

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 March 31, 2026

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: 001-39648

Sky Harbour Group Corporation

(Exact name of registrant as specified in its Charter)

Delaware

(State or other jurisdiction of incorporation or organization)

85-2732947

(I.R.S. Employer Identification No.)

136 Tower Road, Suite 205

Westchester County Airport

White Plains, NY

(Address of principal executive offices)

10604

(Zip Code)

(212) 554-5990

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Class</u>	<u>Trading Symbols</u>	<u>Name of Exchange on Which Registered</u>
Class A common stock, par value \$0.0001 per share	SKYH	The New York Stock Exchange
Warrants, each whole warrant exercisable for one share of Class A common stock at an exercise price of \$11.50 per share	SKYH WS	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

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 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 May 8, 2026, 34,481,588 shares of Class A common stock, par value \$0.0001 per share, and 42,046,356 shares of Class B common stock, par value \$0.0001 per share, were issued and outstanding, respectively.



SKY HARBOUR GROUP CORPORATION
TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	<u>2</u>
Item 1. Financial Statements	2
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures About Market Risk	36
Item 4. Controls and Procedures	36
<u>PART II. OTHER INFORMATION</u>	<u>37</u>
Item 1. Legal Proceedings	37
Item 1A. Risk Factors	37
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 3. Defaults Upon Senior Securities	37
Item 4. Mine Safety Disclosures	37
Item 5. Other Information	37
Item 6. Exhibits	38
Exhibit Index	38
Signatures	39

ITEM 1. FINANCIAL STATEMENTS**SKY HARBOUR GROUP CORPORATION AND SUBSIDIARIES**
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	March 31, 2026	December 31, 2025
	(unaudited)	(audited)
Assets		
Cash	\$ 12,095	\$ 20,718
Restricted cash	68,988	16,306
Restricted investments	106,541	11,453
Accounts receivable, prepaid expenses, and other assets	17,420	14,154
Cost of construction	85,952	60,837
Constructed assets, net	266,426	267,687
Right-of-use assets	182,023	177,955
Long-lived assets, net	22,385	21,356
Lease intangible assets, net	2,636	2,710
Total assets	<u>\$ 764,466</u>	<u>\$ 593,176</u>
Liabilities and equity		
Accounts payable, accrued expenses and other liabilities	\$ 32,517	\$ 37,360
Operating lease liabilities	196,624	190,222
Loans payable and finance lease liabilities	49,732	20,544
Bonds payable, net of debt issuance costs and premiums	309,521	162,815
Warrants liability	11,059	10,269
Total liabilities	<u>599,453</u>	<u>421,210</u>
Commitments and contingencies (Note 18)		
Stockholders' equity		
Preferred stock; \$0.0001 par value; 10,000,000 shares authorized as of March 31, 2026; none issued and outstanding	-	-
Class A common stock, \$0.0001 par value; 200,000,000 shares authorized; 34,257,855 and 33,989,673 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	3	3
Class B common stock, \$0.0001 par value; 50,000,000 shares authorized; 42,046,356 and 42,046,356 shares issued and outstanding as of March 31, 2026 and December 31, 2025, respectively	4	4
Additional paid-in capital	175,289	173,514
Accumulated deficit	(51,352)	(45,774)
Accumulated other comprehensive income	244	-
Total Sky Harbour Group Corporation stockholders' equity	<u>124,188</u>	<u>127,747</u>
Non-controlling interests	40,825	44,219
Total equity	<u>165,013</u>	<u>171,966</u>
Total liabilities and equity	<u>\$ 764,466</u>	<u>\$ 593,176</u>

