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, 2023

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 1, 2023, there were 74,633,754 shares of the registrant's Common Stock, $0.0001 par value per share, issued and outstanding.

BLADE AIR MOBILITY, INC.

FORM 10-Q

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2023	December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	$ 36,815	$ 43,296
Restricted cash	1,459	1,127
Accounts receivable, net of allowance of $148 and $0 at September 30, 2023 and December 31, 2022	21,040	10,877
Short-term investments	136,414	150,740
Prepaid expenses and other current assets	13,009	12,086
Total current assets	208,737	218,126
Non-current assets:		
Property and equipment, net	3,322	2,037
Investment in joint venture	390	390
Intangible assets, net	41,572	46,365
Goodwill	39,229	39,445
Operating right-of-use asset	23,290	17,692
Other non-current assets	974	970
Total assets	$ 317,514	$ 325,025
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued expenses	$ 18,768	$ 16,536
Deferred revenue	6,835	6,709
Operating lease liability, current	4,760	3,362
Total current liabilities	30,363	26,607
Non-current liabilities:		
Warrant liability	3,260	7,083
Operating lease liability, long-term	19,588	14,970
Deferred tax liability	1,426	1,876
Total liabilities	54,637	50,536
Commitments and Contingencies (Note 9)		
Stockholders' Equity		
Preferred stock, $0.0001 par value, 2,000,000 shares authorized at September 30, 2023 and December 31, 2022. No shares issued and outstanding at September 30, 2023 and December 31, 2022.	—	—
Common stock, $0.0001 par value; 400,000,000 authorized; 74,208,433 and 71,660,617 shares issued at September 30, 2023 and December 31, 2022, respectively.	7	7
Additional paid in capital	386,953	375,873
Accumulated other comprehensive income	1,730	2,287
Accumulated deficit	(125,813)	(103,678)
Total stockholders' equity	262,877	274,489
Total Liabilities and Stockholders' Equity	$ 317,514	$ 325,025

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue	$ 71,442	$ 45,722	$ 177,702	$ 107,985
Operating expenses				
Cost of revenue	55,863	36,456	144,590	90,685
Software development	1,076	2,026	3,639	3,923
General and administrative	19,265	15,812	53,932	41,934
Selling and marketing	2,686	1,856	8,025	5,294
Total operating expenses	78,890	56,150	210,186	141,836
Loss from operations	(7,448)	(10,428)	(32,484)	(33,851)
Other non-operating income (expense)				
Interest income, net	2,147	1,173	6,178	1,892
Change in fair value of warrant liabilities	5,719	425	3,823	22,241
Realized loss from sales of short-term investments	—	(359)	(95)	(2,071)
Total other non-operating income	7,866	1,239	9,906	22,062
Income (loss) before income taxes	418	(9,189)	(22,578)	(11,789)
Income tax expense (benefit)	129	56	(443)	56
Net income (loss)	$ 289	$ (9,245)	$ (22,135)	$ (11,845)
Net income (loss) per share (Note 7):				
Basic	$ —	$ (0.13)	$ (0.30)	$ (0.17)
Diluted	$ —	$ (0.13)	$ (0.30)	$ (0.17)
Weighted-average number of shares outstanding:				
Basic	74,139,422	71,466,085	73,108,263	71,099,764
Diluted	81,006,859	71,466,085	73,108,263	71,099,764

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Net income (loss)	$ 289	$ (9,245)	$ (22,135)	$ (11,845)
Other comprehensive income:				
Net unrealized investment income (losses)	—	101	39	(1,419)
Less: Reclassification adjustment for losses included currently in net income (loss)	—	359	64	2,071
Foreign currency translation adjustments for the period	(1,500)	(2,334)	(660)	(2,016)
Other comprehensive loss	(1,500)	(1,874)	(557)	(1,364)
Comprehensive loss	$ (1,211)	$ (11,119)	$ (22,692)	$ (13,209)

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balances as of July 1,2023	**73,169,003**	**$ 7**	**$ 383,629**	**$ 3,230**	**$ (126,102)**	**$ 260,764**
Issuance of common stock upon exercise of stock options	47,228	—	9	—	—	9
Issuance of common stock upon settlement of restricted stock units	996,062	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	3,330	—	—	3,330
Shares withheld related to net share settlement	(3,860)	—	(15)	—	—	(15)
Other comprehensive loss	—	—	—	(1,500)	—	(1,500)
Net income	—	—	—	—	289	289
Balances as of September 30, 2023	**74,208,433**	**$ 7**	**$ 386,953**	**$ 1,730**	**$ (125,813)**	**$ 262,877**
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)
Balance as of September 30, 2022	**71,506,665**	**$ 7**	**$ 373,223**	**$ (2,262)**	**$ (88,263)**	**$ 282,705**

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
Balance as of January 1, 2023	**71,660,617**	**$ 7**	**$ 375,873**	**$ 2,287**	**$ (103,678)**	**$ 274,489**
Issuance of common stock upon exercise of stock options	348,013	—	63	—	—	63
Issuance of common stock upon settlement of restricted stock units	1,830,986	—	—	—	—	—
Stock-based compensation - restricted stock	—	—	9,348	—	—	9,348
Shares withheld related to net share settlement	(15,939)	—	(116)	—	—	(116)
Issuance of common stock for settlement of contingent consideration compensation (earn-out)	384,756	—	1,785	—	—	1,785
Other comprehensive loss	—	—	—	(557)	—	(557)
Net loss	—	—	—	—	(22,135)	(22,135)
Balances as of September 30, 2023	**74,208,433**	**$ 7**	**$ 386,953**	**$ 1,730**	**$ (125,813)**	**$ 262,877**
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**

See Notes to Unaudited Interim Condensed Consolidated Financial Statements

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

	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Cash Flows From Operating Activities:		
Net loss	$ (22,135)	$ (11,845)
Adjustments to reconcile net loss to net cash and restricted cash used in operating activities:		
Depreciation and amortization	5,305	3,741
Stock-based compensation	9,348	5,627
Change in fair value of warrant liabilities	(3,823)	(22,241)
Realized loss from sales of short-term investments	95	2,071
Realized foreign exchange loss	6	7
Accretion of interest income on held-to-maturity securities	(4,716)	(311)
Deferred tax benefit	(443)	—
Loss on disposal of property and equipment	—	197
Bad debt expense	171	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(1,104)	(3,781)
Accounts receivable	(10,379)	(4,461)
Other non-current assets	(8)	(1,059)
Operating right-of-use assets/lease liabilities	421	196
Accounts payable and accrued expenses	4,086	4,255
Deferred revenue	147	(417)
Other	—	(5)
Net cash used in operating activities	(23,029)	(28,026)
Cash Flows From Investing Activities:		
Acquisitions, net of cash acquired	—	(48,101)
Investment in joint venture	—	(190)
Purchase of property and equipment	(2,085)	(719)
Purchase of short-term investments	(135)	(578)
Proceeds from sales of short-term investments	20,532	248,377
Purchase of held-to-maturity investments	(265,835)	(139,911)
Proceeds from maturities of held-to-maturity investments	264,537	20,000
Net cash provided by investing activities	17,014	78,878
Cash Flows From Financing Activities:		
Proceeds from the exercise of common stock options	63	81
Taxes paid related to net share settlement of equity awards	(116)	(1,165)
Net cash used in financing activities	(53)	(1,084)
Effect of foreign exchange rate changes on cash balances	(81)	(9)
Net (decrease) increase in cash and cash equivalents and restricted cash	(6,149)	49,759
Cash and cash equivalents and restricted cash - beginning	44,423	3,225
Cash and cash equivalents and restricted cash - ending	$ 38,274	$ 52,984
Reconciliation to the unaudited interim condensed consolidated balance sheets		
Cash and cash equivalents	$ 36,815	$ 51,845
Restricted cash	1,459	1,139
Total	$ 38,274	$ 52,984
Non-cash investing and financing activities		
New leases under ASC 842 entered into during the period	$ 8,920	$ 5,871

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's Passenger reporting segment 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 Medical reporting segment arranges air medical transportation of human organs in the United States, providing end-to-end logistics for transplant centers and organ procurement organizations utilizing helicopters, jets, turboprops and ground vehicles. Blade's platform utilizes an asset-light business model, providing transportation to its customers through a network of contracted aircraft operators. Blade does not own or operate aircraft.

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, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023. These financial statements should be read in conjunction with the Company's consolidated financial statements and accompanying notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022.

