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, 2022

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.)
55 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 under 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 2, 2022, there were 71,653,281 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
September 30, 2022 and December 31, 2021
(in thousands, except share and per share data)

	September 30, 2022	December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 51,845	$ 2,595
Restricted cash	1,139	630
Accounts receivable	11,271	5,548
Short-term investments	150,378	279,374
Prepaid expenses and other current assets	10,773	6,798
Total current assets	225,406	294,945
Non-current assets:		
Property and equipment, net	2,220	2,045
Investment in joint venture	390	200
Intangible assets, net	48,533	24,421
Goodwill	31,852	13,328
Operating right-of-use asset	16,944	713
Other non-current assets	1,312	232
Total assets	$ 326,657	$ 335,884
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 11,562	$ 6,369
Deferred revenue	6,036	5,976
Operating lease liability, current	2,627	438
Total current liabilities	20,225	12,783
Non-current liabilities:		
Warrant liability	9,067	31,308
Operating lease liability, long-term	14,516	278
Deferred tax liability	144	144
Total liabilities	43,952	44,513
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 2,000,000 shares authorized at September 30, 2022 and December 31, 2021. No shares issued and outstanding at September 30, 2022 and December 31, 2021.	—	—
Common stock, $0.0001 par value; 400,000,000 authorized; 71,506,665 and 70,667,381 shares issued at September 30, 2022 and December 31, 2021, respectively.	7	7
Additional paid in capital	373,223	368,680
Accumulated other comprehensive loss	(2,262)	(898)
Accumulated deficit	(88,263)	(76,418)
Total stockholders' equity	282,705	291,371
Total Liabilities and Stockholders' Equity	$ 326,657	$ 335,884

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Operations
Three and Nine Months Ended September 30, 2022 and 2021
(in thousands, except share and per share data)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Revenue	$ 45,722	$ 20,316	$ 107,985	$ 42,540
Operating expenses				
Cost of revenue (1)	36,456	15,855	90,685	33,628
Software development (1)	2,026	844	3,923	1,456
General and administrative (1)	15,812	12,115	41,934	26,748
Selling and marketing (1)	1,856	1,231	5,294	2,433
Total operating expenses	56,150	30,045	141,836	64,265
Loss from operations	(10,428)	(9,729)	(33,851)	(21,725)
Other non-operating income (expense)				
Change in fair value of warrant liabilities	425	(3,418)	22,241	(18,331)
Realized loss from sales of short-term investments	(359)	—	(2,071)	—
Recapitalization costs attributable to warrant liabilities	—	11	—	(1,731)
Interest income, net	1,173	309	1,892	453
Total other non-operating income (expense)	1,239	(3,098)	22,062	(19,609)
Loss before income taxes	(9,189)	(12,827)	(11,789)	(41,334)
Income tax expense (benefit)	56	(3,643)	56	(3,643)
Net loss	$ (9,245)	$ (9,184)	$ (11,845)	$ (37,691)
Net loss per share (Note 8):				
Basic	$ (0.13)	$ (0.13)	$ (0.17)	$ (0.77)
Diluted	$ (0.13)	$ (0.13)	$ (0.17)	$ (0.77)
Weighted-average shares used to compute net loss per share:				
Basic	71,466,085	69,011,623	71,099,764	48,814,039
Diluted	71,466,085	69,011,623	71,099,764	48,814,039

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

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Comprehensive Loss
Three and Nine Months Ended September 30, 2022 and 2021
(in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Net loss	$ (9,245)	$ (9,184)	$ (11,845)	$ (37,691)
Other comprehensive income (loss):				
Unrealized investment income (loss)	101	(297)	(1,419)	(297)
Less: Reclassification adjustment for losses included currently in net loss	359	—	2,071	—
Foreign currency translation adjustments for the period	(2,334)	—	(2,016)	—
Other comprehensive loss	(1,874)	(297)	(1,364)	(297)
Comprehensive loss	$ (11,119)	$ (9,481)	$ (13,209)	$ (37,988)

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Stockholders' Equity
Three and Nine Months Ended September 30, 2022 and 2021
(in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of July 1,2022	**71,397,326**	**$ 7**	**$ 371,690**	**$ (388)**	**$ (79,018)**	**$ 292,291**
Issuance of common stock upon exercise of stock options	10,000	—	2	—	—	2
Issuance of common stock upon settlement of restricted stock units	124,527	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	1,685	—	—	1,685
Shares withheld related to net share settlement	(25,188)	—	(154)	—	—	(154)
Other comprehensive loss	—	—	—	(1,874)	—	(1,874)
Net loss	—	—	—	—	(9,245)	(9,245)
Balances as of September 30, 2022	**71,506,665**	**$ 7**	**$ 373,223**	**$ (2,262)**	**$ (88,263)**	**$ 282,705**
Balances as of July 1, 2021	**69,403,488**	**$ 7**	**$ 364,697**	**$ —**	**$ (68,006)**	**$ 296,698**
Issuance of common stock upon exercise of stock options	698,924	—	120	—	—	120
Stock-based compensation- restricted stock	—	—	3,924	—	—	3,924
Shares withheld related to net share settlement	(6,011)	—	—	—	—	—
EIC shares recapitalized, net of issuance costs and the fair value of warrant liabilities	—	—	(32)	—	—	(32)
Other comprehensive loss	—	—	—	(297)	—	(297)
Net loss	—	—	—	—	(9,184)	(9,184)
Balance as of September 30, 2021	**70,096,401**	**$ 7**	**$ 368,709**	**$ (297)**	**$ (77,190)**	**$ 291,229**

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance as of January 1, 2022	**70,667,381**	**$ 7**	**$ 368,680**	**$ (898)**	**$ (76,418)**	**$ 291,371**
Issuance of common stock upon exercise of stock options	450,143	—	81	—	—	81
Issuance of common stock upon settlement of restricted stock units	546,868	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	5,627	—	—	5,627
Shares withheld related to net share settlement	(157,727)	—	(1,165)	—	—	(1,165)
Other comprehensive loss	—	—	—	(1,364)	—	(1,364)
Net loss	—	—	—	—	(11,845)	(11,845)
Balances as of September 30, 2022	**71,506,665**	**$ 7**	**$ 373,223**	**$ (2,262)**	**$ (88,263)**	**$ 282,705**
Balance as of January 1, 2021	**26,069,962**	**$ 3**	**$ 49,492**	**$ —**	**$ (39,499)**	**$ 9,996**
Issuance of common stock upon exercise of stock options	754,429	—	142	—	—	142
Stock-based compensation - restricted stock	—	—	7,581	—	—	7,581
Stock-based compensation - stock options	—	—	765	—	—	765
Shares withheld related to net share settlement	(6,011)	—	(52)	—	—	(52)
EIC shares recapitalized, net of issuance costs and the fair value of warrant liabilities	30,778,021	3	191,148	—	—	191,151
Shares issued in PIPE, net of issuance costs	12,500,000	1	119,633	—	—	119,634
Other comprehensive loss	—	—	—	(297)	—	(297)
Net loss	—	—	—	—	(37,691)	(37,691)
Balances as of September 30, 2021	**70,096,401**	**$ 7**	**$ 368,709**	**$ (297)**	**$ (77,190)**	**$ 291,229**

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

BLADE AIR MOBILITY, INC.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
Nine Months Ended September 30, 2022 and 2021
(in thousands)

	Nine Months Ended September 30,	
	2022	**2021**
Cash Flows From Operating Activities:		
Net loss	$ (11,845)	$ (37,691)
Adjustments to reconcile net loss to net cash and restricted cash used in operating activities:		
Depreciation and amortization	3,741	457
Stock-based compensation	5,627	8,346
Change in fair value of warrant liabilities	(22,241)	18,331
Recapitalization costs attributable to warrant liabilities	—	1,731
Realized loss from sales of short-term investments	2,071	—
Realized foreign exchange loss	7	—
Accretion of interest income on held-to-maturity securities	(311)	—
Deferred tax benefit	—	(3,643)
Loss on disposal of property and equipment	197	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(3,781)	(3,940)
Accounts receivable	(4,461)	39
Other non-current assets	(1,059)	(116)
Operating right-of-use assets/lease liabilities	196	35
Accounts payable and accrued expenses	4,255	600
Deferred revenue	(417)	236
Other	(5)	1
Net cash used in operating activities	(28,026)	(15,614)
Cash Flows From Investing Activities:		
Acquisitions, net of cash acquired	(48,101)	(23,065)
Investment in joint venture	(190)	—
Purchase of property and equipment	(719)	(264)
Purchase of short-term investments	(120,489)	(308,772)
Proceeds from sales of short-term investments	248,377	11,300
Net cash provided by / (used in) investing activities	78,878	(320,801)
Cash Flows From Financing Activities:		
Proceeds from the exercise of common stock options	81	142
Taxes paid related to net share settlement of equity awards	(1,165)	(52)
Repayment of note payable	—	(1,165)
Proceeds from recapitalization of EIC, net of issuance costs	—	215,101
Proceeds from sale of common stock in PIPE, net of issuance costs	—	119,634
Net cash (used in) / provided by financing activities	(1,084)	333,660
Effect of foreign exchange rate changes on cash balances	(9)	—
Net (decrease) increase in cash and cash equivalents and restricted cash	49,759	(2,755)
Cash and cash equivalents and restricted cash - beginning	3,225	10,337
Cash and cash equivalents and restricted cash - ending	$ 52,984	$ 7,582
Reconciliation to the unaudited interim condensed consolidated balance sheets		
Cash and cash equivalents	$ 51,845	$ 6,952
Restricted cash	1,139	630
Total	$ 52,984	$ 7,582
Non-cash investing and financing activities		
New leases under ASC 842 entered into during the period	$ 5,871	$ 13

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

Description of Business

Blade Air Mobility, Inc. ("Blade" or the "Company"), headquartered in New York, New York, is a technology-powered, global air mobility platform that provides consumers with a cost effective and time efficient alternative to ground transportation for congested routes. Blade arranges charter and by-the-seat flights using helicopters, jets, turboprops, and amphibious seaplanes operating in various locations throughout the United States and abroad. Blade's platform utilizes a technology-powered, asset-light business model. Blade provides transportation to its customers through a network of contracted aircraft operators. Blade does not own or operate aircraft.

