



NEWS RELEASE

# Mesa Air Group Reports Third Quarter Fiscal 2021 Results

2021-08-09

PHOENIX, Aug. 09, 2021 (GLOBE NEWSWIRE) -- Mesa Air Group, Inc. (NASDAQ: MESA) today reported third quarter fiscal 2021 financial and operating results.

Highlights for the quarter (3-months ended June 30, 2021):

- Pre-tax income of \$5.8 million, net income of \$4.3 million or \$0.11 per diluted share<sup>1</sup>
- Took delivery of the last four E175LLs for a total of 80 E175s with United
- 85,162 block hours, up 169.3% year-over-year and 15.2% above last quarter
- Leased 6 additional, 12 total CRJ-700s to GoJet with 8 scheduled for future delivery
- Subsequent to quarter-end, invested in second electric aircraft company, Heart Aerospace ("Heart")

Mesa's Q3 2021 results reflect net income of \$4.3 million, or \$0.11 per diluted share, compared to net income of \$3.4 million, or \$0.10 per diluted share for Q3 2020.

Mesa's Q3 2021 pre-tax income was \$5.8 million, compared to \$4.9 million for Q3 2020. Mesa's Q3 2021 results include, per GAAP, the deferral of \$1.9 million of revenue, all of which was billed and paid by American and United during the quarter and will be recognized over the remaining terms of the contracts.

Mesa's Adjusted EBITDA<sup>1</sup> for Q3 2021 was \$35.3 million, compared to \$35.9 million in Q3 2020, and Adjusted EBITDAR<sup>1</sup> for Q3 2021 was \$44.9 million, compared to \$51.5 million in Q3 2020.

<sup>1</sup> See Reconciliation of non-GAAP financial measures

Jonathan Ornstein, Chairman and CEO, said, "We had a strong quarter as a result of the rebound in air traffic that led to a sharp increase in block hours compared to the prior year period, as well as last quarter. This time last year we faced a more difficult environment due to the pandemic that led to a significant reduction in air travel. I am proud of our team's ability to work through these challenges, as evidenced by our fiscal third quarter results. While travel demand remains below pre-pandemic levels and supply chain disruptions have compounded the challenges we face in the current environment, we continue to press forward." He continued, "We are also committed to ushering in the next generation of sustainable air travel. This is already beginning with new ventures such as our recent one with Heart Aerospace."

Brad Rich, Mesa's Chief Operating Officer, added, "During the quarter, we saw a 15.2% sequential increase in block hours. Daily aircraft utilization for the month of June increased 67.4% to 8.7 hours versus 5.2 hours a year ago. We remain focused on operational performance and continuing to provide flexibility to our partners. We are also committed to maintaining a safe and healthy environment for our employees and passengers."

June quarter financial results:

Total operating revenue increased by \$52.1 million, or 71.2%, to \$125.2 million for the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. Contract Revenue increased by \$38.0 million, or 53.0%, to \$109.7 million primarily as a result of the increased block hours due to the ongoing industry recovery from COVID-19. Pass-through and other revenue increased during the three months ended June 30, 2021 by \$14.1 million to \$15.5 million primarily due to increased pass-through maintenance on the E175 fleet.

Total operating expense increased by \$52.9 million, or 91.4%, to \$110.8 million for the three months ended June 30, 2021 as compared to the three months ended June 30, 2020. The increase is primarily due to a substantial increase in block hours compared to the prior year period, which was impacted by the COVID-19 pandemic and associated lockdowns, as well as increased maintenance costs. Specifically, flight operations expense increased in the three months ended June 30, 2021 due to additional crew costs associated with more flying and training, and maintenance expense increased primarily due to additional C-checks in preparation for the anticipated increase in summer flying.

Fleet:

Substantially all of the Company's operating revenue in the three months ended June 30, 2021 was derived from operations associated with American and United Capacity Purchase Agreements and DHL Flight Services Agreement. For the three months ended June 30, 2021, 51% of the Company's total revenue was derived from United, 45% from American, and 4% from DHL and other sources.