Short-Term Investments

Held-to-Maturity Securities
The Company's investments in held-to-maturity securities consist of investment grade U.S. Treasury obligations with maturity dates of less than 365 days. The Company has the ability and intention to hold these securities until maturity. Accordingly, these securities are recorded in the Company's unaudited interim condensed consolidated balance sheet at amortized cost and interest is recorded within interest income on the Company's unaudited interim condensed consolidated statement of operations. The held-to-maturity securities balance at September 30, 2023 and December 31, 2022 was $136,414 and $130,382, respectively. The market value of the held-to-maturity securities at September 30, 2023 and December 31, 2022 was $136,341 and $130,352, respectively.

Other Short-Term Investments
Other short-term investments consist of highly-liquid investments available for sale. 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, 2023 and December 31, 2022 was $— and $20,358, respectively. The cost of other short-term investments at September 30, 2023 and December 31, 2022 was $— and $20,460, respectively.

Accounts Receivable and Allowances for Expected Credit Losses

Accounts receivable consists principally of amounts due from the Company's MediMobility Organ Transport customers, which are large hospitals that receive terms for payment, in addition, a smaller balance is due from the Company's European institutional clients (hotels and travel agencies) who do not pay prior to the flights, The allowance for expected credit losses on receivables is used to present accounts receivable, net at an amount that represents the Company's estimate of the related transaction price recognized as revenue. The allowance represents an estimate of expected credit losses over the lifetime of the receivables, even if the loss is considered remote, and reflects expected recoveries of amounts previously written-off. We have determined our allowance for expected credit losses based on a specific evaluation of individual receivables and an analysis of past default experience for remaining receivables. We have historically not experienced significant losses on our receivables. We generally do not require customers to provide collateral for purchases. During the nine months ended September 30, 2023, the Company recorded an allowance for credit losses of $148 for potential uncollectible accounts.

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 carrying value of long-lived assets, the fair value of intangible assets and goodwill, 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 and the provision for income taxes and related deferred tax accounts.

Recently Issued Accounting Standards - Adopted

On January 1, 2023, we adopted ASU 2021-08, *Accounting for Contract Assets and Contract Liabilities From Contracts With Customers*, or ASU 2021-08, that requires acquiring companies to apply ASC 606 to recognize and measure contract assets and contract liabilities from contracts with customers acquired in a business combination consistent with those recorded by the acquiring company. The Company does not have significant contracts with customers requiring performance beyond delivery. To the extent we acquire additional companies in our existing lines of business, the adoption of this standard will not have a material impact on our results of operations or financial position.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments.* The ASU changes accounting for credit losses on loans receivable and debt securities from an incurred loss methodology to an expected credit loss methodology. Among other things, ASU 2016-13 requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Accordingly, ASU 2016-13 requires the use of forward-looking information to form credit loss estimates. In addition, ASU 2016-13 amends the accounting for credit losses on debt securities and purchased financial assets with credit deterioration. The Company adopted ASU 2016-13 as of January 1, 2023. The company's financial assets that are subject to the new standard are predominantly accounts receivable and short-term investments classified as held-to-maturities (e.g., U.S. Treasury obligations). The Company's receivables consist principally of MediMobility Organ Transport customers, which are large hospitals that receive terms of 45 days or less. U.S. Treasury obligations are rated as investment grade with maturities of less than 365 days. Given our historical experience, the short duration lifetime of these financial assets and the short time horizon over which to consider expectations of future economic conditions, the company assessed that non-collection of the cost basis of these financial assets is remote. The adoption of ASU 2016-13 did not materially impact the Company's unaudited interim condensed consolidated financial statements.

Recently Issued Accounting Pronouncements - 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 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 earnings per share (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

Short Distance products are typically purchased using the Blade App and paid for principally via credit card transactions, wire, check, customer credit, and gift cards, with payments principally collected by the Company in advance of the performance of related services in the United States. In Europe, approximately 40% of the revenue is driven by hotels and travel agencies who receive 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.

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.

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

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.

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, 2023 and December 31, 2022, the Company's contract liability balance was $ 6,835 and $6,709, 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,	
	2023	**2022**
Balance, beginning of period	$ 6,709	$ 5,976
Additions	58,492	58,470
Revenue recognized	(58,366)	(58,410)
Balance, end of period	$ 6,835	$ 6,036

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

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 product lines across two segments (see Note 5 - "Segment and Geographic Information" for further information on reportable segments):

Passenger segment

- *Short Distance* – Consisting primarily of helicopter and amphibious seaplane flights in the United States, Canada and Europe between10 and 100 miles in distance. Flights are available for purchase both by-the-seat and on a full aircraft charter basis.

- *Jet and Other* – Consists principally of revenues from non-medical jet charter, 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)

Medical segment

- *MediMobility Organ Transport* – Consisting of transportation of human organs for transplant and/or the medical teams supporting these services.

Disaggregated revenue by product line and segment was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Passenger Segment				
Short Distance	$ 30,388	$ 20,402	$ 59,997	$ 35,568
Jet and Other	7,607	5,101	23,092	22,274
Total	$ 37,995	$ 25,503	$ 83,089	$ 57,842
Medical Segment				
MediMobility Organ Transport	$ 33,447	$ 20,219	$ 94,613	$ 50,143
Total	$ 33,447	$ 20,219	$ 94,613	$ 50,143
Total Revenue	$ 71,442	$ 45,722	$ 177,702	$ 107,985

Note 3 – Right-of-Use Asset and Operating Lease Liability

Blade's operating leases consist of airport and heliport terminals, offices, vehicles and aircraft leases that are embedded within certain 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.

During the nine months ended September 30, 2023, the Company has added the following leases in accordance with ASC 842, the details of which are discussed as follows.

A CPA for two aircraft was executed in August 2023, commencing from May 23, 2023 until August 31, 2024. In case of early termination by Blade, a one-year flight hour guarantee will be pro-rated to the date of the termination. In addition, Blade has the right for immediate termination with no penalty if a government authority enacts travel restrictions.

A CPA for three aircraft was restated and amended in September 2023 for modified revenue guarantees and additionalfive months (for a total three-year term ending July 31, 2026). In case of early termination by Blade, a one-year revenue guarantee will be pro-rated to the date of the termination. In addition, Blade has the right for immediate termination with no penalty if a government authority enacts travel restrictions.

A CPA for seven aircraft was restated and amended in March 2023 for an additionaltwo years for a total five-year term, ending March 31, 2028 (previous term was forthree-years ending March 31, 2025 forsix aircraft). Blade has the right to terminate the agreement without cause upon 60 days' written notice, upon such termination a one-year 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.

The Company allocated the consideration in the capacity purchase agreements to the lease and non-lease components based on their relative standalone value. The non-lease 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)

In addition, during the third quarter of 2023, the Company recognized a right-of-use asset and a lease liability for a pre-existing terminal facility lease in New York City. Prior to the third quarter this lease had been accounted for as short term lease, in accordance with its contractual terms. Following the completion of leasehold improvements to the facilities, the Company reassessed the likelihood of renewal and determined that the lease would be extended to a longer term. As a result, this lease is now accounted for as an operating lease with a corresponding balance included in the ROU asset and lease liability on the balance sheet.

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:

	September 30, 2023	December 31, 2022
Operating leases:		
Operating right-of-use asset	$ 23,290	$ 17,692
Operating lease liability, current	4,760	3,362
Operating lease liability, long-term	19,588	14,970

As of September 30, 2023, included in the table above is $20,709, $3,140 and $18,576 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, 2022, included in the table above is $14,916, $1,748 and $13,705 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.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Lease cost:				
Short-term lease cost	$ 127	$ 116	$ 347	$ 213
Operating lease cost	528	341	1,489	751
Operating lease cost - Cost of revenue	1,247	398	3,387	648
Total	$ 1,902	$ 855	$ 5,223	$ 1,612

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

Other information related to leases is presented below:

	September 30, 2023
Weighted-average discount rate – operating lease	9.00 %
Weighted-average remaining lease term – operating lease (in years)	6.4

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

As of September 30, 2023, the expected annual minimum lease payments of the Company's operating lease liabilities were as follows:

For the Year Ended December 31	
Remainder of 2023	$ 1,761
2024	6,557
2025	5,266
2026	4,626
2027	3,925
Thereafter	10,522
Total future minimum lease payments, undiscounted	32,657
Less: Imputed interest for leases in excess of one year	(8,309)
Present value of future minimum lease payments	$ 24,348

Note 4 – Stock-Based Compensation

Stock Option Awards

Following is a summary of stock option activities for the nine months ended September 30, 2023:

	Options	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Weighted Average Remaining Life (years)	Intrinsic Value
Outstanding – January 1, 2023	7,603,864	$ 0.19	$ 0.21	4.6	$ 25,795
Granted	—	—	—		
Exercised	(348,013)	0.18	0.23		
Forfeited	—	—	—		
Outstanding – September 30, 2023	7,255,851	$ 0.19	$ 0.21	3.8	$ 17,429
Exercisable as of September 30, 2023	7,255,851	$ 0.19	$ 0.21	3.8	$ 17,429

For the three months ended September 30, 2023 and 2022, the Company recorded no stock option expense. As of September 30, 2023, there are no remaining stock options subject to amortization.