On May 7, 2021 (the "Closing Date"), privately held Blade Urban Air Mobility, Inc., a Delaware corporation formed on December 22, 2014 ("Old Blade"), consummated transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated December 14, 2020, by and among Experience Investment Corp. ("EIC"), Experience Merger Sub, Inc., a wholly owned subsidiary of EIC ("Merger Sub"), and Old Blade. The Merger Agreement provided for the acquisition of Old Blade by EIC pursuant to the merger of Merger Sub with and into Old Blade (the "Merger"), with Old Blade continuing as the surviving entity and a wholly-owned subsidiary of EIC. On the Closing Date, and in connection with the closing of the Merger Agreement (the "Closing"), EIC changed its name to Blade Air Mobility, Inc. See Note 3 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2021 for additional information.

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 accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended September 30, 2022 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2022. 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 September 30, 2021.

On February 1, 2022, the Board of Directors approved a change of the Company's fiscal year-end from September 30 to December 31. The Company's 2022 fiscal year began on January 1, 2022 and will end on December 31, 2022.

Currency Conversion

The presentation currency of the Company is U.S. dollars (US$) and the unaudited interim condensed consolidated financial statements have been prepared on this basis. The period ended September 30, 2022 unaudited interim condensed consolidated statement of operations is prepared using average exchange rates of Euro (€) €1.02 to the US$ and Canadian dollars (C$) C$1.29 to the US$. The unaudited interim condensed consolidated balance sheet as at September 30, 2022 has been prepared using the exchange rates on that day of €1.02 to the US$ and C$1.37 to the US$ (December 31, 2021: C$1.27).

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 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 at September 30, 2022 and December 31, 2021 was $120,222 and nil, respectively. The market value of the held-to-maturity securities at September 30, 2022 and December 31, 2021 was $120,119 and nil, respectively.

Other Short-Term Investments

Other short-term investments consist of highly-liquid investments available for sale. As of September 30, 2022, other short-term investments consisted of an available-for-sale, traded, debt securities fund, which is recorded at fair value with unrealized gains and losses reported, net of tax, in "Accumulated other comprehensive income (loss)", unless unrealized losses are determined to be unrecoverable. Realized gains and losses on the sale of securities are determined by specific identification. The Company considers all available-for-sale securities as available to support current operational liquidity needs and, therefore, classifies all securities as current assets within short-term investments on the Company's unaudited interim condensed consolidated balance sheets. These other short-term investments are excluded from disclosure under "fair value of financial instruments" due to the Net Asset Value practical expedient. The other short-term investments balance at September 30, 2022 and December 31, 2021 was $30,156 and $279,374, respectively. The cost of other short-term investments at September 30, 2022 and December 31, 2021 was $30,399 and $280,263, respectively.

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 allowance for doubtful accounts, the carrying value of long-lived assets, the carrying value of intangible assets and goodwill, revenue recognition, contingencies, the determination of whether a contract contains a lease, the allocation of consideration between lease and nonlease components, the determination of incremental borrowing rates for leases, the provision for income taxes and related deferred tax accounts, and the fair value of stock-based awards.

Reclassification

Certain amounts in prior periods have been reclassified to conform to the current period presentation.

Recently Issued Accounting Standards - Adopted

In December 2019, FASB issued ASU 2019-12, *Simplification of Income Taxes (Topic 740) Income Taxes* ("ASU 2019-12"). ASU 2019-12 simplifies the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The amendments also improve consistent application of and simplify U.S. GAAP for other areas of Topic 740 by clarifying and amending existing guidance. ASU 2019-12 is effective for public companies for annual periods beginning after December 15, 2020, including interim periods within those fiscal years. The adoption of the ASU did not have a significant impact on the Company's consolidated financial statements.

Recently Issued Accounting Standards - Not Adopted

In August 2020, the FASB issued ASU No. 2020-06, *Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging— Contracts in Entity's Own Equity (Subtopic 815-40)*. The objective of this update is to simplify the accounting for convertible preferred stock by removing the existing guidance in Accounting Standards Codification ("ASC") 470-20, *Debt: Debt with Conversion and Other Options*, ("ASC 470-20"), that requires entities to account for beneficial conversion features and cash conversion features in equity, separately from the host convertible debt or preferred stock. The guidance in ASC 470-20 applies to convertible instruments for which the embedded conversion features are not required to be bifurcated from the host contract and accounted for as derivatives. In addition, the amendments revise the scope exception from derivative accounting in ASC 815-40 for freestanding financial instruments and embedded features that are both indexed to the issuer's own stock and classified in stockholders' equity, by removing certain criteria required for equity classification. These amendments are expected to result in more freestanding financial instruments qualifying for equity classification (and, therefore, not accounted for as derivatives), as well as fewer embedded features requiring separate accounting from the host contract. This amendment also further revises the guidance in ASU 260, *Earnings per Share*, to require entities to calculate diluted EPS for convertible instruments by using the if-converted method. In addition, entities must presume share settlement for purposes of calculating diluted EPS when an instrument may be settled in cash or shares. The amendments in ASU 2020-06 are effective for fiscal years beginning after December 15, 2023, with early adoption permitted. The Company does not expect the adoption of ASU 2020-06 to have a significant impact on its consolidated financial statements.

Note 2 – Revenue

Revenue Recognition

For Short Distance revenue, seats or monthly or annual flight passes 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 as 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 as 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 as the service is completed.

The Company initially records flight sales in its unearned revenue, deferring revenue recognition until the travel occurs. Unearned revenue from customer credit and gift card purchases is recognized as revenue when a flight is flown or upon the expiration of the gift card. Unearned 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 or 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)

Contract liability is 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, 2022 and December 31, 2021, the Company's contract liability balance was $ 6,036 and $5,976, respectively. This balance consists of unearned revenue, prepaid monthly and annual flight passes, customer credits and gift card obligations. Unearned revenue represents principally the flight revenues received in advance of the actual flight. Customer credits represents unearned revenue for flight reservations that typically were cancelled for good reason by the customer. The customer has one year to use the credit as payment for a future flight with the Company. Gift cards represent prepayment of flights. The Company recognizes revenue for expired customer credits and gift cards upon expiration.

The table below presents a roll forward of the contract liability balance:

	Nine Months Ended September 30,	
	2022	**2021**
Balance, beginning of period	$ 5,976	$ 4,418
Additions	58,470	41,991
Revenue recognized	(58,410)	(41,755)
Balance, end of period	$ 6,036	$ 4,654

For the nine months ended September 30, 2022, the Company recognized $4,158 of revenue that was included in the contract liability balance as of January 1, 2022. For the nine months ended September 30, 2021, the Company recognized $2,990 of revenue that was included in the contract liability balance as of January 1, 2021.

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, the second and third quarter (ended on June 30 and September 30, respectively) financial results have reflected higher Short Distance travel demand and were better than the first and fourth quarter (ended March 31 and December 31) financial results. Historically, MediMobility Organ Transport demand has not been seasonal. Jet and Other revenue have historically been stronger in the first and fourth quarter (ended on March 31 and December 31, respectively) given that the Company's by-the-seat jet service has operated only between November and April.

Blade operates in three key lines of business:

- *Short Distance* – Consisting primarily of helicopter and amphibious seaplane flights in the United States, Canada and France between10 and 100 miles in distance. Flights are available for purchase both by-the-seat and on a full aircraft charter basis.
- *MediMobility Organ Transport* – Consisting of transportation of human organs for transplant.
- *Jet and Other* – Consists principally of revenues from non-medical jet charter, by-the-seat jet flights between New York and South Florida, revenue from brand partners for exposure to Blade fliers and certain ground transportation services.

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

Disaggregated revenue by product line was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Product Line(1):				
Short Distance	$ 20,402	$ 13,403	$ 35,568	$ 20,252
MediMobility Organ Transport	20,219	2,245	50,143	5,130
Jet and Other	5,101	4,668	22,274	17,158
Total Revenue	$ 45,722	$ 20,316	$ 107,985	$ 42,540

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

Cost of Revenue

Cost of revenue consists of flight costs paid to operators of aircraft and cars, landing fees and internal costs incurred in generating ground transportation revenue using the Company's owned cars.

Note 3 – Acquisitions

Acquisition of Blade Europe

On September 1, 2022, Blade acquired, through Blade Europe SAS, a wholly-owned French société par actions simplifiée subsidiary (“Blade Europe”),100% of the share capital and voting rights (the “Shares”) of Héli Tickets France SAS (“Héli Tickets France”), a French société par actions simplifiée, which was then renamed “Blade France SAS” (“Blade France”) and of Helicopter Monaco SARL (“Helicopter Monaco”), a Monegasque société à responsabilité limitée, which was then renamed “Blade Monaco SARL” (“Blade Monaco”). These acquisitions are part of Blade growth strategy of leveraging its asset-light model, technology and recognized brand to aggregate the use cases for urban air mobility. The routes in Southern France, Monaco, Italy and Switzerland, meet the criteria given the geography, short distances and large addressable markets. In addition these markets have connectivity to our existing service areas where the Blade brand enjoys recognition, creating the opportunity for cross pollination between our North American and European customer base.

We hereafter refer to the three European legal entities (Blade Europe, Blade France and Blade Monaco) collectively as “Blade Europe”.

Prior to the completion of the acquisition, the sellers completed a series of reorganization transactions in which all assets and liabilities relating to the distribution and commercial passenger transportation activities of Héli Sécurité SAS, a French société par actions simplifiée (“Héli Sécurité”) and Azur Hélicoptère SAS, a French société par action simplifiée (“Azur”) were transferred to Héli Tickets France and all assets and liabilities relating to the distribution and commercial passenger transportation activities of Monacair S.A.M., a Monegasque société anonyme (“Monacair” and collectively with Héli Sécurité and Azur, the “Operators”) were transferred to Helicopter Monaco.

Simultaneously with the acquisition, on September 1, 2022 Blade Europe entered into an Aircraft Operator Agreement (the “Europe AOA”) with the sellers and the Operators. The Europe AOA governs the terms of the operating relationship between the parties thereto, including among other things, the right of Blade to act as exclusive air charter broker and/or reseller of the air transportation services to be operated and provided by the Operators thereto for specific routes at pre-negotiated fixed hourly rates and with a minimum number of annual flight hours guaranteed to the Operators by Blade. The agreement's initial term ends on December 31, 2032 and it will thereafter automatically renew for successive three year periods.

