

**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): February 09, 2023

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
(IRS Employer
Identification No.)

410 North 44th Street, Suite 700
Phoenix, Arizona
(Address of Principal Executive Offices)

85008
(Zip Code)

Registrant's Telephone Number, Including Area Code: (602) 685-4000

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:

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 2.02 Results of Operations and Financial Condition.

On February 9, 2023, the Company issued a press release announcing its financial and operating results for its quarter ended December 31, 2022. 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 “Item 2.02 Results of Operations and Financial Condition” section of 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 February 9, 2023, 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: February 9, 2023

By: /s/ Brian S. Gillman

Brian S. Gillman

Executive Vice President and General Counsel

Mesa Air Group Reports First Quarter Fiscal 2023 Results

February 9, 2023

PHOENIX, February 9, 2023 – Mesa Air Group, Inc. (NASDAQ: MESA) today reported first quarter fiscal 2023 financial and operating results.

Fiscal First Quarter Update:

- **Total operating revenues of \$147.2 million**
- **Pre-tax loss of \$10.0 million, net loss of \$9.1 million or \$(0.25) per diluted share**
- **Adjusted net loss¹ of \$4.3 million or \$(0.12) per diluted share**
- **Adjusted net loss excludes a \$3.7 million impairment related to intangible assets and \$1.7 million related to investments in equity securities**
- **As previously reported, closed on United Airlines, American Airlines, and aircraft-related transactions**
- **Subsequent to quarter end, closed sale of 8 remaining CRJ-550s to United Airlines**

Jonathan Ornstein, Chairman and CEO, said, “The first quarter was an important one for Mesa, as we executed several key agreements that will materially enhance our operational and financial position and alleviate significant issues that we have faced. While block hour production continued to be challenged by the industry-wide pilot shortage during the quarter, we believe all the pieces are in place to begin restoring capacity across our fleets. We are preparing for the transition of our CRJ-900 operation to United next month. Our pilot pipeline continues to strengthen and pilot attrition has remained significantly lower since we have enhanced our paycales and expanded our participation in the Aviate program with United.”

Fiscal First Quarter Details:

Total operating revenues in Q1 2023 were \$147.2 million, a decrease of \$0.6 million (0.4%) from \$147.8 million for Q1 2022. Contract revenue decreased \$8.4 million, or 6.2%. These decreases were driven by lower block hours, offset by increased block-hour revenue for new pilot paycales. Mesa’s Q1 2023 results include, per GAAP, the recognition of \$5.3 million, versus the recognition of \$4.2 million of previously deferred revenue in Q1 2022. The remaining deferred revenue balance of \$18.8 million will be recognized as flights are completed over the remaining terms of the contracts.

Mesa’s Adjusted EBITDA¹ for Q1 2023 was \$21.8 million, compared to \$17.0 million in Q1 2022, and Adjusted EBITDAR¹ was \$25.9 million for Q1 2023, compared to \$26.6 million in Q1 2022.

Mesa’s Q1 2023 results reflect a net loss of \$9.1 million, or \$(0.25) per diluted share, compared to a net loss of \$14.3 million, or \$(0.40) per diluted share for Q1 2022. Mesa’s Q1 2023 adjusted net loss¹ was \$4.3 million, or \$(0.12) per diluted share, versus an adjusted net loss¹ of \$9.3 million, or \$(0.26) per diluted share, in Q1 2022. The year over year increase in adjusted net income of \$5.0 million was primarily due to increased block-hour revenue for new pilot paycales and lower maintenance, D&A, and aircraft rent expenses, partially offset by higher expenses for flight operations due to increased costs for training and employee wages.

Operationally, the Company ran a controllable completion factor of 99.4% for American and 99.9% for United during Q1 2023. This is compared to a controllable completion factor of 97.7% for American and 98.3% for United during Q1 2022. This excludes cancellations due to weather and air traffic control.

With respect to a total completion factor that includes all cancellations, Mesa reported a total completion factor of 97.9% for American and 99.2% for United during Q1 2023. This is compared to a total completion factor of 95.8% for American and 95.8% for United during Q1 2022.

For Q1 2023, 50% of the Company’s total revenue was derived from our contracts with United, 45% from American, 3% from DHL, and 2% from leases of aircraft to a third party.

¹ See reconciliation of non-GAAP financial measures

Balance Sheet and Cash Flow:

Mesa ended the quarter at \$56.1 million in unrestricted cash and equivalents. As of December 31, 2022, the Company had \$701.3 million in total debt secured primarily with aircraft and engines. This amount includes \$64.2 million corresponding to the reclassification from operating lease to finance lease on 15 CRJ-900s. Additionally, we borrowed \$25.5 million in the form of a term loan from United, of which \$15 million is forgivable upon the meeting of certain performance criteria.

Conference Call Details:

Mesa Air Group will host a conference call with analysts on February 9th at 4:30 pm EST. 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://investor.mesa-air.com>.

A recorded version will be available on Mesa's website approximately two hours after the call for approximately 14 days.

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 106 cities in 42 states, the District of Columbia, the Bahamas, and Mexico as well as cargo services out of Cincinnati/Northern Kentucky International Airport. As of December 31, 2022, Mesa operated or leased a fleet of 158 aircraft with approximately 293 daily departures and 2,500 employees. Mesa operates all of its flights as either American Eagle, United Express, or DHL Express flights pursuant to the terms of capacity purchase agreements entered into with American Airlines, Inc. and 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 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. 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.