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

Restricted Stock

During the three months ended September 30, 2023, the Company granted an aggregate of400,058 of the Company's restricted stock units ("RSUs") to various employees, officers, directors, consultants, and service providers under the Blade Air Mobility, Inc. 2021 Omnibus Incentive Plan. The RSUs have various vesting dates, ranging from vesting on the grant date to as late as four years from the date of grant. The Company's current default tax withholding method for the vesting of RSUs is the sell-to-cover method, under which shares with a market value equivalent to the estimated tax withholding obligation are withheld from the holder of the RSUs upon vesting and sold on behalf of such holder to cover their applicable tax withholding liability, and the cash proceeds from such sales are then remitted by the Company to the applicable tax authorities. This approach is used for the vesting of RSUs held by the majority of the Company's employees, including all of the Company's Section 16 "officers" as defined by Section 16 of the Securities and Exchange Act of 1934, as amended.

	Restricted Stock Units	Weighted Average Grant Date Fair Value
Non-vested – January 1, 2023	7,466,636	$ 5.52
Granted	675,293	3.55
Vested	(1,830,986)	6.31
Forfeited	(202,145)	6.03
Non-vested – September 30, 2023	6,108,798	$ 5.05

As of September 30, 2023, unamortized stock-based compensation costs related to restricted share arrangements was $27,200 and will be recognized over a weighted average period of 2.9 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,	
	2023	2022	2023	2022
Software development	$ 147	$ 189	$ 608	$ 718
General and administrative(1)	2,903	1,439	7,915	4,657
Selling and marketing	280	57	486	252
Total stock-based compensation expense	$ 3,330	$ 1,685	$ 9,009	$ 5,627

(1) For the nine months ended September 30, 2023, the Company included a credit of $339 in connection with the settlement of the equity-based portion of contingent consideration related to the acquisition of Trinity Air Medical, Inc. that was paid in the first quarter of 2023 in respect of 2022 results.

Note 5 – Segment and Geographic Information

Segment Information

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

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

The CODM evaluates the performance of the segments and allocates resources primarily based on their respective revenue, Flight Profit and Flight Margins. Flight Profit is defined as revenue less cost of revenue. Cost of revenue consists of flight costs paid to operators of aircraft and cars, landing fees, ROU asset amortization and internal costs incurred in generating ground transportation revenue using the Company's owned cars. Flight Margin for a period is defined as Flight Profit for the period divided by revenue for the same period. The CODM does not evaluate operating segments or allocate resources using asset information and, accordingly, asset information by segment is not presented herein.

The following table reflects certain financial data of the Company's reportable segments:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Segment revenue				
Passenger	$ 37,995	$ 25,503	$ 83,089	$ 57,842
Medical	33,447	20,219	94,613	50,143
Total revenue	$ 71,442	$ 45,722	$ 177,702	$ 107,985
Segment Flight Profit				
Passenger	$ 9,410	$ 6,094	$ 16,864	$ 9,261
Medical	6,169	3,172	16,248	8,039
Total Flight Profit	$ 15,579	$ 9,266	$ 33,112	$ 17,300
Reconciling items:				
All other operating costs(1)	(23,027)	(19,694)	(65,596)	(51,151)
Loss from operations	$ (7,448)	$ (10,428)	$ (32,484)	$ (33,851)
Segment net income (loss)				
Passenger	$ 801	$ (416)	$ (8,154)	$ (8,258)
Medical	(85)	999	1,055	2,215
Net income (loss) from reportable segments	716	583	(7,099)	(6,043)
Unallocated corporate costs & software development(2)	(8,164)	(11,011)	(25,385)	(27,808)
Other non-operating income	7,866	1,239	9,906	22,062
Income (loss) before income taxes	$ 418	$ (9,189)	$ (22,578)	$ (11,789)
Segment Flight Margin				
Passenger	24.8 %	23.9 %	20.3 %	16.0 %
Medical	18.4 %	15.7 %	17.2 %	16.0 %
Total Flight Margin	21.8 %	20.3 %	18.6 %	16.0 %

	September 30, 2023	December 31, 2022
Goodwill		
Passenger	$ 25,901	$ 26,117
Medical	13,328	13,328
Total goodwill	$ 39,229	$ 39,445

(1) All other operating costs consists of direct costs of service delivery, staff, selling and marketing as well as allocated staff, general and administrative expenses.
(2) Unallocated corporate costs & software development includes costs that are not directly attributable to our reportable segments. Corporate costs also include shared costs such as finance, accounting, tax, human resources, information technology, legal costs and costs of the development of our application.

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

Geographic Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
United States	$ 58,630	$ 41,923	$ 148,620	$ 99,869
Other	12,812	3,799	29,082	8,116
Total revenue	$ 71,442	$ 45,722	$ 177,702	$ 107,985

	September 30, 2023	December 31, 2022
Long-lived assets		
United States	$ 14,413	$ 7,195
Other	12,199	12,534
Total long-lived assets	$ 26,612	$ 19,729

Note 6 – Income Taxes

The Company's effective tax rate represents the Company's estimated tax rate for the year based on projected income and the mix of income among the various foreign tax jurisdictions, adjusted for discrete transactions occurring during the period.

For the three months ended September 30, 2023 and 2022, income tax expense was$129 and $56, respectively. For the nine months ended September 30, 2023 and 2022, income tax (benefit) expense was ($443) and $56, respectively. The tax benefit in the 2023 period is attributable to Blade France. The difference in the tax benefit in the 2023 period compared to the 2022 period is attributable to the mix of pretax profits from foreign operations and the mix of tax rates in those jurisdictions, while no offsetting tax benefits arising from the Company's U.S. and Canada net operating losses.

Note 7 – Net Earnings (Loss) per Common Share

The Company has granted restricted stock awards with dividend rights that are considered to be participating securities. Accordingly, a portion of the Company's earnings is allocated to those participating securities in the earnings per share ("EPS") calculation under the two-class method. Basic earnings per common share is computed using the two-class method by dividing income available to common stockholders after the allocation of dividends and undistributed earnings to the participating securities by the weighted average number of common shares outstanding for the period. Diluted earnings per common share is calculated using the more dilutive of the treasury stock method or the two-class method. Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised, and is computed after giving consideration to the weighted average dilutive effect of the Company's stock options, warrants, and nonvested restricted stock, where applicable. Diluted EPS under the two-class method also considers the allocation of earnings to the participating securities. Antidilutive securities are disregarded in earnings per share calculations. Diluted EPS for the three months ended September 30, 2023 shown below reflects the two-class method, as diluted EPS under the two-class method was more dilutive than under the treasury stock method.

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Basic and dilutive earnings (loss) per common share:				
Net income (loss) attributable to Blade Air Mobility, Inc.	$ 289	$ (9,245)	$ (22,135)	$ (11,845)
Less: Undistributed earnings allocated to nonvested restricted stockholders	(22)	—	—	—
Basic net earnings (loss) available to common stockholders	267	(9,245)	(22,135)	(11,845)
Add: Undistributed earnings allocated to nonvested restricted stockholders	22	—	—	—
Less: Reallocation of undistributed loss to nonvested restricted stockholders	(20)	—	—	—
Diluted net earnings (loss) available to common stockholders	269	$ (9,245)	$ (22,135)	$ (11,845)
Total weighted-average basic common shares outstanding	74,139,422	71,466,085	73,108,263	71,099,764
Effect of dilutive securities:				
Stock options	6,867,437	—	—	—
Total effect of dilutive securities	6,867,437	—	—	—
Total weighted-average diluted common shares outstanding	81,006,859	71,466,085	73,108,263	71,099,764
Net (loss) earnings per common share:				
Basic earnings (loss) per common share	$ —	$ (0.13)	$ (0.30)	$ (0.17)
Dilutive earnings (loss) per common share	$ —	$ (0.13)	$ (0.30)	$ (0.17)

The following table represents common stock equivalents that were excluded from the computation of diluted earnings (loss) per common share for the three and nine months ended September 30, 2023 and 2022 because the effect of their inclusion would be anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Warrants to purchase shares of common stock	14,166,644	14,166,644	14,166,644	14,166,644
Options to purchase shares of common stock	—	7,634,533	7,255,851	7,634,533
Restricted shares of common stock	5,278,448	2,353,017	6,108,798	2,353,017
Total potentially dilutive securities	19,445,092	24,154,194	27,531,293	24,154,194

Note 8 – Related Party Transactions

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

During the three and nine months ending on September 30, 2023, the Company paid these jet operators approximately $100 and $287, respectively for air charter services.

