant costs to improve the climate resiliency of our infrastructure and otherwise prepare for, respond to, and mitigate such physical effects of climate change. We are not able to accurately predict the materiality of any potential losses or costs associated with the physical effects of climate change. Our business may be adversely affected by union activities. Although none of our employees are currently represented by a labor union, it is common throughout the airline industry generally for many employees to belong to a union, which can result in higher employee costs and increased risk of work stoppages. As we expand our business there can be no assurances that our employees will not join or form a labor union or that we will not be required to become a union signatory. We are also directly or indirectly dependent upon companies with unionized work forces, such as parts suppliers, and work stoppages or strikes organized by such unions could have a material adverse effect on our business, financial condition or results of operations. If a

work stoppage occurs, it could delay the manufacture and sale of our performance hybrid- electric vehicles and could have a material adverse effect on our business, financial condition or results of operations. Our or our third- party aircraft operators' insurance may become too difficult or expensive to obtain. Increases in insurance costs or reductions in insurance coverage may have a material adverse effect on our financial condition and results of operations. Hazards are inherent in the aviation industry and may result in loss of life and property, potentially exposing us to substantial liability claims arising from the operation of aircraft. Safe operation of aircraft is the responsibility of ourselves and our third- party operators who are held liable for accidents, thus incidents related to aircraft operation are covered by ours and our third- party operators' insurance. We maintain general liability aviation insurance policies. Additionally, we maintain directors and officers insurance, as well as other insurance policies, and we believe our level of coverage is customary in the industry and adequate to protect against claims. A limited number of hull and liability insurance underwriters provide coverage for our third- party aircraft operators. Insurance underwriters are required by various federal and state regulations to maintain minimum levels of reserves for known and expected claims. However, there can be no assurance that our or third- party aircraft operators' insurance policies will be sufficient to cover potential claims or that present levels of coverage will be available in the future at reasonable cost, or that underwriters have established adequate reserves to fund existing and future claims. Further, we expect our insurance needs and costs to increase as we grow our commercial operations, add routes, increase flight and passenger volumes and expand into new markets. It is too early to determine what impact, if any, the commercial operation of our future hybrid- electric aircraft will have on our insurance costs. Accordingly, we may not have adequate insurance coverage. The successful assertion of one or more large claims against us that exceeds our available insurance coverage, or results in changes to our insurance policies (including premium increases or the imposition of large deductible or co- insurance requirements), could have an adverse effect on our business. In addition, we cannot be sure that our existing insurance coverage will continue to be available on acceptable terms or that our insurers will not deny coverage as to any future claim. The number of air medical or tourism accidents, as well as the number of insured losses within the commercial airline industry, and the impact of general economic conditions on underwriters may result in increases in premiums above the rate of inflation. If our third- party aircraft operators' insurance costs increase, such operators are likely to pass the increased costs to us, which could cause us to increase the prices paid by our customers. Such cost increases could adversely affect demand for our services and harm our business. Additionally, under all aircraft operating agreements, our third- party aircraft operators have agreed to indemnify us against liability arising from the operation of aircraft and to maintain insurance covering such liability. However, there can be no assurance there will be no challenge to the indemnification rights or that the aircraft operator will have sufficient assets or insurance coverage to fulfill its indemnity obligations. We may incur substantial maintenance costs as part of our leased aircraft return obligations. Some of our aircraft lease agreements contain provisions that require us to return aircraft airframes and engines to the lessor in a specified condition or pay an amount to the lessor based on the actual return condition of the equipment. These lease return costs are recorded in the period in which they are incurred. On our financial statements, we estimate the cost of maintenance lease return obligations and accrue such costs over the remaining lease term when the expense is probable and can be reasonably estimated. Any unexpected increase in maintenance return costs may have a material adverse effect on our financial condition and results of operations. We are exposed to operational disruptions due to maintenance. Our fleet requires regular maintenance work, which can cause operational disruption. Our inability to perform timely maintenance and repairs could result in our aircraft being underutilized which could have an adverse effect on our business, financial condition and results of operations. For example, during 2023 we were required to perform additional maintenance and repairs due to unforeseen weather conditions and, to a larger extent, supply chain disruptions, which resulted in lower utilization of aircraft and a decrease in scheduled flight hours, which negatively impacted scheduled revenue. In addition, we have experienced an increase in maintenance as a result of an increase in flight hours on our aircraft, which resulted in an increase in maintenance and repair costs. A prolonged period of maintenance or repair work would result in disruptions to our routes lower revenues and / or increased costs. On occasion, airframe manufacturers or regulatory authorities may require mandatory or recommended modifications to be made across a particular fleet which may mean having to ground a particular type of aircraft. This may cause operational disruption to and impose significant costs on us. Furthermore, our operations in remote locations, where delivery of components and parts could take a significant period of time, could result in delays in our ability to maintain and repair our aircraft. Any such delays may pose a risk to our business, financial condition and results of operations. Moreover, as our aircraft base increases, our maintenance costs could potentially increase. We have no historical experience maintaining fully- electric and hybrid- electric powertrains. While we believe the newly developed powertrains will require reduced maintenance activity per flight hour, our operations could be negatively impacted if our assumptions on reliability or cost of maintenance prove incorrect. The profitability of our current operations is dependent on the availability and pricing of aircraft fuel. Periods of significant disruption in the supply of aircraft fuel or elevated pricing could have a significant negative impact on our results of operations and liquidity. Although our current operations and those of third- party aircraft operators, in the limited circumstances, such as operations in Hawaii, where we purchase fuel directly, are currently able to obtain adequate supplies of aircraft fuel, we cannot predict the future availability. Natural disasters (including hurricanes or similar events in the southeast United States and on the Gulf Coast where a significant portion of domestic refining capacity is located), political disruptions or wars involving oil- producing countries, economic sanctions imposed against oil- producing countries or specific industry participants, changes in fuel- related governmental policy, the strength of the U. S. dollar against foreign currencies, changes in the cost to transport or store petroleum products, changes in access to petroleum product pipelines and terminals, speculation in the energy futures markets, changes in aircraft fuel production capacity, environmental concerns and other unpredictable events may result in fuel supply shortages or distribution challenges in the future leading to volatile aircraft fuel pricing. Any of these factors or events could cause a disruption in or increased demands on oil production, refinery operations, pipeline capacity or terminal access and possibly result in diminished availability of aircraft fuel supply for our third- party aircraft operators. The impact of such events

may limit our third- party aircraft operators' ability to perform our flights, which could result in loss of revenue and adversely affect our ability to provide our services. Additionally, high fuel prices or significant disruptions in the supply of aircraft fuel could have an adverse effect on our financial condition and results of operations. During the years ended December 31, **2024 and 2023 and 2022**, our fuel expense was \$ **14.0 million and \$ 7.2 million and \$ 1.2 million**, respectively. The timely and adequate supply of fuel to meet operational demand depends on the continued availability of reliable fuel supply sources as well as related service and delivery infrastructure. Although we have some ability to cover short- term fuel supply disruptions, we depend significantly on the continued performance of our third- party service providers to maintain supply integrity. Consequently, we can neither predict nor guarantee the continued timely availability of aircraft fuel throughout our operations. Unsatisfactory safety performance of our aircraft could have a material adverse effect on our business, financial condition and results of operations. While we intend to maintain operational processes designed to ensure that the design, testing, manufacture, performance, operation and servicing of our aircraft meet rigorous quality standards, there can be no assurance that we will not experience operational or process failures and other problems, including through flight test accidents or incidents, manufacturing or design defects, pilot error, cyber- attacks or other inadvertent or intentional acts or omissions, that could result in potential safety risks. Any actual or perceived safety issues may result in significant reputational harm to our business, in addition to tort liability, maintenance, increased safety infrastructure and other costs that may arise. Such issues could result in delaying or cancelling planned flights, increased regulation or other systemic consequences. Our inability to meet our safety standards or adverse publicity affecting our reputation as a result of accidents, mechanical or operational failures, or other safety incidents could have a material adverse effect on our business, financial condition and results of operation. In addition, our aircraft may be grounded by regulatory authorities due to safety concerns that could have a material adverse effect on our business, financial condition, results of operations and prospects. Crashes, accidents or incidents of aircraft involving us or our competitors could have a material adverse effect on our business, financial condition and results of operations. The operation of aircraft is subject to various risks, and we expect demand for our air mobility services to be impacted by accidents or other safety issues regardless of whether such accidents or issues involve our aircraft. Crashes, accidents or incidents involving our aircraft, or involving aircraft operating our powertrains, once developed, are possible. Any such occurrence would negatively impact our business, financial condition and results of operations in a number of ways. An accident or incident involving an aircraft operated by us or by a third- party operator on our behalf or using our powertrains, could result in significant potential claims of injured passengers and others, as well as repair or replacement of a damaged aircraft and its consequential temporary or permanent loss from service. For example, in January 2024, a Southern flight was forced to make an emergency landing following take- off in severe weather from Dulles International Airport in Virginia. Substantial claims resulting from an accident in excess of our related insurance coverage would harm our operational and financial results. Moreover, any aircraft accident or incident, even if fully insured or due to reasons not attributable to us or our operations or products, could result in negative public perception that our operations are less safe or reliable than other providers and have a material adverse effect on our reputation, business and results of operations. Safety issues experienced by a particular model of aircraft could impact consumer confidence in that particular aircraft type or the air transportation services industry as a whole, or result in a regulatory body grounding that particular aircraft model. If we or other operators experience accidents with aircraft models that we operate, obligating us to take such aircraft out of service until the cause of such accidents is determined and rectified, we might lose revenues and might lose customers. The value of the aircraft model might also be permanently reduced in the secondary market if the model were to be considered less desirable for future service. Moreover, such accidents or incidents could also have a material impact on our ability to obtain or maintain FAA certification for our aircraft in a timely manner, or at all. If our personnel, third- party contractors with whom we have arrangements, our aircraft, other types of aircraft or other companies in the industry are involved in a public incident, accident, catastrophe or regulatory enforcement action, we could be exposed to significant reputational harm and / or potential legal liability. The insurance we carry may be inapplicable or inadequate to cover any such incident, accident, catastrophe or action. In the event that our insurance is inapplicable or inadequate, we may be forced to bear substantial losses from an incident or accident. Further, as we develop and manufacture fully- electric and hybrid- electric powertrains and as these powertrains are implemented in aircraft that we sell to other operators, we may be exposed to additional risks and demand for our newly developed products will be negatively impacted by accidents or incidents involving the powertrains, including during test flights of prototypes. Such events could impact confidence in not just our products, but the development of electrification technology as a whole. This could have a material adverse effect on our future growth, financial condition and results of operations.

