
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (*Date of earliest event reported*): August 9, 2021

MESA AIR GROUP, INC.

(Exact name of registrant as specified in its charter)

Nevada
(State or other jurisdiction
of incorporation)

001-38626
(Commission
File Number)

85-0302351
(I.R.S. Employer
Identification Number)

410 North 44th Street, Suite 700
Phoenix, Arizona
(Address of principal executive offices)

85008
(Zip Code)

(602) 685-4000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange of Which Registered</u>
Common Stock, no par value	MESA	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On August 9, 2021, Mesa Air Group, Inc. issued a press release announcing its financial and operating results for its third fiscal quarter ended June 30, 2021. A copy of the press release is furnished as Exhibit 99.1 to this report.

In accordance with General Instruction B.2 of Form 8-K, the information in this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number **Description**

99.1 [Press Release, dated August 9, 2021, issued by Mesa Air Group, Inc.](#)

104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 10, 2021

MESA AIR GROUP, INC.

By: /s/ Brian S. Gillman

Name: Brian S. Gillman

Title: Executive Vice President and General Counsel

Mesa Air Group Reports Third Quarter Fiscal 2021 Results

August 9th, 2021

PHOENIX, August 9th, 2021 -- 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 share¹**
- **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 EBITDA¹ for Q3 2021 was \$35.3 million, compared to \$35.9 million in Q3 2020, and Adjusted EBITDAR¹ for Q3 2021 was \$44.9 million, compared to \$51.5 million in Q3 2020.

¹ 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:

Fleet Plan	Fiscal Year 2021				Fiscal Year 2022	
	Q1 (Dec '20) Actual	Q2 (Mar '21) Actual	Q3 (Jun '21) Actual	Q4 (Sep '21) Forecast	Q1 (Dec '21) Forecast	Q2 (Mar '22) Forecast
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) Actual	Q2 (Mar '21) Actual	Q3 (Jun '21) Actual	Q4 (Sep '21) Forecast	Q1 (Dec '21) Forecast	Q2 (Mar '22) 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 9th 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/dhowcogx>. A recorded version will be available on Mesa's website approximately two hours after the call for approximately 14 days.

1Reconciliation 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.

1Reconciliation of GAAP versus Non-GAAP Disclosures

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

	Three months ended June 30, 2021			
	Income Before Taxes	Income Tax (Expense)/Benefit	Net Income	Net Income per Diluted Share
GAAP Income	\$ 5,801	\$ (1,525)	\$ 4,276	\$ 0.11
Interest Expense	8,627			
Interest Income	(82)			
Depreciation and Amortization	20,933			
Adjusted EBITDA	35,279			
Aircraft Rent	9,648			
Adjusted EBITDAR	44,927			

	Three months ended June 30, 2020			
	Income Before Taxes	Income Tax (Expense)/Benefit	Net Income	Net Income per Diluted Share
GAAP Income	\$ 4,936	\$ (1,517)	\$ 3,419	\$ 0.10
Interest Expense	10,368			
Interest Income	(1)			
Depreciation and Amortization	20,635			
Adjusted EBITDA	35,938			
Aircraft Rent	15,582			
Adjusted EBITDAR	51,520			

Nine months ended June 30, 2021

	Income Before Taxes	Income Tax (Expense)/Benefit	Net income	Net Income per Diluted Share
GAAP Income	\$ 32,319	\$ (8,236)	\$ 24,083	\$ 0.62
Adjustments (1)(2)	3,558	(900)	2,658	\$ 0.07
Adjusted Income	35,877	(9,136)	26,741	\$ 0.69
Interest Expense	26,464			
Interest Income	(287)			
Depreciation and Amortization	62,108			
Adjusted EBITDA	124,162			
Aircraft Rent	29,688			
Adjusted EBITDAR	153,850			

(1) Includes lease termination expense of \$4.5 million for the nine months ended June 30, 2021 related to purchase of CRJ-900 aircraft, which were previously leased from Bombardier Capital.

(2) Includes adjustment for gain on extinguishment of debt of \$1.0 million related to repayment of the Company's aircraft debts during our 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
GAAP Income/(Loss)	\$ 22,448	\$ (6,359)	\$ 16,089	\$ 0.46
Interest Expense	34,668			
Interest Income	(95)			
Depreciation and Amortization	61,656			
Adjusted EBITDA	118,677			
Aircraft Rent	39,196			
Adjusted EBITDAR	157,873			

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 June 30,		Nine Months Ended June 30,	
	2021	2020	2021	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, 2021	September 30, 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	<u>222,360</u>	<u>155,591</u>
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	<u>\$ 1,525,013</u>	<u>\$ 1,501,930</u>
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	<u>275,991</u>	<u>353,326</u>
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	<u>754,355</u>	<u>690,745</u>
Total liabilities	<u>1,030,346</u>	<u>1,044,071</u>
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	<u>494,667</u>	<u>457,859</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,525,013</u>	<u>\$ 1,501,930</u>

MESA AIR GROUP, INC.
Operating Highlights (unaudited)

	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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