See accompanying Notes to Unaudited Consolidated Financial Statements

SKY HARBOUR GROUP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31, 2026	March 31, 2025
Revenue:		
Rental revenue	\$ 6,493	\$ 4,461
Fuel revenue	2,232	1,132
Total revenue	<u>8,725</u>	<u>5,593</u>
Expenses:		
Campus operating expenses	2,574	1,884
Fuel expenses	1,154	734
Ground lease expenses	3,953	2,904
Depreciation and amortization	1,967	1,099
Pursuit and marketing expenses	622	580
Employee compensation and benefits	4,343	4,239
General and administrative expenses	1,083	976
Total expenses	<u>15,696</u>	<u>12,416</u>
Operating loss	<u>(6,971)</u>	<u>(6,823)</u>
Other (income) expense:		
Interest expense	1,296	138
Unrealized loss on warrants	790	2,528
Other income	(85)	(363)
Total other (income) expense	<u>2,001</u>	<u>2,303</u>
Net loss	<u>(8,972)</u>	<u>(9,126)</u>
Net loss attributable to non-controlling interests	(3,394)	(2,750)
Net loss attributable to Sky Harbour Group Corporation shareholders	<u>\$ (5,578)</u>	<u>\$ (6,376)</u>
Loss per share		
Basic	\$ (0.16)	\$ (0.19)
Diluted	\$ (0.16)	\$ (0.19)
Weighted average shares		
Basic	34,072	33,665
Diluted	<u>34,072</u>	<u>33,665</u>

See accompanying Notes to Unaudited Consolidated Financial Statements

SKY HARBOUR GROUP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)
(Unaudited)

	Three Months Ended	
	March 31, 2026	March 31, 2025
Net loss	\$ (8,972)	\$ (9,126)
Unrealized gains on available-for-sale securities	244	-
Realized gains on available-for-sale securities reclassified to the consolidated statements of operations	-	(53)
Total comprehensive loss	<u>\$ (8,728)</u>	<u>\$ (9,179)</u>

See accompanying Notes to Unaudited Consolidated Financial Statements

SKY HARBOUR GROUP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)
(Unaudited)

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance at December 31, 2025	33,989,673	\$ 3	42,046,356	\$ 4	\$ 173,514	\$ (45,774)	\$ -	127,747	\$ 44,219	\$ 171,966
Share-based compensation	-	-	-	-	1,602	-	-	1,602	-	1,602
Vesting of restricted stock units	261,825	-	-	-	-	-	-	-	-	-
Shares withheld for payment of employee taxes	(81,014)	-	-	-	(654)	-	-	(654)	-	(654)
Issuance of stock through ATM Facility, net of equity issuance costs	47,371	-	-	-	465	-	-	465	-	465
Shares issued as debt issuance costs	40,000	-	-	-	362	-	-	362	-	362
Other comprehensive income	-	-	-	-	-	-	244	244	-	244
Net loss	-	-	-	-	-	(5,578)	-	(5,578)	(3,394)	(8,972)
Balance at March 31, 2026	<u>34,257,855</u>	<u>\$ 3</u>	<u>42,046,356</u>	<u>\$ 4</u>	<u>\$ 175,289</u>	<u>\$ (51,352)</u>	<u>\$ 244</u>	<u>\$ 124,188</u>	<u>\$ 40,825</u>	<u>\$ 165,013</u>

	Class A Common Stock		Class B Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Non- Controlling Interests	Total Equity (Deficit)
	Shares	Amount	Shares	Amount						
Balance at December 31, 2024	33,456,227	\$ 3	42,046,356	\$ 4	\$ 168,634	\$ (64,592)	\$ 53	104,102	\$ 55,716	\$ 159,818
Share-based compensation	-	-	-	-	1,193	-	-	1,193	45	1,238
Vesting of restricted stock units	201,207	-	-	-	-	-	-	-	-	-
Shares withheld for payment of employee taxes	(59,548)	-	-	-	(661)	-	-	(661)	-	(661)
Payment of equity issuance costs	-	-	-	-	(65)	-	-	(65)	-	(65)
Exchange of Sky Incentive Units	196,000	-	-	-	75	-	-	75	(75)	-
Other comprehensive loss	-	-	-	-	-	-	(53)	(53)	-	(53)
Net loss	-	-	-	-	-	(6,376)	-	(6,376)	(2,750)	(9,126)
Balance at March 31, 2025	<u>33,793,886</u>	<u>\$ 3</u>	<u>42,046,356</u>	<u>\$ 4</u>	<u>\$ 169,176</u>	<u>\$ (70,968)</u>	<u>\$ -</u>	<u>\$ 98,215</u>	<u>\$ 52,936</u>	<u>\$ 151,151</u>

See accompanying Notes to Unaudited Consolidated Financial Statements

SKY HARBOUR GROUP CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
(Unaudited)

