UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended: September 30, 2024

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the transition period from to

Commission File Number **001-39046**

BLADE AIR MOBILITY, INC.

(Exact name of registrant as specified in its charter)

Delaware	**84-1890381**
(State or other jurisdiction of incorporation or organization)	(I.R.S.Employer Identification No.)
31 Hudson Yards, 14th Floor New York, NY	**10001**
(Address of principal executive offices)	(Zip Code)

(212) 967-1009

(Registrant's telephone number, including area code)

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, $0.0001 par value per share	BLDE	The Nasdaq Stock Market
Warrants, each exercisable for one share of Common Stock at an exercise price of $11.50 per share	BLDEW	The Nasdaq Stock Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S–T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non–accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," " smaller reporting company," and "emerging growth company" in Rule 12b–2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b–2 of the Exchange Act). Yes ☐ No ☒

As of November 6, 2024, there were 78,314,023 shares of the registrant's Common Stock, $0.0001 par value per share, issued and outstanding.

BLADE AIR MOBILITY, INC.

FORM 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)

	September 30, 2024	December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	$ 20,028	$ 27,873
Restricted cash	1,378	1,148
Accounts receivable, net of allowance of $224 and $98 at September 30, 2024 and December 31, 2023, respectively	24,481	21,005
Short-term investments	116,310	138,264
Prepaid expenses and other current assets	9,563	17,971
Total current assets	171,760	206,261
Non-current assets:		
Property and equipment, net	30,550	2,899
Intangible assets, net	13,957	20,519
Goodwill	42,952	40,373
Operating right-of-use asset	22,813	23,484
Other non-current assets	913	1,402
Total assets	$ 282,945	$ 294,938
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 16,028	$ 23,859
Deferred revenue	6,681	6,845
Operating lease liability, current	4,472	4,787
Total current liabilities	27,181	35,491
Non-current liabilities:		
Warrant liability	2,692	4,958
Operating lease liability, long-term	19,271	19,738
Deferred tax liability	302	451
Total liabilities	49,446	60,638
Commitments and Contingencies (Note 11)		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 2,000,000 shares authorized; no shares issued and outstanding at September 30, 2024 and December 31, 2023, respectively	—	—
Common stock, $0.0001 par value; 400,000,000 authorized; 78,314,023 and 75,131,425 shares issued at September 30, 2024 and December 31, 2023, respectively	7	7
Additional paid in capital	406,424	390,083
Accumulated other comprehensive income	4,173	3,964
Accumulated deficit	(177,105)	(159,754)
Total stockholders' equity	233,499	234,300
Total Liabilities and Stockholders' Equity	$ 282,945	$ 294,938

See Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Operations
(in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702
Operating expenses				
Cost of revenue	55,040	55,863	148,006	144,590
Software development	800	1,076	2,441	3,639
General and administrative	20,412	19,265	62,757	53,932
Selling and marketing	2,162	2,686	6,686	8,025
Total operating expenses	78,414	78,890	219,890	210,186
Loss from operations	(3,537)	(7,448)	(25,554)	(32,484)
Other non-operating income (expense)				
Interest income	1,764	2,147	5,624	6,178
Change in fair value of warrant liabilities	(299)	5,719	2,266	3,823
Realized loss from sales of short-term investments	—	—	—	(95)
Total other non-operating income	1,465	7,866	7,890	9,906
(Loss) income before income taxes	(2,072)	418	(17,664)	(22,578)
Income tax (benefit) expense	(118)	129	(150)	(443)
Net (loss) income	$ (1,954)	$ 289	$ (17,514)	$ (22,135)
Net (loss) income per share (Note 9):				
Basic	$ (0.03)	$ —	$ (0.23)	$ (0.30)
Diluted	$ (0.03)	$ —	$ (0.23)	$ (0.30)
Weighted-average number of shares outstanding:				
Basic	78,044,254	74,139,422	77,151,361	73,108,263
Diluted	78,044,254	81,006,859	77,151,361	73,108,263

See Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net (loss) income	$ (1,954)	$ 289	$ (17,514)	$ (22,135)
Other comprehensive income (loss):				
Net unrealized investment income	—	—	—	39
Less: Reclassification adjustment for losses included currently in net loss	—	—	—	64
Foreign currency translation adjustments for the period	1,396	(1,500)	209	(660)
Other comprehensive income (loss)	1,396	(1,500)	209	(557)
Comprehensive loss	$ (558)	$ (1,211)	$ (17,305)	$ (22,692)

See Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of July 1,2024	**77,934,085**	**$ 7**	**$ 401,753**	**$ 2,777**	**$ (175,151)**	**$ 229,386**
Issuance of common stock upon exercise of stock options	59,000	—	11	—	—	11
Issuance of common stock upon settlement of restricted stock units	581,305	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	5,402	—	—	5,402
Shares withheld related to net share settlement	(260,367)	—	(742)	—	—	(742)
Other comprehensive income	—	—	—	1,396	—	1,396
Net loss	—	—	—	—	(1,954)	(1,954)
Balance as of September 30, 2024	**78,314,023**	**$ 7**	**$ 406,424**	**$ 4,173**	**$ (177,105)**	**$ 233,499**
Balance as of July 1,2023	**73,169,003**	**$ 7**	**$ 383,629**	**$ 3,230**	**$ (126,102)**	**$ 260,764**
Issuance of common stock upon exercise of stock options	47,228	—	9	—	—	9
Issuance of common stock upon settlement of restricted stock units	996,062	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	3,330	—	—	3,330
Shares withheld related to net share settlement	(3,860)	—	(15)	—	—	(15)
Other comprehensive loss	—	—	—	(1,500)	—	(1,500)
Net income	—	—	—	—	289	289
Balance as of September 30, 2023	**74,208,433**	**$ 7**	**$ 386,953**	**$ 1,730**	**$ (125,813)**	**$ 262,877**

	Common Stock		Additional	Accumulated Other	Accumulated	Total Stockholders'
	Shares	Amount	Paid-In Capital	Comprehensive Income	Deficit	Equity
Balance as of January 1, 2024	**75,131,425**	**$ 7**	**$ 390,083**	**$ 3,964**	**$ (159,754)**	**$ 234,300**
Issuance of common stock upon exercise of stock options	690,463	—	124	—	—	124
Issuance of common stock upon settlement of restricted stock units	2,167,937	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	15,367	—	—	15,367
Shares withheld related to net share settlement	(604,698)	—	(1,765)	—	—	(1,765)
Issuance of common stock for settlement of contingent consideration compensation (earn-out)	1,008,998	—	3,022	—	—	3,022
Repurchase and retirement of common stock	(80,102)	—	(407)	—	163	(244)
Other comprehensive income	—	—	—	209	—	209
Net loss	—	—	—	—	(17,514)	(17,514)
Balances as of September 30, 2024	**78,314,023**	**$ 7**	**$ 406,424**	**$ 4,173**	**$ (177,105)**	**$ 233,499**
Balance as of January 1, 2023	**71,660,617**	**$ 7**	**$ 375,873**	**$ 2,287**	**$ (103,678)**	**$ 274,489**
Issuance of common stock upon exercise of stock options	348,013	—	63	—	—	63
Issuance of common stock upon settlement of restricted stock units	1,830,986	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	9,348	—	—	9,348
Shares withheld related to net share settlement	(15,939)	—	(116)	—	—	(116)
Issuance of common stock for settlement of contingent consideration compensation (earn-out)	384,756	—	1,785	—	—	1,785
Other comprehensive loss	—	—	—	(557)	—	(557)
Net loss	—	—	—	—	(22,135)	(22,135)
Balances as of September 30, 2023	**74,208,433**	**$ 7**	**$ 386,953**	**$ 1,730**	**$ (125,813)**	**$ 262,877**

See Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
(in thousands)

	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
Cash Flows From Operating Activities:		
Net loss	$ (17,514)	$ (22,135)
Adjustments to reconcile net loss to net cash and restricted cash used in operating activities:		
Depreciation and amortization	4,432	5,305
Stock-based compensation	15,367	9,348
Change in fair value of warrant liabilities	(2,266)	(3,823)
Excess of lease liability over operating right-of-use assets	(123)	—
Gain on lease modification	(75)	—
Realized loss from sales of short-term investments	—	95
Realized foreign exchange loss	—	6
Accretion of interest income on held-to-maturity securities	(3,120)	(4,716)
Deferred tax benefit	(150)	(443)
Impairment of intangible assets	5,759	—
Gain on disposal of property and equipment	(6)	—
Bad debt expense	168	171
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	8,312	(1,104)
Accounts receivable	(3,611)	(10,379)
Other non-current assets	492	(8)
Operating right-of-use assets/lease liabilities	81	421
Accounts payable and accrued expenses	(8,336)	4,086
Deferred revenue	(177)	147
Net cash used in operating activities	(767)	(23,029)
Cash Flows From Investing Activities:		
Acquisitions, net of cash acquired	(2,230)	—
Capitalized software development costs	(1,660)	—
Purchase of property and equipment	(26,292)	(2,085)
Proceeds from disposal of property and equipment	6	—
Purchase of short-term investments	—	(135)
Proceeds from sales of short-term investments	—	20,532
Purchase of held-to-maturity investments	(142,766)	(265,835)
Proceeds from maturities of held-to-maturity investments	167,950	264,537
Net cash (used in) / provided by investing activities	(4,992)	17,014
Cash Flows From Financing Activities:		
Proceeds from the exercise of common stock options	124	63
Taxes paid related to net share settlement of equity awards	(1,765)	(116)
Repurchase and retirement of common stock	(244)	—
Net cash used in financing activities	(1,885)	(53)
Effect of foreign exchange rate changes on cash balances	29	(81)
Net decrease in cash and cash equivalents and restricted cash	(7,615)	(6,149)
Cash and cash equivalents and restricted cash - beginning	29,021	44,423
Cash and cash equivalents and restricted cash - ending	$ 21,406	$ 38,274
Reconciliation to the unaudited interim condensed consolidated balance sheets		
Cash and cash equivalents	$ 20,028	$ 36,815
Restricted cash	1,378	1,459
Total cash, cash equivalents and restricted cash	$ 21,406	$ 38,274
Non-cash investing and financing activities:		
New leases under ASC 842 entered into during the period	$ 8,545	$ 8,920
Common stock issued for settlement of earn-out previously in accounts payable and accrued expenses (1)	3,022	1,785
Purchases of PPE and capitalized software in accounts payable and accrued expenses	3,479	—
Derecognition of ROU assets	(6,367)	—
Derecognition of lease liabilities	6,367	—

(1) Prior year amounts have been updated to conform to current period presentation.

See Notes to Unaudited Interim Condensed Consolidated Financial Statements.

BLADE AIR MOBILITY, INC.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(amounts in thousands, except share, per share data and exchange rates)

Note 1 – Description of Business and Summary of Significant Accounting Policies

Description of Business

Blade Air Mobility, Inc. ("Blade" or the "Company") provides air transportation and logistics for hospitals across the United States, where it is one of the largest transporters of human organs for transplant, and for passengers, with helicopter and fixed wing services primarily in the Northeast United States and Southern Europe. Based in New York City, Blade's asset-light model, coupled with its exclusive passenger terminal infrastructure and proprietary technologies, is designed to facilitate a seamless transition from helicopters and fixed-wing aircraft to Electric Vertical Aircraft ("EVA" or "eVTOL"), enabling lower cost air mobility that is both quiet and emission-free.

Basis of Presentation and Principles of Consolidation

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Management's opinion is that all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of financial position, results of operations and cash flows at the dates and for the periods presented have been included. Operating results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2024. These financial statements should be read in conjunction with the Company's consolidated financial statements and accompanying Notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Short-Term Investments

Held-to-Maturity Securities
The Company's investments in held-to-maturity securities consist of investment grade U.S. Treasury obligations with maturity dates of less than 365 days. The Company has the ability and intention to hold these securities until maturity. Accordingly, these securities are recorded in the Company's unaudited interim condensed consolidated balance sheet at amortized cost and interest is recorded within interest income on the Company's unaudited interim condensed consolidated statement of operations. The held-to-maturity securities balance and fair market value at September 30, 2024 and December 31, 2023 were $116,310 and $116,509, and $138,264 and $138,285, respectively. The fair value hierarchy of the valuation inputs the Company utilized to determine such fair market value is Level 2. See Note 13 – Fair Value Measurements for additional information.

Software Development Costs

The Company incurs costs related to the development of its technology stack. The costs consist of personnel costs (including related benefits and stock-based compensation) and external vendor costs incurred during the development stage. Capitalization of costs begins when two criteria are met: (1) the preliminary project stage is completed, and (2) it is probable that the software will be completed and used for its intended function. Capitalization ceases when the project is substantially complete and the developed features are ready for their intended use, including the completion of all significant testing. Costs related to preliminary project activities, post implementation operating activities and system maintenance are expensed as incurred.

Capitalized costs are included in intangible assets and amortized over three years, on a straight-line basis, which represents the manner in which the expected benefit will be derived. The amortization of capitalized software development costs are recorded within software development expense in our unaudited interim condensed consolidated statement of operations.

Concentrations

Financial instruments which potentially subject the Company to concentrations of credit risk consists principally of cash amounts on deposit with financial institutions. At times, the Company's cash in banks is in excess of the Federal Deposit Insurance corporation ("FDIC") insurance limit. The Company has not experienced any loss as a result of these deposits.

(amounts in thousands, except share, per share data and exchange rates)

Major Customers

No single customer accounted for 10% or more of the Company's revenue for the three and nine months ended September 30, 2024 and 2023.

No single customer accounted for 10% or more of the Company's outstanding accounts receivable as of September 30, 2024 or as of December 31, 2023.

Major Vendors

One vendor accounted for 12% of the Company's purchases from operating vendors for the three months ended September 30, 2024. Two vendors accounted for 14% and 12%, respectively, of the Company's purchases from operating vendors for the three months ended September 30, 2023.

One vendor accounted for 11% of the Company's purchases from operating vendors for the nine months ended September 30, 2024. Two vendors accounted for 12% and 11%, respectively, of the Company's purchases from operating vendors for the nine months ended September 30, 2023.