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

Note 9 – Commitments and Contingencies

Capacity Purchase Agreements

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

As of September 30, 2023, the Company has remaining unfulfilled obligations under agreements with various aircraft operators to provide aircraft service. The remaining unfulfilled obligation includes amounts within operating lease liability related to aircraft leases embedded within our capacity purchase agreements as discussed in Note 3 – Right-of-Use Asset and Operating Lease Liability. These future unfulfilled obligations were as follows:

For the Year Ended December 31	Total Unfulfilled Obligation	*Immediate Termination (1)*	*Termination for Convenience (2)*
Remainder of 2023	$ 2,955	*$ —*	*$ —*
2024	18,710	*10,818*	*7,586*
2025	21,208	*13,316*	*2,816*
2026	20,890	*12,998*	*2,498*
2027	18,391	*10,500*	—
2028	18,391	*10,500*	—
2029 - 2032 (each year)	7,891	—	—

____
(1) Within total unfulfilled obligation, the following amounts are where Blade has the ability for immediate termination if a government authority enacts travel restrictions.
(2) Within total unfulfilled obligation, the following amounts are where Blade could terminate for convenience upon 30 or 60 days' notice, with a one-year annual minimum guarantee being pro-rated as of the termination date.

Legal and Environmental

From time to time, we may be a party to litigation that arises in the ordinary course of business. Other than described below, we do not have any pending litigation that, separately or in the aggregate, would, in the opinion of management, have a material adverse effect on its results of operations, financial condition or cash flows. As of September 30, 2023, management believes, after considering a number of factors, including (but not limited to) the information currently available, the views of legal counsel, the nature of contingencies to which the Company is subject and prior experience, that the ultimate disposition of these other litigation and claims will not materially affect the Company's consolidated financial position or results of operations. The Company records liabilities for legal and environmental claims when a loss is probable and reasonably estimable. These amounts are recorded based on the Company's assessments of the likelihood of their eventual disposition.

In July 2022, Trinity Air Medical, LLC, a wholly owned subsidiary of Blade Urban Air Mobility, Inc., received a federal grand jury subpoena seeking records related to the provision of transplant transportation services. On August 2, 2023, the Company received notice that the grand jury investigation into the transplant transportation services industry has been closed and that the Company is no longer bound by the obligations placed on it by the subpoena.

Contingent Consideration Compensation (earn-out)

On September 15, 2021, the Company completed its acquisition of100% of Trinity Air Medical, Inc. ("Trinity") shares. In connection with the Trinity acquisition, potential earn-out payments may be made contingent upon Trinity's achievement of an EBITDA target for the year 2023. The final earn-out payment will be calculated and is to be paid in the beginning of the calendar year 2024. The sellers are eligible for the earn-out only while employed with the Company, classifying it as compensation expense. At least 70% of the payment is required to be made in cash. For the three and nine months ended September 30, 2023, the Company included an estimate of $2,700 and $5,700, respectively in connection with Trinity's contingent consideration compensation (earn-out) with a corresponding amount within accounts payable and accrued expenses, the expected final payment is evenly recognized throughout the year as the sellers render their services.

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.

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.

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 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.

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

Level 3: Unobservable inputs based on management's assessment of the assumptions that market participants would use in pricing the asset or liability.

The following table presents information about the Company's assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2023 and December 31, 2022, and indicates the fair value hierarchy of the valuation inputs the Company utilized to determine such fair value.

	Level	September 30, 2023	December 31, 2022
Warrant liabilities - Public Warrants	1	$ 2,109	$ 4,583
Warrant liabilities - Private Warrants	2	1,151	2,500
Fair value of aggregate warrant liabilities		$ 3,260	$ 7,083

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

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

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, 2023	$ 4,583	$ 2,500	$ 7,083
Change in fair value of warrant liabilities	(2,474)	(1,349)	(3,823)
Fair value as of September 30, 2023	$ 2,109	$ 1,151	$ 3,260

Note 12 – Subsequent Events

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

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our unaudited interim condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and our audited consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 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 may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can generally be identified using forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "seeks", "projects", "intends", "plans", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in several places throughout this report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects, growth, strategies, the markets in which we operate and the development of Electric Vertical Aircraft ("EVA") technology. Such forward-looking statements are based on available current market material and management's expectations, beliefs, and forecasts concerning future events impacting us and are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are difficult to predict and generally beyond our control. Actual results and the timing of events may differ materially from the results anticipated in these forward-looking statements.

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

- continued occurrence of significant losses, which we have experienced since inception;
- the impact of COVID-19 and its related effects on our results of operations, financial performance or other financial metrics;
- the markets in which we operate may fail to grow or may grow more slowly than expected;
- our ability to effectively market and sell air transportation as a substitute for conventional methods of transportation;
- changes in consumer preferences, discretionary spending and other economic conditions;
- the inability or unavailability to use or take advantage of the shift, or lack thereof, to EVA technology;
- our ability to enter new markets and offer new routes and services;
- any adverse publicity stemming from accidents involving small aircraft, helicopters or charter flights and, in particular, any accidents involving our third-party operators;
- effects of competition;
- our reliance on contractual relationships with certain transplant centers, hospitals and organ procurement organizations;
- harm to our reputation and brand;
- our ability to provide high-quality customer support;
- our ability to maintain a high daily aircraft usage rate and to aggregate fliers on our by-the-seat flights;
- impact of natural disasters, outbreaks and pandemics, economic, social, weather, growth constraints, and regulatory conditions or other circumstances on metropolitan areas and airports where we have geographic concentration;
- the effects of climate change;
- the availability of aircraft fuel;
- our ability to address system failures, defects, errors or vulnerabilities in our website, applications, backend systems or other technology systems or those of third-party technology providers;
- interruptions or security breaches of our information technology systems;
- our placements within mobile operating systems and application marketplaces;
- our ability to protect our intellectual property rights;
- our use of open source software;
- our ability to expand and maintain our infrastructure network;
- our ability to access additional funding;
- the increase of costs and risks associated with international expansion;

- our ability to identify, complete and successfully integrate future acquisitions;
- our ability to manage our growth;
- increases in insurance costs or reductions in insurance coverage;
- the loss of key members of our management team;
- our ability to maintain our company culture;
- effects of fluctuating financial results;
- our reliance on third-party operators to provide and operate aircraft;
- the availability of third-party aircraft operators to match demand;
- disruptions to third-party operators and providers workforce;
- increases in insurance costs or reductions in insurance coverage for our third-party aircraft operators;
- the possibility that our third-party aircraft operators may illegally, improperly or otherwise inappropriately operate our branded aircraft;
- our reliance on third-party web service providers;
- changes in our regulatory environment;
- regulatory obstacles in local governments;
- the expansion of domestic and foreign privacy and security laws;
- the expansion of environmental regulation;
- our ability to remediate any material weaknesses or maintain effective internal controls over financial reporting;
- our ability to maintain effective internal controls and disclosure controls;
- changes in fair value of our warrants;
- changes to the price of our securities;
- the possibility that our warrants may expire worthless;
- our ability to redeem outstanding warrants;
- our intention to not declare any dividends in the foreseeable future;
- the possibility that we may issue additional equity securities;
- our use of "emerging growth company" and "smaller reporting company" exemptions from disclosure requirements;
- provisions in our charter that may discourage unsolicited takeover proposals;
- provisions in our charter that designate exclusive forum; and
- the other factors described elsewhere in the Annual Report on Form 10-K for the year ended December 31, 2022, included under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition" or as described in the other documents and reports we file with the SEC.

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

Overview

Blade 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"), which is expected to enable lower cost air mobility to the public that is both quiet and emission-free. Blade operates in three key product lines across two segments (see Note 5 to the unaudited interim condensed consolidated financial statements included herein for further information on reportable segments):

Passenger segment

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

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

Medical segment

- *MediMobility Organ Transport* – Consisting of transportation of human organs for transplant and/or the medical teams supporting these services.

Blade Europe Acquisition

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 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”). We refer to the three European legal entities (Blade Europe, Blade France and Blade Monaco) collectively as “Blade Europe”. These acquisitions are part of Blade’s growth strategy of leveraging its asset-light model, technology and recognized brand to aggregate the best 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. As a result of this acquisition and an Aircraft Operator Agreement Blade Europe entered into in connection with the acquisition, Blade gained the right to act as the exclusive air charter broker and/or reseller of air transportation services to be operated and provided by the operator partners at pre-negotiated fixed hourly rates and with a minimum number of annual flight hours guaranteed to the operators by Blade. The initial term of the Aircraft Operator Agreement ends on December 31, 2032 and it will automatically renew for successive three year periods.