	Three months ended	
	March 31, 2026	March 31, 2025
Cash flows from operating activities:		
Net loss	\$ (8,972)	\$ (9,126)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	1,993	1,099
Amortization of debt issuance costs	483	-
Straight-line rent adjustments, net	(422)	(308)
Equity-based compensation	1,602	1,238
Non-cash operating lease expense	2,334	1,481
Realized gain on available for sale investments	(9)	(41)
Paid-in-kind interest expense	281	-
Loss on disposition of assets	-	25
Unrealized loss on warrants	790	2,528
Changes in operating assets and liabilities:		
Accounts receivable, prepaid expenses, and other assets	(813)	(529)
Accounts payable, accrued expenses, and other liabilities	(1,185)	(1,417)
Net cash used in operating activities	<u>(3,918)</u>	<u>(5,050)</u>
Cash flows from investing activities:		
Purchases of long-lived assets	(1,624)	(3,475)
Payments for cost of construction	(30,486)	(20,229)
Proceeds from disposition of long-lived assets	-	353
Investment in notes receivable, net	-	(121)
Purchases of available for sale investments	(83,533)	(50,997)
Purchases of held-to-maturity investments	(31,359)	-
Proceeds from available for sale investments	20,069	69,972
Net cash used in investing activities	<u>(126,933)</u>	<u>(4,497)</u>
Cash flows from financing activities:		
Proceeds from ATM Facility	477	-
Proceeds from issuance of bonds payable	150,000	-
Proceeds from issuance of loans payable	29,035	-
Principal payments for loans payable and finance leases	(62)	(431)
Payments for debt issuance costs	(3,874)	-
Payments for equity issuance costs	(12)	(70)
Payments of employee taxes related to vested equity awards	(654)	(661)
Net cash provided by (used in) financing activities	<u>174,910</u>	<u>(1,162)</u>
Net increase (decrease) in cash and restricted cash	44,059	(10,709)
Cash and restricted cash, beginning of period	<u>37,024</u>	<u>94,359</u>
Cash and restricted cash, end of period	<u>\$ 81,083</u>	<u>\$ 83,650</u>

See accompanying Notes to Unaudited Consolidated Financial Statements

SKY HARBOUR GROUP CORPORATION AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026

(in thousands, except share data)

1. Organization and Business Operations

Sky Harbour Group Corporation (“SHG”) is a holding company organized under the laws of the State of Delaware and, through its main operating subsidiary, Sky Harbour LLC and its subsidiaries (collectively, “Sky”), is an aviation infrastructure development company that develops, leases and manages general aviation hangars for business aircraft across the United States. Sky Harbour Group Corporation and its consolidated subsidiaries are collectively referred to as the “Company.”

The Company is organized as an umbrella partnership-C corporation, or “Up-C”, structure in which substantially all of the operating assets of the Company are held by Sky and SHG’s only substantive assets are its equity interests in Sky (the “Sky Common Units”). As of March 31, 2026, SHG owned approximately 44.9% of the Sky Common Units and the prior holders of Sky Common Units (the “LLC Interests”) owned approximately 55.1% of the Sky Common Units and control the Company through their ownership of the Company’s Class B Common Stock, \$0.0001 par value (“Class B Common Stock”).

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited consolidated financial statements and the related notes (the “Financial Statements”) have been prepared in conformity with the U.S. Securities and Exchange Commission (the “SEC”) requirements for quarterly reports on Form 10-Q, and consequently exclude certain disclosures normally included in audited consolidated financial statements prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”). These Financial Statements include the accounts of SHG and its consolidated subsidiaries. All intercompany balances and transactions have been eliminated in consolidation. The Financial Statements should be read in conjunction with the audited consolidated financial statements and the notes contained in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025, which includes additional disclosures and a summary of the Company’s significant accounting policies. In the Company’s opinion, these Financial Statements include all adjustments, consisting of normal recurring items, considered necessary by management to fairly state the Company’s results of operation, financial position, and cash flows.

Certain historical amounts have been reclassified to conform to the current year’s presentation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Company 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include assumptions used within impairment analyses, estimated useful lives of depreciable assets and amortizable costs, estimates of inputs utilized in determining the fair value of financial instruments such as warrants, and estimates and assumptions related to right-of-use assets and operating lease liabilities. Actual results could differ materially from those estimates.