Below is Mesa's current and future fleet plan by partner and fleet type:

| Fiscal Year 2021<br>Fleet Plan<br>Actual | Q1 (Dec '20) | Q2 (Mar '21) | Q3 (Jun '21) | Fiscal Year 2022         |                          |              |
|--|--------------|--------------|--------------|--------------------------|--------------------------|--------------|
|  | Actual       | Actual       | Forecast     | Q4 (Sep '21)<br>Forecast | Q1 (Dec '21)<br>Forecast | Q2 (Mar '22) |
| E-175 – UA                               | 72           | 76           | 80           | 80                       | 80                       | 80           |
| CRJ-700 – UA                             | 8            | -            | -            | -                        | -                        | -            |
| CRJ-900 AA                               | 54           | 45           | 45           | 45                       | 44                       | 42           |
| 737-400F – DHL                           | 2            | 2            | 2            | 2                        | 2                        | 2            |
| Sub-total                                | 136          | 123          | 127          | 127                      | 126                      | 124          |
| Leased / Spares Support                  |              |              |              |                          |                          |              |
| CRJ-700 Leased                           | -            | 5            | 12           | 16                       | 20                       | 20           |
| CRJ-700 to be Leased to Third Party      | 12           | 15           | 8            | 4                        | -                        | -            |
| CRJ-900 Spares/Storage/For Sale          | 10           | 19           | 19           | 19                       | 20                       | 22           |
| 737-400F Spares Support                  | -            | -            | -            | 1                        | 1                        | 1            |
| CRJ-200 Storage                          | 1            | 1            | 1            | 1                        | 1                        | 1            |
| Total Fleet                              | 159          | 163          | 167          | 168                      | 168                      | 168          |

#### Liquidity and Capital Resources:

Mesa ended the quarter at \$180.4 million in unrestricted cash and equivalents. As of June 30, 2021, the Company had \$713.7 million in total debt secured primarily with aircraft and engines.

#### Forward Guidance:

| (\$ amounts in millions)            | Fiscal Year 2021       |                        |                        | Fiscal Year 2022         |                          |                          |
|-------------------------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|--------------------------|
|                                     | Q1 (Dec '20)<br>Actual | Q2 (Mar '21)<br>Actual | Q3 (Jun '21)<br>Actual | Q4 (Sep '21)<br>Forecast | Q1 (Dec '21)<br>Forecast | Q2 (Mar '22)<br>Forecast |
| Block Hours                         | 69,247                 | 73,942                 | 85,162                 | 89,000                   | 89,000                   | 89,000                   |
| Pass Through Maintenance            | \$19.9                 | \$11.4                 | \$12.6                 | \$9.0                    | \$6.0                    | \$5.0                    |
| Non-Pass Through Engine and C Check | \$7.7                  | \$13.2                 | \$9.9                  | \$16.0                   | \$13.0                   | \$12.5                   |
| Deferred Revenue                    | \$5.2                  | \$4.9                  | \$1.9                  | (\$1.0)                  | (\$2.0)                  | (\$1.0)                  |

Mesa Air Group will host a conference call with analysts on Monday, August 9<sup>th</sup> at 4:30 pm ET/1:30 pm PT. The conference call number is 888-469-2054 (Passcode: Phoenix (7463649)). The conference call can also be accessed live via the web by visiting <https://edge.media-server.com/mmc/p/dhowcoqx>. A recorded version will be available on Mesa's website approximately two hours after the call for approximately 14 days.

#### <sup>1</sup>Reconciliation of non-GAAP financial measures:

Although these financial statements are prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP"), certain non-GAAP financial measures may provide investors with useful information regarding the underlying business trends and performance of Mesa's ongoing operations and may be useful for period-over-

period comparisons of such operations. The tables below reflect supplemental financial data and reconciliations to GAAP financial statements for the three months and nine months ended June 30, 2021 and the three months and nine months ended June 30, 2020. Readers should consider these non-GAAP measures in addition to, not a substitute for, financial reporting measures prepared in accordance with GAAP. These non-GAAP financial measures exclude some, but not all items that may affect the Company's net income. Additionally, these calculations may not be comparable with similarly titled measures of other companies.