One vendor accounted for 12% of the Company's outstanding accounts payable as of September 30, 2024. Two vendors accounted for 17% and 10%, respectively, of the Company's outstanding accounts payable as of December 31, 2023.

Property and Equipment, Net

Property and equipment are carried at cost, net of accumulated depreciation. Depreciation is computed utilizing the straight-line method over the estimated useful life of the asset. Residual values estimated for aircraft are approximately 10% of the original purchase price. Expenditures that increase the value or productive capacity of assets are capitalized, and maintenance and repair are expensed as incurred (see below for further information). Leasehold improvements depreciation is computed over the shorter of the lease term or estimated useful life of the asset.

During the period from April 1, 2024 through May 2, 2024, Blade completed the acquisition of seven aircraft ("Acquired Aircraft") from M&N Equipment, LLC ("M&N"), Atlas Jet, Inc and Aviation Bridge, LLC for a combined purchase price of approximately $17,621. The funding for these acquisitions involved the utilization of $9,269 from existing prepaid deposits under existing Capacity Purchase Agreements ("CPAs") with M&N which were refunded to Blade and applied to the purchase, $5,489 in cash and the remaining amount payable was included in accounts payable and accrued expenses, which were subject to traditional closing conditions, inspections, holdbacks and adjustments. Blade intends to utilize the Acquired Aircraft, which were previously dedicated to Blade under existing CPAs (see Note 5 for further information on CPAs) to support its Medical segment and the Acquired Aircraft will continue to be operated by the same operator.

In August and September 2024, Blade purchased three additional aircraft for a combined purchase price of $7,388. All of the aircraft acquired by Blade are dedicated to Blade's Medical segment.

	Useful Life (in years)	September 30, 2024	December 31, 2023
Aircraft, engines and related rotable parts (1)	2 - 20	$ 25,944	$ —
Furniture and fixtures (2)	5	2,222	886
Technology equipment (2)	3	569	402
Leasehold improvements (2)	Shorter of useful life or life of lease	3,539	3,016
Vehicles (1)	5	2,673	1,750
Total property and equipment, gross		34,947	6,054
Less: Accumulated depreciation		(4,397)	(3,155)
Total property and equipment, net		$ 30,550	$ 2,899

(1) Depreciation expense is included within cost of revenue.
(2) Depreciation expense is included within general and administrative expenses.

For the three months ended September 30, 2024 and 2023, the Company recorded depreciation expense for property and equipment of $815 and $302, respectively. For the nine months ended September 30, 2024 and 2023, the Company recorded depreciation expense for property and equipment of $2,003 and $802, respectively.

Aircraft Maintenance and Repairs

Unscheduled aircraft maintenance and repairs are expensed as incurred, scheduled maintenance and repairs occurring at intervals of two or more years are capitalized and amortized over the period between these intervals.

Impairment of Long-Lived Assets

The Company assesses long-lived assets for impairment in accordance with the provisions of Accounting Standards Codification ("ASC") ASC 360, *Property, Plant and Equipment* ("ASC 360"). Long-lived assets, except for goodwill and indefinite-lived intangible assets, consist of property and equipment and finite-lived acquired intangible assets, such as exclusive rights to air transportation services, customer lists and trademarks. Long-lived assets, except for goodwill and indefinite intangible assets, are tested for recoverability whenever events or changes in business circumstances indicate that the carrying amount of the asset may not be fully recoverable. If such events or changes in circumstances arise, the Company compares the carrying amount of the long-lived assets to the estimated future undiscounted cash flows expected to be generated by the long-lived assets. If the estimated aggregate undiscounted cash flows are less than the carrying amount of the long-lived assets, an impairment charge, calculated as the amount by which the carrying amount of the assets exceeds the fair value of the assets, is recorded. The fair value of the long-lived assets is determined through various valuation techniques, including estimated discounted cash flows expected to be generated from the long-lived asset and pricing information on comparable market transactions, unless another method provides a more reliable estimate. If an impairment loss is recognized, the adjusted carrying amount of a long-lived asset is recognized as a new cost basis of the impaired asset. Impairment loss is not reversed even if fair value exceeds carrying amount in subsequent periods.

During the quarter ended June 30, 2024, the Company recorded an impairment charge of $5,759 related to the exclusive rights to air transportation services associated with Blade Canada. The charge brought the net book value of the exclusive rights to zero. This amount is included within general and administrative expenses in the unaudited interim condensed consolidated statements of operations and is part of the Passenger segment. The impairment resulted from a modification to the November 30, 2021 agreement with Helijet, effective June 1, 2024, which included an earlier termination date of August 31, 2025 (previously an initial term of five years with automatic renewals for successive two-year periods). During the third quarter ended September 30, 2024, the termination date was furthered modified to be August 31, 2024.

As of September 30, 2024, the remaining exclusive rights to air transportation services intangible asset balance is $3,745, which relates to the air transportation rights associated with the acquisition of Blade Europe. This amount is included in the Intangibles assets, net line item on the unaudited interim condensed consolidated balance sheet.

Emerging Growth Company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. These exemptions include, but are not limited to, not being required to comply with the independent registered public accounting firm attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

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. The Company has elected to use 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, the Company, 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 comparison of the Company's consolidated financial statements with another public company that is not an emerging growth company or is an emerging growth company that has opted out of using the extended transition period, difficult or impossible because of the potential differences in accounting standards used.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience, current business factors, and various other assumptions that the Company believes are necessary to consider to form a basis for making judgments about the carrying values of assets and liabilities, the recorded amounts of revenue and expenses, and the disclosure of contingent assets and liabilities. The Company is subject to uncertainties such as the impact of future events, economic and political factors, and changes in the Company's business environment; therefore, actual results could differ from these estimates. Accordingly, the accounting estimates used in the preparation of the Company's financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the Company's operating environment evolves.

Changes in estimates are made when circumstances warrant. Such changes in estimates and refinements in estimation methodologies are reflected in reported results of operations; if material, the effects of changes in estimates are disclosed in the notes to the financial statements. Significant estimates and assumptions by management include, but are not limited to, the fair value of intangible assets and goodwill, the determination of whether a contract contains a lease, the allocation of consideration between lease and non-lease components, the determination of incremental borrowing rates for leases and the provision for income taxes and related deferred tax accounts.

Recently Issued Accounting Pronouncements - Not Adopted

In October 2023, the FASB issued ASU 2023-06, *Disclosure Improvements.* The new guidance clarifies or improves disclosure and presentation requirements on a variety of topics in the codification. The amendments in the update are intended to align the requirements in the FASB ASC with the SEC's regulations. The amendments are effective prospectively on the date each individual amendment is effectively removed from Regulation S-X or Regulation S-K, or if the SEC has not removed the requirements by June 30, 2027, this amendment will be removed from the Codification and will not become effective for any entity. The Company is in the process of evaluating the impact the adoption of this ASU will have on the financial statements and related disclosures.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*, which expands the segment disclosures of public entities. This expansion includes the requirement to disclose significant segment expenses that are regularly provided to the chief operating decision maker and are included within each reported measure of segment profit or loss. Additionally, the ASU mandates the disclosure of the amount and description of the composition of other segment items, as well as interim disclosures of a reportable segment's profit or loss and assets. These disclosure requirements apply to public entities with a single reportable segment as well. The ASU will be effective for the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and early adoption is allowed. The Company is in the process of evaluating the impact the adoption of this ASU will have on the financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is also permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is in the process of evaluating the impact the adoption of this ASU will have on the financial statements and related disclosures.

In March 2024, the FASB issued ASU 2024-02, *Codification Improvements - Amendments to Remove References to the Concept Statements*. This ASU amends the Codification to remove references to various concepts statements and impacts a variety of topics in the Codification. The amendments apply to all reporting entities within the scope of the affected accounting guidance. Generally, the amendments in ASU 2024-02 are not intended to result in significant accounting changes for most entities. ASU 2024-02 is effective January 1, 2025. The Company is in the process of evaluating the impact the adoption of this ASU will have on the financial statements and related disclosures.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the SEC have not had, or are not anticipated to have, a significant effect on the Company''s unaudited interim condensed consolidated financial statements, both present and future.

Note 2 – Revenue

Revenue Recognition

Blade operates in three key product lines across two segments (see Note 7 for further information on reportable segments):

Passenger segment

- *Short Distance* – Consisting primarily of helicopter and amphibious seaplane flights in the United States and Europe between 10 and 100 miles in distance. Flights are available for purchase both by-the-seat and on a full aircraft charter basis. Short Distance products are typically purchased using the Blade App and paid for principally via credit card transactions, wire, check, customer credit, and gift cards, with payments principally collected by the Company in advance of the performance of related services, with the exception of Europe where institutional clients pay after the performance of related services under payment terms. The revenue is recognized when the service is completed.

- *Jet and Other* – Consists principally of revenues from non-medical jet charter and by-the-seat jet flights between New York and South Florida (discontinued in November 2023), revenue from brand partners for exposure to Blade fliers and certain ground transportation services. Jet products are typically purchased through our Flier Relations associates and our app and are paid for principally via checks, wires and credit card. Jet payments are typically collected at the time of booking before the performance of the related service. The revenue is recognized when the service is completed.

Medical segment

- *MediMobility Organ Transport* – Consisting primarily of transportation of human organs for transplant and/or the medical teams supporting these services. Blade also offers additional services including donor logistics coordination and support evaluating potential donor organs. MediMobility Organ Transport products are typically purchased through our medical logistics coordinators and are paid for principally via checks and wires. Payments are generally collected after the performance of the related service in accordance with the client's payment terms. The revenue is recognized when the service is completed.

The Company initially records advance payments for passenger flights in deferred revenue, deferring revenue recognition until the travel occurs. Deferred revenue from advance payments, customer credit and gift card purchases is recognized as revenue when a flight is flown. Deferred revenue from the Company's passes is recognized ratably over the term of the pass. For travel that has more than one flight segment, the Company deems each segment as a separate performance obligation and recognizes revenue for each segment as travel occurs. Fees charged in association with add-on services, changes or extensions to non-refundable seats sold are considered part of the Company's passenger performance obligation. As such, those fees are deferred at the time of collection and recognized at the time the travel is provided.

(amounts in thousands, except share, per share data and exchange rates)

Disaggregated Revenue

Disaggregated revenue by product line and segment was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Passenger Segment				
Short Distance	$ 32,352	$ 30,388	$ 63,070	$ 59,997
Jet and Other	6,463	7,607	20,837	23,092
Total	$ 38,815	$ 37,995	$ 83,907	$ 83,089
Medical Segment				
MediMobility Organ Transport	$ 36,062	$ 33,447	$ 110,429	$ 94,613
Total	$ 36,062	$ 33,447	$ 110,429	$ 94,613
Total Revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702

Contract Liabilities

Contract liabilities are defined as entity’s obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer. As of September 30, 2024 and December 31, 2023, the Company's contract liability balance is $6,681 and $6,845 respectively, and is recorded as deferred revenue on its unaudited interim condensed consolidated balance sheets. This balance consists of payments from customers received in advance of the actual flight, prepaid monthly and annual flight passes, customer credits for flight reservations that were cancelled for good reason by the customer, and prepaid gift card obligations. The customer has one year to use the credit as payment for a future flight with the Company. The table below presents a roll forward of the contract liability balance:

	Nine Months Ended September 30,	
	2024	2023
Balance, beginning of period	$ 6,845	$ 6,709
Additions	61,177	58,492
Revenue recognized	(61,341)	(58,366)
Balance, end of period	$ 6,681	$ 6,835

For the nine months ended September 30, 2024, the Company recognized $4,470 of revenue that was included in the contract liability balance as of January 1, 2024. For the nine months ended September 30, 2023, the Company recognized $5,213 of revenue that was included in the contract liability balance as of January 1, 2023.

Certain governmental taxes are imposed on the Company's flight sales through a fee included in flight prices. The Company collects these fees and remits them to the appropriate government agency. These fees are excluded from revenue.

The Company’s quarterly financial data is subject to seasonal fluctuations. Historically, its second and third quarter (ended on June 30 and September 30, respectively) financial results have reflected higher Passenger travel demand and were better than the first and fourth quarter financial results.

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Note 3 – Acquisitions

Acquisition of CJK Enterprise, Inc.

On September 26, 2024, Blade Air Mobility, Inc. through its wholly-owned subsidiary, Trinity Air Medical, LLC ("Trinity"), completed an Asset Purchase Agreement ("APA") to acquire certain assets and liabilities of CJK Enterprise, Inc. ("CJK") for a total purchase price of $2,230 in cash. CJK specializes in providing physicians and organs ground transportation services in the New York Tri-State area. This acquisition further expands Blade's MediMobility presence in this key market. The acquisition was accounted for as a business combination as the assets acquired and liabilities assumed constituted a business in accordance with ASC 805, *Business* Comb*inations* ("ASC 805"). Acquisition-related costs totaling $37 were expensed as incurred and are included in general and administrative expenses in the unaudited interim condensed consolidated statements of operations for the nine months ended September 30, 2024. The results of CJK from September 26, 2024 ("acquisition date") to September 30, 2024 were not significant, and have been included in the Medical segment.

Net Assets Acquired

The assets acquired and liabilities assumed have been recorded in the unaudited interim condensed consolidated financial statements as of the acquisition date on a preliminary basis and changes to these allocations may occur as additional information becomes available during the measurement period (up to one year from the acquisition date). At acquisition, the Company recognized goodwill as the excess of the purchase price over the net fair value of the identifiable assets acquired and liabilities assumed, totaling $2,212. The primary components of goodwill include operational synergies, service expansion in the New York Tri-State area, and the value attributed to key personnel relationships contributing to customer retention. The acquired goodwill is deductible for tax purposes.

The purchase price was allocated on a preliminary basis as follows:

Property and equipment, net	18
Operating right-of-use asset	137
Total identifiable assets acquired	155
Operating lease liability	137
Total liabilities assumed	137
Net assets acquired	18
Goodwill	2,212
Total consideration	$ 2,230

The pro forma impact of the acquisition was not material to our historical unaudited interim condensed consolidated operating results and is therefore not presented.