Risks Related to Our Dependence on Third Parties We are substantially dependent upon our relationships with our strategic partners, and we are or may be subject to risks associated with such strategic alliances. Our reliance on these arrangements, and the loss of any such alliances or arrangements or failure to identify future opportunities could affect our growth plans. We intend to collaborate with leading aerospace OEMs and industry leading engineering- for- hire firms to develop a set of fully- electric and hybrid- electric powertrains. We have entered into agreements with TAI for, among other things, the purchase of 90 new Cessna Caravans, with an option for up to **38-25** additional Cessna Caravans, as well as the provision of certain services, in anticipation of the development of fully- electric and hybrid- electric powertrains. We have also entered into an agreement with AeroTEC to develop, and to apply for STCs from the FAA for, fully- electric and hybrid- electric variants of the Cessna Caravan, as well as the development and supply of aircraft electric propulsion units ("EPU") for fully- electric and hybrid- electric powertrains, to be initially designed for the Cessna Caravan. ~~We have entered into an MOU with Signature for, among other things, FBO services and support for our network at existing and new Signature locations.~~ Some of our current arrangements are contingent upon certain conditions or the entry into definitive documentation in the future. Our agreements with TAI are subject to certain milestones that, if we do not meet, may result in TAI' s option to terminate the agreements. See the section titled " Licensing, Exclusivity and Aircraft Purchase Arrangements- Textron Agreement " in Note 15, Commitments and Contingencies in the accompanying consolidated financial statements for further

details on our agreements with TAI. **We With regard to Signature, we have only entered into a joint venture agreement with Palantir for the development of SurfOS. The joint venture introduces significant risks for us, including technology dependence on Palantir's proprietary software platforms, potential misalignment and MOU relationship challenges with Palantir, and uncertainties in securing adequate funding, all of which could adversely impact** is subject to termination by either us or Signature for convenience at any time with three-- **the months' written notice Company's business operations and financial stability**. Such strategic business relationships will be a critical component in the growth and success of our business and, in particular, our ability to develop and commercialize fully- electric and hybrid- electric powertrains and related aircraft. However, there are no assurances that we will be able to timely meet all of the conditions of these agreements, if at all, maintain these relationships or continue to identify or secure suitable business relationship opportunities in the future, or that our competitors will not capitalize on such opportunities before we do. Moreover, identifying such opportunities could require substantial management time and resources, and negotiating and financing relationships involves significant costs and uncertainties. If any conflicts arise between our strategic partners and us, the other party may act in a manner adverse to us and could limit our ability to implement our business strategies, which could impact our projected production timelines and number of powertrains produced or aircraft modified. Our strategic partners may also develop, either alone or with others, products in related fields that are competitive with our products. Specifically, conflicts with our key strategic partners, including TAI and AeroTEC, could adversely impact our ability to develop and manufacture our planned powertrain and our planned subsequent modification of aircraft, which, in turn could have a material adverse effect on our prospects, business, financial condition and results of operation. If we are unable to successfully maintain, source and execute on strategic relationship opportunities in the future related to electrification or other technologies relevant to our competitive position, or if any of our agreements with our strategic partners were to be terminated, our overall growth could be impaired, and there could be a material adverse effect on our business, financial condition and results of operations. Our success will depend on our ability to economically outsource the production, assembly and installation of our fully- electric and hybrid- electric powertrain solutions at scale, and our suppliers for the parts and components of these powertrains are an important part of our business model. We plan to outsource the majority of the production, assembly and installation of our fully- electric and hybrid- electric powertrain solutions. As such, our suppliers, including single source suppliers for certain components, are a key part of our business model in order to manufacture our planned fully- electric and hybrid- electric powertrains for the Cessna Caravan. We have strategically partnered with companies that we believe to be industry leaders in order to supply the highest quality components for, and to help us develop, our fully- electric and hybrid- electric powertrains. Many of the components for our planned fully- electric and hybrid- electric powertrains will be custom made for us, which may expose us to additional risks if one or more components become unavailable. This supply chain exposes us to multiple potential sources of delivery failure or component shortages for our future powertrain, most of which are out of our control, including shortages of, or disruptions in the supply of, the raw materials used by our suppliers in the manufacturing of components, disruptions to our suppliers' workforce (such as strikes or labor shortfalls) and disruptions to, or capacity constraints affecting, shipping and logistics. Moreover, we anticipate that a significant concentration of the production, assembly and installation of certain components will be performed by a small number of outsourcing partners. While these arrangements can lower operating costs, they also reduce our direct control over production and distribution. Such diminished control may have an adverse effect on the quality or quantity of products or services, or our flexibility to respond to changing conditions. We expect to rely on single- source suppliers to supply and produce many components. Any failure of these suppliers or outsourcing partners to perform could require us to seek alternative suppliers or to expand our production capabilities, which could incur additional costs and have a negative impact on our cost or supply of components or finished goods. While we believe that we may be able to establish alternative supply relationships and obtain replacement components, we may be unable to do so in the short- term or at all at prices that are acceptable to us or we may need to re- certify components. If we need to find alternative suppliers for any of the key components of our planned fully- electric and hybrid- electric powertrains, then this could increase our costs and adversely affect our ability to receive such components on a timely basis, or at all, which could cause significant delays in our overall projected timelines for the delivery of our powertrain and could have a material adverse effect on our future relationships with our customers. In addition, production or logistics in supply or production areas or transit to final destinations can be disrupted for a variety of reasons including, but not limited to, natural and man- made disasters, information technology system failures, commercial disputes, military actions, economic, business, labor, environmental, public health or political issues or international trade disputes. Any failure to develop such production processes and capabilities within our projected costs and timelines could have a material adverse effect on our business, financial condition and results of operations. Further, if we are unable to successfully manage our relationships with our suppliers, the quality and availability of our powertrain and modified aircraft may be harmed. Our suppliers could, under some circumstances, decline to accept new purchase orders from, or otherwise reduce their business, with us. Any disruptions in the supply of components from our suppliers could lead to delays in both prototype and commercial powertrain production and subsequent modification of aircraft, which could have a material adverse effect on our business, financial condition and results of operations. We have not yet selected manufacturers and suppliers of certain components of the proposed fully- electric and hybrid- electric powertrains for the Cessna Caravan, or entered into any agreements in relation to the development and manufacture of these components. Delays or difficulties in selecting and entering agreements with such manufacturers and suppliers may impact the timelines we envisage for developing the powertrain, and adversely affect the results of our operations. Our collaboration with TAI for our development of hybrid- electric and battery electric powertrains for the Cessna Caravan and our relationship with TAI as its exclusive supplier of certain fully- electric and hybrid- electric powertrains for the Cessna Caravan are subject to a number of conditions and milestones. If the conditions and milestones in the TAI agreements governing our relationship with TAI are not met, or if the agreements or exclusive relationship are canceled, modified or delayed, our prospects, business, financial condition and results of operations will be harmed. The agreements governing our