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

The Company accounted for the lease component of the minimum guarantee included in the Europe AOA as an embedded lease, with a corresponding balance included in the operating right-of-use ("ROU") asset and lease liability reported in the Company's unaudited interim condensed consolidated balance sheets (see Note 5).

Blade paid an aggregate cash purchase price for the Shares of Héli Tickets France and Helicopter Monaco of €47,800 ($48,101). Acquisition costs of $2,785 were expensed as incurred and are included in general and administrative expenses in the unaudited interim condensed consolidated statement of operations for the period ended September 30, 2022.

The results of Blade Europe for the period from the September 1, 2022 ("acquisition date") to September 30, 2022 are included in the Short Distance line of business.

Net Assets Acquired

The assets acquired and liabilities assumed have been included in the unaudited interim condensed consolidated financial statements as of the acquisition date. Total assets acquired included a preliminary estimate of identifiable intangible asset of $28,861. At the time of acquisition, the Company recognized an asset for a preliminary estimate of goodwill, determined as the excess of the purchase price over the net fair value of the assets acquired and liabilities assumed that amounted to $19,026. The value of the components within goodwill included expected revenue and cost synergies, exclusivity rights for transportation services, new customers and key personnel.

The purchase price allocation is preliminary and, as additional information becomes available, the Company may further revise the preliminary purchase price allocation during the remainder of the measurement period, which will not exceed 12 months from the acquisition date. Measurement period adjustments will be recognized in the reporting period in which the adjustment amounts are determined. The purchase price was allocated on a preliminary basis as follows:

Accounts receivable	$	1,307
Prepaid expenses and other current assets		190
Property and equipment, net		143
Identifiable intangible assets		28,861
Operating right-of-use asset		11,913
Other non-current assets		69
Total identifiable assets acquired		42,483
Accounts payable and accrued expenses		1,003
Operating lease liability		11,913
Deferred revenue		492
Total liabilities assumed		13,408
Net assets acquired		29,075
Goodwill		19,026
Total consideration	$	48,101

A preliminary assessment of the fair value of identified intangible assets and their respective lives as of the acquisition date are as follows:

	Estimated Useful Life		Fair Value
Exclusive rights to air transportation services	10	$	25,975
Customer list	3		2,886
Total identifiable intangible assets		$	28,861

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

Preliminary identified intangible assets in the table above are amortized on a straight-line basis over the estimated useful lives. The Company believes that the straight-line method of amortization is the most appropriate methodology as it is supported by the pattern in which the economic benefits of the intangible assets are consumed.

Unaudited Pro Forma Information

The following unaudited pro forma financial information presents what our results would have been had Blade Europe been acquired on January 1, 2021.The unaudited pro forma information presented below is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the consolidated business had the acquisition actually occurred at the beginning of 2021 or of the results of our future operations of the consolidated business.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	**2021**	**2022**	**2021**
Reported Revenue	$ 45,722	$ 20,316	$ 107,985	$ 42,540
Impact of Blade Europe	10,846	12,038	23,702	16,624
Pro forma Revenue	$ 56,568	$ 32,354	$ 131,687	$ 59,164

The Company did not include net profit (loss) pro forma information as it is deemed impractical. Historical information was not available as the acquired companies have never operated as stand-alone businesses with the distribution and commercial transportation activities being operated by a different party than the operational activities. The pro forma profit (loss) of the acquired companies is based primarily on the hourly flying rates set annually with the Operators through the Europe AOA. As this agreement did not exist prior to the acquisition, it is not possible to compute the pro forma profit (loss) for these entities.

Note 4 – Goodwill and Intangible Assets

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

Goodwill balance, December 31, 2021	$ 13,328
Additions(1)	19,026
Foreign currency translation	(502)
Goodwill balance, September 30, 2022	$ 31,852

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

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

The following table presents information about the Company's intangible assets as of:

		September 30, 2022			December 31, 2021		
	Estimated Useful Life	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Exclusive rights to air transportation services(1)(2)	5-10 years	$ 36,788	$ (2,127)	$ 34,661	$ 12,357	$ (206)	$ 12,151
Customer list(1)	3-10 years	14,352	(1,974)	12,378	11,542	(957)	10,585
Domain name	Indefinite	504	—	504	504	—	504
Trademarks	6-10 years	1,006	(179)	827	1,006	(51)	955
Developed technology	3 years	250	(87)	163	250	(24)	226
Total		$ 52,900	$ (4,367)	$ 48,533	$ 25,659	$ (1,238)	$ 24,421

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(1) Includes preliminary estimate for intangible assets associated with the acquisition of Blade Europe. See Note 3 for additional information.
(2) Exclusive rights to air transportation services include exclusive rights to Helijet's scheduled passenger routes in Canada acquired in 2021.

For the three months ended September 30, 2022 and 2021, amortization of its finite-lived intangible assets were $1,247 and $102, respectively. For the nine months ended September 30, 2022 and 2021, amortization of its finite-lived intangibles assets were $3,246 and $196, respectively.

As of September 30, 2022, the estimated amortization expense of its finite-lived intangible assets for each of the next five years are as follows:

For the Year Ended December 31,	
2022 (balance of the year)	$ 1,816
2023	7,179
2024	7,051
2025	6,680
2026	5,864

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

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

As of September 30, 2022, the Company has three significant leases: an operating lease for office space located at 55 Hudson Yards in New York, New York for an initial term of 2.5 years, signed in May 2022; and aircraft leases that are embedded within two of our capacity purchase agreements, one signed in April 2022 for a three-year term for up to 6 aircraft and the other signed in September 2022 (the "Europe AOA", see Note 3). The Europe AOA was signed simultaneously with the acquisition of Blade Europe and is for an initial ten-year term for 14 aircraft. The Company allocated the consideration in the capacity purchase agreements to the lease and nonlease components based on their relative standalone value. The nonlease components for these agreements primarily consist of the costs associated with flight operations. The Company determined its best estimate of the standalone value of the individual components by considering observable information from publicly available market rates.

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

Under the April 2022 capacity purchase agreement, Blade has the right to terminate the agreement without cause upon 60 days' written notice, upon such termination the flight hour guarantee will be pro-rated to the date of the termination and the operator will be entitled to retain any unapplied deposit paid by Blade at the time of such termination, in addition, Blade has the right for immediate termination with no penalty if a government authority enacts travel restrictions.

Under the Europe AOA, the number of aircraft available to Blade and the corresponding number of minimum flight hours guaranteed to the operators by Blade, could be adjusted at the beginning of each calendar year upon reaching a mutual agreement.

See Note 9, "Commitments and Contingencies", for additional information about our capacity purchase agreements.

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

Operating leases:	September 30, 2022	December 31, 2021
Operating right-of-use asset	$ 16,944	$ 713
Operating lease liability, current	2,627	438
Operating lease liability, long-term	14,516	278

As of September 30, 2022, included in the table above is $13,839, $1,080 and $12,855 of operating right-of-use asset, current operating lease liability, and long-term operating lease liability, respectively, under aircraft leases that are embedded within the capacity purchase agreements. As of December 31, 2021 there were no aircraft leases embedded within a capacity purchase agreement.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
Lease cost:	2022	2021	2022	2021
Short-term lease cost	$ 116	$ 43	$ 213	$ 121
Operating lease cost	341	112	751	343
Operating lease cost - Cost of revenue	398	—	648	—
Total	$ 855	$ 155	$ 1,612	$ 464

Operating lease costs related to aircraft leases that are embedded within a capacity purchase agreements are reported as part of Cost of revenue.

Other information related to leases is presented below:

	September 30, 2022
Weighted-average discount rate – operating lease	8.40 %
Weighted-average remaining lease term – operating lease (in years)	7.7

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

As of September 30, 2022, the expected annual minimum lease payments of the Company's operating lease liabilities were as follows:

For the Year Ended December 31,	
Remainder of 2022	$ 593
2023	4,535
2024	4,117
2025	2,136
2026	1,847
Thereafter	11,017
Total future minimum lease payments, undiscounted	24,245
Less: Imputed interest for leases in excess of one year	(7,102)
Present value of future minimum lease payments	$ 17,143

Note 6 – Stock-Based Compensation

Stock Option Awards

Following is a summary of stock option activities for the nine months ended September 30, 2022:

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life (years)	Intrinsic Value
Outstanding – January 1, 2022	8,084,676	$ 0.19	$ 0.21	5.6	$ 69,875
Granted	—	—	—		
Exercised	(450,143)	0.18	0.22		
Forfeited	—	—	—		
Outstanding – September 30, 2022	7,634,533	$ 0.19	$ 0.21	4.8	$ 29,335
Exercisable as of September 30, 2022	7,634,533	$ 0.19	$ 0.21	4.8	$ 29,335

For the three months ended September 30, 2022 and 2021, the Company recorded $0 in stock option expense. For the nine months ended September 30, 2022 and 2021, the Company recorded $0 and $765, respectively, in stock option expense. The fair value of stock options is amortized on a straight-line basis over the requisite service periods of the respective awards. As of September 30, 2022, $0 of stock options remain subject to amortization.

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

Restricted Stock

During the three months ended September 30, 2022, the Company granted an aggregate of150,118 of the Company's restricted stock units to various employees, officers, directors, consultants, and service providers under the 2021 Equity Incentive Plan. The restricted stock units have various vesting dates, ranging from vesting on the grant date to as late as four years from the date of grant.

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested – January 1, 2022	2,373,523	$ 8.22
Granted	571,031	6.89
Vested	(518,957)	8.05
Forfeited	(72,580)	8.44
Non-vested – September 30, 2022	2,353,017	$ 8.19

For the three months ended September 30, 2022 and 2021, the Company recorded $1,685 and $3,924 in employee and officers restricted stock compensation expense. For the nine months ended September 30, 2022 and 2021, the Company recorded $5,627 and $7,581 in employee and officers restricted stock compensation expense. As of September 30, 2022, unamortized stock-based compensation costs related to restricted share arrangements was $13,943 and will be recognized over a weighted average period of 2.4 years.