Risks and Uncertainties

The Company is subject to risks and uncertainties common to early-stage companies. For most of its history, the Company has been engaged in securing access to land through ground leases and developing and constructing aviation hangars. The major risks faced by the Company are its future ability to obtain additional tenants for the facilities that it constructs, and to contract with such tenants for rental income in an amount that is sufficient to meet the Company’s financial obligations, including increasing construction costs due to inflation and increased borrowing costs to the extent that the Company incurs additional indebtedness.

Liquidity and Capital Resources

As a result of ongoing construction projects and business development activities, including the development of aircraft hangars and the leasing of available hangar space, the Company has incurred recurring losses and negative cash flows from operating activities since its inception. The Company expects to continue to invest in such activities and generate operating losses in the near future.

The Company obtained long-term financing through bond and equity offerings, committed bank drawdown facility, and has the ability to utilize its at-the-market offering program to fund its construction, lease, and operational commitments, and believes its liquidity is sufficient to allow continued operations for more than one year after the date these financial statements are issued.

Significant Accounting Policies

Basis of Consolidation

SHG is deemed to have a controlling interest of Sky through its appointment as the managing member of Sky, in which SHG has control over the affairs and decision-making of Sky. The interests in Sky not owned by the Company are presented as non-controlling interests. Sky's ownership percentage in each of its consolidated subsidiaries is 100%, unless otherwise disclosed.

Cost of Construction

Cost of construction on the accompanying consolidated balance sheets is carried at cost. The cost of acquiring an asset includes the costs necessary to bring a capital project to the condition necessary for its intended use. Costs are capitalized once the construction of a specific capital project is probable. Construction labor and other direct costs of construction are capitalized. Professional fees for engineering, procurement, consulting, and other soft costs that are directly identifiable with the project and are considered an incremental direct cost are capitalized. Activities associated with internally manufactured hangar buildings, including materials, direct manufacturing labor, and manufacturing overhead directly identifiable with such activities are allocated to our construction projects and capitalized. The Company allocates a portion of its internal salaries to both capitalized cost of construction and to general and administrative expense based on the percentage of time certain employees worked in the related areas. Interest, net of the amortization of debt issuance costs and premiums, and net of interest income earned on bond proceeds, is also capitalized until the capital projects are completed.

Once a capital project is complete, the Company begins to depreciate the constructed asset on a straight-line basis over the lesser of the estimated useful life of the asset or the remaining term of the related ground lease, including expected renewal terms.

Leases

The Company accounts for leases under Accounting Standards Codification ("ASC") Topic 842, Leases. The Company determines whether a contract contains a lease at the inception of the contract. ASC Topic 842 requires lessees to recognize lease liabilities and right-of-use ("ROU") assets for all operating leases with terms of more than 12 months on the consolidated balance sheets. The Company has made an accounting policy election to not recognize leases with an initial term of 12 months or less on the Company's consolidated balance sheets and will recognize those lease payments in the consolidated statements of operations on a straight-line basis over the lease term. When management determines that it is reasonably certain that the Company will exercise its options to renew the leases, the renewal terms are included in the lease term and the resulting ROU asset and lease liability balances.

The Company has lease agreements with lease and non-lease components; the Company has elected the accounting policy to not separate lease and non-lease components for all underlying asset classes. The Company has not elected to capitalize any interest cost that is implicit within its operating leases into cost of construction on the consolidated balance sheet, but instead, expenses its ground lease cost as a component of operating expenses in the consolidated statements of operations.

All of the Company's ground leases at airports are classified as operating leases under ASC Topic 842. Management has determined that it is reasonably certain that the Company will exercise its options to renew the leases, and therefore the renewal options are included in the lease term and the resulting ROU asset and operating lease liability balances. As the Company's lease agreements do not provide a readily determinable implicit rate, nor is the rate available to the Company from its lessors, the Company uses its incremental borrowing rate to determine the present value of the lease payments.

The Company has operating leases that contain variable payments, most commonly in the form of common area maintenance and operating expense charges, which are based on actual costs incurred. These variable payments were excluded from the calculation of the ROU asset and operating lease liability balances since they are not fixed or in-substance fixed payments. These variable payments were not material in amount for the three months ended March 31, 2026 and 2025. Some of the leases contain covenants that require the Company to construct the hangar facilities on the leased grounds within a certain period and spend a set minimum dollar amount. For one of the leases, the shortfall (if any) must be paid to the lessor. See Note 18 — *Commitments and Contingencies*.