collaboration with TAI for our development of its proprietary fully- electric and hybrid- electric powertrains to power the Cessna Caravan aircraft are subject to a number of conditions and milestones, including the issuance of an STC for the powertrain by the FAA within 60 months of the initial listing date of our shares of **Common common Stock stock** as part of the STC for installation of that powertrain in the Cessna Caravan aircraft and meeting certain design and performance objectives upon the timeline specified in the agreements with TAI. In the event that we are unable to meet these conditions and objectives as verified by TAI, the obligations of TAI to us under the agreements can be terminated by TAI. In addition, our relationship as the exclusive supplier of certain electrified and hybrid- electric powertrains to TAI can be terminated by TAI if the conditions and milestones relating to our agreements with TAI are not met. In connection with the agreements governing our collaboration with TAI, we must pay certain fees, including fees under the Data License Agreement. In the event that we fail to pay these fees when due, the Data License Agreement may be terminated by TAI, which could, in turn result in the termination of the other TAI Agreements. If either our agreements or our exclusive relationship with TAI are canceled, modified or delayed, or otherwise not consummated, or if we are otherwise unable to convert our strategic relationship with TAI into revenue, our prospects, business, financial condition and results of operations will be adversely affected. If our third- party aircraft operators are unable to support our operations or the growth of our business, or we are unable to add alternative third- party aircraft operators to meet demand, our costs may increase and our business, financial condition and results of operations could be adversely affected. We are dependent on a finite number of certificated third- party aircraft operators to provide a significant portion of our network services. We have, in the past, experienced delays, cancellations and difficulties engaging third- party operators with sufficient capacity to operate the number of routes necessary to meet demand. This risk is exacerbated when there is a transition between operators, which we experienced from May to August 2022 when transitioning to Southern as our operator for scheduled routes in the West Coast, resulting in a significant number of canceled and delayed flights. In the event potential competitors establish cooperative or strategic relationships with third- party aircraft operators in the markets we serve, offer to pay third- party aircraft operators more attractive rates or guarantee a higher volume of flights than we offer, we may not have access to the necessary number of aircraft to achieve our planned growth. Though we have successfully incentivized our operators to add aircraft to support our growth in the past, there is no guarantee we will be able to continue doing so without incurring significant additional costs. Increased use of private aircraft since the outbreak of the COVID- 19 pandemic has added competitive pressure for access to aircraft, which may make it more difficult or costly for third- party operators to expand to meet our needs. If our third- party aircraft operators are unable or unwilling to add aircraft, or are only able to do so at significantly increased expense, or otherwise do not have capacity or desire to support our growth, or we are unable to add new operators on reasonable terms, or at all, our business and results of operations could be adversely affected. As the air mobility market grows, we expect competition for third- party aircraft operators to increase. Further, we expect that as competition in the air mobility market grows, the use of exclusive contractual arrangements with third- party aircraft operators, sometimes requiring volume guarantees, may increase, as may the cost of securing their services. If we encounter problems, such as workforce disruptions, with any of our third- party aircraft operators or third- party service providers, our operations could be adversely affected by a resulting decline in revenue or negative public perception about our services. Many of our flight operations are conducted by third- party aircraft operators on our behalf and we rely on third- party service providers to support our operations. Due to our reliance on third parties to provide these services going forward, we are subject to the risk of disruptions to their operations, such as the impact of adverse economic conditions and the inability of third parties to hire or retain skilled personnel, including pilots and mechanics, as well as any failure to deliver services at the level expected of them. We have, in the past, experienced issues with third- party aircraft operators. For example, in June 2018 we terminated a charter and aircraft sublease agreement we had with a key third- party scheduled aircraft operator in California because the operator had been providing increasingly unreliable and substandard service quality, resulting in frequent and last minute flight cancellations, while overcharging us and refusing to provide the requisite financial and operating data transparency. This had a negative impact on our results of operations and required approximately eight months to re- establish revenue levels similar to those prior to this event. Several of these third- party operators provide significant capacity that we would be unable to replace in a short period of time should that operator fail to perform its obligations. Disruptions to capital markets, shortages of skilled personnel and adverse economic conditions in general, ~~such as conditions resulting from the COVID-19 pandemic~~, have subjected certain of these third- party regional operators to significant financial and operational pressures, which have in the past and could in the future result in the temporary or permanent cessation of their operations. Union strikes or staff shortages among airport workers or certain pilots of third- party aircraft operators may result in disruptions of our air mobility service and thus could have a material adverse effect on our business, financial condition and results of operations. Any significant disruption to our operations as a result of problems with any of our third- party aircraft operators could have a material adverse effect on our business, financial condition and results of operations. In addition, we have entered into agreements with contractors to provide various facilities and services required for our operations. Because we will rely on others to provide such services, our ability to control the efficiency and timeliness of such services will be limited. Similar agreements may be entered into in any new markets we decide to serve. If any of these service providers cease operations, there is no guarantee that we could replace these providers on a timely basis with comparably priced providers, or at all. Any material problems with the efficiency and timeliness of contract services, resulting from financial hardships or otherwise, could have a material adverse effect on our business, financial condition and results of operations. We rely on third- party web service providers to deliver our offerings to users on our platform, and any disruption of or interference with our use of third- party web services could adversely affect our business, financial condition and results of operations. Our platform' s continuing and uninterrupted performance is critical to our success. We currently host our platforms and support our operations using third- party providers of cloud infrastructure services. While we have engaged reputable vendors to provide these services, we do not have control over the operations of the facilities used by their third- party providers and their facilities may be vulnerable to damage or interruption from natural disasters, cybersecurity

attacks, human error, terrorist attacks, power outages and similar events or acts of misconduct. In addition, any changes to the service levels from these third- party cloud infrastructure providers may adversely affect our future ability to meet the requirements of users to search for flights and book travel. While we expect to implement reasonable backup and disaster recovery plans, we have experienced interruptions, delays and outages in service and availability from time to time due to a variety of factors, including infrastructure changes, human or software errors, website hosting disruptions and capacity constraints. Sustained or repeated system failures would reduce the attractiveness of our offerings. It may become increasingly difficult to maintain and improve our performance, especially during peak usage times, as we expand our service offerings. Any negative publicity or user dissatisfaction arising from these disruptions could harm our reputation and brands and could have a material adverse effect on our business, financial condition and results of operation. Aircraft purchase agreements are often subject to indexed price escalation clauses which could subject us to unanticipated expenses. Commercial aircraft sales contracts are often entered into years before the aircraft are delivered. In order to help account for economic fluctuations between the contract date and delivery date, aircraft pricing generally consists of a fixed amount as modified by price escalation formulas derived from labor, commodity and other price indices, the actual escalation amounts of which are outside of the purchaser' s control. Escalation factors can fluctuate significantly from period to period and changes in escalation amounts can significantly impact expenses and operating margins. The terms and conditions of the aircraft purchase agreement with TAI do contain price escalation clauses and future purchase orders with other suppliers may also contain price escalation clauses yet to be determined, and there is no assurance that they will be determined in a manner that will mitigate the risks described above.

Risks Related to Our Intellectual Property and Information Technology If we fail to adequately protect our intellectual property rights, our competitive position could be impaired and we may lose market share, generate reduced revenue and incur costly litigation to protect our rights. Our success depends in part on our ability to protect our intellectual property rights, including trademarks and service marks applicable to our operating entities and, in the future once developed, certain technologies and software that we expect to be deployed in our aircraft or that we expect to utilize in arranging air transportation. To date, we have relied primarily on trademarks to distinguish us from our competitors, and trade secrets and other forms of legal protection and contractual agreements to establish and protect our proprietary rights. Although we plan to control the STC once certified, and may own certain intellectual property rights relating to the powertrain, we do not anticipate owning intellectual property rights in any particular component of the fully- electric and hybrid- electric powertrains to be produced. Under our agreement with AeroTEC, it will provide services for us to obtain one or more STCs that relate to the powertrains. Such an STC would provide us the right to operate and otherwise commercialize Cessna Caravans modified with such a powertrain. However, an STC does not provide an exclusive right to commercialize the component that the STC describes, and other companies may file for and obtain an STC to modify a Cessna Caravan or other light aircraft with a substantially similar or superior powertrain compared to the powertrains we plan to develop with our commercial partners. Moreover, there is no guarantee that we will obtain an STC for our planned fully- electric and hybrid- electric powertrains, through our collaboration with our commercial partners or otherwise. Any reference to “ our proprietary powertrain technology ” or similar phrases herein refer to our anticipated rights in one or more STCs relating to such technology, and not to any intellectual property rights in such technology. We expect that in the future we will rely on patents and trade secrets to protect any proprietary technology we develop. We routinely enter into agreements with employees, consultants, third parties and other relevant persons and take other measures to protect our intellectual property rights, such as limiting access to our trade secrets and other confidential information. However, we cannot guarantee that we have entered into or will enter into such an agreement with each person that has access to such information or that the steps we take to protect our intellectual property will otherwise be adequate. For example, unauthorized parties may attempt to obtain and use information that we regard as proprietary and, if successful, may potentially harm our ability to compete, accelerate the development programs of our competitors, and / or our competitive position in the market. Moreover, our agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to ours, and there can be no assurance that our counterparties will comply with the terms of these agreements, or that we will be able to successfully enforce such agreements or obtain sufficient remedies if they are breached. There can be no assurance that the intellectual property rights we own or license will offer us meaningful protection for our business, provide competitive advantages or will not be challenged or circumvented by our competitors. Further, obtaining and maintaining patent and trademark protection can be costly, and we may choose not to, or may fail to, pursue or maintain such forms of protection for our technology, products or services in the United States or foreign jurisdictions, which could harm our ability to obtain or maintain a competitive advantage in such jurisdictions. It is also possible that we will fail to identify patentable aspects of our technology before it is too late to obtain patent protection, that we will be unable to devote the resources needed to file and prosecute patent applications for such technology, or that we will inadvertently abandon them by failing to comply with all procedural, documentary, payment, and similar obligations during the patent prosecution process. Even if we obtain patent protection in future, we cannot assure you that such patents would be sufficiently broad to protect our proprietary technology to prevent competitors or other third parties from using the same or similar technologies. Failure to comply with legal requirements to maintain a patent or trademark registration can result in lapse or cancellation of the patent or trademark registration, which could result in the loss of patent or trademark rights. If this occurs, we may not be able to exclude our competitors from using patented technology that we have developed or our trademarks. Also, patents and trademark registrations may be challenged in court or administrative proceedings. The laws of some countries do not protect proprietary rights to the same extent as the laws of the United States, and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate to prevent other parties from infringing our proprietary technology. To the extent we expand our international activities, our exposure to unauthorized use of our technologies and proprietary information may increase. We may also fail to detect unauthorized use of our intellectual property, or be required to expend significant resources to monitor and protect our intellectual property rights, including engaging in litigation, which may be costly, time- consuming,