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,	
	2022	2021	2022	2021
Software development	$ 189	$ 325	$ 718	$ 481
General and administrative	1,439	3,371	4,657	7,630
Selling and marketing	57	228	252	235
Total stock-based compensation expense	$ 1,685	$ 3,924	$ 5,627	$ 8,346

Note 7 – Income Taxes

The Company has not recorded tax benefits on the loss before income taxes due to a full valuation allowance that offsets potential deferred tax assets resulting from net operating loss ("NOL") carry forwards, reflecting the inability to demonstrate the realizability of such loss carry forwards.

Tax expenses recorded in the quarter ended September 30, 2022 are attributable to Blade France net profits.

As of September 30, 2022, the Company has a net deferred tax liability, due to what is referred to as a "naked credit." The naked credit exists when a deferred tax liability can only be offset up to 80% by NOLs generated in tax years beginning in 2018 and beyond, as well as NOLs available after consideration of IRC Section 382 limitation. The remaining portion that cannot be used remains as a liability. In future years, if the deferred tax assets are determined by management to be "more likely than not" to be realized, the recognized tax benefits relating to the reversal of the valuation allowance as of September 30, 2022 will be recorded. The Company will continue to assess and evaluate strategies that will enable the deferred tax asset, or portion thereof, to be utilized, and will reduce the valuation allowance appropriately as such time when it is determined that the "more likely than not" criteria is satisfied.

The Company recorded an income tax benefit of$3,643 for the three and nine months ended September 30, 2021. The Company follows the provisions of the accounting guidance on accounting for income taxes which requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. A valuation allowance is provided to reduce the deferred tax asset to a level which, more likely than not, will be realized.

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

Note 8 – Earnings Per 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Basic and dilutive loss per common share:				
Net loss	$ (9,245)	$ (9,184)	$ (11,845)	$ (37,691)
Total weighted-average basic common shares outstanding	71,466,085	69,011,623	71,099,764	48,814,039
Net loss per common share:				
Basic and dilutive loss per common share	$ (0.13)	$ (0.13)	$ (0.17)	$ (0.77)

The following table represents common stock equivalents that were excluded from the computation of diluted earnings per share for the three and nine months ended September 30, 2022 and 2021, because the effect of their inclusion would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Warrants to purchase shares of common stock	14,166,644	14,166,666	14,166,644	14,166,666
Options to purchase shares of common stock	7,634,533	8,978,185	7,634,533	8,978,185
Restricted shares of common stock	2,353,017	2,137,132	2,353,017	2,137,132
Total potentially dilutive securities	24,154,194	25,281,983	24,154,194	25,281,983

Note 9 – Commitments and Contingencies

Capacity Purchase Agreements

Blade has contractual relationships with various aircraft operators to provide aircraft service. Under these Capacity Purchase Agreements (“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, 2022, the Company has a remaining unfulfilled obligation for the years ending December 31, 2022, 2023, 2024, 2025, and for each of the years ending December 31, 2026 through 2032 under agreements with various aircraft operators to purchase flights with an aggregate value of approximately $1,811, $11,437, $15,876, $14,748 and $7,248, respectively. The above remaining unfulfilled obligation includes amounts within operating lease liability related to aircraft leases embedded within two of the capacity purchase agreements as discussed in Note 5 – Right-of-Use Asset and

Operating Lease Liability. Blade has the right for immediate termination of certain agreements if a government authority enacts travel restrictions, this right is applicable to unfulfilled obligation for the years ending December 31, 2022, 2023, 2024 and 2025 with an aggregate value of approximately $0, $4,189, $8,628 and $7,500, respectively. In addition, obligations amounting to $0, $3,925, $7,500 and $7,500 for the years ending December 31, 2022, 2023, 2024 and 2025, respectively, could be terminated by Blade for convenience upon 30 or 60 days' notice with the 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, 2022, 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.

On April 1, 2021, Shoreline Aviation, Inc. (SAI) filed an Amended Complaint in the United States District Court for the Eastern District of New York naming Cynthia L. Herbst, Sound Aircraft Flight Enterprises, Inc (SAFE)., Ryan A. Pilla, Blade Urban Air Mobility, Inc., Robert Wiesenthal and Melissa Tomkiel as defendants. The case is captioned Shoreline Aviation, Inc. v. Sound Aircraft Flight Enterprises, Inc. et al., No. 2:20-cv-02161-JMA-SIL (E.D.N.Y.). The complaint alleged, among other things, claims of misappropriation, violation of the Defend Trade Secrets Act, unfair competition, tortious interference with business relations, constructive trust, tortious interference with contract, and aiding and abetting breach of fiduciary duty against Blade, Robert Wiesenthal and Melissa Tomkiel (together the "Blade Defendants"). On March 16, 2022, SAI and the Blade Defendants filed a Joint Stipulation and Order of Dismissal with Prejudice in the Court, in which, SAI and the Blade Defendants stipulated and agreed that pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), all of SAI's claims against the Blade Defendants were dismissed with prejudice. The Blade Defendants expressly denied any wrongdoing and did not admit any liability.

Trinity Air Medical, LLC ("Trinity"), a wholly owned subsidiary of Blade Urban Air Mobility, Inc., has received a federal grand jury subpoena seeking records related to the provision of transplant transportation services. Trinity is cooperating with the subpoena.

Note 10 – Warrant Liabilities

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.

The Company will not be obligated to deliver any shares of common stock pursuant to the exercise of a warrant and will have no obligation to settle such warrant exercise unless a registration statement under the Securities Act with respect to the shares of common stock underlying the warrants is then effective and a prospectus relating thereto is current, subject to the Company satisfying its obligations with respect to registration. No warrant will be exercisable, and the Company will not be obligated to issue any shares of common stock upon exercise of a warrant unless common stock, issuable upon such warrant exercise, has been registered, qualified, or deemed to be exempt under the securities laws of the state of residence of the registered holder of the warrants. On June 10, 2022, the Company's post-effective amendment on Form S-3 to its registration statement on Form S-1 registering the shares issuable upon exercise of the warrants was declared effective by the SEC.

Redemptions of Warrants for Cash — Once the warrants become exercisable, 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.

If and when the warrants become redeemable by the Company, the Company may exercise its redemption right even if it is unable to register or qualify the underlying securities for sale under all applicable state securities laws.

Redemption of Warrants for Shares of Common Stock— Commencing ninety days after the warrants become exercisable, 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.

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. 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 11 – 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.

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

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, 2022 and December 31, 2021, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

	Level	September 30, 2022	December 31, 2021
Warrant liabilities - Public Warrants	1	$ 5,867	$ 20,258
Warrant liabilities - Private Warrants	2	3,200	11,050
Fair value of aggregate warrant liabilities		$ 9,067	$ 31,308

The Warrants were accounted for as liabilities in accordance with ASC 815-40 and are presented within "Warrant liability" on the Company's unaudited interimcondensed 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 the Closing Date 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.

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, 2022	$ 20,258	$ 11,050	$ 31,308
Change in fair value of warrant liabilities	(14,391)	(7,850)	(22,241)
Fair value as of September 30, 2022	$ 5,867	$ 3,200	$ 9,067

Note 12 – COVID-19 Risks and Uncertainties

COVID-19, which was declared a global health pandemic by the World Health Organization in March 2020, has driven the implementation and continuation of significant government-imposed measures to prevent or reduce its spread, including travel restrictions, "shelter in place" orders, and business closures. At the onset of the pandemic, we experienced a substantial decline in the demand for our Short Distance passenger services due to travel restrictions that significantly reduced the number of commercial airline passengers and office closures that required many people to work from home, lowering commuter demand. However, we continued to see increasing demand for our MediMobility Organ Transport and Jet and Other services throughout the pandemic.

As a result of the decline in Short Distance demand, we paused our New York airport service from March 2020 through June 2021. Additionally, we implemented new measures to focus on the personal safety of our air and ground passengers during the pandemic, which did not materially increase our costs, and significantly reduced the number of Short Distance flights we offered in the typically high-demand summer season during 2020.

We began to see a recovery in Short Distance demand in Summer 2021. However, adverse developments related to the pandemic, such as the emergence of new viral strains that are not responsive to the vaccine, a reduction in business travel in favor of virtual meetings, or a continued lack of demand for air travel from the public, could slow the recovery of our Short Distance products and postpone our ability to launch planned route expansions.

Note 13 – Subsequent Events

In November 2022, the Company granted an aggregate of4,627,161 of the Company's restricted stock units to various employees and officers under the 2021 Omnibus Incentive Plan. These restricted stock units will vest over a four year period with the latest vesting on January 1, 2027. The weighted average grant date fair value of these restricted stock units is $4.62 per share.

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 September 30, 2021.

On February 1, 2022, the Board of Directors approved a change of the Company's fiscal year-end from September 30 to December 31. The Company's 2022 fiscal year began on January 1, 2022 and will end on December 31, 2022.

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 includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results and therefore are, or may be deemed to be, "forward-looking statements." 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 and the markets in which we operate. Such forward-looking statements are based on available current market material and management's expectations, beliefs and forecasts concerning future events impacting us. Factors that may impact such forward-looking statements include: the duration and severity of the COVID-19 pandemic, failure of the markets for our offerings to grow as expected, or at all; our ability to attract and retain customers and increase existing customer utilization rates; the inability or unavailability to use or take advantage of the shift, or lack thereof, to EVA technology or the failure of such technology to deliver the expected results and cost savings; our ability to successfully enter new markets and launch new offerings; accidents or safety-related events involving small aircraft that create adverse publicity; the effects of competition; effects of pricing pressures; injuries to our reputation and brand; challenges to our ability to provide quality customer support at scale; events that cause decreases in our daily aircraft usage rates and flier utilization rates; shifts in customer preferences, discretionary spending and the ability of our customers to pay for our services; disruption of operations at the heliports and airports where our operations are concentrated; risks associated climate change, including potential increased impacts of severe weather and regulatory activity; the availability of aircraft fuel; technology system failures, defects, errors, or vulnerabilities and cyber-based attacks; our ability to receive favorable placements in mobile application marketplaces and effectively operate our mobile operating systems and applications; our ability to protect our intellectual property rights; risks related to our use of open source software; our ability to maintain and expand our facility and infrastructure network; our ability to obtain additional funding on acceptable terms, or at all; our ability to successfully navigate international expansion; our ability to identify, complete and successfully integrate acquisitions; our ability to manage future growth effectively; our ability or that of our third-party operators to obtain sufficient insurance at reasonable cost, or at all; the loss of key members of our management team; disruptions in the operations of our third-party operators, their failure to perform adequately, or their misuse of Blade-branded aircraft; the loss of our existing relationships with third-party operators or our inability to attract and retain qualified new operators to meet demand; disruptions or interference in our use of third-party web services; changes in our regulatory environment, including aviation law and FAA regulations; regulatory obstacles that may block our ability to offer our services in certain jurisdictions on a profitable basis, or at all; our ability to comply with privacy, data protection, consumer protections and environmental laws and regulations and changes to such laws and their interpretations; our ability to remediate any material weaknesses or maintain effective a system of disclosure controls and internal control over financial reporting; changes in the fair value of our warrants; and other factors beyond our control. These forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those in the forward-looking statements, including, without limitation, the risks set forth in "Risk Factors" included in the Annual Report on Form 10-K for the year ended September 30, 2021, and in our other filings with the Securities and Exchange Commission (the SEC). Except as required by law, we do not assume any obligation to update any forward-looking statements, whether as a result of new information, changes in expectations, future events or otherwise.