Note 4 – Goodwill

The changes in the carrying value of goodwill are as follows:

Goodwill balance, December 31, 2023	$ 40,373
Additions (1)	2,212
Foreign currency translation	367
Goodwill balance, September 30, 2024	$ 42,952

(1) Additions represent goodwill associated with the acquisition of CJK. See Note 3 for additional information.

Note 5 – Operating Right-of-Use Asset and Operating Lease Liability

Blade's operating leases consist of airport and heliport terminals, offices, vehicles and aircraft leases that are embedded within certain CPAs. Upon meeting certain criteria as stated in ASC 842 *Leases* ("ASC 842"), the lease component of a CPA would be accounted for as an embedded lease, with a corresponding balance included in the operating right-of-use ("ROU") asset and lease liability.

(amounts in thousands, except share, per share data and exchange rates)

During the nine months ended September 30, 2024, the Company had the following lease transactions in accordance with ASC 842:

Effective in July 2024, Blade entered into two agreements with separate operators for up to a 15-month term ending October 2025 for two aircraft. Under these CPAs, if the agreement expires or is terminated for cause, the flight hour guarantee will be pro-rated to the date of the termination. Additionally, Blade has the right for immediate termination with no penalty if a government authority enacts travel restrictions.

An existing CPA for eight aircraft utilized by our Medical segment, was restated and amended in January 2024 for a four-year term ending November 30, 2027. Subsequently, this agreement was terminated in April 2024 for seven aircraft after Blade's acquisition of those seven aircraft (see "—Property and Equipment, Net" within Note 1). The CPA for the eighth aircraft was terminated in July 2024.

An existing three aircraft CPA agreement was expanded on May 1, 2024 when a fourth aircraft commenced operations. The four aircraft are rotorcraft utilized by both our Passenger and Medical segment. In case of early termination by Blade, a one-year purchase guarantee will be pro-rated to the date of the termination. In addition, Blade has the right for immediate termination with no penalty if a government authority enacts travel restrictions.

Additionally, during the nine months ended September 30, 2024, the Company recognized a right-of-use asset and a lease liability for new office spaces. This includes a lease at 4100 W. Galveston Street, Chandler, Arizona with an initial term of approximately 7 years commencing in July 2024 which serves the Medical segment. A new lease at 35 Hudson Yards in New York, New York with an initial term of approximately 3 years commenced in May 2024 and serves the Passenger segment and as Blade's corporate office.

See Note 11, "Commitments and Contingencies", for additional information about our capacity purchase agreements.

Balance sheet information related to the Company's leases is presented below:

	September 30, 2024	December 31, 2023
Operating leases:		
Operating right-of-use asset	$ 22,813	$ 23,484
Operating lease liability, current	4,472	4,787
Operating lease liability, long-term	19,271	19,738

As of September 30, 2024, included in the table above is $16,857, $2,900 and $14,718 of operating right-of-use asset, operating lease liability, current, and operating lease liability, long-term, respectively, under aircraft leases that are embedded within the capacity purchase agreements. As of December 31, 2023, included in the table above is $21,081, $3,215 and $18,871 of operating right-of-use asset, operating lease liability, current and operating lease liability, long-term, respectively, under aircraft leases that are embedded within the capacity purchase agreements.

The following provides details of the Company's lease expense:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Lease cost:				
Short-term lease cost	$ 492	$ 127	$ 907	$ 347
Operating lease cost	516	528	1,264	1,489
Operating lease cost - Cost of revenue	988	1,247	3,221	3,387
Total	$ 1,996	$ 1,902	$ 5,392	$ 5,223

Operating lease costs related to aircraft leases that are embedded within CPAs are recorded within Cost of revenue on the Company's unaudited interim condensed consolidated statements of operations.

(amounts in thousands, except share and per share data)

Other information related to leases is presented below:

	September 30, 2024
Weighted-average discount rate – operating lease	8.00 %
Weighted-average remaining lease term – operating lease (in years)	6.3

As of September 30, 2024, the expected annual minimum lease payments of the Company's operating lease liabilities were as follows:

For the Year Ended December 31	
Remainder of 2024	$ 1,503
2025	6,208
2026	5,643
2027	3,684
2028	2,908
Thereafter	10,500
Total future minimum lease payments, undiscounted	30,446
Less: Imputed interest for leases in excess of one year	(6,703)
Present value of future minimum lease payments	$ 23,743

Note 6 – Stock-Based Compensation

Equity Compensation Plans

The Company maintains the 2021 Omnibus Incentive Plan (the "2021 Plan"), which has been approved by our stockholders and provides for the issuance of shares of common stock to our employees, officers, directors, consultants and advisors, subject to its terms. The 2021 Plan is administered by the Compensation Committee of our Board of Directors. Awards granted under the 2021 Plan are subject to individual award agreements that, among other things, specify the conditions for vesting, termination and forfeiture. The requisite vesting periods for time-based awards made to date range from vesting on grant date to as late as four years from the date of grant. The expiration date of the 2021 Plan, on and after which date no awards may be granted under the 2021 Plan, is May 7, 2031 (the tenth anniversary of the effective date of the 2021 Plan); provided, however, that such expiration shall not affect awards then outstanding under the 2021 Plan, and the terms and conditions of the 2021 Plan shall continue to apply to such awards.

The number of shares of our common stock available for issuance under the 2021 Plan (the "Absolute Share Limit") automatically increases on the first day of each fiscal year by the lesser of (a) 4,653,484 shares of common stock, (b) 5% of the total number of shares of common stock outstanding on the last year of the immediately preceding fiscal year and (c) a lower number of shares of common stock as determined by our Board of Directors. The Absolute Share Limit is also automatically increased by any shares of common stock underlying awards outstanding under the Fly Blade, Inc. 2015 Equity Incentive Plan (the "2015 Plan") that, on or after the effective date of the 2021 Plan, expire or are canceled, forfeited, terminated, settled in cash or otherwise settled without issuance to the holder. Pursuant to the annual automatic increase feature of the 2021 Plan, our Board of Directors approved an increase of 3,756,471 shares of common stock available for issuance under the 2021 Plan, effective January 1, 2024, for a total of 20,521,493 shares available for issuance under the 2021 Plan as of such date.

(amounts in thousands, except share, per share data and exchange rates)

Stock Option Awards

All of the outstanding stock options awards are fully vested. To date, there have been no stock option awards granted under the 2021 Plan (as defined above).

Following is a summary of stock option activities for the nine months ended September 30, 2024:

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life (years)	Intrinsic Value
Outstanding – January 1, 2024	7,217,074	$ 0.19	$ 0.21	3.5	
Exercised	(690,463)	0.18	0.20		
Forfeited	—	—	—		
Outstanding – September 30, 2024	6,526,611	$ 0.19	$ 0.21	2.7	$ 17,956
Exercisable as of September 30, 2024	6,526,611	$ 0.19	$ 0.21	2.7	$ 17,956

For the three and nine months ended September 30, 2024 and 2023, the Company recorded no stock option expense.

Restricted Stock

During the three months ended September 30, 2024, the Company granted an aggregate of 667,993 of the Company's restricted stock units ("RSUs") to various employees, officers, directors, consultants, and service providers. The RSUs have various vesting dates, ranging from vesting on the grant date to as late as four years from the date of grant.

Performance-Based Restricted Stock Units ("PSUs") were granted in the first quarter of 2024 to named executive officers and key employees under the 2021 Plan, with a four-year service period ending on December 31, 2027. The PSUs will vest subject to the achievement of certain financial performance metrics by the Company. Each PSU represents the right to receive one share of the Company's common stock. The grant date fair value of these PSUs was $3.94 per share. Compensation expense associated with the PSUs is recognized over the service period of the awards that are ultimately expected to vest when the related performance objective is met.

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested – January 1, 2024	5,259,982	$ 4.99
Granted	7,947,254	3.70
Vested	(2,167,937)	4.82
Forfeited	(926,934)	3.72
Non-vested – September 30, 2024 (1)	10,112,365	$ 4.13

(1) 4,821,426 are PSUs that will vest subject to the achievement of certain financial performance metrics by the Company as discussed above.

For the three months ended September 30, 2024 and 2023, the Company recorded $5,402 and $3,330, respectively, in employee and officers restricted stock compensation expense. For the nine months ended September 30, 2024 and 2023, the Company recorded $15,367 and $9,348, respectively, in employee and officers restricted stock compensation expense. As of September 30, 2024, unamortized stock-based compensation costs related to restricted share arrangements was $34,736 and will be recognized over a weighted average period of 2.8 years.

(amounts in thousands, except share, per share data and exchange rates)

Stock-Based Compensation Expense

Stock-based compensation expense for stock options and restricted stock units in the unaudited interim condensed consolidated statements of operations is summarized as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Software development	$ 118	$ 147	$ 199	$ 608
General and administrative (1)	5,089	2,903	14,406	7,915
Selling and marketing	138	280	829	486
Total stock-based compensation expense (2)	$ 5,345	$ 3,330	$ 15,434	$ 9,009

(1) For the nine months ended September 30, 2023, the Company included a credit of $339 in connection with the settlement of the equity-based portion of contingent consideration related to the acquisition of Trinity that was paid in the first quarter of 2023 in respect of 2022 results.
(2) Total stock-based compensation expenses for the three and nine months ended September 30, 2024 include ($57) and $67 accrued expenses, respectively.

Note 7 – Segment and Geographic Information

Segment Information

Operating segments are defined as components of an enterprise that engage in business activities for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) and is used in resource allocation and performance assessments. In addition, per ASC 280, *Segment Reporting,* paragraph 280-10-50-11, two or more operating segments may be aggregated into a single reportable segment if the segments have similar economic characteristics. The Company has identified two reportable segments - Passenger and Medical, as our Chief Executive Officer, who is our CODM, regularly reviews discrete information for those two reportable segments. The Passenger segment consists of our two product lines Short Distance and Jet and Other. The Medical segment consists of the MediMobility Organ Transport product line. Our product lines are defined in Note 2 — Revenue.

Beginning in the first quarter of 2024, the Company changed its primary measure of segment performance to Adjusted EBITDA, as the CODM evaluates the performance of the segments and allocates resources primarily based on their respective Adjusted EBITDA. Adjusted EBITDA reflects the operational efficiency and core results of our segment, independent of tax implications and non-operational financial factors. Adjusted EBITDA is defined as net loss adjusted to exclude (1) depreciation and amortization, (2) stock-based compensation, (3) change in fair value of warrant liabilities, (4) interest income and expense, (5) income tax, (6) realized gains and losses on short-term investments, (7) impairment of intangible assets and (8) certain other non-recurring items (shown below) that management does not believe are indicative of ongoing Company operating performance and would impact the comparability of results between periods.

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The following tables reflect certain financial data of the Company's reportable segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Segment revenue				
Passenger	$ 38,815	$ 37,995	$ 83,907	$ 83,089
Medical	36,062	33,447	110,429	94,613
Total revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702
Segment Adjusted EBITDA				
Passenger	$ 5,593	$ 2,777	$ 3,724	$ (2,353)
Medical	3,851	3,346	13,784	8,249
Total Segment Adjusted EBITDA	9,444	6,123	17,508	5,896
Reconciling items:				
Adjusted unallocated corporate expenses and software development (1)	(5,264)	(5,336)	(15,916)	(17,281)
Depreciation and amortization	(1,279)	(1,843)	(4,432)	(5,305)
Stock-based compensation	(5,345)	(3,330)	(15,434)	(9,348)
Change in fair value of warrant liabilities	(299)	5,719	2,266	3,823
Realized loss from sales of short-term investments	—	—	—	(95)
Interest income	1,764	2,147	5,624	6,178
Legal and regulatory advocacy fees (2)(3)	(165)	(217)	(427)	(640)
Executive severance costs	(140)	—	(140)	(265)
SOX readiness costs	(220)	(145)	(302)	(180)
Contingent consideration compensation (earn-out) (4)	—	(2,700)	—	(5,361)
M&A transaction costs	(85)	—	(169)	—
Impairment of intangible assets	—	—	(5,759)	—
Restructuring costs - Blade Europe (5)	(483)	—	(483)	—
(Loss) income before income taxes	$ (2,072)	$ 418	$ (17,664)	$ (22,578)

(1) Includes costs that are not directly attributable to reportable segments such as finance, accounting, tax, information technology, human resources, legal costs and software development costs (primarily consists of staff and contractors costs), and excludes non-cash items and certain transactions that management does not believe are reflective of our ongoing core operations.
(2) For the three and nine months ended September 30, 2024, represents legal advocacy fees related to the Drulias lawsuit (see "— Legal and Environmental" within Note 11) that we do not consider representative of legal and regulatory advocacy costs that we will incur from time to time in the ordinary course of our business.
(3) For the three and nine months ended September 30, 2023, represents certain legal and regulatory advocacy fees for certain proposed restrictions at East Hampton Airport and potential operational restrictions on large jet aircraft at Westchester Airport, that we do not consider representative of legal and regulatory advocacy costs that we will incur from time to time in the ordinary course of our business.
(4) Trinity's contingent consideration, 2023 was the last year subject to an earn-out payment.
(5) Includes severance, retention, legal and other one-time restructuring costs associated with a reorganization of Blade Europe.

	September 30, 2024	December 31, 2023
Goodwill		
Passenger	$ 27,412	$ 27,045
Medical	15,540	13,328
Total goodwill	$ 42,952	$ 40,373

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Geographic Information

Revenue by geography is based on where the flight's operator is based. Long-lived assets, net includes property and equipment, net and operating right-of-use assets. Summary financial data attributable to various geographic regions for the periods indicated is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue				
United States	$ 63,282	$ 58,630	$ 166,583	$ 148,620
Other	11,595	12,812	27,753	29,082
Total revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702

	September 30, 2024	December 31, 2023
Long-lived assets		
United States	$ 38,708	$ 13,727
Other	14,655	12,656
Total long-lived assets	$ 53,363	$ 26,383

Note 8 – Income Taxes

The Company's effective tax rate represents the Company's estimated tax rate for the year based on projected income and the mix of income among the various foreign tax jurisdictions, adjusted for any discrete transactions occurring during the period. There were no discrete events in the three and nine months ended September 30, 2024.