Warrants liability

The Company accounts for its Warrants (as defined in Note 11 — *Warrants*) in accordance with the guidance contained in ASC Topic 815, "Derivatives and Hedging" ("ASC 815"), under which warrants that do not meet the criteria for equity classification and must be recorded as derivative liabilities. Accordingly, the Company classifies the Warrants as liabilities carried at their fair value and adjusts the warrants to fair value at each reporting period. This liability is subject to re-measurement at each balance sheet date until the warrants are exercised or expire, and any change in fair value is recognized in the consolidated statement of operations.

Revenue recognition

The Company leases the hangar facilities that it constructs to third parties. The Company determines whether a contract contains a lease at the inception of the contract. The lease agreements are either on a month-to-month basis or have a defined term and may have options to extend the term. Some of the leases contain options to terminate the lease by either party with given notice. The Company expects to continue to derive benefit from the underlying assets after the end of the lease term through further leasing arrangements. The underlying assets are the leasehold interest that the Company has in connection with its ground leases. There are no options given to the lessee to purchase the underlying assets.

Rental revenue is recognized in accordance with ASC 842 and includes fixed payments of cash rents, which represents revenue each tenant pays in accordance with the terms of its respective lease and is recognized on a straight-line basis over the term of the lease. Rental revenue and the corresponding rent and other receivables are recorded net of any concessions and uncollectible tenant receivables, if any, for all periods presented. The Company evaluates the collectability of tenant receivables for payments required under the lease agreements. If the Company determines that collectability is not probable, the Company recognizes any difference between revenue amounts recognized to date under ASC 842 and payments that have been collected from the lessee, including any additional rent or lease termination fees, as a current period adjustment to rental revenue.

At certain of the Company's hangar campuses, the Company recognizes revenue from ground-based services, such as the fueling and towing of aircraft under ASC Topic 606, Revenue from Contracts with Customers. Revenue for the sale of aircraft fuel is recognized at the time customer obtains control of the fuel. Revenue for the sale of other ground-based services is recognized at the time the service is performed and provided to customers. Customers are invoiced at the time the services are performed and the associated revenue is recognized in the period it is earned. The Company's fueling arrangements generally are unique at each location it operates, and may be accounted for on a gross or net basis. The Company determines whether to recognize fuel and services revenue on a gross or net basis based on consideration of various factors, including whether the Company has control of the products or services prior to delivery to customers, the Company's degree of latitude in establishing the sales price, whether the Company carries the associated inventory risk, and which party is the primary obligor within such sales arrangements.

For the three months ended March 31, 2026 and 2025, the Company did not derive 10% of its revenue from any single tenant.

Income Taxes

SHG is classified as a corporation for U.S. Federal income tax purposes and is subject to U.S. Federal and state income taxes. SHG includes in income, for U.S. Federal income tax purposes, its allocable portion of income from the "pass-through" entities in which it holds an interest, including Sky. The "pass-through" entities are not subject to U.S. Federal and certain state income taxes at the entity level, and instead, the tax liabilities with respect to taxable income are passed through to the members, including SHG. As a result, prior to the transactions contemplated by that certain Equity Purchase Agreement, dated as of August 1, 2021, by and among Yellowstone Acquisition Company ("YAC") and Sky, which we refer to as the Yellowstone Transaction, Sky was not subject to U.S. Federal and certain state income taxes at the entity level.

The Company follows the asset and liability method of accounting for income taxes. This method gives consideration to the future tax consequences associated with the differences between the financial accounting and tax basis of the assets and liabilities as well as the ultimate realization of any deferred tax asset resulting from such differences, as well as from net operating losses and other tax-basis carryforwards. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized. When a valuation allowance is increased or decreased, a corresponding tax expense or benefit is recorded.

The Company recorded income tax expense of \$0 and the effective tax rate was 0.0% for the three months ended March 31, 2026 and 2025. The effective income tax rate for the three months ended March 31, 2026 and 2025 differs from the federal statutory rate of 21% primarily due to a full valuation allowance against net deferred tax assets as it is more likely than not that the deferred tax assets will not be realized due to the cumulative losses sustained by the Company to date.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU No. 2024-03, *Income Statement — Reporting Comprehensive Income: Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. This ASU requires public business entities to disclose in the notes to financial statements specific categories within relevant expense captions presented on the face of the income statement. The ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. The amendments should be applied on a prospective basis with retrospective application permitted. We are currently evaluating the impact of adopting this ASU on our consolidated financial statements and disclosures.