and divert the attention of management and resources, and may not ultimately be successful. If we fail to meaningfully establish, maintain, protect and enforce our intellectual property rights, there could be a material adverse effect on our business, financial condition and results of operations. We may need to defend ourselves against intellectual property infringement claims or misappropriation claims, which may be time- consuming and expensive and, if adversely determined, could limit our ability to commercialize our aircraft. Third parties, including our competitors, may own or obtain patents, trademarks or other proprietary rights that could prevent or limit our ability to operate under our current branding, provide air mobility services or to make, use, develop or deploy our aircraft, the powertrain we are developing with our commercial partners or other aircraft components, which could harm our business. For example, third parties owning patents or other intellectual property rights relating to airline services or aircraft components (e. g., battery packs, electric motors, aircraft configurations, fly- by- wire flight control software, electronic power management systems or other components) may allege infringement or misappropriation of such rights. In response to a determination that we have infringed upon or misappropriated a third- party' s intellectual property rights, we may be required to do one or more of the following: • cease development, sales or use of its or our products or services; • trade under a different name or rebrand our services; • pay substantial damages; • obtain a license from the owner of the asserted intellectual property right, which license may not be available on reasonable terms or available at all; or • re- design one or more aspects or systems of its or our aircraft or other offerings. A successful claim of infringement or misappropriation against us could adversely affect our business, financial condition and results of operations. Even if we are successful in defending against these claims, litigation could result in substantial costs, business disruption and demand on management resources. We will rely on our information technology systems to manage numerous aspects of our business. A cyber- attack of these systems could disrupt our ability to deliver services to our customers and could lead to increased overhead costs, decreased sales and harm to our reputation. We will rely on information technology networks and systems to operate and manage our business. Our information technology networks and systems process, transmit and store personal and financial information, proprietary information of our business, and also allow us to coordinate our business across our operation bases and allow us to communicate with our employees and externally with customers, suppliers, partners and other third parties. To date, we have not implemented comprehensive security measures to secure these information technology networks and systems and the data processed, transmitted, and stored on them, and the integration of these two separate information technology systems following the merger will be more challenging as a result. These networks, systems, and data will be susceptible to cyberattacks, viruses, malware or other unauthorized access or damage (including by environmental, malicious or negligent acts), which could result in unauthorized access to, or the release and public exposure of, our proprietary information or our users' personal information. In addition, cyberattacks, viruses, malware, or other damage or unauthorized access to our information technology networks and systems, would result in damage, disruptions or shutdowns to our platform. Any of the foregoing could cause substantial harm to our business, require us to make notifications to our customers, governmental authorities, or the media, and could result in litigation, investigations or inquiries by government authorities, and subject us to penalties, fines, and other losses relating to the investigation and remediation of such an attack or other unauthorized access or damage to our information technology systems and networks. We may in the future be subject to data breaches. A significant data breach or any failure, or perceived failure, by us to comply with any federal, state or data foreign privacy laws, regulations or other principles or orders to which we may be subject could adversely affect our reputation, brand and business, and may result in claims, investigations, proceedings or actions against us by governmental entities, litigation, including class action litigation, from our customers, fines, penalties, or other liabilities, or require us to change our operations or cease using certain data sets. Depending on the nature of the information compromised, we may also have obligations to notify users, law enforcement, government authorities, payment companies, consumer reporting agencies or the media about the incident and may be required to expend additional resources in connection with investigating and remediating such an incident, and otherwise complying with applicable privacy and data security laws. System failures, defects, errors or vulnerabilities in our website, applications, backend systems or other technology systems or those of third- party technology providers could harm our reputation and brand and adversely affect our business, financial condition and results of operations. Our systems, or those of third parties upon which we rely, may experience service interruptions, outages or degradation because of hardware and software defects or malfunctions, human error or malfeasance by third parties or our employees, contractors, service providers, earthquakes, hurricanes, floods, fires, natural disasters, power losses, disruptions in telecommunications services, fraud, military or political conflicts, terrorist attacks, cyberattacks, ransomware attacks or other events. We do not carry cyber insurance, which may expose us to certain potential losses for damages or result in penalization with fines in an amount exceeding our resources. As we do not currently have insurance protection for cybersecurity breaches, we may not have sufficient remedies available to us from our third- party service providers to cover all of our losses that may result from such interruptions, outages or degradations. Our software and the third- party software that we incorporate into our platform may be subject to errors, defects or vulnerabilities. Any errors, defects or vulnerabilities discovered in our platform, whether in our code or that of third- party software on which our software relies, could result in negative publicity, a loss of customers or loss of revenue, access or other performance issues, security incidents or other liabilities. Errors, defects and vulnerabilities could also prevent customers from booking flights, which would adversely affect our flyer utilization rates, or disrupt communications within the company (e. g., flight schedules or passenger manifests), which could affect our on- time performance. We may need to expend significant financial and development resources to analyze, correct, eliminate or work around errors or defects or to address and eliminate vulnerabilities. Any failure to timely and effectively resolve any such errors, defects or vulnerabilities could negatively impact our reputation or brand, and could have a material adverse effect on our business, financial condition and results of operations. In addition, our transition of our workforce to a hybrid work environment, where our employees are often working remotely, could also increase our vulnerability to risks related to our hardware and software systems, including risks of phishing and other cybersecurity attacks. Our systems may be subject to additional risk introduced by software that we license from third parties. This licensed software

may introduce vulnerabilities within our own operations as it is integrated with our systems, or as we provide services to our customers. We are subject to cyberattacks, system failures and other events or conditions that can interrupt the availability or reduce or affect the speed or functionality of our technology platform, especially because we are in the process of maturing our security programs and have not yet implemented the expected security controls to prevent such disruptions. These events could result in losses of revenue due to increased difficulty of booking services through our technology platform, impacts to on-time performance and resultant errors in operating our business. A prolonged interruption in the availability or reduction in the availability or other functionality of our platform can adversely affect our business and reputation and could result in the loss of customers. For example, in 2022, Southern experienced a prolonged interruption in its platform functionality as a result of a ransomware attack on a third-party service provider, which caused two flights to be canceled and the need to revert to manual processes. Moreover, to the extent that any system failure or similar event results in harm or losses to the customers using our platform, such as the inability to book or change flights because of a system failure, we may make voluntary payments to compensate for such harm or the affected users could seek monetary recourse or contractual remedies from us for their losses and such claims, even if unsuccessful, would likely be time consuming and costly for us to address. It is also possible our security controls over personal and other data may not prevent unauthorized access to, or destruction, loss, theft, misappropriation or release of personally identifiable or other proprietary, confidential, sensitive or valuable information of ours or others; this access could lead to potential unauthorized disclosure of confidential personal, Company or customer information that others could use to compete against us or for other disruptive, destructive or harmful purposes and outcomes. Any such disclosure or damage to our networks and systems could subject us to third-party claims against us and reputational harm, including statutory damages under California or other state law, regulatory penalties and significant costs of breach investigation, remediation and notification. If these events occur, our ability to attract new clients may be impaired or we may be subjected to damages or penalties. We will continue to rely on mobile operating systems and application marketplaces to make our app available to users of our platform. If we do not effectively operate with or receive favorable placements within such application marketplaces and maintain high user reviews, our usage or brand recognition could decline and our business, financial results and results of operations could be adversely affected. We depend in part on mobile operating systems, such as Android and iOS, and their respective application marketplaces to make their respective platforms available to customers. The majority of our flights are booked through our app. In the future, these mobile operating systems or application marketplaces could limit or prohibit us from making our current and future apps available to customers, make changes that degrade their functionality, increase the difficulty of using them, impose terms of use unsatisfactory to us or users, or modify search or ratings algorithms in ways that are detrimental to us. Additionally, if any future competitor's placement in such mobile operating system's application marketplace is more prominent than the placement of our current and future apps, overall growth in our customer base could slow and the usage of our platform could be adversely affected. The Surf Air app has experienced fluctuations in the number of downloads in the past, and we anticipate similar fluctuations in the future. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. As new mobile devices and mobile platforms are released, there is no guarantee that certain mobile devices will continue to support our platform or effectively roll out updates to our current and future apps. Additionally, in order to deliver high-quality apps, we need to ensure that our offerings are designed to work effectively with a range of mobile technologies, systems, networks and standards. We may not be successful in developing or maintaining relationships with key participants in the mobile technology industry to make, or continue to make, such technologies, systems, networks or standards available to our customers. If users on our platform encounter any difficulty accessing or using our apps on their mobile devices or if we are unable to adapt to changes in popular mobile operating systems, there could be a material adverse effect on our business, financial condition and results of operations. We will need to improve our financial and operational systems to manage our growth effectively and support our business arrangements, and an inability to do so could harm our business, financial condition and results of operations. To manage our growth and business operations, especially as we expand our network and work with our commercial partners to electrify our fleet, we will need to upgrade our operational and financial systems and procedures, which requires management time and may result in significant additional expense. In particular, we are in the process of replacing our legacy enterprise resource planning ("ERP") systems in order to accommodate our expanding operations and address our deficiencies in IT general controls for information systems. We cannot be certain that we will successfully institute, in a timely or efficient manner or at all, our new ERP system or the improvements to our managerial, operational and financial systems and procedures necessary to support our anticipated increased levels of operations. Problems associated with, or disruptions resulting from, any improvement or expansion of our operational and financial systems could adversely affect our relationships with our customers, commercial partners and suppliers, inhibit our ability to expand or take advantage of market opportunities, cause harm to our reputation, result in errors in our financial and other reporting and affect our ability to maintain an effective internal control environment and meet our external reporting obligations, any of which could harm our business, financial condition and results of operations.