## <sup>1</sup>Reconciliation of GAAP versus Non-GAAP Disclosures

(In thousands, except for per diluted share) (Unaudited)

| Three Months Ended June 30, 2021 |                              |            |                              | Three Months Ended June 30, 2020 |                              |            |                              |        |
|----------------------------------|------------------------------|------------|------------------------------|----------------------------------|------------------------------|------------|------------------------------|--------|
| Income Before Taxes              | Income Tax (Expense)/Benefit | Net Income | Net Income per Diluted Share | Income Before Taxes              | Income Tax (Expense)/Benefit | Net Income | Net Income per Diluted Share |        |
| GAAP Income                      | \$5,801                      | \$(1,525)  | \$4,276                      | \$0.11                           | \$4,936                      | \$(1,517)  | 3,419                        | \$0.10 |
| Interest Expense                 | 8,627                        | 10,368     |                              |                                  |                              |            |                              |        |
| Interest Income                  | (82)                         | (1)        |                              |                                  |                              |            |                              |        |
| Depreciation and Amortization    | 20,933                       | 20,635     |                              |                                  |                              |            |                              |        |
| Adjusted EBITDA                  | 35,279                       | 35,938     |                              |                                  |                              |            |                              |        |
| Aircraft Rent                    | 9,648                        | 15,582     |                              |                                  |                              |            |                              |        |
| Adjusted EBITDAR                 | 44,927                       | 51,520     |                              |                                  |                              |            |                              |        |
| Nine Months Ended June 30, 2021  |                              |            |                              | Nine Months Ended June 30, 2020  |                              |            |                              |        |
| Income Before Taxes              | Income Tax (Expense)/Benefit | Net Income | Net Income per Diluted Share | Income Before Taxes              | Income Tax (Expense)/Benefit | Net Income | Net Income per Diluted Share |        |
| GAAP Income                      | \$32,319                     | (8,236)    | \$24,083                     | \$0.62                           | 22,448                       | (6,359)    | 16,089                       | \$0.46 |
| Adjustments (1)(2)               | 3,558                        | (900)      | 2,658                        | \$0.07                           | -                            | -          | -                            | -      |
| Adjusted Income                  | 35,877                       | (9,136)    | 26,741                       | \$0.69                           | 22,448                       | (6,359)    | 16,089                       | \$0.46 |
| Interest Expense                 | 26,464                       | 34,668     |                              |                                  |                              |            |                              |        |
| Interest Income                  | (287)                        | (95)       |                              |                                  |                              |            |                              |        |
| Depreciation and Amortization    | 62,108                       | 61,656     |                              |                                  |                              |            |                              |        |
| Adjusted EBITDA                  | 124,162                      | 118,677    |                              |                                  |                              |            |                              |        |
| Aircraft Rent                    | 29,688                       | 39,196     |                              |                                  |                              |            |                              |        |
| Adjusted EBITDAR                 | 153,850                      | 157,873    |                              |                                  |                              |            |                              |        |

(1) Includes lease termination expenses of \$4.5 million for the nine months ended June 30, 2021 related to purchase of CRJ-900 aircraft, which were purchased during the nine months ended June 30, 2021.  
(2) Includes a gain from extinguishment of debt of \$1.0 million related to repayment of the Company's aircraft debts during the nine months ended June 30, 2021.

### About Mesa Air Group, Inc.

Headquartered in Phoenix, Arizona, Mesa Air Group, Inc. ("Mesa" or the "Company") is the holding company of Mesa Airlines, Inc. ("Mesa Airlines"), a regional air carrier providing scheduled flight service to 116 cities in 36 states, the District of Columbia, and Mexico as well as cargo services out of Cincinnati/Northern Kentucky International Airport. As of June 30, 2021, Mesa operated a fleet of 167 aircraft with approximately 470 daily departures and 3,191 employees. Mesa operates all of its flights on behalf of major partners as either American Eagle, United Express, or DHL Express flights pursuant to the terms of the Capacity Purchase Agreements ("CPAs") entered into with American Airlines, Inc. ("American") and United Airlines, Inc. ("United") and Flight Services Agreement ("FSA") with DHL Network Operations (USA), Inc. ("DHL").

