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): January 11, 2024

MESA AIR GROUP, INC.
(Exact Name of Registrant as specified in its charter)

Nevada	001-38626	85-0302351
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

410 North 44th Street, Suite 700, Phoenix, Arizona	85008
(Address of principal executive offices)	(Zip Code)

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

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:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
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 1.01. Entry into a Material Definitive Agreement.

Amendment to Revolving Line of Credit

Mesa Air Group, Inc.'s (the "Company") wholly owned subsidiaries, Mesa Airlines, Inc. ("Mesa") and Mesa Air Group Airline Inventory Management, L.L.C. ("Mesa Inventory Management" and, together with Mesa, the "Borrowers"), previously entered into a Second Amended and Restated Credit and Guaranty Agreement dated as of June 30, 2022 (as amended by Amendment No. 1 to Second Amended and Restated Credit and Guaranty Agreement, dated as of December 27, 2022, Amendment No. 2 to Second Amended and Restated Credit and Guaranty Agreement, dated as of January 27, 2023, and Amendment No. 3 Second Amended and Restated Credit and Guaranty Agreement, dated as of September 6, 2023, the "Existing Credit Agreement"), with Wilmington Trust, National Association ("WTNA") (as successor to CIT Bank, a division of First-Citizens Bank & Trust Company), in its capacity as Administrative Agent, WTNA (as successor to First-Citizens Bank & Trust Company (as successor by merger to CIT Bank, N.A.)), as collateral agent and the lenders from time to time party thereto, which is guaranteed by the Company. As previously reported, United Airlines, Inc. ("United") purchased and assumed all of CIT Bank's rights and obligations under the Existing Credit Agreement pursuant to a separate Assignment and Assumption Agreement and in connection with entering into the Third Amended and Restated Capacity Purchase Agreement with United, dated as of December 27, 2022 (the "United CPA").

On January 11, 2024, the Company entered into Amendment No. 4 to the Existing Agreement, Amendment No. 1 to Stock Pledge Agreement and Limited Waiver of Conditions to Credit Extension United (collectively, "Amendment No. 4") which provides for the following: (i) the repayment in full of the Company's $10.5 million Effective Date Bridge Loan (as defined therein) obligations, and the prepayment (and corresponding reduction) of approximately $2.1 million in Revolving Loans (as defined therein), with the proceeds from the sale, assignment, or transfer of the Company's vested investment in Heart Aerospace Incorporated ("Heart"), originally purchase by the Company for $5.0 million, (ii) as a result of the repayment of the Effective Date Bridge Loan and pay down of the Revolving Loans, the shares of capital stock of Archer Aviation, Inc. ("Archer") held by the Company were released as collateral for the Existing Credit Facility, and (iii) the waiver of a financial covenant default with respect to the fiscal quarters ended June 30, 2023 and September 30, 2023. After giving effect to the foregoing transactions, the Company retained 222,222 unvested "penny" warrants in Heart and 2.27 million vested shares of common stock and 1.17 million unvested "penny" warrants in Archer.

Amendment to United Capacity Purchase Agreement

On January 11, 2024, the Company also entered into the First Amendment to Third Amended and Restated United CPA (the United CPA Amendment"), which provides for the following: (i) increased block-hour rates, retroactive to October 1, 2023 through December 31, 2024, which are projected to generate approximately $63.5 million in incremental revenue over the next twelve months; (ii) amended certain notice requirements for removal by United of up to eight CRJ-900 Covered Aircraft (as defined in the United CPA) from the United CPA, and (iii) extended United's existing utilization waiver for the Company's operation of E-175 and CRJ-900 Covered Aircraft (as defined in the United CPA) to June 30, 2024.

The foregoing descriptions of Amendment No. 4, the United CPA Amendment, and the transactions contemplated thereby does not purport to be complete and is qualified in its entirety by reference to the full text of such documents, which we expect to file as exhibits to our Quarterly Report on Form 10-Q for the fiscal quarter ending March 31, 2024, subject to any applicable requests for confidential treatment with respect to certain portions of such agreements.

Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

On January 18, 2023, the Audit Committee of the Board of Directors of the Company concluded, after discussion with the Company's management and RSM US LLP ("RSM"), the Company's independent registered accounting firm for the year ended September 30, 2023, that the Company's previously issued unaudited condensed consolidated financial statements as of and for the three and nine months ended June 30, 2023, included in the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 (the "3rd Quarter 10-Q") filed with the SEC on August 14, 2023, the earnings release relating to the Company's financial results as of and for the fiscal quarter ended June 30, 2023 and in reports, related earnings releases, investor presentations or similar communications of the specified financial statements, should no longer be relied upon for the reason discussed below.