Seats Flown

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Seats flown – all passenger flights	50,821	28,440	121,008	75,175

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

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 pre-negotiate 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, international expansion, next-generation verticraft and ancillary services (e.g., last/first-mile ground connections, trip cancellation insurance, baggage delivery) through our mobile apps, website and cloud-based tools.

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

Factors Affecting our Performance

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

Our success depends in part on our ability to cost-effectively attract new fliers, retain existing fliers and increase utilization of our 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 product line

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

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

Impact of inflation to our business

We generally pay a fixed hourly rate to our third-party operators, based on flight hours flown. These rates are susceptible to inflation and are typically renegotiated on a yearly basis, though some multi-year contracts have fixed rate increases. Some contracts with operators allow for pass-through of fuel price increases above a set threshold. We have historically passed through cost inflation to customers and most contracts with our MediMobility Organ Transport Customers automatically pass through any fuel surcharges, but there is no guarantee this will continue in the future.

Passenger Expansion into New Geographic Markets

Our Passenger segment growth plan is focused on dense urban areas, primarily those with existing air transportation infrastructure that are facing increasing ground congestion. In these areas, our urban air mobility services can provide the most time savings for our fliers, and given the short distances involved, costs for our services can be comparable to luxury, private car services. 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 commercial service

We intend to leverage the expected lower operating costs of EVA versus helicopters to reduce the price for our flights. Additionally, we expect the reduced noise footprint and zero carbon emission characteristics of EVA to allow for the development of new vertiports in our existing and new markets. However, 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. In our Passenger segment, we believe our existing Short Distance routes will be compatible with EVA, which are initially expected to have a limited range, and our existing terminal space will accommodate EVA. Additionally, we believe that the last-mile transports we perform using helicopters or ground vehicles in our Medical segment may be compatible with EVA, reducing organ transport time and cost for our customers. Blade’s unit economics are designed to be profitable using either conventional helicopters or EVA, even if early EVA do not deliver significant cost savings relative to helicopters. Moreover, Blade’s asset-light business model and technology platform are operator and aircraft agnostic, enabling a seamless transition to EVA.

Seasonality

Passenger segment

Historically, we have experienced significant seasonality in our Short Distance product line with flight volume peaking during the quarters ended June 30 (Q2) and September 30 (Q3) of each fiscal year due to the busy summer travel season, with lower volume during the quarters ended March 31 (Q1) and December 31 (Q4).

Jet and Other revenue has historically been stronger in the first and fourth quarter (Q1 and Q4) given that our by-the-seat jet service between New York and South Florida has historically operated only between November and April, though we do not expect to offer this service beginning in Q4 2023.

Medical segment

Historically, MediMobility Organ Transport demand has not been seasonal.

Key Components of the Company's Results of Operations

Revenue

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

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.

Cost of Revenue

Cost of revenue consists of flight costs paid to operators of aircraft and cars, landing fees, ROU asset amortization and internal costs incurred in generating organ 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 staff costs including stock-based compensation, depreciation and amortization, directors and officers insurance costs, professional fees, credit card processing fees and establishment costs.

Selling and Marketing

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

Results of Operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
		(in thousands)		
Revenue	$ 71,442	$ 45,722	$ 177,702	$ 107,985
Operating expenses				
Cost of revenue	55,863	36,456	144,590	90,685
Software development	1,076	2,026	3,639	3,923
General and administrative	19,265	15,812	53,932	41,934
Selling and marketing	2,686	1,856	8,025	5,294
Total operating expenses	78,890	56,150	210,186	141,836
Loss from operations	(7,448)	(10,428)	(32,484)	(33,851)
Other non-operating income (expense)				
Interest income, net	2,147	1,173	6,178	1,892
Change in fair value of warrant liabilities	5,719	425	3,823	22,241
Realized loss from sales of short-term investments	—	(359)	(95)	(2,071)
Total other non-operating income	7,866	1,239	9,906	22,062
Income (loss) before income taxes	418	(9,189)	(22,578)	(11,789)
Income tax expense (benefit)	129	56	(443)	56
Net income (loss)	$ 289	$ (9,245)	$ (22,135)	$ (11,845)

Revenue

Disaggregated revenue by product line was as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
	(in thousands, except percentages)					
Product Line:						
Short Distance	$ 30,388	$ 20,402	49 %	$ 59,997	$ 35,568	69 %
Jet and Other	7,607	5,101	49 %	23,092	22,274	4 %
MediMobility Organ Transport	33,447	20,219	65 %	94,613	50,143	89 %
Total Revenue	$ 71,442	$ 45,722	56 %	$ 177,702	$ 107,985	65 %

Comparison of the Three Months Ended September 30, 2023 and 2022
For the three months ended September 30, 2023 and 2022, revenue increased by $25.7 million or 56%, from $45.7 million in 2022 to $71.4 million in 2023.

Short Distance revenue increased by $10.0 million or 49%, from $20.4 million in 2022 to $30.4 million in 2023. Growth in Short Distance was primarily driven by the acquisition of Blade Europe in September 2022, increased volumes of Northeast helicopter charters, and growth in our New York by-the-seat airport transfer products and in Canada.

Jet and Other revenue increased by $2.5 million or 49% from $5.1 million in 2022 to $7.6 million in 2023. Growth in Jet and Other was driven by increased jet charter volume and increased brand partnership revenues, partially offset by lower revenue per jet charter trip.

MediMobility Organ Transport revenue increased by $13.2 million or 65% from $20.2 million in 2022 to $33.4 million in 2023. Growth in MediMobility Organ Transport was driven by 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.

Comparison of the Nine Months Ended September 30, 2023 and 2022
For the nine months ended September 30, 2023 and 2022, revenue increased by $69.7 million or 65%, from $108.0 million in 2022 to $177.7 million in 2023.

Short Distance revenue increased by $24.4 million or 69% from $35.6 million in 2022 to $60.0 million in 2023. Growth in Short Distance revenue was primarily driven by the acquisition of Blade Europe in September 2022, increased volumes of Northeast helicopter charters, and growth in our New York by-the-seat airport transfer products and in Canada.

Jet and Other revenue increased by $0.8 million or 4% from $22.3 million in 2022 to $23.1 million in 2023. The increase was driven by increased jet charter volume and increased brand partnership revenues, partially offset by lower revenue per jet charter trip.

MediMobility Organ Transport revenue increased by $44.5 million or 89% from $50.1 million in 2022 to $94.6 million in 2023. Growth in MediMobility Organ Transport was driven by 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.

Cost of Revenue

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2023	2022		2023	2022	
			(in thousands, except percentages)			
Cost of revenue	$ 55,863	$ 36,456	53 %	$ 144,590	$ 90,685	59 %
Percentage of revenue	78 %	80 %		81 %	84 %	

Comparison of the Three Months Ended September 30, 2023 and 2022
For the three months ended September 30, 2023 and 2022, cost of revenue increased by $19.4 million, or 53%, from $36.5 million during 2022 to $55.9 million in 2023 driven by increased flight volume.

Cost of revenue as a percentage of revenues decreased by 2 percentage points from 80% in 2022 to 78% in 2023. This change is attributable primarily to (i) increased use of dedicated aircraft in our MediMobility business line, which results in lower costs; (ii) the acquisition of Blade Europe, which operates at a lower cost of revenue as a percentage of revenue compared with our corporate average; (iii) improved pricing and utilization in our New York by-the-seat Airport Transfer product; and (iv) a reduction in spot market jet charter costs, which decreased more quickly than our jet charter pricing, partially offset by lower utilization in Canada.

Comparison of the Nine Months Ended September 30, 2023 and 2022
For the nine months ended September 30, 2023 and 2022, cost of revenue increased by $53.9 million or 59%, from $90.7 million during 2022 to $144.6 million during 2023 driven by increased flight volume.

Cost of revenue as a percentage of revenues decreased by 3 percentage points from 84% in 2022 to 81% in 2023, attributable primarily to (i) increased use of dedicated aircraft in our MediMobility business line, which results in lower costs; (ii) the acquisition of Blade Europe, which operates at a lower cost of revenue as a percentage of revenue compared with our corporate average; (iii) improved pricing and utilization in our New York by-the-seat Airport Transfer product; (iv) a reduction in spot market jet charter costs, which decreased more quickly than our jet charter pricing.

Software Development

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2023	2022		2023	2022	
			(in thousands, except percentages)			
Software development	$ 1,076	2,026	(47) %	$ 3,639	3,923	(7) %
Percentage of revenue	2 %	4 %		2 %	4 %	

Comparison of the Three Months Ended September 30, 2023 and 2022
For the three months ended September 30, 2023 and 2022, software development costs decreased by $(0.9) million, or (47)%, from $2.0 million during 2022 to $1.1 million in 2023, attributable primarily to (i) a $0.6 million reduction in consulting costs versus the prior year period and (ii) $0.4 million of staff costs due to reduction in headcount.