Legal and Regulatory Risks Related to Our Business Our business will be subject to a variety of extensive and evolving laws and regulations, which may result in increases in our costs, disruptions to our operations, limits on our operating flexibility, reductions in the demand for air travel and competitive disadvantages. We are subject to a wide variety of laws and regulations relating to various aspects of our business, including employment and labor, health care, tax, securities and exchange laws, data privacy and data security, safety and environmental issues. Laws and regulations at the foreign, federal, state and local levels frequently change, especially in relation to new and emerging industries, and we cannot always reasonably predict the impact from, or the ultimate cost of compliance with, current or future legal or regulatory changes. We will monitor these developments closely, and ensure that adequate resources are dedicated to compliance. Moreover, changes in law, the imposition of new or additional regulations or the enactment of any new or more stringent legislation that impacts our business could require us to change the way we operate or limit our ability to expand into certain jurisdictions, which could have a

material adverse effect on our business, financial condition and results of operations. Our operations are highly regulated by several U. S. government agencies, including the DOT, the FAA and the TSA. Requirements imposed by these regulators (and others) may restrict the ways we may conduct our business, as well as the operations of our third- party aircraft operator customers. Failure to comply with such requirements in the future may result in fines and other enforcement actions by the regulators. For example, the TSA is responsible for civil aviation security matters, including passenger and baggage screening at U. S. airports. If the TSA were to impose additional or more burdensome security requirements, demand for our services could decrease and / or the costs required to comply with these requirements could increase. In addition, the FAA can assess civil penalties or seek criminal sanctions for failure to comply with FAA regulations, as well as modify, suspend or revoke licenses granted to us for our operations. In the future, any new regulatory requirements, particularly requirements that limit our third- party aircraft operators' ability to operate or new maintenance directives or mandatory orders related to airworthiness, could have a material adverse effect on us and the industry. For example, on March 7, 2023, the TSA issued a new cybersecurity amendment on an emergency basis to the security programs of aircraft operators, consistent with the efforts of the U. S. Department of Homeland Security to increase cybersecurity resilience of U. S. critical infrastructure. The emergency amendment requires operators in the aviation sector to develop approved implementation plans, and to assess the effectiveness of those measures, in addition to current regulatory requirements to report significant cybersecurity incidents to the Cybersecurity and Infrastructure Security Agency, establish a cybersecurity point of contact, develop and adopt a cybersecurity incident response plan and complete a cybersecurity vulnerability assessment. Other laws, regulations, taxes and airport rates and charges have also been imposed from time to time that significantly increase the cost of airline operations, reduce revenues or otherwise impact our business. The industry is heavily taxed. Additional taxes and fees, if implemented, could negatively impact our results of operations. In addition to state and federal regulation, airports and municipalities enact rules and regulations that affect our operations. From time to time, various airports throughout the country have considered limiting the use of smaller aircraft, such as the aircraft used in our operations, at such airports. The imposition of any limits on the use of such aircraft at any airport at which we operate could have a material adverse effect on our operations. Our results of operations and the manner in which we conduct business each may be affected by changes in law and future actions taken by governmental agencies, including:

- changes in law or regulation that affect the services that can be offered by us in particular markets or at particular airports, or the types of fares offered or fees that can be charged;
- changes in law or regulation that specifically address hybrid- electric, all- electric or alternative fuel aircraft that could delay our ability to deliver products, implement aircraft modifications or launch service;
- the adoption of new passenger security standards or regulations that impact customer processing or service;
- restrictions on airport operations, such as restrictions on the use of particular airports; and
- the adoption of new or increased aircraft noise restrictions.

We receive, collect, store, process, transmit, share and use personal information, including passenger data, and rely in part on third parties that are not directly under our control to manage certain of these operations and to receive, collect, store, process, transmit, share, and use such personal information, including payment information. Each additional regulation or other form of expanded regulatory oversight increases costs, adds greater complexity to operations and, in some cases, may reduce the demand for air travel. There can be no assurance that the increased costs or greater complexity associated with compliance with new or expanded rules, anticipated rules or other forms of regulatory oversight will not have a material adverse effect on us. Failure to comply with data privacy laws and regulations could have a material adverse effect on our reputation, financial condition or results of operations, or have other adverse consequences. We and other U. S. carriers are subject to U. S. and foreign laws regarding privacy of passenger and employee data that are not consistent in all countries in which we operate and which are continuously evolving, requiring ongoing monitoring and updates to our privacy and information security programs. Although we dedicate resources to manage compliance with data privacy obligations, this challenging regulatory environment may pose material risks to our business, including increased operational burdens and costs, regulatory enforcement, and legal claims or proceedings. Even when we believe we are in complete compliance, a regulatory agency may determine that we are not. Failure to comply with legal and regulatory requirements, such as obtaining and maintaining licenses, certificates, authorizations and permits critical for the operation of our business, may result in civil penalties or private lawsuits, or the suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating all or significant portions of our business. We may be unable to obtain or maintain relevant regulatory approvals for the commercialization of our electrification of aircraft. The development and commercialization of new fully- electric and hybrid- electric powertrains to be used in aircraft and the operation of an air mobility service requires multiple regulatory authorizations and certifications, including STCs, and an air carrier certificate issued by the FAA under Part 119 with Part 135 operations specifications. We are striving for FAA certification of our fully- electric powertrain to occur in early 2027 and the hybrid- electric powertrain at a later date, followed by the commercialization of the technology. The timing of our production ramp is dependent on being able to timely obtain STCs from the FAA. In addition, we will also need to do extensive testing to ensure that the propulsion system is in compliance with applicable FAA safety regulations and other relevant regulations prior to our suppliers beginning mass production. Production approval involves initial FAA manufacturing approval and extensive ongoing oversight of mass produced aircraft components. If we are unable to obtain production approval for the hybrid- electric propulsion system, or the FAA imposes unanticipated restrictions as a condition of approval, our projected costs of production could increase substantially. While we anticipate being able to meet the requirements of such authorizations and certifications, we may be unable to obtain or maintain such authorizations and certifications, or to do so on the timeline we project. The failure to obtain any of the required authorizations or certificates, or do so in a timely manner, or if any of these authorizations or certificates are modified, suspended or revoked after we obtain them, may render us unable to develop our powertrains and implement our plans to install them in aircraft on the timelines we project, which, in turn, could have a material adverse effect on our business, financial condition and results of operations. An STC will be issued by the FAA only if: (i) the pertinent technical data from the manufacturer has been examined and found satisfactory

by the FAA; (ii) all necessary tests and compliance inspections have been completed; and (iii) the alteration has been found to conform with the technical data. There are a number of steps involved in obtaining an STC, including FAA application, preliminary type certification board (“TCB”) meetings, development of certification program plans, establishment of certification basis by the FAA, data submission, FAA design evaluation, interim type certification meetings, FAA conformity inspections, pre-flight TCB meeting, ground inspections, ground tests, flight tests, FAA review of in-flight test results, issuance of Type Inspection Authorization, FAA conformity inspections, witnessing of tests and performance of official certification flight tests, flight standards evaluations, functional and reliability testing, FAA approval of flight manual supplement or supplemental flight manual, and final TCB meeting and Aircraft Evaluation Group completion of continuing airworthiness determination. Failure to achieve any of these milestones in a timely manner will delay our ability to attain the requisite STCs on the expected timeline or could result in failure to obtain STC approval at all. Furthermore, the FAA may determine that the modification requested by the STC is so complex that a new (rather than supplemental) aircraft type certification process must be undertaken instead. The process to obtain a TC is typically longer, more complex and more capital intensive than the process to obtain an STC. Our agreement with AeroTEC contemplates that it will apply for and obtain STCs for the fully- electric and hybrid- electric powertrains for Cessna Caravan aircraft, and transfer the STCs to us. If the FAA issues AeroTEC such an STC, FAA consent will be required for AeroTEC to transfer the STC to us, and we will still be required to comply with certain requirements in order to maintain that regulatory approval, including obligations to: (i) report failures, malfunctions and defects; (ii) make the type certificate and underlying data available to FAA and National Transportation Safety Board upon request; (iii) make instructions for continued airworthiness available to aircraft owners and operators; (iv) make required design changes to address Airworthiness Directives issued by FAA and make them available to aircraft owners and operators; and (v) make flight manual supplements and supplemental flight manuals available with each alteration. Failure to continue to comply with these and other requirements may result in the suspension or revocation of the STC or other licenses, certificates, authorizations or permits required to operate our business. We may be unable to comply with relevant regulations applicable to our on-demand business. We provide a technology platform to match air passengers with seats on certified aircraft. Depending on how this platform and our business evolves, it is possible that, as a result of our on-demand services, the DOT may view us as operating as either an “air charter broker” and / or a “charter operator”. Each of these roles carries with it varying levels of regulatory obligations. To the extent applicable, failure to comply with the regulations applicable to each of these roles could result in the imposition of fines and / or civil penalties, and, in severe cases, the suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating all or a significant portion of our business. Continued access to Essential Air Service revenue is of critical importance to us. Southern has historically received EAS subsidies as compensation for providing essential air service to numerous small communities. Over the last decade, overall funding of the EAS program by the U. S. government has increased from \$ 193 million in 2012 to \$ 466. 4 million in 2022, which includes an increase in Congressional appropriation from \$ 143 million in 2012 to \$ 350 million in 2022. For the year ended December 31, 2023-2024, EAS revenue was \$ 19.49. 25 million, or approximately 32-41% of the Company’s total revenue. The total amount of EAS revenue ultimately received by us will be determined by, among other things, the number of subsidized flights flown by Southern, overall funding levels of the EAS program by the U. S. Congress (which could be reduced) and competitive bids for EAS revenue awards by other carriers (which could cause us to lose EAS revenue to competitors). The EAS program was initially intended to last ten years from 1978 but has been modified and extended in the years since. The EAS program may continue to be modified or changed or may be canceled in the future, or we may be unable to continue to participate successfully in the EAS program. Any such developments could materially adversely affect our business. EAS revenue awards generally have a term of two years, during which time, a carrier is paid a subsidy amount in accordance with the maximum allowances stipulated in the EAS revenue award and is paid monthly in arrears on a per-flight-completed basis. The DOT has the right to terminate a route for breach of contract or in exceptional circumstances. The DOT, which administers the EAS program, has the right to cancel EAS revenue awards if it deems that the communities served by such arrangements are no longer eligible. There can be no assurance that current EAS legislation will remain unchanged, or that Congress will continue to provide funding for the EAS program at any particular level. A reduction of EAS revenue, a loss of EAS revenue awards either due to termination or failure to renew at the end of the two-year term or a change to or termination of the EAS program could have a material adverse effect on our business, financial condition and results of operation. We may fail to continue to meet the requirements necessary to operate our air services. Regional airline services are currently regulated by both the DOT, which provides the economic authority to operate as an airline, and the FAA, which provides the safety authority. Southern currently holds a Commuter Air Carrier Authorization issued by the DOT under 14 C. F. R. Part 298 (“Part 298”) and an Air Carrier Certificate issued by the FAA under 14 C. F. R. Part 119 with Operations Specifications issued under 14 C. F. R. Part 135 (“Part 135”). The requirements of Part 298 and Part 135 are continuing in nature and we must comply with them at all times, with a failure to meet any relevant requirements could subject us to possible penalties and / or certificate actions. We must comply continuously with Fitness and Citizenship requirements administered by the DOT to perform scheduled air transportation. As a carrier, we must be found to be fit, willing, and able to perform the air transportation for which we are licensed by the DOT. This involves a DOT evaluation of the citizenship, competence and compliance disposition of the airline and its management as well as an evaluation of the financial viability of the carrier and its ability to carry out its operations without putting customers’ money at unnecessary risk. In connection with DOT review of our acquisition of Southern, we are undergoing a continuing fitness review by the DOT keyed to these factors. DOT review is ongoing. To the extent the DOT were to raise concerns about any of these matters, we may have to make adjustments to our operating team, management or ownership structure in order to address the concerns. A protracted failure to address any DOT concerns might result in the suspension or revocation of licenses, certificates, authorizations or permits, which would prevent us from operating our business. Risks Related to Our Operating as a Public Company The requirements of being a public company may strain our