For the three months ended September 30, 2024 and 2023, income tax (benefit) expense was $(118) and $129, respectively. For the nine months ended September 30, 2024 and 2023, income tax benefit was $150 and $443, respectively. The tax benefit in the 2024 period is attributable to Blade Monaco. The difference in the tax benefit in the 2024 period compared to the 2023 period is attributable to the mix of pretax profits from foreign operations and the mix of tax rates in those jurisdictions, while no offsetting tax benefits arising from the Company's U.S., Canada and France net operating losses.

Note 9 – Net (Loss) Income per Common Share

Basic loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding during the period. Diluted loss per common share is computed by dividing net loss by the weighted average number of common shares outstanding, plus the impact of common shares, if dilutive, resulting from the exercise of outstanding stock options, restricted shares, and warrants.

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A reconciliation of net loss and common share amounts used in the computation of basic and diluted loss per common share is presented below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Basic and dilutive loss per common share:				
Net loss attributable to Blade Air Mobility, Inc.	$ (1,954)	$ 289	$ (17,514)	$ (22,135)
Less: Undistributed earnings allocated to nonvested restricted stockholders	—	(22)	—	—
Basic net earnings (loss) available to common stockholders	(1,954)	267	(17,514)	(22,135)
Add: Undistributed earnings allocated to nonvested restricted stockholders	—	22	—	—
Less: Reallocation of undistributed loss to nonvested restricted stockholders	—	(20)	—	—
Diluted net earnings (loss) available to common stockholders	$ (1,954)	$ 269	$ (17,514)	$ (22,135)
Total weighted-average basic common shares outstanding	78,044,254	74,139,422	77,151,361	73,108,263
Effect of dilutive securities:				
Stock options	—	6,867,437	—	—
Total effect of dilutive securities	—	6,867,437	—	—
Total weighted-average diluted common shares outstanding	78,044,254	81,006,859	77,151,361	73,108,263
Net (loss) income per common share:				
Basic (loss) earnings per common share	$ (0.03)	$ —	$ (0.23)	$ (0.30)
Dilutive (loss) earnings per common share	$ (0.03)	$ —	$ (0.23)	$ (0.30)

The following table represents common stock equivalents that were excluded from the computation of diluted loss per common share for the three and nine months ended September 30, 2024 and 2023 because the effect of their inclusion would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Warrants to purchase shares of common stock	14,166,644	14,166,644	14,166,644	14,166,644
Options to purchase shares of common stock	6,526,611	—	6,526,611	7,255,851
Restricted shares of common stock	10,112,365	5,278,448	10,112,365	6,108,798
Total potentially dilutive securities	30,805,620	19,445,092	30,805,620	27,531,293

Note 10 – Related Party Transactions

The Company occasionally engages in transactions for certain air charter services with jet operators who are part of the portfolio of RedBird Capital Partners Management LLC, which is an investor in the Company. Additionally, one member of the Company’s Board is a Partner of an affiliated company of RedBird Capital Partners Management LLC.

During the three months ended September 30, 2024 and 2023, the Company paid these jet operators approximately $96 and $100, respectively for air charter services. For the nine months ended September 30, 2024 and 2023, the Company paid these jet operators approximately $273 and $287, respectively for air charter services. These costs were recorded within Cost of revenue on the Company’s unaudited interim condensed consolidated statements of operations.

(amounts in thousands, except share, per share data and exchange rates)

Note 11 – Commitments and Contingencies

Capacity Purchase Agreements

Blade has contractual relationships with various aircraft operators to provide aircraft service. Under these CPAs, the Company pays the operator contractually agreed fees (carrier costs) for operating these flights. The fees are generally based on fixed hourly rates for flight time multiplied by hours flown. Under these CPAs, the Company is also responsible for landing fees and other costs, which are either passed through by the operator to the Company without any markup or directly incurred by the Company.

As of September 30, 2024, the Company has remaining unfulfilled obligations under agreements with various aircraft operators to provide aircraft service. The remaining unfulfilled obligation includes amounts within operating lease liability related to aircraft leases embedded within our capacity purchase agreements as discussed in Note 5 – Operating Right-of-Use Asset and Operating Lease Liability. These future unfulfilled obligations were as follows:

For the Year Ended December 31	Total Unfulfilled Obligation	*Immediate Termination (1)*	*Termination for Convenience (2)*
Remainder of 2024	$ 2,402	*$ 176*	*$ —*
2025	15,378	*8,740*	*2,835*
2026	12,055	*5,417*	—
2027	9,234	*2,596*	—
2028	6,638	—	—
2029 - 2032 (each year)	6,638	—	—

(1) Within total unfulfilled obligation, the following amounts are where Blade has the ability for immediate termination if a government authority enacts travel restrictions.
(2) Within total unfulfilled obligation, the following amounts are where Blade could terminate for convenience upon 60 days' notice, with a one-year annual minimum guarantee being pro-rated as of the termination date.

Legal and Environmental

From time to time, we may be a party to litigation that arises in the ordinary course of business. Other than described below, we do not have any pending litigation that, separately or in the aggregate, would, in the opinion of management, have a material adverse effect on its results of operations, financial condition or cash flows. As of September 30, 2024, management believes, after considering a number of factors, including (but not limited to) the information currently available, the views of legal counsel, the nature of contingencies to which the Company is subject and prior experience, that the ultimate disposition of these other litigation and claims will not materially affect the Company's consolidated financial position or results of operations. The Company records liabilities for legal and environmental claims when a loss is probable and reasonably estimable. These amounts are recorded based on the Company's assessments of the likelihood of their eventual disposition.

In February 2024, two putative class action lawsuits relating to the acquisition of Blade Urban Air Mobility, Inc. ("Old Blade") were filed in the Delaware Court of Chancery. On April 16, 2024, these cases were consolidated under the caption Drulias et al. v. Affeldt, et al., C.A. No. 2024-0161-SG (Del. Ch.) ("*Drulias*"). Plaintiffs assert claims for breach of fiduciary duty and unjust enrichment claims against the former directors of Experience Investment Corp. ("EIC" and such directors, the "EIC Directors"), the former officers of EIC, and Experience Sponsor LLC ("Sponsor"), and aiding and abetting breach of fiduciary duty claim against Sponsor. The operative complaint alleges, amongst other things, that the proxy statement related to the acquisition of Old Blade insufficiently disclosed EIC's cash position, Old Blade's value prospects and risks, and information related to Old Blade's chief executive officer, who is also our current chief executive officer. The consolidated complaints seeks, among other things, damages and attorneys' fees and costs. Litigation is ongoing. The Company believes that all claims in the lawsuit are without merit and intends to defend itself vigorously against them.

Non-Cancellable Commitments with Vendors

In December 2023, the Company entered into a technology service agreement with a vendor for cloud computing services where we are committed to the remaining spend of $0.1 million, $1.1 million and $1.6 million for the years ending December 31, 2024, 2025 and 2026, respectively.

Note 12 – Warrant Liabilities

On May 7, 2021, the merger between Old Blade and EIC was consummated (the "Merger"). The warrants acquired in the Merger include (a) redeemable warrants issued by EIC and sold as part of the units in the EIC Initial Public Offering ("EIC IPO") (whether they were purchased in the EIC IPO or thereafter in the open market), which are exercisable for an aggregate of 9,166,644 shares of common stock at a purchase price of $11.50 per share (the "Public Warrants") and (b) warrants issued by EIC to Sponsor in a private placement simultaneously with the closing of the EIC IPO, which are exercisable for an aggregate of 5,000,000 shares of common stock at a purchase price of $11.50 per share (the "Private Placement Warrants").

The Company evaluated its warrants under ASC 815-40, *Derivatives and Hedging—Contracts in Entity's Own Equity*, and concluded that they do not meet the criteria to be classified in stockholders' equity. Accordingly, the Company classifies the warrants as liabilities at their fair value and adjusts the warrants to fair value at each reporting period. This liability is subject to remeasurement at each balance sheet date until exercised, and any change in fair value is recognized in the Company's unaudited interim condensed consolidated statements of operations. See Note 13 – Fair Value Measurements for additional information.

Warrants — Public Warrants may only be exercised for a whole number of shares. The Public Warrants became exercisable on June 7, 2021. The Public Warrants will expire on May 7, 2026 or earlier upon redemption or liquidation.

Redemptions of Warrants for Cash — The Company may redeem the Public Warrants:

- in whole and not in part;
- at a price of $0.01 per warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last sale price of the Company's common stock equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending three business days before the Company sends the notice of redemption to each warrant holder.

Redemption of Warrants for Shares of Common Stock — The Company may redeem the outstanding warrants:

- in whole and not in part;
- at a price equal to a number of shares of common stock to be determined, based on the redemption date and the fair market value of the Company's common stock;
- upon a minimum of 30 days' prior written notice of redemption;
- if, and only if, the last reported sale price of the Company's common stock equals or exceeds $10.00 per share (as adjusted for stock splits, stock dividends, reorganizations, recapitalizations, and the like) on the trading day prior to the date on which the Company sends the notice of redemption to the warrant holders; and
- if, and only if, there is an effective registration statement covering the shares of common stock issuable upon exercise of the warrants and a current prospectus relating thereto is available throughout the 30-day period after the written notice of redemption is given.

If the Company calls the Public Warrants for redemption for cash, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis", as described in the warrant agreement. The exercise price and number of shares of common stock issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, recapitalization, reorganization, merger, or consolidation. However, except as described below, the warrants will not be adjusted for issuance of common stock at a price below its exercise price. Additionally, in no event will the Company be required to net-cash settle the warrants.

(amounts in thousands, except share, per share data and exchange rates)

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the initial public offering, except that the Private Placement Warrants will be exercisable on a cashless basis and be non-redeemable so long as they are held by the initial purchasers or their permitted transferees (unless the Company's common stock equals or exceed $10 per share and the Company redeems all the Public Warrants). If the Private Placement Warrants are held by someone other than the initial purchasers or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

Note 13 – Fair Value Measurements

The Company follows the guidance in ASC 820, *Fair Value Measurement* ("ASC 820"), for its financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually.

The fair value of the Company's financial assets and liabilities reflects management's estimate of amounts that the Company would have received in connection with the sale of the assets or paid in connection with the transfer of the liabilities in an orderly transaction between market participants at the measurement date. In connection with measuring the fair value of its assets and liabilities, the Company seeks to maximize the use of observable inputs (market data obtained from independent sources) and to minimize the use of unobservable inputs (internal assumptions about how market participants would price assets and liabilities). The following fair value hierarchy is used to classify assets and liabilities based on the observable inputs and unobservable inputs used in order to value the assets and liabilities:

Level 1: Quoted prices in active markets for identical assets or liabilities. An active market for an asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
Level 2: Observable inputs other than Level 1 inputs. Examples of Level 2 inputs include quoted prices in active markets for similar assets or liabilities and quoted prices for identical assets or liabilities in markets that are not active.
Level 3: Unobservable inputs based on management's assessment of the assumptions that market participants would use in pricing the asset or liability.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2024 and December 31, 2023, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

	Level	September 30, 2024	December 31, 2023
Warrant liabilities - Public Warrants	1	$ 1,742	$ 3,208
Warrant liabilities - Private Warrants	2	950	1,750
Fair value of aggregate warrant liabilities		$ 2,692	$ 4,958

The Warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within "Warrant liability" on the Company's unaudited interim condensed consolidated balance sheets. The warrant liabilities are measured at fair value upon assumption and on a recurring basis, with changes in fair value presented within "Change in fair value of warrant liabilities" in the unaudited interim condensed consolidated statements of operations.

The Public Warrants are considered part of Level 1 of the fair value hierarchy, as those securities are traded on an active public market. At May 7, 2021 and thereafter, the Company valued the Private Warrants using Level 2 of the fair value hierarchy. The Company used the value of the Public Warrants as an approximation of the value of the Private Warrants as they are substantially similar to the Public Warrants, but not directly traded or quoted on an active market.

(amounts in thousands, except share, per share data and exchange rates)

Subsequent Measurement

The following table presents the changes in fair value of the warrant liabilities:

	Public Warrants	Private Placement Warrants	Total Warrant Liability
Fair value as of January 1, 2024	$ 3,208	$ 1,750	$ 4,958
Change in fair value of warrant liabilities	(1,466)	(800)	(2,266)
Fair value as of September 30, 2024	$ 1,742	$ 950	$ 2,692

Note 14 – Stockholders' Equity

Preferred Stock

The Board of Directors of the Company is authorized to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix, without further stockholder approval, the number of shares constituting such series and the designation of such series, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, of such series of Preferred Stock. The powers (including voting powers), preferences and relative, participating, optional and other special rights of, and the qualifications, limitations or restrictions thereof, of each series of Preferred Stock, if any, may differ from those of any and all other series at any time outstanding. There was no preferred stock issued and outstanding as of September 30, 2024 or December 31, 2023.

Share Repurchase Program

On March 20, 2024, the Company announced that its Board of Directors had authorized a stock repurchase program, pursuant to which the Company may repurchase, from time to time, up to an aggregate of $20.0 million of the Company's common stock, exclusive of any fees, commissions or other expenses related to such repurchases. The Company’s stock repurchase programs may be suspended, modified or discontinued by the Board at any time without prior notice at the Company's discretion. The timing and actual number of shares repurchased will depend on a variety of factors, including corporate and regulatory requirements, price and other market conditions and the Board’s (or its designees’) determination as to the appropriate use of our cash.

During the three months ended September 30, 2024, the Company did not repurchase any shares of common stock. During the nine months ended September 30, 2024, the Company repurchased 80,102 shares of common stock in the open market. The average price per share was $3.00, resulting in a total aggregate amount of approximately $244. All share repurchases have been retired. There remains a potential repurchase capacity of approximately $19.8 million under the stock repurchase program that was announced on March 20, 2024.

The Company follows the cost method for accounting for stock repurchases. All shares repurchased to date have been retired by the Company, and there were no unsettled share repurchases. When the Company retires its own common stock, the excess of the repurchase price over par value is allocated between additional paid-in capital and retained earnings subject to certain limitations. The allocation to additional paid-in capital is determined by applying a percentage, calculated by dividing the number of shares to be retired by the number of shares issued and outstanding as of the retirement date, to the balance of additional paid-in capital as of the retirement date. For the nine months ended September 30, 2024, $163 was deducted from accumulated deficit, and $407 was deducted from additional paid-in capital, in relation to the retirement of the common stock.