Merger and Organization

On May 7, 2021 (the "Closing Date"), privately held Blade Urban Air Mobility, Inc., a Delaware corporationformed on December 22, 2014, ("Old Blade") consummated the previously announced transactions contemplated by the Agreement and Plan of Merger (the "Merger Agreement"), dated December 14, 2020, by and among Experience Investment Corp. ("EIC"), Experience Merger Sub, Inc., a wholly owned subsidiary of EIC ("Merger Sub"), and Old Blade. The Merger Agreement provided for the acquisition of Old Blade by EIC pursuant to the merger of Merger Sub with and into EIC (the "Merger"), with Old Blade continuing as the surviving entity and a wholly-owned subsidiary of EIC. On the Closing Date, and in connection with the closing of the business combination (the "Closing"), EIC changed its name to Blade Air Mobility, Inc. Unless the context indicates otherwise, the discussion of the Company and its financial condition and results of operations is with respect to Blade following the Closing Date and with respect to Old Blade prior to the Closing Date.
See Note 3 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended September 30, 2021for additional information.

Acquisitions

On September 15, 2021, the Company completed its acquisition of 100% of Trinity Air Medical, Inc. ("Trinity") shares. Trinity is an asset-light, multi-modal organ transport business working with transplant centers and organ procurement organizations in 16 states.

On November 30, 2021, the Company through its wholly-owned subsidiaries Blade Urban Air Mobility, Inc. and Blade Urban Air Mobility (Canada) Inc. ("Blade Canada") entered into an agreement with Helijet International, Inc. ("Helijet"), a British Columbia-based aviation solutions company and with Pacific Heliport Services Ltd. ("PHS"), a wholly-owned subsidiary of Helijet. Pursuant to this agreement, Blade Canada has acquired exclusive rights to offer scheduled helicopter flights operated by Helijet and to utilize passenger terminals at heliports controlled by PHS. The agreement has an initial term of five years and will be automatically renewed for successive two-year periods. This transaction gave Blade access into the Canadian market and it launched Blade Canada in December 2021.

Acquisition of Blade Europe

On September 1, 2022, Blade acquired, through Blade Europe SAS, a wholly-owned French société par actions simplifiée subsidiary ("Blade Europe"), 100% of the share capital and voting rights (the "Shares") of Héli Tickets France SAS ("Héli Tickets France"), a French société par actions simplifiée, which was then renamed "Blade France SAS" ("Blade France") and of Helicopter Monaco SARL ("Helicopter Monaco"), a Monegasque société à responsabilité limitée, which was then renamed "Blade Monaco SARL" ("Blade Monaco"). These acquisitions are part of Blade growth strategy of leveraging its asset-light model, technology and recognized brand to aggregate the use cases for urban air mobility. The routes in Southern France, Monaco, Italy and Switzerland, meet the criteria given the geography, short distances and large addressable markets. In addition these markets have connectivity to our existing service areas where the Blade brand enjoys recognition, creating the opportunity for cross pollination between our North American and European customer base.

We hereafter refer to the three European legal entities (Blade Europe, Blade France and Blade Monaco) collectively as "Blade Europe".

Prior to the completion of the acquisition, the sellers completed a series of reorganization transactions in which all assets and liabilities relating to the distribution and commercial passenger transportation activities of Héli Sécurité SAS, a French société par actions simplifiée ("Héli Sécurité") and Azur Hélicoptère SAS, a French société par action simplifiée ("Azur") were transferred to Héli Tickets France and all assets and liabilities relating to the distribution and commercial passenger transportation activities of Monacair S.A.M., a Monegasque société anonyme ("Monacair" and collectively with Héli Sécurité and Azur, the "Operators") were transferred to Helicopter Monaco.

Simultaneously with the acquisition, on September 1, 2022 Blade Europe entered into an Aircraft Operator Agreement (the "Europe AOA") with the sellers and the Operators. The Europe AOA governs the terms of the operating relationship between the parties thereto, including among other things, the right of Blade to act as exclusive air charter broker and/or reseller of the air transportation services to be operated and provided by the Operators thereto for specific routes at pre-negotiated fixed hourly rates and with a minimum number of annual flight hours guaranteed to the Operators by Blade. The agreement's initial term ends on December 31, 2032 and it will thereafter automatically renew for successive three year periods.

The Company accounted for the lease component of the minimum guarantee included in the Europe AOA as an embedded lease, with a corresponding balance included in the operating right-of-use ("ROU") asset and lease liability reported in the Company's unaudited interim condensed consolidated balance sheets (see Note 5).

Blade paid an aggregate cash purchase price for the Shares of Héli Tickets France and Helicopter Monaco of €47.8 million ($48.1 million). Acquisition costs of $2.8 million were expensed as incurred and are included in general and administrative expenses in the unaudited interim condensed consolidated statement of operations for the period ended September 30, 2022.

The results of Blade Europe for the period from the September 1, 2022 ("acquisition date") to September 30, 2022 are included in the Short Distance line of business.

Business Overview

Blade is a technology-powered, global air mobility platform committed to reducing travel friction by providing cost-effective air transportation alternatives to some of the most congested ground routes in the U.S. and abroad. Today, we predominantly use helicopters and amphibious aircraft for our passenger routes and are also one of the largest air medical transporters of human organs for transplant in the world. Our asset-light model, coupled with our exclusive passenger terminal infrastructure, is designed to facilitate a seamless transition to Electric Vertical Aircraft ("EVA" or "eVTOL"), enabling lower cost air mobility to the public that is both quiet and emission-free. Blade currently operates in three key lines of business:

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

- *MediMobility Organ Transport* – Consisting of transportation of human organs for transplant.

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

Our Business Model

Blade leverages an asset-light business model: we neither own nor operate aircraft. 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 the client 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.

We typically prenegotiate fixed hourly rates and flight times with our aircraft operators, paying only for flights actually flown, creating a predictable and flexible cost structure. Blade will sometimes provide guaranteed flight commitments to our aircraft operators.

Blade's proprietary "customer-to-cockpit" technology stack enables us to manage fliers and organ transports across numerous simultaneous flights, coordinating multiple operators flying between terminals across our route network. We believe that this technology, which provides us with enhanced logistics capabilities and information from our fliers signaling their interest in new routes, 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 flier volume, new routes, new operators, broader flight schedules, 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 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. In the interim, we purchase offsets to contract the carbon emissions generated by our urban air mobility services.

Key Business Metric

We collect, measure, and evaluate operating and financial data of our business to evaluate our performance, measure our progress, and make strategic decisions. The following table reflects the key operating metric we use to evaluate our business:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
Seats flown – all passenger flights(1)	28,440	13,897	75,175	22,123

(1) Prior period amounts have been updated to conform to current period presentation. The 2022 figures do not include seats flown by Blade Europe from the acquisition date through September 30, 2022.

We define "Seats flown — all passenger flights" as the total number of seats purchased by paying passengers on all flights, whether sold by-the-seat or within a charter arrangement, and excluding organ transportation flights regardless of whether the organ is accompanied by a medical team. Our long-term consumer-facing strategy is primarily focused on growth in by-the-seat products, and we believe that "Seats flown — all passenger flights" 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; growth in these areas is captured by "Seats flown — all passenger flights," but has less impact on revenue, which is heavily influenced by our MediMobility Organ Transport and Jet and Other product lines where we typically fly fewer or sometimes no passengers over long distances at a high price. We believe the "Seats flown — all passenger flights" metric is useful to investors in understanding the overall scale of our business and trends in the number of passengers paying to use our service.

Recent Developments — Impact of COVID-19

COVID-19, which was declared a global health pandemic by the World Health Organization in March 2020, has driven the implementation and continuation of significant government-imposed measures to prevent or reduce its spread, including travel restrictions, "shelter in place" orders, and business closures. At the onset of the pandemic, we experienced a substantial decline in the demand for our Short Distance passenger services due to travel restrictions that significantly reduced the number of commercial airline passengers and office closures that required many people to work from home, lowering commuter demand. However, we continued to see increasing demand for our MediMobility Organ Transport and Jet and Other services throughout the pandemic.

As a result of the decline in Short Distance demand, we paused our New York airport service from March 2020 through June 2021. Additionally, we implemented new measures to focus on the personal safety of our air and ground passengers during the pandemic, which did not materially increase our costs, and significantly reduced the number of Short Distance flights we offered in the typically high-demand summer season during 2020.

We began to see a recovery in Short Distance demand in Summer 2021. However, adverse developments related to the pandemic, such as the emergence of new viral strains that are not responsive to the vaccine, a reduction in business travel in favor of virtual meetings, or a continued lack of demand for air travel from the public, could slow the recovery of our Short Distance products and postpone our ability to launch planned route expansions. For example, the emergence of the Omicron variant resulted in a negative impact to our Short Distances services during the quarter ending March 31, 2022, while our MediMobility Organ Transport and Jet and Other businesses remained unaffected. This impact of the Omnicron variant on Short Distance services began to dissipate in the quarter ending June 30, 2022. In the quarter ending September 30, 2022 our U.S. Short Distance revenue surpassed pre-pandemic revenue levels, however, Canadian Short Distance revenue still lags pre-pandemic levels, driven primarily by lower business travel activity in our core Vancouver market.