resources, divert management's attention and affect our ability to attract and retain qualified board members. As a public company, we are subject to the rules and requirements of the Exchange Act as well as other rules and regulations of the SEC, the Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act "), the Dodd Frank Wall Street Reform and Consumer Protection Act and any rules and regulations thereunder, as well as under the Jumpstart Our Business Startups Act of 2012 (the " JOBS Act "), and the rules of the NYSE. New and changing laws, regulations, and standards relating to corporate governance and public disclosure have created uncertainty for public companies and will increase the costs and the time that our board for directors and management must devote to complying with these rules and regulations. The requirements of these rules and regulations will increase our legal and accounting compliance costs, make some activities more difficult, time- consuming or costly and increase demand on our systems and resources. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control for 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 are required, and, as a result, management's attention may be diverted from other business concerns. These rules and regulations can also make it more difficult for us to attract and retain qualified independent members of our Board. As a public company, we expect to increase the coverage limits of our director and officer liability insurance from \$ 2. 5 million to in excess of \$ 20-50 million, which will likely result in materially higher insurance premiums. The increased costs of compliance with public company reporting requirements and our potential failure to satisfy these requirements could have a material adverse effect on our operations, business, financial condition or results of operations. Further, the need to establish the corporate infrastructure demanded of a public company may divert management's attention from implementing our growth strategy, which could prevent us from improving our business, results of operations and financial condition. ~~There can be no assurance that we will be able to comply with the continued listing standards of the NYSE. The NYSE may delist our securities from trading on its exchange, which could limit investors' ability to make transactions in our securities and subject us to additional trading restrictions. Our Common Stock is listed on the NYSE under the symbol " SRFM. " We cannot assure you that our securities will continue to be listed on the NYSE. We are required to demonstrate compliance with the NYSE's continued listing requirements in order to continue to maintain the listing of our securities on the NYSE. The continued listing requirements relate to, among other things, stock price, timely filing of periodic reports, financial condition, and corporate governance, and some of these requirements, such as those involving the trading price of our Common Stock, are beyond our control. Even for items within our control, there can be no assurance that we will be able to maintain compliance. If the NYSE delists our securities from trading on its exchange and we are not able to list our securities on another national securities exchange, our securities could be quoted on an over- the- counter market. If this were to occur, we could face significant adverse consequences, including: - a limited availability of market quotations for our securities; - reduced liquidity for our securities; - a determination that our Common Stock is a " penny stock " which will require brokers trading in our Common Stock to adhere to more stringent rules and possibly result in a reduced level of trading activity in the secondary trading market for our securities; - a limited amount of news and analyst coverage; and - a decreased ability to issue additional securities or obtain additional financing in the future.~~ Our management has limited prior experience in operating a public company. Our executive officers have limited prior experience in the management of a publicly traded company. Our management team may not be able to effectively manage our responsibilities as a public company subject to significant regulatory oversight and reporting obligations under federal securities laws. Their lack of experience in dealing with the increasingly complex laws pertaining to public companies could be a significant disadvantage, as an increasing amount of their time may be devoted to these activities, resulting in less time being devoted to the management and growth of our business and operations. We may not have adequate personnel with the appropriate level of knowledge, experience and training in the accounting policies, practices or internal control over financial reporting required of public companies in the United States. We are in the process of upgrading our finance and accounting systems to an enterprise system suitable for a public company, and a delay could impact our ability or prevent it from timely reporting our results of operations, timely filing required reports with the SEC and complying with Section 404 of the Sarbanes- Oxley Act (" Section 404 "). The development and implementation of the standards and controls necessary for us to achieve the level of accounting standards required of a public company in the United States may require costs greater than expected. It is possible that we will be required to expand our employee base and hire additional employees to support our operations as a public company which will increase our operating costs in future periods. If we fail to maintain effective disclosure controls and procedures and internal control over financial reporting, our ability to produce timely and accurate financial statements or comply with applicable regulations could be impaired. As a public company, we are subject to the reporting requirements of the Exchange Act, the Sarbanes- Oxley Act, and the rules and regulations of the applicable listing standards of the NYSE. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. In particular, as a result of the Sarbanes- Oxley Act, we are required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on, and our independent registered public accounting firm potentially to attest to, the effectiveness of our internal control over financial reporting. Any failure to maintain effective disclosure controls and internal control over financial reporting could have a material and adverse effect on our business, results of operations and financial condition and could cause a decline in the trading price of our ~~Common common Stock stock~~. As a private company, we had not endeavored to establish and maintain internal control over financial reporting meeting the standards required of public companies. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective as a result of a material weakness (es) in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our ~~Common common Stock stock~~ could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities. We are continuing to develop and

refine our disclosure controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we will file with the SEC is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that information required to be disclosed in reports under the Exchange Act is accumulated and communicated to our principal executive and financial officers. We are also continuing to improve our internal control over financial reporting. See the sections entitled “- Risks Related to Our Operating as a Public Company- Our management has identified material weaknesses in our internal control over financial reporting. These material weaknesses could continue to adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner. At this time, we cannot predict whether our efforts to remediate the identified material weaknesses will be successful, and it is expected that some or all of these material weaknesses will continue to persist for an extended period of time”. In order to develop, maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, we have expended, and anticipate that we will continue to expend, significant resources, including accounting- related and audit-related costs and significant management oversight. Our management has identified material weaknesses in our internal control over financial reporting. These material weaknesses could continue to adversely affect our ability to report our results of operations and financial condition accurately and in a timely manner. At this time, we cannot predict whether our efforts to remediate the identified material weaknesses will be successful, and it is expected that some or all of these material weaknesses will continue to persist for an extended period of time. Our management is responsible for establishing and maintaining adequate internal control over financial reporting designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U. S. GAAP. As of December 31, 2023-2024, material weaknesses continued to exist in our internal control over financial reporting, as discussed further in Item 9A, “ Controls and Procedures- Material Weaknesses in Internal Control Over Financial Reporting.” A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Our management has developed a plan to remediate these material weaknesses, as discussed in Item 9A, “ Controls and Procedures- Material Weaknesses in Internal Control Over Financial Reporting.” We have begun to implement aspects of this remediation plan, however, the remediation measures will be ongoing and it is expected that these will result in future costs for us. However, the material weaknesses will not be considered remediated until management completes the design and implementation of the processes and controls described above and the controls operate for a sufficient period of time and we have concluded, through testing, that the newly implemented and enhanced controls are operating effectively. At this time, we cannot predict the success of such efforts or the outcome of future assessments of the remediation efforts. Our efforts may not remediate these material weaknesses in internal control over financial reporting, and may not prevent additional material weaknesses from being identified in the future. Failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a revision or restatement of our consolidated financial statements, and could cause us to fail to meet our reporting obligations, any of which could diminish investor confidence in us, negatively impact the trading price of our ~~Common~~ common Stock stock and cause a decline in our equity value. Additionally, ineffective internal control over financial reporting could expose us to an increased risk of financial reporting fraud and the misappropriation of assets, and may further subject us to potential delisting from the stock exchange on which we list, or to other regulatory investigations, litigation and civil or criminal sanctions. Restatements or revisions of our consolidated financial statements could cause our management’s attention to be diverted from the operation of the business and could also cause us to incur additional expenses. We are an emerging growth company and a smaller reporting company within the meaning of the Securities Act, and if we take advantage of certain exemptions from disclosure requirements available to emerging growth companies or smaller reporting companies, this could make our securities less attractive to investors and may make it more difficult to compare our performance with other public companies. We are an “ emerging growth company ” within the meaning of the Securities Act, as modified by the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. As a result, our shareholders may not have access to certain information they may deem important. We could be an emerging growth company until December 31, 2028, although circumstances could cause us to lose that status earlier, including if the market value of our ordinary shares held by non- affiliates exceeds \$ 700 million as of the end of any second quarter of a fiscal year, in which case we would no longer be an emerging growth company as of the end of such fiscal year and would become an accelerated filer. We cannot predict whether investors will find our securities less attractive because we will rely on these exemptions. If some investors find our securities less attractive as a result of our 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. Further, Section 102 (b) (1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non- emerging growth companies but any such election to opt out is irrevocable. We have elected not to opt out of such extended transition period, which means that when a standard is issued or revised and it has different application dates for public or private companies, we, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make it difficult or impossible to compare