Comparison of the Nine Months Ended September 30, 2023 and 2022
For the nine months ended September 30, 2023 and 2022, software development costs decreased by $(0.3) million, or (7)%, from $3.9 million during 2022 to $3.6 million during 2023, attributable primarily to a decrease in staff costs due to reduction in headcount and stock-based compensation versus the prior year period.

General and Administrative

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2023	2022		2023	2022	
			(in thousands, except percentages)			
General and administrative	$ 19,265	$ 15,812	22 %	$ 53,932	$ 41,934	29 %
Percentage of revenue	27 %	35 %		30 %	39 %	

Comparison of the Three Months Ended September 30, 2023 and 2022

For the three months ended September 30, 2023 and 2022, general and administrative expense increased by $3.5 million, or 22%, from $15.8 million during 2022 to $19.3 million in 2023.

The primary drivers of the net increase were: (i) a $3.0 million increase in staff costs, of which $1.5 million increase is attributable to new hires in order to support our significant growth, both through our acquisition of Blade Europe (September 2022) and organically, and $1.5 million is attributable to stock-based compensation; (ii) a $2.7 million increase attributable to an estimate of contingent consideration compensation (earn-out) in connection with the Trinity acquisition (see Note 9 - "Commitments and Contingencies" to the consolidated financial statements included herein); (iii) a $0.3 million increase in intangibles amortization costs as a result of our acquisition of Blade Europe, which was included for only one month of the prior year period; (iv) a $0.4 million increase in credit card processing fees in line with the higher revenue; and (v) a $0.2 million increase in rent and lease costs attributable to new leases. Those increases were partially offset by a $2.4 million decrease in corporate costs (primarily M&A transaction fees, legal and professional fees) and a $0.8 million decrease related to our short-term incentive plan expenses.

Comparison of the Nine Months Ended September 30, 2023 and 2022

For the nine months ended September 30, 2023 and 2022, general and administrative expense increased by $12.0 million or 29%, from $41.9 million during 2022 to $53.9 million in 2023.

The primary drivers of the net increase were: (i) a $9.1 million increase in staff costs, of which $5.8 million increase is attributable to new hires in order to support our significant growth, both through our acquisition of Blade Europe (September 2022) and organically, and $3.3 million is attributable to stock-based compensation; (ii) a $5.7 million increase attributable to an estimate of contingent consideration compensation (earn-out) in connection with the Trinity acquisition (see Note 9 - "Commitments and Contingencies" to the consolidated financial statements included herein); (iii) a $1.5 million increase in intangibles amortization costs (primarily as a result of our acquisition of Blade Europe, which was included for only one month of the prior year period); (iv) a $1.3 million increase across various general and administrative items in line with the company's growth and geographical expansion; and (v) a $0.9 million increase in credit card processing fees in line with the higher revenue. Those increases were partially offset by a $6.5 million decrease in corporate costs (primarily M&A transaction fees, legal and professional fees and insurance costs).

Selling and Marketing

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2023	2022		2023	2022	
			(in thousands, except percentages)			
Selling and marketing	$ 2,686	$ 1,856	45 %	$ 8,025	$ 5,294	52 %
Percentage of revenue	4 %	4 %		5 %	5 %	

Comparison of the Three Months Ended September 30, 2023 and 2022

For the three months ended September 30, 2023 and 2022, selling and marketing expense increased by $0.8 million, or 45%, from $1.9 million during 2022 to $2.7 million in 2023. The increase is attributable primarily to: (i) a $0.8 million increase in sales commissions attributable to MediMobility Organ Transport revenue growth from new clients and to Blade Europe (which was included for only one month of the prior year period) where certain hotels earn sales commissions; and (ii) a $0.3 million increase in staff costs due to increased headcount; these increases were partially offset by a $0.3 million decrease in events and other promotional expenses.

Comparison of the Nine Months Ended September 30, 2023 and 2022

For the nine months ended September 30, 2023 and 2022, selling and marketing expense increased by $2.7 million, or 52%, from $5.3 million during 2022 to $8.0 million in 2023. The increase is attributable primarily to: (i) a $1.6 million increase in sales commissions attributable to MediMobility Organ Transport revenue growth from new clients and to Blade Europe (which was included for only one month of the prior year period) where certain hotels earn sales commissions; (ii) a $1.0 million increase in staff costs due to increased headcount; and (iii) $0.1 million increase in digital media, events and other marketing expenses attributable to Blade Europe.

Other non-operating income (expense)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
	(in thousands, except percentages)					
Interest income, net	$ 2,147	$ 1,173		$ 6,178	$ 1,892	
Change in fair value of warrant liabilities	5,719	425		3,823	22,241	
Realized loss from sales of short-term investments	—	(359)		(95)	(2,071)	
Total other non-operating income	$ 7,866	$ 1,239	535%	$ 9,906	$ 22,062	(55)%

Comparison of the Three Months Ended September 30, 2023 and 2022

For the three months ended September 30, 2023, total other non-operating expense consisted of: (i) $2.1 million interest income, net of interest expense attributable to higher interest rates on our short-term investments and our money market funds in the current year period; and (ii) $5.7 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.

Comparison of the Nine Months Ended September 30, 2023 and 2022

For the nine months ended September 30, 2023, total other non-operating income consists of: (i) $6.2 million interest income, net of interest expense attributable to higher interest rates on our short-term investments and our money market funds in the current year period; (ii) $3.8 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; and (iii) a $0.1 million realized loss from sale of short-term investments.

Segment Results of Operations

We operate our business as two reportable segments - Passenger and Medical. For additional information about our segments, see Note 5 - "Segment and Geographic Information" in the notes to the unaudited interim condensed consolidated financial statements of this Quarterly Report on Form 10-Q.

Segment Revenue, Segment Flight Profit and Segment Flight Margin

The following table presents our segment results for the periods indicated (in thousands, except percentages):

	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	% Change	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022	% Change
			(in thousands, except percentages)			
Segment Revenue						
Passenger	$ 37,995	$ 25,503	49 %	$ 83,089	$ 57,842	44 %
Medical	33,447	20,219	65 %	94,613	50,143	89 %
Total revenue	$ 71,442	$ 45,722	56 %	$ 177,702	$ 107,985	65 %
Segment Flight Profit						
Passenger	$ 9,410	$ 6,094	54 %	$ 16,864	$ 9,261	82 %
Medical	6,169	3,172	94 %	16,248	8,039	102 %
Total Flight Profit	$ 15,579	$ 9,266	68 %	$ 33,112	$ 17,300	91 %
Segment Flight Margin						
Passenger	24.8 %	23.9 %		20.3 %	16.0 %	
Medical	18.4 %	15.7 %		17.2 %	16.0 %	
Total Flight Margin	21.8 %	20.3 %		18.6 %	16.0 %	

Passenger segment

For the three months ended September 30, 2023 and 2022, Passenger revenue increased by $12.5 million or 49%, from $25.5 million in 2022 to $38.0 million in 2023. The increase was attributable to a $10.0 million increase in Short Distance and a $2.5 million increase in Jet and Other. Refer to the disaggregated revenue discussion above under "—Comparison of the Three Months Ended September 30, 2023 and 2022—Revenue" for more details.
Passenger Flight Profit increased by $3.3 million or 54% for the three months ended September 30, 2023, from $6.1 million in the same period of 2022 to $9.4 million in 2023. The increase was attributable primarily to (i) the acquisition of Blade Europe in September 2022; (ii) increased jet charter volumes; (iii) increased utilization and average seat pricing for our New York by-the-seat airport transfer products; (iv) increased helicopter charter volumes in the Northeast; and (v) increased brand partnership revenues.

Passenger Flight Margin increased from 23.9% in the three months ended September 30, 2022 to 24.8% in the same period in 2023. The increase was attributable primarily to: (i) the acquisition of Blade Europe, which operates at a higher average Flight Profit compared with the Passenger average; (ii) improved pricing and utilization in our New York by-the-seat Airport Transfer product; (iii) a reduction in spot market jet charter costs, which decreased more quickly than our jet charter pricing; and (iv) increased brand partnership revenues, which have limited associated cost.

For the nine months ended September 30, 2023 and 2022, Passenger revenue increased by $25.2 million or 44%, from $57.8 million in 2022 to $83.1 million in 2023. The increase was attributable to a $24.4 million increase in Short Distance and an increase of $0.8 million in Jet and Other. Refer to the disaggregated revenue discussion above under "—Comparison of the Nine Months Ended September 30, 2023 and 2022—Revenue" for more details.
Passenger Flight Profit increased by $7.6 million or 82% for the nine months ended September 30, 2023, from $9.3 million in the same period of 2022 to $16.9 million in 2023. The increase was attributable primarily to (i) the acquisition of Blade Europe in September 2022; (ii) a reduction in spot market jet charter costs, which decreased more quickly than our jet charter pricing; (iii) increased passenger volumes, utilization and average seat pricing for our New York by-the-seat airport transfer products; (iv) increased helicopter charter volumes in the Northeast; and (v) stronger pricing and fare class adoption in our Northeast commuter products.