Factors Affecting our Performance

Ability to attract and retain fliers in our Short Distance business

Our success depends in part on our ability to cost-effectively attract new fliers, retain existing fliers and increase utilization of our services by current fliers. We plan to continue making significant investments and implementing 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. Moreover, 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.

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

Our MediMobility Organ Transport business primarily serves transplant centers and Organ Procurement Organizations (OPOs and, together, MediMobility Customers). Transportation for the hearts, lungs and livers that make up the vast majority of this business 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 MediMobility Customers evaluate our performance. We utilize the same fixed wing aircraft and aircraft operators for our retail jet charter customers, who are also primarily concerned with availability and pricing, but typically book with much more advance notice.

Historically, the combination of Blade's retail jet charter and MediMobility Organ Transport demand, has been enough to incentivize operators to provide dedicated jet aircraft and crews for our MediMobility Organ Transport and Jet and Other product lines. However, there is no guarantee that we will continue to be able to secure dedicated aircraft at favorable rates, particularly given recent significant increases in demand for private jet aircraft in the United States. Recent increased demand for private jets has led to increased charter costs and more limited availability in the spot jet charter market, but has not limited Blade's ability to maintain or increase our access to dedicated jet aircraft at fixed prices.

Impact of inflation to our business

Blade generally pays a fixed hourly rate to its third-party operators, based on flight hours flown. These rates are susceptible to inflation and are typically renegotiated on a yearly basis, with the exception of certain aircraft utilized primarily for organ transportation, which can be on two to three year contracts. Some contracts with operators allow for pass-through of fuel price increases above a set threshold. Blade has historically passed through cost inflation to customers and most contracts with organ transportation clients automatically pass through any fuel surcharges, but there is no guarantee this will continue in the future.

Expansion into New Geographic Markets

Our consumer-facing growth plan is focused on dense urban areas, primarily those with existing air transportation infrastructure that are facing increasing ground congestion. In these areas, Blade's 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. 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. 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.

Growth of our business will require significant investments in our infrastructure, technology, and marketing and sales efforts. Historically, cash flow from operations has not been sufficient to support these needs. If our business does not generate the level of available cash flow required to support these investments, our results of operations will be negatively affected. Further, our ability to effectively manage growth and expansion of our operations will also require us to enhance our operational systems, internal controls and infrastructure, human resources policies, and reporting systems. These enhancements will require significant capital expenditures and allocation of valuable management and employee resources.

Development, approval and acceptance of EVA for passenger travel

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, manufacturers, individual operators that will purchase EVA, and pilots must receive requisite approvals from federal transportation authorities before EVA can fly passengers. No EVA aircraft are currently certified by the FAA for commercial operations in the United States, and 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. We believe our existing short distance routes are compatible with EVA, which are initially expected to have a limited range, and our existing terminal space will accommodate EVA. 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

Historically, we experienced significant seasonality in our Short Distance businesses 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 quarters ended March 31 (Q1) and December 31 (Q4). In calendar year 2020, we experienced less seasonality as a result of the COVID-19 pandemic and related restrictions, which altered typical travel patterns. In 2021, we saw a recovery in demand for summer travel, resulting in a return to more typical seasonality. Thus far in 2022, we have seen a continued recovery in demand trends more in line with typical seasonality, however we did experience a minimal impact from the COVID-19 Omicron variant during the first quarter. Blade's Short Distance expansion strategy is focused on routes with significantly less seasonality, such as intercity transfers, airport, and year-round commuter routes.

Historically, MediMobility Organ Transport demand has not been seasonal.

Jet and Other revenue have historically been stronger in the first and fourth quarter (ended on March 31 and December 31, respectively) given that the Company's by-the-seat jet service has operated only between November and April.

Key Components of the Company's Results of Operations

Revenue

For Short Distance revenue, seats or monthly or annual flight passes 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 as 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 as 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 as the service is completed.

Cost of Revenue

Cost of revenue consists of flight costs paid to operators of aircraft and cars, landing fees and internal costs incurred in generating ground transportation revenue using the Company's owned cars.

Software Development

Software development expenses consist primarily of staff costs and stock-based compensation costs. Software development costs are expensed as incurred.

General and Administrative

General and administrative expenses principally include personnel costs, stock-based compensation, facility fees, credit card processing fees, and professional fees. We expect that general and administrative expenses will increase for the foreseeable future as we expand our service offerings to additional cities and increase flight volumes on existing routes.

Selling and Marketing

Selling and marketing expenses consist primarily of advertising costs, staff salaries and stock-based compensation, marketing expenses, and promotion costs. We expect that selling and marketing expenses will increase for the foreseeable future as they represent a key component of our initiatives to expand into new markets. 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 unaudited interim condensed consolidated statements of operations for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)			
Revenue	$ 45,722	$ 20,316	$ 107,985	$ 42,540
Operating expenses				
Cost of revenue(1)	36,456	15,855	90,685	33,628
Software development(1)	2,026	844	3,923	1,456
General and administrative(1)	15,812	12,115	41,934	26,748
Selling and marketing(1)	1,856	1,231	5,294	2,433
Total operating expenses	56,150	30,045	141,836	64,265
Loss from operations	(10,428)	(9,729)	(33,851)	(21,725)
Other non-operating income (expense)				
Change in fair value of warrant liabilities	425	(3,418)	22,241	(18,331)
Realized loss from sale of short-term investments	(359)	—	(2,071)	—
Recapitalization costs attributable to warrant liabilities	—	11	—	(1,731)
Interest income, net	1,173	309	1,892	453
Total other non-operating income (expense)	1,239	(3,098)	22,062	(19,609)
Loss before income taxes	(9,189)	(12,827)	(11,789)	(41,334)
Income tax expense (benefit)	56	(3,643)	56	(3,643)
Net loss	$ (9,245)	$ (9,184)	$ (11,845)	$ (37,691)

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

Comparison of the Three Months Ended September 30, 2022 and 2021

Revenue

	Three Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
Revenue	$ 45,722	$ 20,316	125 %

Disaggregated revenue by product line was as follows:

	Three Months Ended September 30,	
	2022	2021
	(in thousands)	
Product Line(1):		
Short Distance	$ 20,402	$ 13,403
MediMobility Organ Transport	20,219	2,245
Jet and Other	5,101	4,668
Total Revenue	$ 45,722	$ 20,316

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

For the three months ended September 30, 2022 and 2021, revenue increased by $25.4 million or 125%, from $20.3 million in 2021 to $45.7 million in 2022.

Short Distance revenue increased by $7.0 million in 2022, an increase of 52%, from $13.4 million in 2021 to $20.4 million in 2022. Growth in Short Distance was driven by price increases implemented in the United States during 2022, the acquisition of Blade Europe (which contributed one month of activity), the launch of Blade Canada in December 2021, and volume growth in our by-the-seat airport transfer products.

MediMobility Organ Transport revenue increased by $18.0 million in 2022, an increase of 801% from $2.2 million in 2021 to $20.2 million in 2022. Growth in MediMobility Organ Transport was driven by the acquisition of Trinity completed in mid-September 2021, the addition of new hospital clients and growth within existing clients, both in terms of trip volume and average price per trip as hospitals accepted more organs for transplant involving longer travel distances.

Jet and Other revenue increased by $0.4 million in 2022, an increase of 9%, from $4.7 million in 2021 to $5.1 million. Growth was driven by an increase in the average price per jet charter trip, partially offset by lower revenues from brand partners.

Cost of Revenue

	Three Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
Cost of revenue(1)	$ 36,456	$ 15,855	130 %
Percentage of revenue	80 %	78 %	

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

For the three months ended September 30, 2022 and 2021, cost of revenue increased by $20.6 million, or 130%, from $15.9 million during 2021 to $36.5 million in 2022 driven by increased flight volume and an increase in the average price per trip.

Cost of revenue as a percentage of revenues increased by 2 percentage points from 78% to 80%, attributable primarily to (i) a shift in revenue mix towards MediMobility Organ Transport, which has higher cost of revenue as a percentage of revenue compared with our Short Distance products; (ii) increased volumes in our by-the-seat airport transfer products, which continued to operate below breakeven during the ramp period; and (iii) the Blade Canada business that launched in late December 2021, which operated at breakeven during the three months ended September 30, 2022, as business travel demand remained below pre-pandemic levels.

Software Development

	Three Months Ended September 30,		% Change
	2022	2021	
	(in thousands, except percentages)		
Software development(1)	$ 2,026	844	140 %
Percentage of revenue	4 %	4 %	

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

For the three months ended September 30, 2022 and 2021, software development costs increased $1.2 million, or 140%, from $0.8 million during 2021 to $2.0 million in 2022, attributable primarily to: (i) a $0.7 million increase in staff costs and consulting costs related to improvements to our software following our expansion to Europe and Canada; and (ii) $0.6 million professional fees in connection with a user experience re-design project, partially offset by a decrease of $0.1 million in stock based compensation.

General and Administrative

	Three Months Ended September 30,		% Change
	2022	2021	
	(in thousands, except percentages)		
General and administrative(1)	$ 15,812	$ 12,115	31 %
Percentage of revenue	35 %	60 %	

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

For the three months ended September 30, 2022 and 2021, general and administrative expense increased by $3.7 million, or 31%, from $12.1 million during 2021 to $15.8 million in 2022.

The primary drivers of the net increase were: (i) a $3.3 million increase in staff costs attributable to new hires in order to support our significant growth, both organically and through our acquisitions of Trinity (September 2021) and Blade Europe (September 2022); (ii) a $1.6 million increase due to accruals related to our short term incentive plan for the year 2022, to be paid in 2023, which includes $1.1 million related to the first two quarters of this calendar year; and (iii) a $1.2 million increase in intangibles amortization costs as a result of the accounting for the acquisitions of Trinity, Blade Canada, and Blade Europe; (vi) partially offset by a $2.0 million decrease in stock-based compensation costs.