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MESA AIR GROUP, INC.
Consolidated Statements of Operations and Comprehensive (Loss) Income
(In thousands, except per share amounts) (Unaudited)

	Three Months Ended December 31,	
	2022	2021
Operating revenues:		
Contract revenue	\$ 128,450	\$ 136,894
Pass-through and other revenue	18,723	10,863
Total operating revenues	147,173	147,757
Operating expenses:		
Flight operations	58,320	47,598
Maintenance	48,287	58,981
Aircraft rent	4,083	9,586
General and administrative	13,988	12,578
Depreciation and amortization	15,203	21,028
Intangible asset impairment	3,719	—
Other operating expenses	1,126	1,972
Total operating expenses	144,726	151,743
Operating income (loss)	2,447	(3,986)
Other income (expense), net:		
Interest expense	(11,276)	(7,930)
Interest income	71	51
Loss on investments, net	(1,679)	(6,462)
Other (expense) income, net	417	(59)
Total other expense, net	(12,467)	(14,400)
Income (loss) before taxes	(10,020)	(18,386)
Income tax expense (benefit)	(930)	(4,112)
Net income (loss)	\$ (9,090)	\$ (14,274)
Net income (loss) per share attributable to common shareholders		
Basic	\$ (0.25)	\$ (0.40)
Diluted	\$ (0.25)	\$ (0.40)
Weighted-average common shares outstanding		
Basic	36,378	35,963
Diluted	36,378	35,963

MESA AIR GROUP, INC.
Consolidated Balance Sheets
(In thousands, except share amounts) (Unaudited)

	December 31, 2022	September 30, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 56,077	\$ 57,683
Restricted cash	3,343	3,342
Receivables, net	13,115	3,978
Expendable parts and supplies, net	25,509	26,715
Prepaid expenses and other current assets	3,953	6,616
Total current assets	101,997	98,334
Property and equipment, net	945,545	865,254
Intangible assets, net	—	3,842
Lease and equipment deposits	1,781	6,085
Operating lease right-of-use assets	11,896	43,090
Deferred heavy maintenance, net	10,311	9,707
Assets held for sale	73,000	73,000
Other assets	14,984	16,290
TOTAL ASSETS	<u>\$ 1,159,514</u>	<u>\$ 1,115,602</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term debt and finance leases	\$ 88,802	\$ 97,218
Current portion of deferred revenue	1,204	385
Current maturities of operating leases	5,354	17,233
Accounts payable	51,257	59,386
Accrued compensation	9,097	11,255
Other accrued expenses	30,561	29,000
Total current liabilities	186,275	214,477
NONCURRENT LIABILITIES:		
Long-term debt and finance leases, excluding current portion	597,816	502,517
Noncurrent operating lease liabilities	9,533	16,732
Deferred credits	2,869	3,082
Deferred income taxes	16,705	17,719
Deferred revenue, net of current portion	17,607	23,682
Other noncurrent liabilities	28,938	29,219
Total noncurrent liabilities	673,468	592,951
Total liabilities	859,743	807,428
STOCKHOLDERS' EQUITY:		
Common stock of no par value and additional paid-in capital, 125,000,000 shares authorized; 36,378,550 (2023) and 36,376,897 (2022) shares issued and outstanding, 4,899,497 (2023) and 4,899,497 (2022) warrants issued and outstanding	259,864	259,177
Retained earnings	39,907	48,997
Total stockholders' equity	299,771	308,174
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 1,159,514</u>	<u>\$ 1,115,602</u>

MESA AIR GROUP, INC.
Operating Highlights (Unaudited)

	Three months ended December 31,		
	2022	2021	Change
Available seat miles (thousands)	1,175,745	2,104,621	(44.1)%
Block hours	50,940	86,079	(40.8)%
Average stage length (miles)	565	644	(12.3)%
Departures	27,776	43,447	(36.1)%
Passengers	1,746,376	2,693,468	(35.2)%
Controllable completion factor*			
American	99.36 %	97.17 %	2.3 %
United	99.96 %	98.33 %	1.7 %
Total completion factor**			
American	97.85 %	95.76 %	2.2 %
United	99.21 %	95.78 %	3.6 %

*Controllable completion factor excludes cancellations due to weather and air traffic control

**Total completion factor includes all cancellations

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 ended December 31, 2022 and December 31, 2021. 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 or loss. 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 amounts) (Unaudited)

	Three Months Ended December 31, 2022				Three Months Ended December 31, 2021			
	Income (Loss) Before Taxes	Income Tax (Expense) Benefit	Net Income (Loss)	Net Income (Loss) per Diluted Share	Income (Loss) Before Taxes	Income Tax (Expense) Benefit	Net Income (Loss)	Net Income (Loss) per Diluted Share
GAAP income (loss)	\$ (10,020)	\$ 930	\$ (9,090)	\$ (0.25)	\$ (18,386)	\$ 4,112	\$ (14,274)	\$ (0.40)
Loss on investments, net	1,679	(183)	1,496	\$ 0.04	6,462	(1,470)	4,992	\$ 0.14
Intangible asset impairment	3,719	(406)	3,313	\$ 0.09	—	—	—	\$ —
Adjusted income (loss)	(4,622)	341	(4,281)	\$ (0.12)	(11,924)	2,642	(9,282)	\$ (0.26)
Interest expense	11,276				7,930			
Interest income	(71)				(51)			
Depreciation and amortization	15,203				21,028			
Adjusted EBITDA	21,786				16,983			
Aircraft rent	4,083				9,586			
Adjusted EBITDAR	\$ 25,869				\$ 26,569			

Source: Mesa Air Group, Inc.