Passenger Flight Margin increased from 16.0% in the nine months ended September 30, 2022 to 20.3% in the same period in 2023. The increase was attributable primarily to: (i) the acquisition of Blade Europe, which operates at a higher average Flight

Table of Contents

Profit compared with our Passenger average; (ii) improved pricing and utilization in our New York by-the-seat Airport Transfer product; and (iii) a reduction in spot market jet charter costs, which decreased more quickly than our jet charter pricing.

Medical segment

For the three months ended September 30, 2023 and 2022, Medical revenue increased by $13.2 million or 65%, from $20.2 million in 2022 to $33.4 million in 2023 Refer to the disaggregated revenue discussion above under "—Comparison of the Three Months Ended September 30, 2023 and 2022—Revenue" for more details.

Medical Flight Profit increased by $3.0 million or 94% for the three months ended September 30, 2023, from $3.2 million in the same period of 2022 to $6.2 million in 2023. The increase was attributable to increased revenue from new and existing clients and an increase in average flight time per trip.

Medical Flight Margin increased from 15.7% in the three months ended September 30, 2022 to 18.4% in the same period in 2023. The increase was attributable primarily to increased utilization of dedicated aircraft.

For the nine months ended September 30, 2023 and 2022, Medical revenue increased by $44.5 million or 89%, from $50.1 million in 2022 to $94.6 million in 2023. Refer to the disaggregated revenue discussion above under "—Comparison of the Nine Months Ended September 30, 2023 and 2022—Revenue" for more details.

Medical Flight Profit increased by $8.2 million or 102% for the nine months ended September 30, 2023, from $8.0 million in the same period of 2022 to $16.2 million in 2023. The increase was attributable to increased revenue from new and existing clients and an increase in average flight time per trip.

Medical Flight Margin increased from 16.0% in the nine months ended September 30, 2022 to 17.2% in the same period in 2023. The increase was attributable primarily to increased utilization of dedicated aircraft.

Segment Adjusted EBITDA

Segment Adjusted EBITDA is defined as segment net income (loss) excluding non-cash items or certain transactions that are not indicative of ongoing Company operating performance and/or items that management does not believe are reflective of our ongoing core operations.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2023	2022	% Change	2023	2022	% Change
	(in thousands, except percentages)					
Segment net income (loss)						
Passenger	$ 801	$ (416)	293 %	$ (8,154)	$ (8,258)	1 %
Medical	(85)	999	(109)%	1,055	2,215	(52)%
Total segment net income (loss)	$ 716	$ 583	23 %	$ (7,099)	$ (6,043)	(17)%
Segment Adjusted EBITDA(1)						
Passenger	$ 2,777	$ 1,472	89 %	$ (2,353)	$ (2,746)	14 %
Medical	3,346	1,495	124 %	8,249	3,529	134 %
Total segment Adjusted EBITDA	$ 6,123	$ 2,967	106 %	$ 5,896	$ 783	653 %

(1) See section titled "Reconciliations of Non-GAAP Financial Measures" for more information and reconciliations to the most directly comparable GAAP financial measure.

Passenger segment

For the three months ended September 30, 2023 and 2022, Passenger net income increased by $1.2 million or 293%, from $(0.4) million in 2022 to $0.8 million in 2023. The increase in net profit is attributable to higher Flight Profit (primarily in Jet charters and in the Northeast helicopter charters), partially offset by higher net loss in Blade Europe (only one month of activity was included in the prior year period).

Passenger Adjusted EBITDA increased by $1.3 million or 89% for the three months ended September 30, 2023 from $1.5 million in the same period of 2022 to $2.8 million in 2023. The increase is attributable to increased Flight Profit, partially offset by increased fixed costs, primarily related to the acquisition of Blade Europe, which operated at a net loss during the quarter (only one month of activity was included in the prior year period).

For the nine months ended September 30, 2023 and 2022, Passenger net loss decreased by $0.1 million or 1%, from $(8.3) million in 2022 to $(8.2) million in 2023. The decrease in net loss is attributable primarily to increased Flight Profit and savings in advertising media spend, almost fully offset by increased fixed costs related to the acquisition of Blade Europe, which operated at a net loss during the period.

Passenger Adjusted EBITDA increased by $0.4 million or 14% for the nine months ended September 30, 2023 from $(2.7) million in the same period of 2022 to $(2.4) million in 2023. The increase is attributable primarily to higher Flight Profit and savings in advertising media spend, partially offset by increased fixed costs related to the acquisition of Blade Europe.

Medical segment

For the three months ended September 30, 2023 and 2022, Medical net income decreased by $1.1 million or (109)%, from $1.0 million in 2022 to $(0.1) million in 2023. The decrease is attributable to a $2.7 million contingent consideration compensation (earn-out) expense in connection with the Trinity acquisition based on expected 2023 performance and a $1.3 million increase in fixed costs, primarily staff costs in order to support the higher activity; those cost increases were partially offset by a $3.0 million increase in Flight Profit attributable to (i) higher volumes, (ii) increased utilization of dedicated aircraft, which are more cost efficient, and (iii) increased revenues and Flight Profit related to ground transportation as we continue to add owned vehicles to provide integrated ground transfers in key markets.

Medical Adjusted EBITDA increased by $1.9 million or 124%, for the three months ended September 30, 2023 from $1.5 million in the same period of 2022 to $3.3 million in 2023. The increase is attributable to a $3.0 million increase in Flight Profit attributable to (i) higher volumes, (ii) increased utilization of dedicated aircraft, which are more cost efficient, and (iii) increased revenues and Flight Profit related to ground transportation as we continue to add owned vehicles to provide integrated ground transfers in key markets, partially offset by a $1.2 million increase in fixed costs, primarily staff costs in order to support the higher activity.

For the nine months ended September 30, 2023 and 2022, Medical net income decreased by $1.1 million or (52)%, from $2.2 million in 2022 to $1.1 million in 2023. The decrease is attributable to a $5.4 million contingent consideration compensation (earn-out) expense in connection with the Trinity acquisition (2023 is the last year subject to an earn-out payment) and a $4.0 million increase in fixed costs, primarily staff costs in order to support the higher activity, those increases were partially offset by an $8.2 million increase in Flight Profit attributable to (i) higher volumes, (ii) increased utilization of dedicated aircraft, which are more cost efficient, and (iii) increased revenues and Flight Profit related to ground transportation as we continue to add owned vehicles to provide integrated ground transfers in key markets.

Medical Adjusted EBITDA increased by $4.7 million or 134%, for the nine months ended September 30, 2023 from $3.5 million in same period of 2022 to $8.2 million in 2023. The increase is attributable to an $8.2 million increase in Flight Profit attributable to (i) higher volumes, (ii) increased utilization of dedicated aircraft, which are more cost efficient, and (iii) increased revenues and Flight Profit related to ground transportation as we continue to add owned vehicles to provide integrated ground transfers in key markets, partially offset by a $3.5 million increase in fixed costs, primarily staff costs in order to support the higher activity.

Reconciliation of Non-GAAP Financial Measures

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

Segment Adjusted EBITDA

Segment Adjusted EBITDA is defined as segment net income (loss) excluding non-cash items or certain transactions that are not indicative of ongoing Company operating performance and / or items that management does not believe are reflective of our ongoing core operations (as shown in the table below).

	Three Months Ended September 30, 2023		Three Months Ended September 30, 2022	
	Passenger	**Medical**	**Passenger**	**Medical**
	(in thousands)			
Segment net income (loss)	$ 801	$ (85)	$ (416)	$ 999
Reconciling items:				
Depreciation and amortization	1,376	416	1,024	374
Stock-based compensation	383	315	197	92
Legal and regulatory advocacy fees(1)	217	—	143	—
Contingent consideration compensation (earn-out)(2)	—	2,700	—	—
Short-term incentive plan costs (3)	—	—	524	30
Segment Adjusted EBITDA	$ 2,777	$ 3,346	$ 1,472	$ 1,495

(1) Represents certain legal and regulatory advocacy fees for specific matters (primarily the proposed restrictions at East Hampton Airport and the potential operational restrictions on large jet aircraft at Westchester Airport) that we do not consider representative of legal and regulatory advocacy costs that we will incur from time to time in the ordinary course of our business.
(2) Represents contingent consideration compensation of $2,700 in connection with the Trinity acquisition in respect of 2023 results. 2023 is the last year subject to an earn-out payment.
(3) In the three months ended September 30, 2022, the short-term incentive plan was approved, and accordingly, an accrual attributable to the nine months ended September 30, 2022 was recorded in the quarter. The accrual related to the six months ended June 30, 2022 was added back to the three months ended September 30, 2022 to allow for a more meaningful comparison with the current period.