Selling and Marketing

	Three Months Ended September 30,		% Change
	2022	2021	
	(in thousands, except percentages)		
Selling and marketing(1)	$ 1,856	$ 1,231	51 %
Percentage of revenue	4 %	6 %	

For the three months ended September 30, 2022 and 2021, selling and marketing expense increased by $0.6 million, or 51%, from $1.2 million during 2021 to $1.9 million in 2022. The increase is attributable primarily to higher marketing spend associated with an increase in Short Distance flights in 2022 versus 2021.

Other non-operating income (expense)

	Three Months Ended September 30, 2022	2021	% Change
	(in thousands, except percentages)		
Change in fair value of warrant liabilities	$ 425	$ (3,418)	(112)%
Realized loss from sale of short-term investments	(359)	—	NM(1)
Recapitalization costs attributable to warrant liabilities	—	11	NM(1)
Interest income, net	1,173	309	280%
Total other non-operating income (expense)	$ 1,239	$ (3,098)	(140)%

(1) Percentage not meaningful

For the three months ended September 30, 2022, other non-operating income consisted of: (i) $0.4 million non-cash income due to fair value revaluation of warrant liabilities as the value of the warrant liabilities fluctuates with the warrants' market price; (ii) $0.4 million realized loss from the sale of short-term investments during the quarter; and (iii) $1.2 million interest income, net of interest expense. We earn interest income on our money market and short-term investments, the increase over the prior year period is attributable to higher interest rates in the current year period.

Comparison of the Nine Months Ended September 30, 2022 and 2021

Revenue

	Nine Months Ended September 30, 2022	2021	% Change
	(in thousands, except percentages)		
Revenue	$ 107,985	$ 42,540	154 %

Disaggregated revenue by product line was as follows:

	Nine Months Ended September 30, 2022	2021
	(in thousands)	
Product Line(1):		
Short Distance	$ 35,568	$ 20,252
MediMobility Organ Transport	50,143	5,130
Jet and Other	22,274	17,158
Total Revenue	$ 107,985	$ 42,540

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

For the nine months ended September 30, 2022 and 2021, revenue increased by $65.5 million or 154%, from $42.5 million in 2021 to $108.0 million in 2022.

Short Distance revenue increased by $15.3 million or 76% from $20.3 million in 2021 to $35.6 million in 2022. Growth in Short Distance was driven by: the launch of Blade Canada in December 2021; growth in US short distance revenue due to higher demand and higher utilization along with price increases implemented in the 2022 period; the reintroduction of our by-the-seat airport transfer products in June 2021; and the acquisition of Blade Europe in September 2022.

MediMobility Organ Transport revenue increased by $45.0 million or 877% from $5.1 million in 2021 to $50.1 million in 2022. Growth in MediMobility Organ Transport was driven by the acquisition of Trinity completed in mid-September 2021, the addition of new hospital clients and growth within existing clients.

Jet and Other revenue increased by $5.1 million, an increase of 30% from $17.2 million in 2021 to $22.3 million in 2022 . Growth in Jet was driven by an increase in the average price per jet charter trip and increased flight volumes on our seasonal by-the-seat jet services between New York and South Florida, partially offset by lower revenues from brand partners and ground transportation services.

Cost of Revenue

	Nine Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
Cost of revenue(1)	$ 90,685	$ 33,628	170 %
Percentage of revenue	84 %	79 %	

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

For the nine months ended September 30, 2022 and 2021, cost of revenue increased by $57.1 million or 170%, from $33.6 million during 2021 to $90.7 million in 2022 driven by increased flight volume and an increase in the average price per trip.

Cost of revenue as a percentage of revenues increased by 5 percentage points from 79% to 84%, attributable primarily to (i) a shift in revenue mix towards MediMobility Organ Transport, which has higher cost of revenue as a percentage of revenue compared with our Short Distance products; (ii) the impact of the Omicron variant on demand for travel in Vancouver, Canada, where significant public health restrictions were in effect during the period.; and (iii) the reintroduction of our by-the-seat airport transfer service in June 2021, which is currently operating below breakeven during the ramp period, as expected.

Software Development

	Nine Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
Software development(1)	$ 3,923	1,456	169 %
Percentage of revenue	4 %	3 %	

For the nine months ended September 30, 2022 and 2021, software development costs increased $2.5 million, or 169%, from $1.5 million during 2021 to $3.9 million in 2022, attributable primarily to: (i) a $1.7 million increase in staff costs and consulting costs related to improvements to our software following our expansion to Europe and Canada; (ii) $0.6 million professional fees in connection with a user experience re-design project; and (iii) an increase of $0.2 million in stock based compensation.

General and Administrative

	Nine Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
General and administrative(1)	$ 41,934	$ 26,748	57 %
Percentage of revenue	39 %	63 %	

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

For the nine months ended September 30, 2022 and 2021, general and administrative expense increased by $15.2 million, or 57%, from $26.7 million in 2021 to $41.9 million in 2022.

The primary drivers of the increase were: (i) a $8.2 million increase in staff costs attributable to new hires in order to support our significant growth, both organically and through our acquisition of Trinity (September 2021) and Blade Europe (September 2022) as well as the requirement for additional roles following the Company becoming public in May 2021; (ii) a $3.1 million increase in intangibles amortization costs as a result of the accounting for the acquisitions of Trinity, Blade Canada and Blade Europe; (iii) a $4.3 million increase in legal and regulatory advocacy fees and M&A transaction fees, which we do not expect to reoccur at this level. The legal and regulatory advocacy fees were in connection with the proposed flight volume restrictions at East Hampton Airport, potential operational restrictions on large jet aircraft at Westchester Airport and our recent settlement of the Shoreline matter; (iv) a $1.6 million increase due to the accruals related to our short term incentive plan for the year 2022 to be paid in 2023 (v) a $5.3 million increase across various general and administrative items (e.g., $1.1 million in travel and offices expenses to support our growth, $0.7 million D&O insurance costs, $0.7 million in state franchise taxes); (vi) partially offset by a $4.4 million decrease in costs related to the initial public listing and $2.9 million decrease in stock-based compensation costs.

Selling and Marketing

	Nine Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
Selling and marketing(1)	$ 5,294	$ 2,433	118 %
Percentage of revenue	5 %	6 %	

For the nine months ended September 30, 2022 and 2021, selling and marketing expense increased by $2.9 million, or 118%, from $2.4 million in 2021 to $5.3 million in 2022. The increase is attributable primarily to a $2.1 million higher marketing spend associated with an increase in Short Distance flights in 2022 versus 2021 as well as increased media spend in connection with the re-launched Blade Airport transfer service and a $0.3 million increase in staff costs due to hiring.

Other non-operating income (expense)

	Nine Months Ended September 30,		
	2022	2021	% Change
	(in thousands, except percentages)		
Change in fair value of warrant liabilities	$ 22,241	$ (18,331)	(221)%
Realized loss from sale of short-term investments	(2,071)	—	NM(1)
Recapitalization costs attributable to warrant liabilities	—	(1,731)	NM(1)
Interest income, net	1,892	453	318%
Total other non-operating income (expense)	$ 22,062	$ (19,609)	(213)%

(1) Percentage not meaningful

For the nine months ended September 30, 2022, other non-operating income consists of: (i) $22.2 million non-cash income due to fair value revaluation of warrant liabilities as the value of the warrant liabilities fluctuates with the warrants' market price; (ii) a $2.1 million realized loss from sale of short-term investments; and (iii) $1.9 million interest income, net of interest expense. We earn interest income on our money market and short-term investments, the increase over the prior year period is attributable to higher interest rates in the current year period.

Quarterly Disaggregated Revenue

The following table sets forth our unaudited quarterly disaggregated revenue by product line for each of the eight quarters leading up to the period ended September 30, 2022. These unaudited quarterly disaggregated revenue by product line have been prepared on the same basis as our unaudited interim condensed consolidated financial statements included in this Quarterly Report on Form 10-Q.

	Three Months Ended			
	September 30, 2022	June 30, 2022	March 31, 2022	December 31, 2021
	(in thousands)			
Product Line:(1)				
Short Distance	$ 20,402	$ 10,963	$ 4,203	$ 6,255
MediMobility Organ Transport	20,219	17,249	12,675	9,822
Jet and Other	5,101	7,421	9,752	8,541
Total Revenue	$ 45,722	$ 35,633	$ 26,630	$ 24,618

	Three Months Ended			
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020
	(in thousands)			
Product Line:(1)				
Short Distance	$ 13,403	$ 5,798	$ 1,051	$ 2,210
MediMobility Organ Transport	2,245	1,550	1,335	1,271
Jet and Other	4,668	5,603	6,887	4,505
Total Revenue	$ 20,316	$ 12,951	$ 9,273	$ 7,986

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

Liquidity and Capital Resources

Sources of Liquidity

Since inception and until May 2021, Old Blade financed its operations primarily from sales of convertible preferred stock. On May 7, 2021 the Company raised $333.3 million in net proceeds upon the consummation of the merger with EIC and the sale of common stock through a private investment in public equity ("PIPE") financing. As of September 30, 2022 and December 31, 2021, we had cash and cash equivalents of $51.8 million and $2.6 million, respectively, and restricted cash of $1.1 million and $0.6 million, respectively. In addition, as of September 30, 2022 we had $150.4 million of short-term investments consisting of a traded mutual fund which could be liquidated with a one day notice and held-to-maturity government securities with maturity terms of less than 365 days. We anticipate that our available cash and cash equivalents and short-term investments will be sufficient to meet our current operational needs for at least the next 12 months from the date of filing this Quarterly Report. Our long-term liquidity 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.

Liquidity Requirements

As of September 30, 2022, we had net working capital of $1.8 million. We had a net loss of $11.8 million and $37.7 million for the nine months ended September 30, 2022 and 2021, 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, 2022, we had commitments with various aircraft operators to purchase flights with an aggregate value of $1.8 million and $11.4 million for the years ending December 31, 2022 and 2023, respectively. $4.2 million of which may be cancelled by us immediately if a government authority enacts travel restrictions and $3.9 million of which could be terminated by Blade for convenience upon 30 or 60 days' notice with the annual minimum guarantee being pro-rated as of the termination date. See "—Capacity Purchase Agreements" within Note 9 to the unaudited interim condensed consolidated financial statements for additional information and for information about future periods.