Note 15 – Subsequent Events

The Company has completed an evaluation of all subsequent events through the filing of this Quarterly Report on Form 10-Q to ensure that these unaudited interim condensed consolidated financial statements include appropriate disclosure of events both recognized in the unaudited interim condensed consolidated financial statements and events which occurred but were not recognized in the unaudited interim condensed consolidated financial statements. The Company has concluded that no subsequent event has occurred that requires disclosure.

Item 2. Management's discussion and analysis of financial condition and results of operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited interim condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates, and beliefs.

Forward-Looking Statements

This Quarterly Report on Form 10-Q may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified using forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "seeks", "projects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in several places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, the markets in which we operate and the development of Electric Vertical Aircraft ("EVA") technology. Such forward-looking statements are based on available current market material and management's expectations, beliefs, and forecasts concerning future events impacting us and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. Actual results and the timing of events may differ materially from the results anticipated in these forward-looking statements.

Our operations and financial results are subject to various risks and uncertainties. The following are among those factors, but are not the only factors, that could adversely affect us and/or that may cause actual results to differ materially from such forward-looking statements:

- continued occurrence of significant losses, which we have experienced since inception;
- the markets in which we operate may fail to grow or may grow more slowly than expected;
- our ability to effectively market and sell air transportation as a substitute for conventional methods of transportation;
- changes in consumer preferences, discretionary spending and other economic conditions;
- reliance on certain customers which could impact our Passenger segment revenue;
- the inability or unavailability to use or take advantage of the shift, or lack thereof, to EVA technology;
- our ability to enter new markets and offer new routes and services;
- any adverse publicity stemming from accidents involving small aircraft, helicopters or charter flights and, in particular, any accidents involving our third-party operators;
- any change to the ownership of our aircraft and the operational and business challenges related thereto;
- effects of competition;
- our reliance on contractual relationships with certain transplant centers, hospitals and Organ Procurement Organizations;
- harm to our reputation and brand;
- our ability to provide high-quality customer support;
- our ability to maintain a high daily aircraft usage rate and to aggregate fliers on our by-the-seat flights;
- impact of natural disasters, outbreaks and pandemics, economic, social, weather, growth constraints, geopolitical, and regulatory conditions or other circumstances on metropolitan areas and airports where we have geographic concentration;
- the effects of climate change;
- the availability of aircraft fuel;
- our ability to address system failures, defects, errors or vulnerabilities in our website, applications, backend systems or other technology systems or those of third-party technology providers;
- interruptions or security breaches of our information technology systems;
- our placements within mobile operating systems and application marketplaces;
- our ability to protect our intellectual property rights;
- our use of open source software;
- our ability to expand and maintain our infrastructure network;
- our ability to access additional funding;
- the increase of costs and risks associated with international expansion;

- our ability to identify, complete and successfully integrate future acquisitions;
- our ability to manage our growth;
- increases in insurance costs or reductions in insurance coverage;
- the loss of key members of our management team;
- our ability to maintain our company culture;
- effects of fluctuating financial results;
- our reliance on third-party operators to provide and operate aircraft;
- the availability of third-party aircraft operators to match demand;
- disruptions to third-party operators and providers workforce;
- increases in insurance costs or reductions in insurance coverage for our third-party aircraft operators;
- the possibility that our third-party aircraft operators may illegally, improperly or otherwise inappropriately operate our branded aircraft;
- our reliance on third-party web service providers;
- changes in our regulatory environment;
- risk and impact of any litigation we may be subject to;
- regulatory obstacles in local governments;
- the expansion of domestic and foreign privacy and security laws;
- the expansion of environmental regulation;
- our ability to remediate any material weaknesses or maintain effective internal controls over financial reporting;
- our ability to maintain effective internal controls and disclosure controls;
- changes in fair value of our warrants;
- changes to the price of our securities;
- the possibility that our warrants may expire worthless;
- our ability to redeem outstanding warrants;
- our intention to not declare any dividends in the foreseeable future;
- the possibility that we may issue additional equity securities;
- our use of “smaller reporting company” exemptions from disclosure requirements;
- impact of our loss of “emerging growth company” status;
- provisions in our charter that may discourage unsolicited takeover proposals;
- provisions in our charter that designate exclusive forum; and
- the other factors described elsewhere in the Annual Report on Form 10-K for the year ended December 31, 2023, included under the headings “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition” or as described in the other documents and reports we file with the SEC.

Actual results, performance or achievements may differ materially, and potentially adversely, from any forward-looking statements and the assumptions on which those forward-looking statements are based. There can be no assurance that the data contained herein is reflective of future performance to any degree. You are cautioned not to place undue reliance on forward-looking statements as a predictor of future performance. All information set forth herein speaks only as of the date hereof and we disclaim any intention or obligation to update any forward-looking statements, whether as a result of new information, changes in expectations, future events or otherwise.

Overview

Blade Air Mobility, Inc. (“Blade” or the “Company”) provides air transportation and logistics for hospitals across the United States, where it is one of the largest transporters of human organs for transplant, and for passengers, with helicopter and fixed wing services primarily in the Northeast United States and Southern Europe. Based in New York City, Blade's asset-light model, coupled with its exclusive passenger terminal infrastructure and proprietary technologies, is designed to facilitate a seamless transition from helicopters and fixed-wing aircraft to Electric Vertical Aircraft (“EVA” or “eVTOL”), enabling lower cost air mobility that is both quiet and emission-free.

Blade operates in three key product lines across two segments (see Note 7 to the Unaudited Interim Condensed Consolidated Financial Statements included herein for further information on reportable segments):

Passenger segment

- *Short Distance* – Consisting primarily of helicopter and amphibious seaplane flights in the United States and Europe between 10 and 100 miles in distance. Flights are available for purchase both by-the-seat and on a full aircraft charter basis.

- *Jet and Other* – Consists principally of revenues from non-medical jet charter and by-the-seat jet flights between New York and South Florida (discontinued in November 2023), revenue from brand partners for exposure to Blade fliers and certain ground transportation services.

Medical segment

- *MediMobility Organ Transport* – Consisting primarily of transportation of human organs for transplant and/or the medical teams supporting these services. Blade also offers additional services including donor logistics coordination and support evaluating potential donor organs through Trinity Organ Placement Services (“TOPS”), launched at the end of 2023.

Seats Flown

The following table reflects the key operating metric we use to evaluate the Passenger segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	**2023**	**2024**	**2023**
Seats flown – all passenger flights	45,977	50,821	117,722	121,008

We define “Seats flown — all passenger flights” (Seats Flown) as the total number of seats purchased by paying passengers on all flights, whether sold by-the-seat or within a charter arrangement. Our long-term consumer-facing strategy is primarily focused on growth in by-the-seat products, and we believe that Seats Flown is an important indicator of our progress in executing on this growth strategy. This metric is not always directly correlated with revenue given the significant variability in the price we charge per seat flown across our various products and routes. For products and routes sold by-the-seat, we fly significantly more passengers at a low price per seat; which is captured by Seats Flown. Passenger revenue is heavily influenced by the Jet and Other product lines where we typically fly fewer passengers over long distances at a high price. We believe the Seats Flown metric is useful to investors in understanding the overall scale of our Passenger segment and trends in the number of passengers paying to use our service.

The Activity in Canada ended on August 31, 2024. As a result, the three- and nine-month periods ending September 30, 2024, and 2023 included two and eight months, and three and nine months, respectively, of Seats Flown activity in Canada.

Our Business Model

Blade leverages an asset-light business model: we primarily utilize aircraft that are owned and/or operated by third-parties on Blade’s behalf. In these arrangements, pilots, maintenance, hangar, insurance, and fuel are all costs borne by our network of operators, which provide aircraft flight time to Blade at fixed hourly rates. This enables our operator partners to focus on training pilots, maintaining aircraft and flying, while we maintain the relationship with our customer from booking through flight arrival. For flights offered for sale by-the-seat, Blade schedules flights based on demand analysis and takes the economic risk of aggregating fliers to optimize flight profitability, providing predictable margins for our operators.

When utilizing third-party aircraft and/or aircraft operators, we typically pre-negotiate fixed hourly rates and flight times, paying only for flights actually flown, creating a predictable and flexible cost structure. Blade provides guaranteed flight commitments to some of our third-party operators through capacity purchase agreements, which enable Blade to ensure dedicated access to such aircraft with enhanced crew availability, lower costs and, in many cases, the ability to unlock more favorable rates when flying more than the minimum number of hours we guarantee to the operator. Additionally, a significant portion of Blade trips are flown by safety-vetted operators to whom Blade makes no commitments, providing us with additional flexible capacity for high demand periods.

We also own a small number of fixed wing aircraft, operated and maintained by a third-party, that we utilize primarily for the Medical segment. We prioritize the use of owned aircraft and dedicated aircraft under capacity purchase agreements, which provide better economies of scale. We size our owned fleet and our commitments under capacity purchase agreements significantly below our expected demand, enabling us to maximize utilization on those aircraft while fulfilling incremental demand through our network of non-dedicated operators.

Blade’s proprietary “customer-to-cockpit” technology stack enables us to manage fliers and organ transports across numerous simultaneous flights with multiple operators around the world. We believe that this technology, which provides (i) real-time tracking of organ transports and passenger flights; (ii) profit/loss information on a flight-by-flight basis; (iii) customized portals for all relevant parties including pilots, accounting teams, operator dispatch, transplant coordinators and Blade’s logistics team; and (iv) a customer-facing app for passenger missions, will enable us to continue to scale our business. This technology stack was built with future growth in mind and is designed to allow our platform to be easily scaled to accommodate, among other things, rapid increases in volume, new routes, new operators, broader flight schedules, international expansion, next-generation verticraft and ancillary services (e.g., last/first-mile ground connections, trip cancellation insurance, baggage delivery) through our mobile apps, website and cloud-based tools.

Our asset-light business model was developed to be scalable and profitable using conventional aircraft today while enabling a seamless transition to EVA, once they are certified for public use. We intend to leverage the expected lower operating costs of EVA versus helicopters to reduce the consumer’s price for our flights. Additionally, we expect the reduced noise footprint and zero carbon emission characteristics of EVA to allow for the development of new, vertical landing infrastructure (“vertiports”) in our existing and new markets.

Factors Affecting our Performance

Ability to attract and retain fliers in our Short Distance product line

Our success depends, in part, on our ability to cost-effectively attract new fliers, retain existing fliers, and increase utilization of our platform by existing fliers. Historically, we have made, and expect that we will need to continue to make, significant investments and implement strategic initiatives in order to attract new fliers, such as flier acquisition campaigns and the launching of new scheduled routes. These investments and initiatives may not be effective in generating sales growth or profits. In addition, marketing campaigns can be expensive and may not result in the acquisition of additional fliers in a cost-effective manner, if at all. As our brand becomes more widely known, future marketing campaigns or brand content may not attract new fliers at the same rate as past campaigns or brand content. If we are unable to attract new fliers, our business, financial condition, and results of operations will be adversely affected.

Our fliers have a wide variety of options for transportation, including business aviation, commercial airlines, private aircraft operators, personal vehicles, rental cars, taxis, public transit, and ride-sharing offerings. To expand our flier base, we must appeal to new fliers who have historically used other forms of transportation. If fliers do not perceive our urban 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 fliers or increase their utilization of our platform. If we fail to continue to grow our flier base, retain existing fliers, or increase the overall utilization of our platform, our business, financial condition, and results of operations could be adversely affected.

Ability to attract and retain customers in our MediMobility Organ Transport and Jet and Other product lines

Our MediMobility Organ Transport product line primarily serves transplant centers, organ procurement organizations and hospitals (collectively, “Medical Customers”). Transportation for the hearts, lungs and livers that make up the vast majority of this product line is typically requested only hours before the required departure time. Our ability to successfully fulfill these requests with consistent pricing on the requested aircraft type, be it jet, turboprop or helicopter, is the primary metric by which Medical Customers evaluate our performance.

The organ transportation market is highly competitive and we compete for organ transportation business primarily on our ability to provide reliable, end-to-end air and ground transportation at competitive pricing. Increasingly, we compete directly with manufacturers of organ preservation equipment that also offer transportation or with providers that offer additional services, such as surgical organ recovery, that our customers find valuable. We may face increased competition as our Medical Customers may prefer a streamlined logistics offering, including services or technology that we cannot provide, which could have a material adverse effect on our business, results of operations, and financial condition.

We utilize the same aircraft and aircraft operators in the Jet and Other product line of our Passenger segment. Historically, the combination of our Passenger and MediMobility Organ Transport demand, has been enough to incentivize operators to provide dedicated aircraft and crews for our use. However, there is no guarantee that we will continue to be able to secure dedicated aircraft at favorable rates, particularly given significant increases in demand for private jet aircraft in the United States in recent years. Periods of increased demand for private jets have historically led to increased charter costs and more limited availability in the spot jet charter market. Although this has not limited our ability to maintain or increase our access to dedicated jet aircraft at fixed prices in recent periods, jet charter, which makes up the majority of our Jet and Other product line, is highly competitive and volumes and pricing have historically been significantly influenced by overall market supply and demand.

Impact of inflation to our business

We generally pay a fixed hourly rate to our third-party operators, based on flight hours flown. These rates are susceptible to inflation and are typically renegotiated on a yearly basis, though some multi-year contracts have fixed rate increases. Some contracts with operators allow for pass-through of fuel price increases above a set threshold. For our owned aircraft, we are more directly exposed to inflation of aircraft operating expenses, including pilot salaries, fuel, insurance, parts and maintenance.

We have historically passed through cost inflation to customers and most contracts with our MediMobility Organ Transport customers automatically pass through any fuel surcharges, but there is no guarantee this will continue in the future.

Passenger Expansion into New Geographic Markets

Our Passenger segment growth plan is focused on dense urban areas, primarily those with existing air transportation infrastructure that are facing increasing ground congestion. Growth in our Passenger segment 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. In these areas, our urban air mobility services can provide the most time savings for our fliers, and given the short distances involved, costs for our services can be comparable to luxury, private car services. 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. In addition, EVA may be commercially viable sooner in these markets given that battery technology constraints may limit the range of early models. Large urban markets with existing heliport infrastructure should be able to accommodate EVA while other cities may need several years to permit and build such infrastructure.