our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used. Additionally, we are a “ smaller reporting company ” as defined in Item 10 (f) (1) of Regulation S- K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. We will remain a smaller reporting company until the last day of the fiscal year in which (a) (1) the market value of our ordinary shares held by non- affiliates equals or exceeds \$ 250 million as of the end of that year’ s second fiscal quarter, and (2) our annual revenues equal or exceeded \$ 100 million during such completed fiscal year or (b) the market value of our ordinary shares held by non- affiliates equals or exceeds \$ 700 million as of the end of that year’ s second fiscal quarter. To the extent we take advantage of such reduced disclosure obligations, it may also make comparison of our financial statements with other public companies difficult or impossible. We may be subject to securities litigation, which is expensive and could divert management attention. The market price of our ~~Common~~ ~~common~~ ~~Stock~~ ~~stock~~ may 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 have a material adverse effect on our business. Additionally, in connection with their prior experience, certain of our directors have been named defendants in litigation or other legal proceedings, we cannot provide assurance that these prior legal proceedings or future legal proceedings involving our directors will not cause reputational harm for us. Investors’ expectations of our performance relating to ~~environmental, social and governance (“ ESG ”)~~ factors may impose additional costs and expose us to new risks. There is an increasing focus from investors, employees, customers and other stakeholders concerning corporate responsibility, specifically related to ESG matters. Some investors may use these non- financial performance factors to guide their investment strategies and, in some cases, may choose not to invest in us if they believe our policies and actions relating to corporate responsibility are inadequate. The growing investor demand for measurement of non- financial performance is addressed by third- party providers of sustainability assessment and ratings on companies. The criteria by which our corporate responsibility practices are assessed may change due to the constant evolution of the sustainability landscape, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. If we elect not to or are unable to satisfy such new criteria, investors may conclude that our policies and / or actions with respect to corporate social responsibility are inadequate. **At the same time, stakeholders and regulators have increasingly expressed or pursued opposing views, legislation, and investment expectations with respect to sustainability initiatives, including the enactment or proposal of “ anti- ESG ” legislation or policies.** We may face reputational damage in the event that we do not meet the ESG standards set by various constituencies. Further, in the event that we communicate certain initiatives and goals regarding ESG matters, we could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could be criticized for the scope of such initiatives or goals. If we fail to satisfy the expectations of investors, customers, employees and other stakeholders or our initiatives are not executed as planned, our reputation and business, operating results and financial condition could be adversely impacted. Delaware law and our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain certain provisions, including anti- takeover provisions that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable. Our Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, and the Delaware General Corporation Law (as amended, the “ DGCL ”) all contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our ~~Common~~ ~~common~~ ~~Stock~~ ~~stock~~, and therefore depress the trading price of our ~~Common~~ ~~common~~ ~~Stock~~ ~~stock~~. These provisions could also make it difficult for stockholders to take certain actions, including electing directors who are not nominated by the current members of our Board or taking other corporate actions, including effecting changes in our management. Among other things, the Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws include provisions: • establishing a classified board of directors with staggered, three- year terms; • authorizing our Board to issue shares of preferred stock, including “ blank check ” preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; • prohibiting cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates; • limiting the liability of, and providing for the indemnification of, our directors and officers; • authorizing our Board to amend the bylaws, which may allow our Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; and • establishing advance notice procedures with which stockholders must comply to nominate candidates to our Board or to propose matters to be acted upon at a stockholders’ meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in our Board and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’ s own slate of directors or otherwise attempting to obtain control of us. These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our Board or management. Our Amended and Restated Bylaws and our Amended and Restated Certificate of Incorporation limit voting rights of certain foreign persons. Our Amended and Restated Bylaws and our Amended and Restated Certificate of Incorporation provide that the persons or entities who are not citizens of the United States (“ Non- Citizens ”), shall not, in the aggregate, own and or control more than 25. 0 % of our total voting interest. Additionally, our Amended and Restated Bylaws provide that Non- Citizens who are residents of countries that are not party to “ open- skies ” agreements with the United States (“ NOS Non- Citizens ”) shall not, in the aggregate, own more than 25. 0 % of the total number of our outstanding equity securities, and that all Non- Citizens (including any NOS Non- Citizens) shall not, in the aggregate, own

more than 49.0% of the total number of our outstanding equity securities. To comply with this legally- required provision, if Non- Citizens own (beneficially or of record) more than 25.0% of the total voting power of our ~~Common common Stock stock~~, only permitted Non- Citizens holders consisting of Kuzari Investor 94647 LLC and our co- founders, Sudhin Shahani and Liam Fayed, and their respective affiliates will be entitled to vote. Any other Non- Citizens that own (beneficially or of record) or have voting control over any shares of our capital stock, will have their voting rights subject to automatic suspension. As of December 31, ~~2023-2024~~, (i) the Permitted Holders beneficially own ~~19-16.41~~ **22-17.08**% of the total voting power of our ~~Common common Stock stock~~ and the total number of our outstanding equity securities, or ~~22-17.08~~ **1801,260**, 000 PRSUs to each of Mr. Fayed and Mr. Shahani, and (ii) Non- Citizens beneficially own ~~32-17.7~~ **32-17.7**% of the total voting power of our ~~Common common Stock stock~~ and the total number of our outstanding equity securities. The provisions of our Amended and Restated Certificate of Incorporation requiring exclusive forum in the Court of Chancery of the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. Our Amended and Restated Certificate of Incorporation provides that, to the fullest extent permitted by law, and unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any current or former director, officer, other employee or stockholder of ours to us or our stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, the Amended and Restated Certificate of Incorporation or the Amended and Restated Bylaws (as either may be amended or restated) 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 of the law of the State of Delaware. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. However, our Amended and Restated Certificate of Incorporation provides that federal district courts will be the sole and exclusive forum for claims under the Securities Act. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. As a result, the exclusive forum provision in our Amended and Restated Certificate of Incorporation will not apply to suits brought to enforce any duty or liability created by the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. These provisions may have the effect of discouraging lawsuits against our directors and officers. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that, in connection with any applicable action brought against us, a court could find the choice of forum provisions contained in the proposed certificate of incorporation to be inapplicable or unenforceable in such action. In this regard, stockholders may not be deemed to have waived our compliance with the federal securities laws and the rules and regulations thereunder, including Section 22 of the Securities Act.

Risks Related to Ownership of Our Common Stock

The trading price of our ~~Common common Stock stock~~ may be volatile. The trading price of our ~~Common common Stock stock~~, may fluctuate due to a variety of factors, including:

- changes in the industries in which we and our customers operate;
- developments involving our competitors;
- changes in laws and regulations affecting our business;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual results of operations;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- actions by stockholders, including the sale by the third- party investors of any of their shares of ~~Common common Stock stock~~;
- additions and departures of key personnel;
- commencement of, or involvement in, litigation involving the combined company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of ~~Common common Stock stock~~ available for public sale; and
- general economic and political conditions, such as the effects of ~~the COVID-19 pandemic or similar~~ public health threats, recessions, interest rates, local and national elections, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism. These market and industry factors may materially reduce the market price of our ~~Common common Stock stock~~ regardless of our operating performance. Furthermore, an active trading market for our securities may never develop, or, if developed, may not be sustained. Holders of our securities may be unable to sell their securities unless a market can be established or sustained. In addition, stock markets with respect to newly public companies, particularly companies in the mobility and technology industry, have experienced significant price and volume fluctuations that have affected and continue to affect the stock prices of these companies. Stock prices of many companies, including mobility and technology companies, have fluctuated in a manner often unrelated to the operating performance of those companies. These fluctuations may be even more pronounced in the trading market for our ~~Common common Stock stock~~ given that we are a newly public company. In the past, companies that have experienced volatility in the trading price for their stock have been subject to securities class action litigation. If we were to become involved in securities litigation, it could subject us to substantial costs, divert resources and the attention of management from our business, and adversely affect our business, results of operations, and financial condition. Our shareholders may experience dilution from several different sources after our initial listing. Our shareholders may experience dilution from several sources to varying degrees, **namely including as lock-ups from our initial listing are released and as shares of our Common common Stock stock are issued and sold in subsequent offerings. For example, if, in the future, we raise additional funds by issuing equity securities (including the GEM Advances), convertible debt or other similar securities, investors may experience significant dilution of their ownership interest.** In addition, **if we may issue shares of our Common common Stock stock for the remainder of the undrawn amounts under the Share Subscription Facility. The, the purchase price per share to be paid by GEM for the shares of our Common common Stock stock that we may elect to sell to GEM under the Share Subscription**