Subsequent to the filing of its Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 and in connection with the preparation of its Annual Report on Form 10-K for the fiscal year ended September 30, 2023 (the "2023 Form 10-K"), the Company identified an approximately $30 million factual balance sheet misstatement associated with the classification of debt on the condensed consolidated balance sheet as of June 30, 2023. This error was due to certain debt covenant requirements that were not met under its Second Amended and Restated Credit and Guaranty Agreement dated as of June 30, 2022 (as amended, the "United Credit Agreement"), with United Airlines, Inc. ("United"). The debt covenants consisted of the 12-month rolling consolidated interest and rental coverage ratio covenants for the fiscal period ended June 30, 2023 and September 30, 2023. As a result, the $30 million should have been classified as current debt on the face of the balance sheet as opposed to long-term debt. In addition, the Company incorrectly stated in the going concern disclosures within the footnotes to its condensed consolidated financial statements included in the 3rd Quarter 10-Q that, as of June 30, 2023, the Company was in compliance with all of its debt covenants.

The Company's management has concluded that in light of the classification error described above, a material weakness exists in the Company's internal control over financial reporting and that the Company's disclosure controls and procedures were not effective. The control deficiency and the Company's remediation plan with respect to such resulting material weakness will be described in more detail in the 2023 Form 10-K.

The Company's management and the Audit Committee have discussed the matters disclosed in this Current Report on Form 8-K pursuant to this Item 4.02 with RSM, the Company's independent registered public accounting firm.

As a result of the foregoing, as soon as practicable, the Company intends to file its Annual Report on Form 10-K for the year ended September 30, 2023. The Company will disclose the nature, timing, and extent of the error as of June 30, 2023 within the 2023 Form 10-K. Accordingly, the Company expects that the balance of approximately $30 million will be classified as long-term debt as of September 30, 2023 when the 2023 Form 10-K is filed.

Except as discussed above, the classification error had no impact on the Company's cash and cash equivalent balances or total assets for the applicable period, nor any other item on the condensed consolidated balance sheet. It also had no impact on the Company's condensed consolidated statement of operations, including total operating revenues and operating expenses, net loss, its condensed consolidated statements of cash flows, including total cash flows, or any non-GAAP measure reported.

Forward-Looking Statements

This Current Report on Form 8-K may be deemed to contain forward-looking statements within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements include statements regarding the effects of the restatement of the Company's past financial statements and the filing of the Company's amended periodic reports. Words such as "future," "anticipate," "believe," "estimate," "expect," "intend," "plan," "may," "might," "predict," "will," "would," "should," "could," "can," "may," or the negative or other variations thereof, and similar words or phrases or comparable terminology, are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance, conditions, or results, and involve a number of known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside the Company's control, that could cause actual results or outcomes to differ materially from those discussed in the forward-looking statements. Important risks and uncertainties that could cause the Company's actual results and financial condition to differ materially from those indicated in forward-looking statements include, among others, the timing and nature of the final resolution of the accounting issues discussed in this Current Report on Form 8-K, any delay in the filing of the 2023 Form 10-K and other required periodic reports with the U.S. Securities and Exchange Commission (the "SEC"), whether a restatement of financial results will be required for other accounting issues for the same or other periods in addition to the misstate correction in the 2023 Form 10-K currently expected by management, additional uncertainties related to accounting issues generally, adverse effects on the Company's business as a result of the correction process and the risks identified in the Company's reports filed with the SEC. All information provided in this Current Report on Form 8-K is as of the date hereof, and the Company undertakes no duty to update or revise this information unless required by law.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

The Company is deeply saddened to report that Daniel McHugh, a member of the Company's board of directors, passed away on January 12, 2024. Mr. McHugh had been a member of the Board since 2020, and was a member of the Compensation Committee of the Board.

No replacement for Mr. McHugh has been appointed at this time.

Item 8.01 Other Events.

On January 18, 2024, the Company also provided the following update regarding its ongoing asset sale program. Since September 2023, the Company has sold or entered into agreements to sell excess CRJ-900 aircraft and related engines for combined gross proceeds of $198.0 million, which has been and will be used to pay down $174.3 million in debt, as summarize below:

- Sold 7 CRJ-900 NextGen aircraft for gross proceeds of $71.2 million.
- Sold 7 remaining of 11 CRJ-900s previously contracted for sale for gross proceeds of $21.0 million.
- Entered into agreements to sell 15 CRJ-900 airframes and 65 CF34-8C5 engines to various third parties for total gross proceeds of $105.8 million

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Exhibit Description
99.1	Press Release, dated January 18, 2024, issued by Mesa Air Group, Inc.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

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

Mesa Air Group, Inc.