If these new or expanded routes are unsuccessful or fail to attract a sufficient number of fliers 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. Furthermore, 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 negatively 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. The number of potential fliers using our urban air mobility services in any market 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.

Development, approval and acceptance of EVA for commercial service

We intend to leverage the expected lower operating costs of EVA versus helicopters to reduce the price for our flights. Additionally, we expect the reduced noise footprint and zero carbon emission characteristics of EVA to allow for the development of new vertiports in our existing and new markets. However, EVA involves a complex set of technologies, which we rely on original equipment manufacturers (“OEMs”) to develop and our third-party aircraft operators to adopt. However, before EVA can fly passengers or cargo, OEMs must receive requisite approvals from federal transportation authorities. No EVA aircraft are currently certified by the FAA for commercial operations in the United States, and there is no assurance that OEM research and development will result in government certified aircraft that are market-viable or commercially successful in a timely manner, or at all. In order to gain government certification, the performance, reliability, and safety of EVA must be proven, none of which can be assured. Even if EVA aircraft are certified, individual operators must conform EVA aircraft to their licenses, which requires FAA approval, and individual pilots also must be licensed and approved by the FAA to fly EVA aircraft, which could contribute to delays in any widespread use of EVA and potentially limit the number of EVA operators available to our business. There is no assurance that research and development will result in government certified aircraft that are market-viable or commercially successful in a timely manner, or at all.

We believe that Blade is well positioned to introduce EVA into commercial service, once available, for a number of reasons. In our Passenger segment, we believe our existing Short Distance routes will be compatible with EVA, which are initially expected to have a limited range, and our existing terminal space will accommodate EVA. Additionally, we believe that the last-mile transports we perform using helicopters or ground vehicles in our Medical segment may be compatible with EVA, reducing organ transport time and cost for our customers. Blade's unit economics are designed to be profitable using either conventional helicopters or EVA, even if early EVA do not deliver significant cost savings relative to helicopters. Moreover, Blade's asset-light business model and technology platform are operator and aircraft agnostic, enabling a seamless transition to EVA.

Seasonality

Passenger segment

Historically, we have experienced significant seasonality in our Short Distance product line with flight volume peaking during the quarters ended June 30 (Q2) and September 30 (Q3) of each fiscal year due to the busy summer travel season, with lower volume during the first and fourth quarter (Q1 and Q4).

Jet and Other revenue has historically been stronger in the first and fourth quarter (Q1 and Q4) given that our by-the-seat jet service between New York and South Florida has historically operated only between November and April. We discontinued this service in Q4 2023 and do not expect the seasonality in our Jet and Other revenue to be significant in 2024.

Medical segment

Historically, seasonality in our MediMobility Organ Transport product line has not been significant, though our trip volumes are correlated with the overall supply of donor hearts, livers and lungs in the United States, which can be volatile due to a variety of factors.

Key Components of the Company's Results of Operations

Revenue

Short Distance products are typically purchased using the Blade App and paid for principally via credit card transactions, wire, check, customer credit, and gift cards, with payments principally collected by the Company in advance of the performance of related services. The revenue is recognized when the service is completed.

Jet products are typically purchased through our Flier Relations associates and our app and are paid for principally via checks, wires and credit card. Jet payments are typically collected at the time of booking before the performance of the related service. The revenue is recognized when the service is completed.

MediMobility Organ Transport products are typically purchased through our medical logistics coordinators and are paid for principally via checks and wires. Payments are generally collected after the performance of the related service in accordance with the client's payment terms. The revenue is recognized when the service is completed.

Cost of Revenue

Cost of revenue consists of flight costs paid to operators of aircraft and vehicles, landing fees, depreciation of aircraft and vehicles, ROU asset amortization, internal costs incurred in generating organ ground transportation revenue using the Company's owned vehicles and costs of operating our owned aircraft including fuel, management fees paid to the operator, maintenance costs and pilot salaries.

Software Development

Software development expenses consist primarily of staff costs, stock-based compensation costs and capitalized software amortization costs.

General and Administrative

General and administrative expenses principally include staff costs including stock-based compensation, depreciation and amortization, impairment of intangible assets, directors and officers insurance costs, pilot training costs for owned aircraft, professional fees, credit card processing fees and establishment costs. Depreciation of revenue-generating assets such as aircraft and vehicles are included in Cost of revenue.

Selling and Marketing

Selling and marketing expenses consist primarily of advertising costs, staff costs including stock-based compensation, marketing expenses, sales commissions and promotion costs. The trend and timing of our brand marketing expenses will depend in part on the timing of our expansion into new markets and other marketing campaigns.

Results of Operations

The following table presents our consolidated statements of operations for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands)			
Revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702
Operating expenses				
Cost of revenue	55,040	55,863	148,006	144,590
Software development	800	1,076	2,441	3,639
General and administrative	20,412	19,265	62,757	53,932
Selling and marketing	2,162	2,686	6,686	8,025
Total operating expenses	78,414	78,890	219,890	210,186
Loss from operations	(3,537)	(7,448)	(25,554)	(32,484)
Other non-operating income (expense)				
Interest income	1,764	2,147	5,624	6,178
Change in fair value of warrant liabilities	(299)	5,719	2,266	3,823
Realized loss from sales of short-term investments	—	—	—	(95)
Total other non-operating income	1,465	7,866	7,890	9,906
(Loss) income before income taxes	(2,072)	418	(17,664)	(22,578)
Income tax (benefit) expense	(118)	129	(150)	(443)
Net (loss) income	$ (1,954)	$ 289	$ (17,514)	$ (22,135)

Revenue

Disaggregated revenue by product line was as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Product Line:						
Short Distance	$ 32,352	$ 30,388	6 %	$ 63,070	$ 59,997	5 %
Jet and Other	6,463	7,607	(15)%	20,837	23,092	(10)%
MediMobility Organ Transport	36,062	33,447	8 %	110,429	94,613	17 %
Total Revenue	$ 74,877	$ 71,442	5 %	$ 194,336	$ 177,702	9 %

Comparison of the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024 and 2023, revenue increased by $3.4 million or 5%, from $71.4 million in 2023 to $74.9 million in 2024.

Short Distance revenue increased by $2.0 million or 6%, from $30.4 million in 2023 to $32.4 million in 2024. Growth in Short Distance was primarily driven by growth in our Hamptons seasonal service for a $2.3 million increase, and increased volumes of Northeast helicopter charters for a $0.8 million increase. This was partially offset by the August 31, 2024 termination of our Canada routes for a $0.8 million decrease, and lower activity in Europe for a $0.4 million decrease.

Jet and Other revenue decreased by $1.1 million or (15)% from $7.6 million in 2023 to $6.5 million in 2024. The decline was driven by a decrease in jet charters of $1.4 million, partially offset by the introduction of the new seasonal Hamptons Streamliner Bus for a $0.3 million increase.

MediMobility Organ Transport revenue increased by $2.6 million or 8% from $33.4 million in 2023 to $36.1 million in 2024. Growth in MediMobility Organ Transport was driven primarily by growth in ground revenue for $1.8 million and $0.4 million for TOPS (TOPS was launched at the end of 2023), the remainder was due to new clients.

Comparison of the Nine Months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024 and 2023, revenue increased by $16.6 million or 9%, from $177.7 million in 2023 to $194.3 million in 2024.

Short Distance revenue increased by $3.1 million or 5% from $60.0 million in 2023 to $63.1 million in 2024. Growth in Short Distance was primarily driven by growth in our Hamptons seasonal service for a $2.2 million increase, growth in our New York airport transfer products, including annual pass activity, for a $1.0 million increase, and increased volumes of Northeast helicopter charters for a $1.0 million increase. This was partially offset by lower activity and the termination of our Canada routes for a $1.1 million decrease.

Jet and Other revenue decreased by $(2.3) million or (10)% from $23.1 million in 2023 to $20.8 million in 2024. $3.9 million decrease is attributable to the discontinuation of our seasonal by-the-seat jet service between New York and South Florida. This decrease was partially offset by a $0.9 million growth in jet charters, and higher brand partnership revenues and revenue from the introduction of the new seasonal Hamptons Streamliner Bus in the current year period.

MediMobility Organ Transport revenue increased by $15.8 million or 17% from $94.6 million in 2023 to $110.4 million in 2024. The growth was driven primarily by: $6.6 million attributable to the addition of new hospital clients including of TOPS; higher revenue from existing clients of $13.5 million (higher volumes, higher revenue per trip and higher ground revenue). Those increases were partially offset by a $4.3 million decrease due to one temporary customer we supported only in the 2023 period. Excluding the impact of the temporary customer, revenue would have grown 22% versus the 2023 period.

Cost of Revenue

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Cost of revenue	$ 55,040	$ 55,863	(1)%	$ 148,006	$ 144,590	2 %
Percentage of revenue	74 %	78 %		76 %	81 %	

Comparison of the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024 and 2023, cost of revenue decreased by $(0.8) million, or (1)% from $55.9 million during 2023 to $55.0 million in 2024, driven by lower effective cost of revenue per flight (explained in the following paragraph), only partially offset by the higher volumes.

Cost of revenue as a percentage of revenues decreased by 4 percentage points from 78% in 2023 to 74% in 2024. This change is attributable primarily to mix-shift to dedicated aircraft which operate at enhanced economies of scale in the Medical segment, higher revenue per flight hour in the Medical segment and improved pricing along with improved load factor in our New York airport transfer and Hamptons by-the-seat products, as well as lower cost of revenue in Canada of $1.5 million impact (Canada operated at a loss in the prior year period with cost of revenue higher than revenue) due to our exit from the Canadian market on August 31, 2024.

Comparison of the Nine Months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024 and 2023, cost of revenue increased by $3.4 million or 2%, from $144.6 million during 2023 to $148.0 million during 2024 driven by increased flight volume.

Cost of revenue as a percentage of revenues decreased by 5 percentage points from 81% in 2023 to 76% in 2024, attributable primarily to: a mix-shift to dedicated aircraft in the Medical segment, which operate at enhanced economies of scale; increased revenue per flight hour in our Medical segment; improved pricing with improved load factor in our Hamptons by-the-seat product and in our New York airport transfer products, New York airport products moved to profit from a loss position in the prior year period; and improved pricing in jet charter flights compared to the prior year period.

Software Development

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Software development	$ 800	1,076	(26)%	$ 2,441	3,639	(33)%
Percentage of revenue	1 %	2 %		1 %	2 %	

Comparison of the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024 and 2023, software development costs decreased by $(0.3) million, or (26)%, from $1.1 million during 2023 to $0.8 million in 2024, primarily due to software capitalization of development costs due to more development initiatives in the 2024 period.

Comparison of the Nine Months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024 and 2023, software development costs decreased by $(1.2) million, or (33)%, from $3.6 million during 2023 to $2.4 million during 2024, primarily due to software capitalization of development costs due to more development initiatives in the 2024 period for a $0.8 million impact, and a decrease of $0.4 million in stock-based compensation costs.

General and Administrative

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
General and administrative	$ 20,412	$ 19,265	6 %	$ 62,757	$ 53,932	16 %
Percentage of revenue	27 %	27 %		32 %	30 %	

Comparison of the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024 and 2023, general and administrative expense increased by $1.1 million, or 6%, from $19.3 million during 2023 to $20.4 million in 2024.

The primary drivers for the increase were a $2.1 million increase in stock-based compensation largely due to the PSUs granted in the first quarter of the current year period; a $0.8 million increase in expenses related to the owned aircraft (acquired in the second quarter of 2024 and did not exist in the prior year period) as pilot training, hangar costs and insurance; a $0.7 million increase in staff costs mostly attributable to the growth in our Medical segment; a $0.5 million charge for restructuring costs in Europe; and a $0.5 million increase in professional fees. These increases were partially offset by a $2.7 million decrease attributable to a contingent consideration compensation (earn-out) in the prior year period; and a $1.1 million decrease in intangibles amortization costs.

Comparison of the Nine Months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024 and 2023, general and administrative expense increased by $8.8 million or 16%, from $53.9 million during 2023 to $62.8 million in 2024.

The primary drivers for the increase were: a $6.5 million increase in stock-based compensation largely due to the PSUs granted in the first quarter of the current year period; a $5.8 million impairment charge of the exclusive rights to air transportation services associated with Blade Canada recorded in current year period; a $2.1 million increase in staff costs attributable mainly to the growth in our Medical segment, a $1.2 million increase in expenses related to the owned aircraft (did not exist in the prior year period) as pilot training, hangar costs and insurance; and a $0.5 million increase due to restructuring costs in Europe; partially offset by a $5.7 million decrease attributable to a contingent consideration compensation (earn-out) in the prior year period, and a $2.1 million decrease in intangibles amortization costs.

Selling and Marketing

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Selling and marketing	$ 2,162	$ 2,686	(20)%	$ 6,686	$ 8,025	(17)%
Percentage of revenue	3 %	4 %		3 %	5 %	

Comparison of the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024 and 2023, selling and marketing expense decreased by $(0.5) million, or (20)%, from $2.7 million during 2023 to $2.2 million in 2024. The decrease is attributable primarily to a $0.4 million decrease in cash commissions in the Medical segment and a $0.1 million decrease in stock-based compensation.

Comparison of the Nine Months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024 and 2023, selling and marketing expense decreased by $(1.3) million, or (17)%, from $8.0 million during 2023 to $6.7 million in 2024. The decrease is attributable primarily to: a $1.1 million decrease in media spend, primarily driven by the discontinuation of our seasonal by-the-seat jet service between New York and South Florida (which was discontinued in November 2023) and a more disciplined media spend in the winter months; and a $0.9 million decrease in cash commissions in the Medical segment; those decreases were partially offset by a $0.5 million increase in staff costs, inclusive of stock-based compensation.