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 long-term liquidity 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, 2022	Nine Months Ended September 30, 2021	% Change
	(in thousands, except percentages)		
Net cash used in operating activities	$ (28,026)	$ (15,614)	79 %
Net cash provided by / (used in) investing activities	78,878	(320,801)	(125)%
Net cash (used in) / provided by financing activities	(1,084)	333,660	(100)%

Operating Activities

For the nine months ended September 30, 2022, net cash used in operating activities was $28.0 million, primarily driven by a net loss of $11.8 million, $5.3 million cash used for working capital requirements and adjusted for non-cash items consisting of income from change in fair value of warrant liabilities of $22.2 million, stock-based compensation expense of $5.6 million, depreciation and amortization of $3.7 million, realized loss of $2.1 million from the sale of short-term investments and $0.3 million accretion of interest income on held-to-maturity securities. The $5.3 million cash used for working capital requirements was primarily driven by an increase in accounts receivable of $4.5 million due to rapid growth in MediMobility Organ Transport, an increase in prepaid expenses and other current assets of $3.8 million driven by prepayments to operators in connection with new capacity purchase agreements, an increase in deferred revenue of $0.4 million driven by client prepayments and an increase in other non-current assets of $1.1 million driven by an office lease deposit. Those increases were partially offset by an increase in accounts payable and accrued expenses of $4.3 million in line with the increase in our activity and a $0.2 million increase in lease liabilities.

For the nine months ended September 30, 2021, net cash used in operating activities was $15.6 million, primarily driven by a net loss of $37.7 million, $3.1 million cash used for working capital requirements and adjusted for non-cash items consisting of loss from change in fair value of warrant liabilities of $18.3 million, stock-based compensation expense of $8.3 million, $3.6 million deferred tax benefit, $1.7 million recapitalization costs attributable to warrant liabilities and depreciation and amortization of $0.5 million. The $3.1 million cash used for working capital requirements was primarily driven by a $3.9 million increase in prepaid expenses and other current assets driven by prepayment of full year D&O insurance premiums, partially offset by a $0.6 million increase in accounts payable and accrued expenses and a $0.2 million increase in deferred revenue driven by client prepayments.

Investing Activities

For the nine months ended September 30, 2022, net cash provided by investing activities was $78.9 million, driven by $248.4 million of proceeds from the sale of other short-term investments, partially offset by $120.5 million in purchases of held-to-maturity securities, $48.1 million in consideration paid for the acquisition of Blade Europe, $0.7 million in purchases of property and equipment and $0.2 million additional investment in our joint venture in India.

For the nine months ended September 30, 2021, net cash used in investing activities was $320.8 million, driven by a $308.8 million purchase of other short-term investments, $23.1 million in consideration paid for Trinity, and $0.3 million in purchases of property and equipment, partially offset by $11.3 million of proceeds from the sale of other short-term investments.

Financing Activities

For the nine months ended September 30, 2022, net cash used in financing activities was $1.1 million, primarily reflecting payroll tax payments made on behalf of employees in exchange for shares withheld by the Company from their equity awards upon vesting ("net share settlement").

For the nine months ended September 30, 2021, net cash provided by financing activities was $333.7 million, primarily reflecting cash received of $215.1 million from the Merger with EIC, cash received of $119.6 million from the issuance of common stock under our PIPE financing, partially offset by the $1.2 million repayment of the PPP Loan.

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 Note 2 to the Company's consolidated financial statements in our Annual Report on Form 10-K for the year ended September 30, 2021 and to "Use of Estimates" section of Note 1 "Description of Business and Summary of Significant Accounting Policies" in the unaudited interim condensed consolidated financial statements.

Item 3. Quantitative and qualitative disclosures about market risk

We are exposed to market risks in the ordinary course of business. These risks primarily include interest rate risk and foreign currency risk. Blade has not, to date, been exposed to material market risks.

Our earnings and cash flows are affected by changes in the interest rates due to the impact those changes have on our interest income from short-term, interest-bearing investments.

We are exposed to foreign currency risks related to our revenue and operating expenses denominated in currencies other than the U.S. dollar (predominantly the Canadian dollar and the Euro). Accordingly, changes in exchange rates may negatively affect our future revenue and other operating results as expressed in U.S. dollars. We might experience fluctuations in our net income (loss) as a result of transaction gains or (losses) related to remeasurement of our asset and liability balances that are denominated in currencies other than the functional currency of the entities in which they are recorded.

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")). Our evaluation of internal controls over financial reporting did not include the internal controls of Blade Europe, which was acquired on September 1, 2022 and is included in our consolidated financial statements and constituted approximately 0.5% of total assets as of September 30, 2022 and 2% of sales and net loss, respectively, for the period then ended. The Company is currently in the process of integrating Blade Europe into its internal control over financial reporting process pursuant to the Sarbanes-Oxley Act of 2002. The Company is evaluating changes to processes, information technology systems and other components of internal controls over financial reporting as part of its ongoing integration activities, and as a result, controls may be periodically changed. The Company believes, however, that it will be able to maintain sufficient controls over its financial reporting throughout this integration process.

Based on their evaluation of our disclosure controls and procedures, with the exclusion of Blade Europe, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2022, 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 weakness - the Company has not developed a formal framework that enables management to assess the effectiveness of internal controls over financial reporting, specifically lacking evidential matter to support:

- Management's evaluation of whether the internal controls are designed to prevent or detect material misstatements or omissions;
- Management's conclusion that controls tests were appropriately planned and performed to adequately assess the operating effectiveness of the controls; and
- That the results of the control tests were appropriately considered.

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 weakness in its internal control over financial reporting.

Notwithstanding the material weakness, management has concluded that the unaudited interimcondensed 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

The Company is remediating this material weakness as efficiently and effectively as possible, with the hiring of a Director of Internal Controls to assist in the overall evaluation and documentation of the design and operating effectiveness of our internal controls over financial reporting.

These plans are subject to ongoing review by senior management with Audit Committee oversight. As we continue to evaluate and work to improve our internal control over financial reporting, management may implement additional measures to address the material weakness or modify the remediation plan described above and will continue to review and make necessary changes to the overall design of our internal controls over financial reporting. The Company expects to complete the required remedial action during 2022.

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, 2022.

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

In the opinion of management, other than as described below, we are not involved in any claims, legal actions, or regulatory proceedings as of September 30, 2022, the ultimate disposition of which would have a material adverse effect on our consolidated financial position, results of operations, or cash flows.

On April 1, 2021, Shoreline Aviation, Inc. (SAI) filed an Amended Complaint in the United States District Court for the Eastern District of New York naming Cynthia L. Herbst, Sound Aircraft Flight Enterprises, Inc. (SAFE), Ryan A. Pilla, Blade Urban Air Mobility, Inc.(Blade), Robert Wiesenthal and Melissa Tomkiel as defendants. The case is captioned *Shoreline Aviation, Inc. v. Sound Aircraft Flight Enterprises, Inc. et al., No. 2:20-cv-02161-JMA-SIL (E.D.N.Y.).* The complaint alleged, among other things, claims of misappropriation, violation of the Defend Trade Secrets Act, unfair competition, tortious interference with business relations, constructive trust, tortious interference with contract, and aiding and abetting breach of fiduciary duty against Blade, Robert Wiesenthal and Melissa Tomkiel (together the "Blade Defendants"). On March 16, 2022, SAI and the Blade Defendants filed a Joint Stipulation and Order of Dismissal with Prejudice in the Court, in which, SAI and the Blade Defendants stipulated and agreed that pursuant to Federal Rule of Civil Procedure 41(a)(1)(A)(ii), all of SAI's claims against the Blade Defendants were dismissed with prejudice. The Blade Defendants expressly denied any wrongdoing and did not admit any liability.

Trinity Air Medical, LLC ("Trinity"), a wholly owned subsidiary of Blade Urban Air Mobility, Inc., has received a federal grand jury subpoena seeking records related to the provision of transplant transportation services. Trinity is cooperating with the subpoena.

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 September 30, 2021. 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 and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other information

Executive Compensation

On November 8, 2022 and November 9, 2022, the Compensation Committee granted our named executive officers certain restricted stock units ("RSUs") under the Company's 2021 Omnibus Incentive Plan (the "Plan") as described below.

Name and Principal Position	RSUs (#)
Robert S. Wiesenthal	2,365,028
Chief Executive Officer	
Melissa M. Tomkiel	931,791
President and General Counsel	
William A. Heyburn	916,323
Chief Financial Officer and Head of Corporate Development	

Upon vesting, each RSU represents the right to receive one share of the Company's common stock. Subject to the terms and conditions of the Plan and the applicable award agreement, the RSUs will vest according to the following schedule: 6.25% (rounded down to the nearest whole number) on the first day of every calendar quarter following January 1, 2023 (with the first tranche to vest on April 1, 2023), with any remaining unvested RSUs to vest on January 1, 2027, in each case subject to such award recipient remaining continuously employed in good standing by the Company through the applicable vesting date.

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 10, 2022	By:	/s/ Robert S. Wiesenthal
	Name:	Robert S. Wiesenthal
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: November 10, 2022	By:	/s/ William A. Heyburn
	Name:	William A. Heyburn
	Title:	Chief Financial Officer (Principal Financial Officer)
Date: November 10, 2022	By:	/s/ Amir M. Cohen
	Name:	Amir M. Cohen
	Title:	Chief Accounting Officer (Principal Accounting Officer)

Exhibit 31.1

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Robert S. Wiesenthal, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Blade Air Mobility, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022	By:	/s/ Robert S. Wiesenthal
	Name:	Robert S. Wiesenthal
	Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 31.2

CERTIFICATION
PURSUANT TO RULE 13a-14 AND 15d-14
UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, William A. Heyburn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Blade Air Mobility, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2022	By:	/s/ William A. Heyburn
	Name:	William A. Heyburn
	Title:	Chief Financial Officer (Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Blade Air Mobility, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, Robert S. Wiesenthal, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 10, 2022	By:	/s/ Robert S. Wiesenthal
	Name:	Robert S. Wiesenthal
	Title:	Chief Executive Officer (Principal Executive Officer)

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Blade Air Mobility, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2022, as filed with the Securities and Exchange Commission (the "Report"), I, William A. Heyburn, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as added by §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. To my knowledge, the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of and for the period covered by the Report.

Date: November 10, 2022	By:	/s/ William A. Heyburn
	Name:	William A. Heyburn
	Title:	Chief Financial Officer (Principal Financial Officer)