## Forward-Looking Statements

Certain statements contained in this press release that are not historical facts contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to the “safe harbor” created by those sections. Forward-looking statements can be identified by the use of words such as “estimate,” “anticipate,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “seek,” “approximate” or “plan,” or the negative of these words and phrases or similar words or phrases. Forward-looking statements, by their nature, involve estimates, projections, goals, forecasts and assumptions and are subject to risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. For more information on risk factors for Mesa Air Group, Inc.’s business, please refer to the periodic reports the Company files with the Securities and Exchange Commission from time to time. Many of the risks identified in the periodic reports have been and will continue to be heightened as a result of the ongoing and numerous adverse effects arising from the COVID-19 pandemic. These forward-looking statements herein speak only as of the date of this press release and should not be relied upon as predictions of future events. Mesa Air Group, Inc. expressly disclaims any obligation or undertaking to update or revise any forward-looking statements contained herein, to reflect any change in Mesa Air Group, Inc.’s expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except as required by law.

## MESA AIR GROUP, INC.

### Condensed Consolidated Statements of Operations

(In thousands, except per share amounts) (Unaudited)

| Three Months Ended<br>June 30,<br>2021 | 2020      | 2021     | Nine Months Ended<br>June 30,<br>2020 |           |
|--|-----------|----------|---------------------------------------|-----------|
| Operating revenues:                    |           |          |                                       |           |
| Contract revenue                       | \$109,654 | \$71,648 | \$318,524                             | \$409,228 |
| Pass-through and other revenue         | 15,503    | 1,451    | 54,284                                | 27,802    |
| Total operating revenues               | 125,157   | 73,099   | 372,808                               | 437,030   |
| Operating expenses:                    |           |          |                                       |           |
| Flight operations                      | 41,314    | 29,664   | 115,681                               | 135,199   |
| Fuel                                   | 234       | 146      | 822                                   | 504       |
| Maintenance                            | 51,986    | 22,591   | 156,623                               | 145,021   |
| Aircraft rent                          | 9,648     | 15,582   | 29,688                                | 39,196    |
| Aircraft and traffic servicing         | 682       | 538      | 2,326                                 | 2,938     |
| General and administrative             | 12,087    | 11,737   | 36,324                                | 39,233    |
| Depreciation and amortization          | 20,933    | 20,635   | 62,108                                | 61,656    |
| Lease termination                      | —         | —        | 4,508                                 | —         |
| Government grant recognition           | (26,101)  | (43,018) | (93,379)                              | (43,018)  |
| Total operating expenses               | 110,783   | 57,875   | 314,701                               | 380,729   |
| Operating income                       | 14,374    | 15,224   | 58,107                                | 56,301    |
| Other (expense) income, net:           |           |          |                                       |           |
| Interest expense                       | (8,627)   | (10,368) | (26,464)                              | (34,668)  |
| Interest income                        | 82        | 1        | 287                                   | 95        |
| Other (expense) income, net            | (28)      | 79       | 389                                   | 720       |
| Total other (expense), net             | (8,573)   | (10,288) | (25,788)                              | (33,853)  |

|  |         |         |          |          |
|--|---------|---------|----------|----------|
| Income before taxes                                      | 5,801   | 4,936   | 32,319   | 22,448   |
| Income tax expense                                       | 1,525   | 1,517   | 8,236    | 6,359    |
| Net income   | \$4,276 | \$3,419 | \$24,083 | \$16,089 |
| Net income per share attributable to common shareholders |         |         |          |          |
| Basic  | \$0.12  | \$0.10  | \$0.68   | \$0.46   |
| Diluted  | \$0.11  | \$0.10  | \$0.62   | \$0.46   |
| Weighted-average common shares outstanding               |         |         |          |          |
| Basic  | 35,769  | 35,299  | 35,642   | 35,154   |
| Diluted  | 39,513  | 35,299  | 38,811   | 35,248   |