Other non-operating income (expense)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Interest income	$ 1,764	$ 2,147		$ 5,624	$ 6,178	
Change in fair value of warrant liabilities	(299)	5,719		2,266	3,823	
Realized loss from sales of short-term investments	—	—		—	(95)	
Total other non-operating income	$ 1,465	$ 7,866	(81)%	$ 7,890	$ 9,906	(20)%

Comparison of the Three Months Ended September 30, 2024 and 2023

For the three months ended September 30, 2024, total other non-operating income consisted of: (i) $1.8 million interest income, attributable to our short-term investments and our money market funds in the current year period; and (ii) $0.3 million non-cash loss due to fair value revaluation of warrant liabilities as the value of the warrant liabilities fluctuates with the warrants' market price.

For the three months ended September 30, 2023, total other non-operating income consisted of: (i) $2.1 million interest income, attributable to our short-term investments and our money market funds; and (ii) $5.7 million non-cash gain due to fair value revaluation of warrant liabilities as the value of the warrant liabilities fluctuates with the warrants' market price.

Comparison of the Nine Months Ended September 30, 2024 and 2023

For the nine months ended September 30, 2024, total other non-operating income consists of: (i) $5.6 million interest income, attributable to our short-term investments and our money market funds in the current year period; and (ii) $2.3 million non-cash gain due to fair value revaluation of warrant liabilities as the value of the warrant liabilities fluctuates with the warrants' market price.

For the nine months ended September 30, 2023, total other non-operating income consisted of: (i) $6.2 million interest income, attributable to our short-term investments and our money market funds; and (ii) $3.8 million non-cash gain due to fair value revaluation of warrant liabilities as the value of the warrant liabilities fluctuates with the warrants' market price.

Segment Results of Operations

We operate our business as two reportable segments - Passenger and Medical. For additional information about our segments, see Note 7 "Segment and Geographic Information" in the notes to the unaudited interim condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

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Segment Revenue and Segment Adjusted EBITDA

The following table presents our segment results for the periods indicated:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Segment Revenue						
Passenger	$ 38,815	$ 37,995	2 %	$ 83,907	$ 83,089	1 %
Medical	36,062	33,447	8 %	110,429	94,613	17 %
Total revenue	$ 74,877	$ 71,442	5 %	$ 194,336	$ 177,702	9 %
Segment Adjusted EBITDA						
Passenger	$ 5,593	$ 2,777	101 %	$ 3,724	$ (2,353)	NM(4)
Medical	3,851	3,346	15 %	13,784	8,249	67 %
Adjusted unallocated corporate expenses and software development (1)	(5,264)	(5,336)	(1)%	(15,916)	(17,281)	(8)%
Adjusted EBITDA(2)	$ 4,180	$ 787	431 %	$ 1,592	$ (11,385)	NM(4)
Segment Adjusted EBITDA Margin(3)						
Passenger	14.4 %	7.3 %		4.4 %	(2.8)%	
Medical	10.7 %	10.0 %		12.5 %	8.7 %	
Adjusted EBITDA Margin	5.6 %	1.1 %		0.8 %	(6.4)%	

(1) Includes costs that are not directly attributable to reportable segments such as finance, accounting, tax, information technology, human resources, legal costs and software development costs (primarily consists of staff and contractors costs), and excludes non-cash items and certain transactions that management does not believe are reflective of our ongoing core operations.
(2) See section titled "Reconciliations of Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measure.
(3) Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue. Segment Adjusted EBITDA is defined as segment Adjusted EBITDA as a percentage of segment revenue.
(4) Percentage not meaningful.

Passenger segment

For the three months ended September 30, 2024 and 2023, Passenger revenue increased by $0.8 million or 2%, from $38.0 million in 2023 to $38.8 million in 2024. The increase was attributable to a $2.0 million increase in Short Distance offset by a $1.1 million decrease in Jet and Other. Refer to the disaggregated revenue discussion above under "—Comparison of the Three Months Ended September 30, 2024 and 2023—Revenue" for more details.

Passenger Adjusted EBITDA improved by $2.8 million or 101% for the three months ended September 30, 2024 from $2.8 million in the same period of 2023 to $5.6 million in 2024. The improvement is primarily attributable: to a $2.2 million impact from lower effective cost of revenue per flight in our New York airport transfer and Hamptons products (attributable to improved pricing and load factor in the by-the-seat products) and in Europe; and a $0.7 million improvement in Canada, which moved from a negative to a positive revenue less cost of revenue in the current year period compared to the prior year period (attributable to improved load factor and our exit from the Canadian market on August 31, 2024).

For the nine months ended September 30, 2024 and 2023, Passenger revenue increased by $0.8 million or 1% from $83.1 million in 2023 to $83.9 million in 2024. The increase was attributable to a $3.1 million increase in Short Distance that was partially offset by a $2.3 million decrease in Jet and Other. Refer to the disaggregated revenue discussion above under "—Comparison of the Nine Months Ended September 30, 2024 and 2023—Revenue" for more details.

Passenger Adjusted EBITDA improved by $6.1 million for the nine months ended September 30, 2024 from $(2.4) million in the same period of 2023 to $3.7 million in 2024. The improvement is primarily attributable to higher revenue combined with lower effective cost of revenue per flight across all of Passenger flights (short distance and jet flights) compared to the prior year period for a $4.9 million impact, attributable to improved pricing and improved load factor. Further improvements are attributable to a

$1.1 million decrease in marketing expenses and a $0.4 million decrease in personnel costs. These improvements were partially offset by a $0.4 million increase in staff costs.

Medical segment

For the three months ended September 30, 2024 and 2023, Medical revenue increased by $2.6 million or 8%, from $33.4 million in 2023 to $36.1 million in 2024. Refer to the disaggregated revenue discussion above under “—Comparison of the Three Months Ended September 30, 2024 and 2023—Revenue” for more details.

Medical Adjusted EBITDA increased by $0.5 million or 15%, for the three months ended September 30, 2024 from $3.3 million in the same period of 2023 to $3.9 million in 2024. Due to: $1.3 million increase in revenue less cost of revenue (excluding depreciation) due to higher volumes combined with lower effective cost of revenue per flight (due to higher revenue per flight hour and mix-shift towards dedicated aircraft operating at enhanced economies of scale). This increase was partially offset by a $0.8 million increase in fixed costs, primarily due to an increase in staff costs in order to support the higher activity and the new TOPS offering.

For the nine months ended September 30, 2024 and 2023, Medical revenue increased by $15.8 million or 17%, from $94.6 million in 2023 to $110.4 million in 2024. Refer to the disaggregated revenue discussion above under “—Comparison of the Nine Months Ended September 30, 2024 and 2023—Revenue” for more details.

Medical Adjusted EBITDA increased by $5.5 million or 67%, for the nine months ended September 30, 2024 from $8.2 million in the same period of 2023 to $13.8 million in 2024. $8.3 million of the increase is attributable to higher revenue less cost of revenue (excluding depreciation) due to: larger volumes combined with lower effective cost of revenue, attributable to: higher revenue per flight hour, mix-shift to dedicated aircraft and mix shift to ground revenue (which is characterized with lower effective cost of revenue). This was partially offset by a $2.8 million increase in fixed costs, primarily staff costs in order to support the higher activity, adding ground hubs and the new TOPS offering that did not exist in the prior year period.

Adjusted EBITDA, Flight Profit and Flight Margin

The following table presents our consolidated Adjusted EBITDA, Flight Profit and Flight Margin results:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(in thousands, except percentages)					
Adjusted EBITDA(1)	$ 4,180	$ 787	431 %	$ 1,592	$ (11,385)	NM(2)
Flight Profit(1)	$ 19,837	$ 15,579	27 %	$ 46,330	$ 33,112	40 %
Flight Margin(1)	26.5 %	21.8 %		23.8 %	18.6 %	

(1) See section titled “Reconciliations of Non-GAAP Financial Measures” for more information and reconciliations to the most directly comparable GAAP financial measure.
(2) Percentage not meaningful.

Comparison of the Three Months Ended September 30, 2024 and 2023

Adjusted EBITDA improved by $3.4 million for the three months ended September 30, 2024 from $0.8 million in the same period of 2023 to $4.2 million in 2024. The improvement is primarily attributable to improvements in both Passenger and Medical Adjusted EBITDA (refer to the discussion above), coupled with a $0.1 million decrease in Adjusted unallocated corporate expenses and software development staff costs.

Flight Profit increased by $4.3 million or 27% for the three months ended September 30, 2024 from $15.6 million in the same period of 2023 to $19.8 million in 2024. The increase was driven by a 5% increase in revenue coupled with lower effective cost of revenue per flight for both Passenger and Medical flights. In Passenger the lower effective cost of revenue per flight is attributable to improved pricing along with improved load factor in our US Short Distance flights, and a $0.7 million improvement in Canada (which operated at a negative Flight Profit in the prior year period). The lower effective cost of revenue per flight in Medical flights is attributable to higher revenue per flight hour and mix-shift to dedicated aircraft operating at enhanced economies of scale.

Flight Margin increased from 21.8% in the three months ended September 30, 2024 to 26.5% in the same period of 2023, attributable to lower effective cost of revenue per flight in both Passenger and Medical flights as described above under Flight Profit.

Comparison of the Nine Months Ended September 30, 2024 and 2023

Adjusted EBITDA improved by $13.0 million for the nine months ended September 30, 2024 from $(11.4) million in the same period of 2023 to $1.6 million in 2024. The improvement is primarily attributable to Adjusted EBITDA improvements of $6.1 million and $5.5 million in Passenger and Medical, respectively (refer to the discussion above), coupled with a $1.4 million decrease in Adjusted unallocated corporate costs and software development, attributable to a $1.0 million decrease in staff costs and a $0.5 million decrease in professional services and insurance.

Flight Profit increased by $13.2 million or 40% for the nine months ended September 30, 2024 from $33.1 million in the same period of 2023 to $46.3 million in 2024. The increase was driven by a 9% increase in revenue coupled with lower effective cost of revenue per flight across all of Passenger product lines (Short Distance and jet flights) compared to the prior year period attributable to improved pricing and improved load factor (in the by-the-seat products). In addition lower effective cost of revenue in Medical due to higher revenue per flight hour, mix-shift to dedicated aircraft and mix shift to ground revenue (which is characterized with lower effective cost of revenue).

Flight Margin increased from 18.6% in the nine months ended September 30, 2023 to 23.8% in the same period of 2024, attributable to lower effective cost of revenue per flight in both Passenger and Medical flights as described above under Flight Profit.

Reconciliation of Non-GAAP Financial Measures

Certain non-GAAP measures included in this segment results of operations review have been derived from amounts calculated in accordance with GAAP but are not themselves GAAP measures. Blade believes that the non-GAAP measure discussed below, viewed in addition to and not in lieu of our reported U.S. GAAP results, provide useful information to investors by providing a more focused measure of operating results, enhance the overall understanding of past financial performance and future prospects, and allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other companies. These include Adjusted EBITDA, Flight Profit and Flight Margin, which we define, explain the use of and reconcile to the nearest GAAP financial measure below.

Adjusted EBITDA

Adjusted EBITDA is defined as net loss adjusted to exclude (1) depreciation and amortization, (2) stock-based compensation, (3) change in fair value of warrant liabilities, (4) interest income and expense, (5) income tax, (6) realized gains and losses on short-term investments, (7) impairment of intangible assets and (8) certain other non-recurring items (shown below) that management does not believe are indicative of ongoing Company operating performance and would impact the comparability of results between periods.

	Three Months Ended September 30, 2024	Three Months Ended September 30, 2023	Nine Months Ended September 30, 2024	Nine Months Ended September 30, 2023
	(in thousands)			
Net (loss) income	**$ (1,954)**	**$ 289**	**$ (17,514)**	**$ (22,135)**
Add (deduct):				
Depreciation and amortization	1,279	1,843	4,432	5,305
Stock-based compensation	5,345	3,330	15,434	9,348
Change in fair value of warrant liabilities	299	(5,719)	(2,266)	(3,823)
Realized loss from sales of short-term investments	—	—	—	95
Interest income	(1,764)	(2,147)	(5,624)	(6,178)
Income tax (benefit) expense	(118)	129	(150)	(443)
Legal and regulatory advocacy fees (1)(2)	165	217	427	640
Executive severance costs	140	—	140	265
SOX readiness costs	220	145	302	180
Contingent consideration compensation (earn-out) (3)	—	2,700	—	5,361
M&A transaction costs	85	—	169	—
Impairment of intangible assets	—	—	5,759	—
Restructuring costs - Blade Europe (4)	483	—	483	—
Adjusted EBITDA	**$ 4,180**	**$ 787**	**$ 1,592**	**$ (11,385)**
Revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702
Adjusted EBITDA as a percentage of revenue	6 %	1 %	1 %	(6)%

(1) For the three and nine months ended September 30, 2024, represents legal advocacy fees related to the *Drulias* lawsuit (see "— Legal and Environmental" within Note 11) that we do not consider representative of legal and regulatory advocacy costs that we will incur from time to time in the ordinary course of our business.
(2) For the three and nine months ended September 30, 2023, represents certain legal and regulatory advocacy fees for certain proposed restrictions at East Hampton Airport and the potential operational restrictions on large jet aircraft at Westchester Airport, that we do not consider representative of legal and regulatory advocacy costs that we will incur from time to time in the ordinary course of our business. It is worth noting that we do not anticipate incurring any further legal fees related to the Westchester litigation.
(3) Trinity's contingent consideration, 2023 was the last year subject to an earn-out payment.
(4) Includes severance, retention, legal and other one-time restructuring costs associated with a reorganization of Blade Europe.

Flight Profit and Flight Margin

Flight Profit is calculated as revenue less cost of revenue. Flight Margin is calculated as Flight Profit divided by revenue. Flight Profit and Flight Margin are measures that management uses to assess the performance of the business. Blade believes that Flight Profit and Flight Margin provide a useful measure of the profitability of the Company's flight and ground operations, as they focus solely on the non discretionary direct costs associated with generating revenue such as third party variable costs and costs of owning and operating Blade's owned aircraft.