Date: January 18, 2024

By: /s/ Brian S. Gillman
Brian S. Gillman
Executive Vice President and General Counsel

Exhibit 99.1

Mesa Air Group Enters New Agreements with United Airlines for Improved Operating and Financing Terms and Provides Update on CRJ-900 Asset Sale Program

January 18, 2024

PHOENIX, January 18, 2024 – Mesa Air Group, Inc. (NASDAQ: MESA) ("Mesa" or the "Company") today announced agreements with United Airlines ("United") to amend its capacity purchase agreement and certain credit agreements between the parties to significantly improve Mesa's operating income and liquidity over the next twelve months. The Company also issued an update on its efforts to sell excess CRJ-900 assets to reduce debt and bolster liquidity.

***United Agreements Highlights*:**

- **Increased block-hour rate in United CPA, retroactive to October 1, 2023 through December 31, 2024, projected to generate approximately $63.5 million in incremental revenue over next twelve months**
- **Extinguishment of $12.6 million of outstanding United bridge loan and revolving credit facility debt in exchange for Mesa's vested equity investment in privately held Heart Aerospace, originally purchased for $5.0 million; Mesa retains 222,222 unvested "penny" warrants[1] in Heart**
- **Release as collateral of Mesa's equity investment in Archer Aviation common stock, comprising 2.27 million vested shares and 1.17 million unvested "penny" warrants[1]**

***CRJ-900 Asset Sale Program Update*:**

- **Since September 2023, Mesa sold or entered into agreements to sell excess CRJ-900 aircraft and related engines for combined gross proceeds of $198.0 million, which has been and will be used to pay down $174.3 million in debt:**
  - Sold 7 CRJ-900 NextGen aircraft for gross proceeds of $71.2 million
  - Sold 7 remaining of 11 CRJ-900s previously contracted for sale for gross proceeds of $21.0 million
  - Entered into agreements to sell 15 CRJ-900 airframes and 65 CF34-8C5 engines to various third parties for total gross proceeds of $105.8 million

Jonathan Ornstein, Chairman and CEO, said, "Following exhaustive negotiations over the past year, we reached several agreements with United that will increase rates per block-hour to long-sought market levels and provide additional liquidity. We believe these new agreements, combined with our CRJ-related asset sales, will enable Mesa to generate substantial incremental contract revenue and improve margins. While the situation remains challenging, this stability is critical as we continue to restore our pilot capabilities, drive increased fleet utilization, and step up block-hour production.

"Without a doubt, the past twelve months concluded a year of restructuring for Mesa's operations and finances, culminating with the significantly improved agreement with United. We appreciate United's support, and we are very thankful and proud of our pilots, flight attendants, mechanics, dispatchers, financial personnel, and support staff for their patience and diligent work to facilitate this complex process. I am confident we have the dedicated people to be a strong regional operation for United and for the over six million passengers we safely flew last year."

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1 Exercisable upon certain conditions

United Agreements Details

On January 11, 2024, Mesa entered into an agreement with United that significantly increases the block-hour rate under its CPA, covering the period from October 1, 2023 to December 31, 2024. The Company expects this increase will provide Mesa approximately $63.5 million in incremental revenue over the next twelve months and bolster liquidity. Mesa and United also agreed to amend certain notice requirements related to eight CRJ-900 aircraft covered under the CPA and to extend United's waiver of utilization requirements for aircraft under contract until June 30, 2024.

In conjunction with the CPA amendment, United agreed to reduce the outstanding balance on the revolving credit facility by $2.1 million and relieve the full $10.5 million principal amount of the bridge loan it previously issued to Mesa, in exchange for Mesa's investment in privately-held Heart Aerospace ("Heart"). Mesa originally purchased the stake in Heart for $5.0 million; and following this transaction, Mesa continues to hold 222,222 unvested warrants, each struck at a value of $0.01, in Heart.

As a result of the bridge loan elimination, Mesa's equity investment in Archer Aviation ("Archer") is released as collateral. Mesa currently owns 2.27 million vested shares and 1.17 million unvested warrants, each struck at a value of $0.01, in Archer common stock.