	Nine Months Ended September 30, 2023		Nine Months Ended September 30, 2022	
	Passenger	**Medical**	**Passenger**	**Medical**
	(in thousands)			
Segment net (loss) income	$ (8,154)	$ 1,055	$ (8,258)	$ 2,215
Reconciling items:				
Depreciation and amortization	3,873	1,279	2,502	1,124
Stock-based compensation	1,095	554	956	190
Legal and regulatory advocacy fees(1)	640	—	2,054	—
Executive severance costs	193	—	—	—
Contingent consideration compensation (earn-out)(2)	—	5,361	—	—
Segment Adjusted EBITDA	$ (2,353)	$ 8,249	$ (2,746)	$ 3,529

(1) Represents certain legal and regulatory advocacy fees for specific matters (primarily the proposed restrictions at East Hampton Airport and the potential operational restrictions on large jet aircraft at Westchester Airport) that we do not consider representative of legal and regulatory advocacy costs that we will incur from time to time in the ordinary course of our business.
(2) Represents contingent consideration compensation of $5,700 in connection with the Trinity acquisition in respect of 2023 results and a $339 credit recorded in connection with the settlement of the equity-based portion of Trinity's contingent consideration that was paid in the first quarter of 2023 in respect of 2022 results. 2023 is the last year subject to an earn-out payment.

Liquidity and Capital Resources

Sources of Liquidity

On May 7, 2021 the Company raised $333.3 million in net proceeds upon the consummation of the merger with Experience Investment Corp. (“EIC”) and the sale of common stock through a private investment in public equity (“PIPE”) financing. As of September 30, 2023 and December 31, 2022, we had total liquidity of $173.2 million and $194.0 million, respectively, consisting of cash and cash equivalents of $36.8 million and $43.3 million, respectively, and short-term investments of $136.4 million and $150.7 million, respectively. In addition, as of September 30, 2023 and December 31, 2022, we had restricted cash of $1.5 million and $1.1 million, respectively. As of September 30, 2023, $136.4 million of short-term investments consisted of securities that are traded in highly liquid markets.
With $173.2 million of total liquid funds as of September 30, 2023, we anticipate that we have sufficient funds to meet our current operational needs for at least the next 12 months from the date of filing this Quarterly Report.

Liquidity Requirements

As of September 30, 2023, the Company had net working capital of $178.4 million, zero debt, cash and cash equivalents of $36.8 million and short-term investments of $136.4 million. The Company had net losses of $22.1 million and $11.8 million for the nine months ended September 30, 2023 and 2022, 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, 2023, we had commitments to purchase flights from various aircraft operators with aggregate minimum flight purchase guarantees of $3.0 million and $18.7 million for the years ending December 31, 2023 and 2024, respectively. $— million and $10.8 million, respectively, of which may be cancelled by us immediately if a government authority enacts travel restrictions and $— million and $7.6 million, respectively, 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. Additionally, the Company has operating lease obligations related to real estate and vehicles with expected annual minimum lease payments of $0.5 million and $1.6 million for the years ending December 31, 2023 and 2024, respectively. See Note 3 “Right-of-Use Asset and Operating Lease Liability” to the unaudited interim condensed consolidated financial statements for additional information and for information about future periods.

In addition, as of September 30, 2023, the Company anticipates an earn-out payment of approximately $7.6 million for the year ending December 31, 2023 in connection with the Trinity acquisition (to be paid in the first quarter of 2024 in respect of 2023 results). See “—Contingent Consideration Compensation (earn-out)” within Note 9 to the unaudited interim condensed consolidated financial statements for additional information.

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

Cash Flows

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

	Nine Months Ended September 30,	
	2023	**2022**
	(in thousands)	
Net cash used in operating activities	$ (23,029)	$ (28,026)
Net cash provided by investing activities	17,014	78,878
Net cash used in financing activities	(53)	(1,084)
Effect of foreign exchange rate changes on cash balances	(81)	(9)
Net (decrease) increase in cash and cash equivalents and restricted cash	(6,149)	49,759

Cash Used In Operating Activities

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

For the nine months ended September 30, 2022, net cash used in operating activities was $28.0 million, primarily driven by $5.3 million cash used for working capital requirements and a net loss of $11.8 million, 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 and 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 increases in accounts receivable of $4.5 million due to the 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, a decrease in deferred revenue of $0.4 million 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 $0.2 million increase in lease liabilities.

Cash Provided by Investing Activities

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

For the nine month ended September 30, 2022, net cash provided by investing activities was $78.9 million, driven by $248.4 million of proceeds from the sales of other short-term investments, $20.0 million of proceeds from maturities of held-to-maturity investments, partially offset by $139.9 million in purchases of held-to-maturity investments, $0.6 million in purchases of other short-term investments, $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.

Cash Used In Financing Activities

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

For the nine months ended September 30, 2022, net cash used in financing activities was $1.1 million, reflecting $1.2 million cash paid for payroll tax payments on behalf of employees in exchange for shares withheld by the Company (“net share settlement”), partially offset by $0.1 million of proceeds from the exercise of stock options.

Critical Accounting Policies and Significant Judgments and Estimates

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

For information on the Company's significant accounting policies and estimates refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Significant Judgments and Estimates" in our Annual Report on Form 10-K for the year ended December 31, 2022. There have been no material changes to these policies and estimates as of September 30, 2023.

Item 3. Quantitative and qualitative disclosures about market risk

There have been no material changes in market risk from the information provided in "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended December 31, 2022.

Item 4. Controls and Procedures

As of the end of the period covered by this report, our principal executive officer and principal financial officer evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based on their evaluation of our disclosure controls and procedures, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were not effective as of September 30, 2023, to ensure that information required to be disclosed by the Company in the reports that we file or submit under the Exchange Act is (a) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate to allow for timely decisions regarding required disclosure.

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

- Management's evaluation of the design effectiveness of internal controls to prevent or detect material misstatements or omissions has identified a large number of control deficiencies across all business processes including information technology ("IT") general controls related to financially relevant IT applications. Although these deficiencies are not individually material in nature, in aggregate they constitute a material weakness; and
- The Company has not developed a formal framework that enables management to assess the operating effectiveness of internal controls over financial reporting including IT general controls related to financially relevant IT applications, specifically lacking evidential matter to support:
  - 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 controls 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 weaknesses in its internal control over financial reporting.

Notwithstanding these material weaknesses, 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 these material weaknesses as efficiently and effectively as possible. Thus far, our Director of Internal Controls, in conjunction with external consultants, has completed a comprehensive review of the existing internal controls over financial reporting with the objective of optimizing the key Entity-Level, IT General, and Business Process controls and designing those controls to ensure they are performed effectively and appropriately documented. A SOX compliance software which was implemented in Q4 of 2022, is being used to ensure that as of December 31, 2023, appropriate evidential matter is collectable and available to aid management in assessing the operating effectiveness of the controls.

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 weaknesses 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 2023.

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, 2023.

Limitations on Internal Control over Financial Reporting

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

See "—Legal and Environmental" within Note 9 to the unaudited interim condensed consolidated financial statements in Part I, Item 1 for information on legal proceedings.

Item 1A. Risk Factors

You should carefully consider the risks described under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022. These risks could materially affect our business, results of operations or financial condition, cause the trading price of our common stock to decline materially or cause our actual results to differ materially from those expected or those expressed in any forward-looking statements made by, or on behalf of, the Company. These risks are not exclusive, and additional risks to which we are subject include, but are not limited to, the factors mentioned under "Forward-Looking Statements" and the risks of our businesses described elsewhere in this Quarterly Report on Form 10-Q.

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

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other information

None.

Item 6. Exhibits

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

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

SIGNATURES

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

BLADE AIR MOBILITY, INC.

Date: November 8, 2023	By:	/s/ Robert S. Wiesenthal
	Name:	Robert S. Wiesenthal
	Title:	Chief Executive Officer (Principal Executive Officer)
Date: November 8, 2023	By:	/s/ William A. Heyburn
	Name:	William A. Heyburn
	Title:	Chief Financial Officer (Principal Financial Officer)
Date: November 8, 2023	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 8, 2023	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 8, 2023	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, 2023, 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 8, 2023	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, 2023, 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 8, 2023	By:	/s/ William A. Heyburn
	Name:	William A. Heyburn
	Title:	Chief Financial Officer (Principal Financial Officer)