Gross Profit and Gross Margin

Gross Profit, which is the most directly comparable GAAP financial measure to Flight Profit, is calculated as revenue less cost of revenue and other costs directly related to revenue generating transactions, including credit card processing fees, depreciation and amortization, direct staff costs including stock-based compensation, commercial costs and establishment costs. Gross Margin is calculated as Gross Profit divided by revenue. The reconciliation of Gross Profit to Flight Profit can be found in the table below.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	(in thousands, except percentages)			
Revenue	$ 74,877	$ 71,442	$ 194,336	$ 177,702
Less:				
Cost of revenue (1)	55,040	55,863	148,006	144,590
Depreciation and amortization (2)	558	1,627	2,769	4,742
Stock-based compensation	36	44	149	124
Other (3)	4,805	3,865	11,786	9,893
Gross Profit	$ 14,438	$ 10,043	$ 31,626	$ 18,353
Gross Margin	19.3 %	14.1 %	16.3 %	10.3 %
Gross Profit	$ 14,438	$ 10,043	$ 31,626	$ 18,353
Reconciling items:				
Depreciation and amortization (2)	558	1,627	2,769	4,742
Stock-based compensation	36	44	149	124
Other (3)	4,805	3,865	11,786	9,893
Flight Profit	$ 19,837	$ 15,579	$ 46,330	$ 33,112
Flight Margin	26.5 %	21.8 %	23.8 %	18.6 %

(1) Cost of revenue consists of flight costs paid to operators of aircraft and vehicles, landing fees, depreciation of aircraft and vehicles, ROU asset amortization, internal costs incurred in generating organ ground transportation revenue using the Company's owned vehicles and costs of operating our owned aircraft including fuel, management fees paid to the operator, maintenance costs and pilot salaries.
(2) Depreciation and amortization included within general and administrative expenses.
(3) Other costs include credit card processing fees, direct staff costs, commercial costs and establishment costs.

Liquidity and Capital Resources

Sources of Liquidity

As of September 30, 2024 and December 31, 2023, we had total liquidity of $136.3 million and $166.1 million, respectively, consisting of cash and cash equivalents of $20.0 million and $27.9 million, respectively, and short-term investments of $116.3 million and $138.3 million, respectively. In addition, as of September 30, 2024 and December 31, 2023, we had restricted cash of $1.4 million and $1.1 million, respectively. As of September 30, 2024, $116.3 million of short-term investments consisted of securities that are traded in highly liquid markets.

With $136.3 million of total liquid funds as of September 30, 2024, we anticipate that we have sufficient funds to meet our current operational needs for at least the next 12 months from the date of filing this Quarterly Report.

Liquidity Requirements

As of September 30, 2024, the Company had net working capital of $144.6 million, zero debt, cash and cash equivalents of $20.0 million and short-term investments of $116.3 million. The Company had net losses of $17.5 million and $22.1 million for the nine months ended September 30, 2024 and 2023, respectively.

In the course of our business, we have certain contractual relationships with third-party aircraft operators pursuant to which we may be contingently required to make payments in the future. As of September 30, 2024, we had commitments to purchase flights from various aircraft operators with aggregate minimum flight purchase guarantees of $2.4 million and $15.4 million for the years ending December 31, 2024 and 2025, respectively, $0.2 million and $8.7 million, respectively, of which may be cancelled by us immediately if a government authority enacts travel restrictions and $— million and $2.8 million, respectively, of which could be terminated by Blade for convenience upon 60 days' notice with the annual minimum guarantee being pro-rated as of the termination date. See "—Capacity Purchase Agreements" ("CPAs") within Note 11 to the unaudited interim condensed consolidated financial statements for additional information and for information about future periods. Additionally, the Company has operating lease obligations related to real estate and vehicles with expected annual minimum lease payments of $0.4 million and $2.0 million for the years ending December 31, 2024 and 2025, respectively. See Note 5 "Right-of-Use Asset and Operating Lease Liability" to the unaudited interim condensed consolidated financial statements for additional information and for information about future periods.

We have non-cancellable commitments which primarily relate to cloud services and other items in the ordinary course of business. The amounts are determined based on the non-cancellable quantities to which we are contractually obligated. In December 2023, the Company entered into a technology service agreement with a vendor for cloud computing services where we are committed to spend $0.1 million and $1.1 million for the years ending December 31, 2024 and 2025, respectively.

On March 20, 2024, we announced that our Board of Directors had authorized a stock repurchase program, pursuant to which the Company may repurchase, from time to time, up to an aggregate of $20.0 million of the Company's common stock, exclusive of any fees, commissions or other expenses related to such repurchases. During the nine months ended September 30, 2024, the Company repurchased $0.2 million of common stock pursuant to this program ending with a remaining potential repurchase capacity under the program of approximately $19.8 million. No shares were repurchased in the quarter ended September 30, 2024. The timing and actual number of shares repurchased will depend on a variety of factors, including corporate and regulatory requirements, price and other market conditions and management's determination as to the appropriate use of our cash. Our stock repurchases have been funded with cash on hand and we intend to continue funding future repurchases with existing cash.

We expect to incur net losses in the short term, as we continue to execute our strategic initiatives. Based on our current liquidity, we believe that no additional capital will be needed to execute our current business plan over the next 12 months. Our longer term liquidity requirement will depend on many factors including the pace of our expansion into new markets, our ability to attract and retain customers for our existing products, capital expenditures and acquisitions.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Nine Months Ended September 30,	
	2024	2023
	(in thousands)	
Net cash used in operating activities	$ (767)	$ (23,029)
Net cash (used in) / provided by investing activities	(4,992)	17,014
Net cash used in financing activities	(1,885)	(53)
Effect of foreign exchange rate changes on cash balances	29	(81)
Net decrease in cash and cash equivalents and restricted cash	(7,615)	(6,149)

Cash Used In Operating Activities

For the nine months ended September 30, 2024, net cash used in operating activities was $0.8 million, driven by a net loss of $17.5 million and $3.2 million of cash used for working capital requirements, adjusted for non-cash items consisting of stock-based compensation expense of $15.4 million, impairment of intangible assets of $5.8 million, depreciation and amortization of $4.4 million, non-cash accretion of interest income on held-to-maturity securities of $3.1 million and income from change in fair value of warrant liabilities of $2.3 million. The $3.2 million of cash used for working capital requirements was primarily driven by a decrease in accounts payable and accrued expenses of $8.3 million, driven by the cash payment for the Trinity contingent consideration compensation and for the 2023 short term incentive plan paid in March of 2024, an increase in accounts receivable of $3.6 million (attributable to the revenue growth in the Medical segment) and a decrease in deferred revenue of $0.2 million (driven by Passenger client prepayments and gift cards); partially offset by a decrease in prepaid expenses and other current assets of $8.3 million (driven by the utilization of $9.3 million of prepaid deposits under CPAs with M&N as part of the purchase of the seven aircraft, slightly offset by new prepayments made to operators in connection with new CPAs) and a decrease in other non-current assets of $0.5 million (a lease deposit refund).

For the nine months ended September 30, 2023, net cash used in operating activities was $23.0 million, primarily driven by a net loss of $22.1 million and $6.8 million cash used for working capital requirements, adjusted for non-cash items consisting of stock-based compensation expense of $9.3 million, depreciation and amortization of $5.3 million, non-cash accretion of interest income on held-to-maturity securities of $4.7 million, income from change in fair value of warrant liabilities of $3.8 million, realized loss of $0.1 million from the sale of short-term investments, and a deferred tax benefit of $0.4 million. The $6.8 million cash used for working capital requirements was primarily driven by an increase in accounts receivable of $10.4 million, due to the rapid growth in the Medical segment, and an increase in prepaid expenses and other current assets of $1.1 million, driven by prepayments to operators in connection with capacity purchase agreements; partially offset by an increase in accounts payable and accrued expenses of $4.1 million, and an increase in lease liabilities of $0.4 million.

Cash (Used In) / Provided by Investing Activities

For the nine months ended September 30, 2024, net cash used in investing activities was $5.0 million, driven by $168.0 million of proceeds from maturities of held-to-maturity investments offset by $142.8 million in purchases of held-to-maturity investments; $26.3 million in purchases of property and equipment, consisting primarily of $22.8 million in the acquisition of ten aircraft and related capitalized costs to support the Medical segment, with the remaining in furniture and fixtures for new office space in Arizona used by the Medical segment, and purchase of vehicles used in generating revenue by the Medical segment; $2.2 million in consideration paid for the acquisition of CJK and $1.7 million in capitalized software development costs.

For the nine months ended September 30, 2023, net cash provided by investing activities was $17.0 million, driven by $20.5 million of proceeds from sales of other short-term investments; $264.5 million of proceeds from maturities of held-to-maturity investments, partially offset by $265.8 million in purchases of held-to-maturity investments; $0.1 million in purchases of other short-term investments; and $2.1 million in purchases of property and equipment, consisting of leasehold improvements and furniture and fixtures for lounges used by the Passenger segment, and vehicles used in generating revenue by the Medical segment.

Cash Used In Financing Activities
For the nine months ended September 30, 2024, net cash used in financing activities was $1.9 million, reflecting $1.8 million cash paid for payroll tax payments on behalf of employees in exchange for shares withheld by the Company ("net share settlement") and $0.2 million in repurchases and retirement of common stock under the share repurchase program announced March 20, 2024; partially offset by $0.1 million of proceeds from the exercise of stock options.

For the nine months ended September 30, 2023, net cash used in financing activities was $0.05 million, primarily reflecting $0.1 million cash paid for payroll tax payments made on behalf of employees in exchange for shares withheld by the Company ("net share settlement"), partially offset by $0.06 million of proceeds from the exercise of stock options.

Critical Accounting Policies and Significant Judgments and Estimates

This discussion and analysis of the Company's financial condition and results of operations is based on the Company's consolidated financial statements, which have been prepared in accordance with generally accepted accounting principles in the United States of America, or U.S. GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported periods. In accordance with U.S. GAAP, the Company bases its estimates on historical experience and on various other assumptions the Company believes are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

For information on the Company's significant accounting policies and estimates refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes to these policies and estimates as of September 30, 2024.

Item 3. Quantitative and qualitative disclosures about market risk

There have been no material changes in market risk from the information provided in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Item 4. Controls and Procedures

As of the end of the period covered by this report, our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on their evaluation of our disclosure controls and procedures, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2024, to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow for timely decisions regarding required disclosure.

We determined that our internal control over financial reporting had the following material weaknesses:

- A lack of effective IT General Controls in relation to:
    - user access controls that adequately restrict user access to financial applications, programs and data affecting underlying accounting records, and
    - the change management controls for certain operational applications that ensure IT program and data changes are identified, tested, authorized and implemented properly.

- A number of control deficiencies in relation to the revenue process that, although not individually material in nature, in aggregate constitute a material weakness.

Management has concluded that these deficiencies may impact the Company's financial reporting such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis and represent a material weakness in the Company's internal control over financial reporting.

Because disclosure controls and procedures include those components of internal control over financial reporting that provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, management also determined that its disclosure controls and procedures were not effective as a result of the above-mentioned material weaknesses in its internal control over financial reporting.

Notwithstanding these material weaknesses, management has concluded that the unaudited interim condensed consolidated financial statements included in this quarterly report on Form 10-Q present fairly, in all material respects, our financial position, results of operations, and cash flows in conformity with GAAP.

Management's Plans for Remediation

We have identified and implemented, and continue to implement, certain remediation efforts to improve the effectiveness of our internal control over financial reporting. These remediation efforts are ongoing and include the following measures to address the material weaknesses identified:

- We have completed controls testing to enable management to assess the operating effectiveness of the change management controls for the Company's main operational IT application and we are in the process of implementing those same change management controls for our other operational IT applications.
- We are re-enforcing procedures on proper user access administration and the need for timely documentation of associated requests and approvals.
- We have designed additional controls to supplement the existing business process controls in relation to revenues, with these controls implemented in Q3 2024.

We expect the above actions will be completed before the end of the fiscal year ending December 31, 2024. The material weaknesses will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. As we continue to evaluate and improve the applicable controls, management may take additional remedial measures or modify the remediation plan described above.

Changes in Internal Control over Financial Reporting

Other than the specific remediation steps discussed above, there were no other changes in our internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15(d)-15(f) promulgated under the Securities Exchange Act of 1934, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting in the fiscal quarter ending September 30, 2024.

Limitations on Internal Control over Financial Reporting

An internal control system over financial reporting has inherent limitations and may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "—Legal and Environmental" within Note 11 to the unaudited interim condensed consolidated financial statements in Part I, Item 1 for information on legal proceedings.

Item 1A. Risk Factors

You should carefully consider the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward-looking statements made by, or on behalf of, the Company. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the factors mentioned under "Forward-Looking Statements" and the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other information

None.

Item 6. Exhibits

Exhibit No.	Description
2.1[(1)]	Share Purchase Agreement, dated as of May 18, 2022, by and among Blade Urban Air Mobility, Inc. and the Sellers party thereto
3.1[(2)]	Second Amended and Restated Certificate of Incorporation of Blade Air Mobility, Inc.
3.2[(3)]	Amended and Restated Bylaws of Blade Air Mobility, Inc.
31.1*	Certification of Principal Executive Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Principal Financial Officer Pursuant to Securities Exchange Act Rules 13a-14(a), as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
32.2*	Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes- Oxley Act of 2002
101.INS*	Interactive Data Files pursuant to Rule 405 of Regulation S-T formatted in Inline Extensible Business Reporting Language ("Inline XBRL")
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Filed herewith
(1) Incorporated by reference to Exhibit 2.1 of our Form 8-K (file number 001-39046) filed on May 19, 2022.
(2) Incorporated by reference to Exhibit 3.1 of our Form 8-K (file number 001-39046) filed on May 13, 2021.
(3) Incorporated by reference to Exhibit 3.2 of our Form 8-K (file number 001-39046) filed on May 13, 2021.

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, thereunto duly authorized.

BLADE AIR MOBILITY, INC.

Date: November 12, 2024	By:	/s/ Robert S. Wiesenthal
	Name:	Robert S. Wiesenthal
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: November 12, 2024	By:	/s/ William A. Heyburn
	Name:	William A. Heyburn
	Title:	Chief Financial Officer (Principal Financial Officer)
Date: November 12, 2024	By:	/s/ Amir M. Cohen
	Name:	Amir M. Cohen
	Title:	Chief Accounting Officer (Principal Accounting Officer)