Facility pursuant to the GEM Advances or draw downs will fluctuate based on the volume weighted average trading price of our Common common Stock stock. Accordingly, it is not possible for us to predict prior to any such sales, the number of shares of our Common common Stock stock that we will sell pursuant to the Share Subscription Facility. Therefore, and such sales to GEM by us in order to utilize the Share Subscription Facility could result in substantial dilution to the interests of other holders of our Common common Stock stock. We do not intend to pay cash dividends for the foreseeable future. Our Board currently intends to retain any future earnings to support operations and to finance the growth and development of our business and does not intend to pay cash dividends on our Common common Stock stock for the foreseeable future. Any future determination to pay dividends will be at the discretion of our Board and will depend on the Company's 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 our Common common Stock 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 Common common Stock stock or publish inaccurate or unfavorable research about our business, the price of our Common common Stock stock would likely decline. If few analysts cover us, demand for Common common Stock stock could decrease and our Common common Stock 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. Sales of substantial amounts of our Common common Stock stock in the public markets or the perception that sales might occur, could cause the trading price of our Common common Stock stock to decline. In addition to the supply and demand and volatility risk factors discussed above, sales of a substantial number of shares of our Common common Stock stock into the public market, particularly sales by our directors, executive officers, and principal stockholders, or the perception that these sales might occur in large quantities, could cause the trading price of our Common common Stock stock to decline. Our Amended and Restated Bylaws contain certain lock-up provisions related to our Common Stock (i) received by our shareholders as consideration for the Internal Reorganization, (ii) issued to our directors, officers and employees upon the settlement or exercise of stock options or other equity awards after the Internal Reorganization and (iii) issued pursuant to certain convertible instruments, including warrants and SAFEs (holders thereof, collectively, the "Lock-Up Holders"). The approximately 16,250,000 shares of Common Stock received by Southern stockholders in connection with the Southern Acquisition are not subject to any lock-up. In addition, we have agreed to waive the lock-up provisions in respect of the approximately 13.3 million shares of Common Stock held by lenders, including Partners for Growth V, L.P. ("PFG"); LamVen LLC ("LamVen") and LamJam LLC ("LamJam"). The Amended and Restated Bylaws provide that (1) 40% of the shares issued to the Lock-Up Holders are not be subject to any lock-up provisions, (2) 30% of the shares issued to the Lock-Up Holders are restricted from being transferred, subject to certain limited exceptions, for a period of 90 days from the closing of the Internal Reorganization, which expired on October 19, 2023, and (3) the remaining 30% of the shares issued to the Lock-Up Holders are restricted from being transferred, subject to certain limited exceptions, for a period of 180 days from the closing of the Internal Reorganization, provided that if the lock-up period would end during a Blackout Period (as defined in the Amended and Restated Bylaws), the lock-up period would then end on the first trading day following the end of the Blackout Period. The lock-up provisions may be waived by our Board, in its sole discretion, with respect to any shares held by a Lock-Up Holder. In addition, shares of any lender of ours who is party to a credit, financing or other agreement approved by the our Board and containing an express waiver of the lock-up provisions, will not be subject to any lock-up. Further, assuming the continued availability of certain public information about us, (i) non-affiliates who have beneficially owned our Common common Stock stock for at least six months may rely on Rule 144 to sell their shares of Common common Stock stock, and (ii) our directors, executive officers, and other affiliates who have beneficially owned our Common common Stock stock for at least six months, including certain of the shares of our Common common Stock stock covered by this prospectus to the extent not sold hereunder, will be entitled to sell their shares of our Common common Stock stock subject to volume limitations under Rule 144 and any applicable restrictions under our insider trading policy. In addition, we have filed a registration statement on Form S-8 under the Securities Act to register all shares subject to outstanding stock options or reserved for future issuance under our equity compensation plans. As of December 31, 2023-2024, we had 1,260,689, 159,131 options outstanding that, if fully exercised, would result in the issuance of 1,260,689, 159,131 shares of Common common Stock stock. As of December 31, 2023-2024, we had 3,745, 234,773,063-RSU and PRSU awards granted prior to December 31, 2023-2024 for which the time-based and / or performance-based vesting condition had not been satisfied as of such date that, upon vesting, would result in the issuance of 3,745, 234,773,063-shares of Common common Stock stock. These shares will be able to be freely sold in the public market upon issuance, subject to applicable vesting requirements and compliance by affiliates with Rule 144. Moreover, depending on market liquidity at the time, resales by GEM of any shares we sell to GEM under the Share Subscription Facility may cause the public trading price of our Common common Stock stock to decrease. Our business and financial performance may differ from any projections that we disclose or any information that may be attributed to us by third parties. From time to time, we may provide guidance via public disclosures regarding our projected business or financial performance. However, any such projections involve risks, assumptions, and uncertainties, and our actual results could differ materially from such projections. Factors that could cause or contribute to such differences include, but are not limited to, those identified in these risk factors, some or all of which are not predictable or within our control. Other unknown or unpredictable factors also could adversely impact our performance, and we undertake no obligation to update or revise any projections, whether as a result of new information, future events, or otherwise. In addition, various news sources, bloggers, and other publishers often make statements regarding our historical or projected business or financial performance, and you should not rely on any such information even if it is attributed directly or indirectly to us. We may fail to qualify for continued listing on the NYSE, which could make it more difficult for our stockholders to sell their shares. Our common stock is listed on the

NYSE under the symbol “SRFM.” We are required to satisfy the continued listing requirements of the NYSE to maintain such listing, including, among other things, the maintenance of a certain market capitalization and average closing price of our common stock. On April 2, 2024, we received formal notice from the NYSE indicating that we were not in compliance with Section 802. 01C of the NYSE Listed Company Manual because the average closing price of our common stock was less than \$ 1. 00 over a consecutive 30 trading- day period. We subsequently notified the NYSE of our intent to regain compliance with the requirements of Section 802. 01C. We are able to regain compliance at any time within the six- month period following receipt of the notice if, on the last trading day of any calendar month during this cure period (or the last trading day of this cure period), we have a closing share price of at least \$ 1. 00 and an average closing share price of at least \$ 1. 00 over the prior 30 trading- day period. The Company regained compliance with the requirements of Section 802. 01C as of September 30, 2024. However, if the Company were to again fall below the continued listing criteria, the Company would be subject to immediate review under the requirements of Section 802. 01C. Additionally, on May 20, 2024, we received formal notice from the NYSE indicating that we were no longer in compliance with Section 802. 01B of the NYSE Listed Company Manual because our average total market capitalization over a consecutive 30 trading- day period was less than \$ 50 million and, at the same time, our stockholders’ equity was less than \$ 50 million. We subsequently submitted a plan within 45 days of the notice advising the NYSE of definitive action we have taken or will take to be in compliance with Section 802. 01B within 18 months of receipt of the notice. The NYSE accepted our plan on August 21, 2024. As a result, our common stock will continue to be listed and traded on the NYSE during the 18- month cure period, subject to our compliance with the plan and other continued listing standards. The NYSE will review us on a quarterly basis to confirm compliance with the plan. If we fail to comply with the plan or do not meet the continued listing standards at the end of the 18- month cure period, we will be subject to the prompt initiation of NYSE suspension and delisting procedures. There can be no assurance that we will be able to regain compliance with the NYSE’s continued listing requirements. If our stock price does not increase and if our market capitalization or stockholders’ equity does not meet the minimum standards, we may not be able to meet the standards for continued listing on the NYSE within the compliance period. In the event that we do not regain compliance with the NYSE continued listing standards, we and our stockholders could face significant material adverse consequences, including: • being delisted from the NYSE; • a limited availability of market quotations for our common stock; • an adverse effect on the market price of our common stock; • loss of confidence from stakeholders, employees and potential business partners; • reduced liquidity with respect to our common stock; • a determination that our shares are a “ penny stock, ” which will require brokers trading in our shares to adhere to more stringent rules, and which may limit demand for our common stock among certain investors; • a limited amount, or complete absence, of news and analyst coverage for our company; and • a decreased ability, or inability, to issue additional securities or obtain additional financing in the future.

General Risk Factors An overall decline in the health of the economy and other factors impacting consumer spending, such as recessionary conditions, governmental instability, inclement weather, and natural disasters, may affect consumer purchases, which could reduce demand for our products and harm our business, financial condition, and results of operations. Macroeconomic conditions that affect the economy and the economic outlook of the United States and the rest of the world could adversely affect us and our vendors and suppliers, which could have a material adverse effect on our business, financial condition and results of operations. Our business depends on consumer demand for our services and, consequently, is sensitive to a number of factors that influence consumer confidence and spending, such as general economic conditions, consumer disposable income, energy and fuel prices, recession and fears of recession, unemployment, legislative and regulatory changes, minimum wages, availability of consumer credit, consumer debt levels, conditions in the housing market, interest rates, tax rates and policies, inflation, consumer confidence in future economic conditions and political conditions, war and fears of war, inclement weather and climate change, natural disasters, terrorism, uncertainty in the banking system, outbreak of viruses or widespread illness, and consumer perceptions of personal well- being and security. Unfavorable economic conditions can lead consumers to forgo our services and consumer demand for our services may not grow as we expect. We believe perceived recessionary risks will continue to impact our results of operation in 2024-2025. For example, perceived recessionary risks may cause companies and individuals to reduce travel for either professional or personal reasons and drive higher prices in the supply chains we rely upon. We are exposed to the impact of rising inflation rates, which could negatively affect our results of operations and our ability to invest and hold our cash. The United States has recently experienced historically high levels of inflation. **Additionally** In particular, **recent trade disputes between the United States and the other countries resulting** COVID-19 pandemic and associated decline in economic activity and **the imposition of increase-increased tariffs in** unemployment levels had a severe and prolonged effect on **products imported into** the global economy generally. A rapid economic expansion following the height of the pandemic resulted in significant inflationary pressures, which have increased our costs for aircraft fuel, wages and benefits and other -- **the U** goods and services we require to operate our business. **Additionally S.** and the ongoing conflicts between Russia and Ukraine and **in** the Middle East, have contributed to higher inflation. The Consumer Price Index for All Urban Consumers, a widely followed inflation gauge published by the U. S. Bureau of Labor Statistics, increased by **4.2. 9.8** % from **April February 2022-2024** to **April February 2023-2025**. The general effects of inflation on the global economy can be wide- ranging, evidenced by rising wages and rising costs of consumer goods and necessities. If the inflation rate continues to increase, this will result in, for example, increases in the cost of fuel, labor and other costs, which will adversely affect our expenses, such as employee compensation which accounts for a significant portion of our operating expenses. Our fuel purchase, labor and airport operations contracts generally do not provide meaningful price protection against increases in costs. Our current policy is not to enter into transactions to hedge our fuel costs, although we review this policy from time to time based on market conditions and other factors. Accordingly, as of December 31, **2023-2024** and December 31, **2022-2023**, we did not have any fuel hedging contracts outstanding to hedge our fuel costs. Additionally, we

do not typically enter long- term labor agreements with our pilots or ground service personnel to fix our employee- related costs. We do not intend in the foreseeable future to enter into any future transactions to hedge the cost of fuel, and assuming we do not otherwise fix our labor costs, we will continue to be fully exposed to fluctuations in prices of material operating costs. If our estimates or judgments relating to our critical accounting policies prove to be incorrect, our results of operations could be adversely affected. The preparation of financial statements in conformity with U. S. GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes appearing elsewhere in this prospectus. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, as provided in the sections entitled “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations- Critical Accounting Policies and Estimates ”. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities, and equity, and the amount of revenue and expenses. Significant estimates and judgments involve: valuation of our share- based compensation, fair value measurements of our debt and equity transactions; and income taxes. Our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our results of operations to fall below the expectations of securities analysts and investors, resulting in a decline in the market price of our ~~Common~~ **common** ~~Stock~~ **stock** .