## MESA AIR GROUP, INC.

### Condensed Consolidated Balance Sheets

(In thousands, except shares) (Unaudited)

| June 30,<br>2021   | September<br>30,<br>2020 |             |
|--|--------------------------|-------------|
| ASSETS   |                          |             |
| CURRENT ASSETS:  |                          |             |
| Cash and cash equivalents  | \$180,398                | \$99,395    |
| Restricted cash  | 3,352                    | 3,446       |
| Receivables, net   | 4,947                    | 13,712      |
| Expendable parts and supplies, net   | 24,707                   | 22,971      |
| Prepaid expenses and other current assets  | 8,956                    | 16,067      |
| Total current assets   | 222,360                  | 155,591     |
| Property and equipment, net  | 1,164,193                | 1,212,415   |
| Intangible assets, net   | 7,102                    | 8,032       |
| Lease and equipment deposits   | 8,149                    | 1,899       |
| Operating lease right-of-use assets  | 97,894                   | 123,251     |
| Other assets   | 25,315                   | 742         |
| TOTAL ASSETS   | \$1,525,013              | \$1,501,930 |
| LIABILITIES AND STOCKHOLDERS' EQUITY   |                          |             |
| CURRENT LIABILITIES:   |                          |             |
| Current portion of long-term debt and finance leases   | \$107,728                | \$189,268   |
| Current portion of deferred revenue  | 6,486                    | 9,389       |
| Current maturities of operating leases   | 37,058                   | 43,932      |
| Accounts payable   | 52,835                   | 53,229      |
| Accrued compensation   | 12,432                   | 12,030      |
| Other accrued expenses   | 59,452                   | 45,478      |
| Total current liabilities  | 275,991                  | 353,326     |
| NONCURRENT LIABILITIES:  |                          |             |
| Long-term debt and finance leases, excluding current portion   | 585,761                  | 542,456     |
| Noncurrent operating lease liabilities   | 35,007                   | 62,531      |
| Deferred credits   | 4,147                    | 5,705       |
| Deferred income taxes  | 72,305                   | 64,275      |
| Deferred revenue, net of current portion   | 29,265                   | 14,369      |
| Other noncurrent liabilities   | 27,870                   | 1,409       |
| Total noncurrent liabilities   | 754,355                  | 690,745     |
| Total liabilities  | 1,030,346                | 1,044,071   |
| STOCKHOLDERS' EQUITY:  |                          |             |
| Preferred stock of no par value, 5,000,000 shares authorized; no shares issued and outstanding   | —                        | —           |
| Common stock of no par value and additional paid-in capital, 125,000,000 shares authorized; 35,891,029 (2021) and 35,526,918 (2020) shares issued and outstanding, and 4,899,497 (2021) and 0 (2020) warrants issued and outstanding | 255,497                  | 242,772     |
| Retained earnings  | 239,170                  | 215,087     |
| Total stockholders' equity   | 494,667                  | 457,859     |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY   | \$1,525,013              | \$1,501,930 |

## MESA AIR GROUP, INC.

### Operating Highlights (unaudited)

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| Three months ended               |           |         |        |
|----------------------------------|-----------|---------|--------|
| June 30                          |           |         |        |
| 2021                             | 2020      | Change  |        |
| Available Seat Miles (thousands) | 2,056,905 | 783,702 | 162.5% |
| Block Hours                      | 85,162    | 31,622  | 169.3% |
| Average Stage Length (miles)     | 651       | 567     | 14.8%  |
| Departures                       | 42,390    | 18,092  | 134.3% |
| Passengers                       | 2,572,303 | 548,705 | 368.8% |
| Controllable Completion Factor*  |           |         |        |
| American                         | 99.42%    | 100.00% | -0.6%  |
| United                           | 99.98%    | 100.00% | -0.02% |
| Total Completion Factor**        |           |         |        |
| American                         | 97.57%    | 78.50%  | 24.3%  |
| United                           | 99.21%    | 84.77%  | 17.0%  |

\*Controllable Completion Factor excludes cancellations due to weather and air traffic control

\*\*Total Completion Factor includes all cancellations

Source: Mesa Air Group, Inc.

Mesa Air Group, Inc.

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Source: Mesa Air Group, Inc.