CRJ-900 Asset Sale Program Details

During the September quarter, Mesa closed on the sale of three of the seven CRJ-900 NextGen aircraft that it previously agreed to sell to a third party. Subsequent to quarter end, Mesa closed on the sale of the remaining four aircraft. The sales of these seven CRJ-900s generated gross proceeds of approximately $71.2 million, resulting in the elimination of approximately $63.2 million of debt principal, approximately $27.3 million of which was reflected in Mesa's total debt balance as of September 30, 2023, and creating approximately $8.0 million in additional liquidity.

Using proceeds from the sales of the seven CRJ-900 NextGen aircraft, Mesa retired approximately $59.0 million outstanding on its loan from Export Development Bank of Canada ("EDC") and repaid $4.2 million of its junior note to MHI RJ Aviation Group ("MHIRJ"), which together financed those assets. As a result of the partial repayment of the MHIRJ junior note, Mesa met the conditions for MHIRJ to forgive the remaining approximately $5.0 million outstanding on the note.

During the fourth quarter, Mesa also closed on the sales of three of seven CRJ-900s aircraft that it previously agreed to sell to a third party. Subsequent to quarter end, Mesa closed on the sale of the final four aircraft under this agreement. The sales of these seven CRJ-900s generated gross proceeds of approximately $21.0 million, resulting in the elimination of approximately $10.8 million in debt principal, approximately $5.3 million of which was reflected in Mesa's total debt balance as of September 30, 2023, and creating $10.2 million in additional liquidity.

Subsequent to quarter end, Mesa also entered into several new asset sale agreements to sell 15 CRJ-900 airframes and 65 CF34-8C5 engines for total proceeds of $105.8 million. These transactions are anticipated to eliminate approximately $89.8 million of debt and finance lease buyout obligations, creating approximately $16.0 million of additional liquidity and meaningfully reducing the Company's go-forward cash interest expense, with the majority expected to close by March 2024. Mesa remains engaged in additional efforts to market and sell excess CRJ-900 assets.

During fiscal full-year 2023, Mesa had a peak total debt balance of $701.3 million at the end of Q1 2023. Over the subsequent three quarters, Mesa has reduced total debt by $161.6 million to an estimated $539.7 million balance at the end of Q4 2023 as a result of CRJ-related asset sales and scheduled principal repayments. For fiscal full-year 2024, the Company expects the completion of CRJ-related asset sale agreements currently entered into and scheduled principal repayments through Q4 2024 will reduce total debt by an additional $225.4 million, for a projected total debt balance of $310.3 million at fiscal year end. Of the $310.3 million debt balance, $158.8 million is attributable to E-175 aircraft that are pass-through to United Airlines under Mesa's CPA; $110.7 million is U.S. Treasury debt collateralized primarily by 31 CRJ-900s; $35.6 million is United Airlines debt collateralized with aircraft parts; and $9.2 million is attributable to future lease obligations.

Conference Call Information

Mesa will host a call on January 19, 2024 at 2:00 pm EST to discuss the developments outlined above. Please visit Mesa's investor relations website at https://investor.mesa-air.com for dial-in details. The call can also be accessed via webcast at the investor relations website. A recorded version will be available on the website approximately two hours after the call for approximately 14 days.

Form 10-K for Fiscal Full-Year 2023

The Company continues to work diligently to complete Form 10-K for the period ended September 30, 2023 and plans to file the Form 10-K as soon as possible. The current delay in the filing is related to a financial ratio covenant in a credit agreement with United, which is a carryover from the Company's prior CIT loan agreement that United assumed. The Company has determined it was not in compliance with the covenant as of June 30, 2023 and has issued an 8-K, which provides further details.

About Mesa Air Group, Inc.

Headquartered in Phoenix, Arizona, Mesa Air Group, Inc. is the holding company of Mesa Airlines, a regional air carrier providing scheduled passenger service to 89 cities in 40 states, the District of Columbia, the Bahamas, Canada, Cuba, and Mexico as well as cargo services out of Cincinnati/Northern Kentucky International Airport. As of June 30, 2023, Mesa operated a fleet of 80 aircraft, with approximately 277 daily departures, and four 737 cargo aircraft. The Company had approximately 2,341 employees. Mesa operates all its flights as either United Express or DHL Express flights pursuant to the terms of a capacity purchase agreement entered into with United Airlines, Inc. and a flight service agreement with 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, are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance, 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. 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.

Contact:

Mesa Air Group, Inc.

Media

media@mesa-air.com

Investor Relations

investor.relations@mesa-air.com