3. Investments and Restricted Investments

Investments of the Company's cash in various U.S. Treasury securities that have been classified as available-for-sale and are carried at estimated fair value utilizing Level 1 inputs as determined based upon quoted market prices. Investments of the funds held in the restricted trust bank accounts associated with the Series 2021 Bonds and the Series 2026 Bonds, as defined in Note 10 — *Bonds payable, loans payable, and interest*, are reported as "Restricted investments" in the accompanying consolidated balance sheets. Such investments are classified as available-for-sale or held-to-maturity at the time of investment.

Unrealized losses on certain of the Company's investments and restricted investments are primarily attributable to changes in interest rates. The Company does not believe the unrealized losses represent impairments because the unrealized losses are due to general market factors. The Company has not recognized an allowance for expected credit losses related to its investments or restricted investments as the Company has not identified any unrealized losses attributable to credit factors during the three months ended March 31, 2026. The held-to-maturity restricted investments are carried on the consolidated balance sheet at amortized cost. As of March 31, 2026, the Company has the ability and intent to hold these restricted investments until maturity, and as a result, the Company would not expect the value of these investments to decline significantly due to a sudden change in market interest rates. The fair value of the Company's restricted investments is estimated utilizing Level 1 inputs including prices for U.S. Treasury securities with comparable maturities on active markets.

The following tables set forth summaries of the amortized cost, unrealized gains, unrealized losses, and fair value by investment type as of March 31, 2026 and December 31, 2025:

	March 31, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
Restricted investments - U.S. Treasuries	\$ 63,473	\$ 244	\$ -	\$ 63,717
Total securities available-for-sale	<u>\$ 63,473</u>	<u>\$ 244</u>	<u>\$ -</u>	<u>\$ 63,717</u>
Securities held-to-maturity:				
Restricted investments - U.S. Treasuries	42,824	106	(230)	42,700
Total securities held-to-maturity	<u>\$ 42,824</u>	<u>\$ 106</u>	<u>\$ (230)</u>	<u>\$ 42,700</u>

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Securities available-for-sale:				
Restricted investments - U.S. Treasuries	\$ -	\$ -	\$ -	\$ -
Total securities available-for-sale	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Securities held-to-maturity:				
Restricted investments - U.S. Treasuries	11,453	55	-	11,508
Total securities held-to-maturity	<u>\$ 11,453</u>	<u>\$ 55</u>	<u>\$ -</u>	<u>\$ 11,508</u>

The following table sets forth the maturity profile of the Company's investments and restricted investments as of March 31, 2026:

	Securities Available-for-Sale	Securities Held-to-Maturity
Due within one year	\$ 63,473	\$ 15,946
Due one year through five years	-	26,878
Total	<u>\$ 63,473</u>	<u>\$ 42,824</u>

4. Cost of Construction and Constructed Assets

Constructed assets, net, and cost of construction, consists of the following:

	March 31, 2026	December 31, 2025
Constructed assets, net of accumulated depreciation:		
Buildings: ADS Phase I, APA Phase I, BNA, CMA, DVT Phase I, OPF Phase I, SGR, and SJC		
Renovation	\$ 277,767	\$ 277,473
Accumulated depreciation	(11,341)	(9,786)
	<u>\$ 266,426</u>	<u>\$ 267,687</u>
Cost of construction:		
ADS Phase II, BDL Phase I, HIO Phase I, IAD Phase I, OPF Phase II, ORL Phase I, POU Phase I, PWK Phase I, SLC Phase I, and TTN Phase I		
	<u>\$ 85,952</u>	<u>\$ 60,837</u>

Depreciation expense for the three months ended March 31, 2026 and 2025 totaled approximately \$1.6 million and \$0.8 million, respectively.

5. Long-lived Assets

Long-lived assets, net, consists of the following:

	March 31, 2026	December 31, 2025
Ground support equipment	\$ 2,815	\$ 2,882
Machinery and equipment	7,719	7,719
Buildings	7,993	7,993
Land	1,620	1,620
Other equipment and fixtures	1,968	1,899
Purchase deposits and construction in progress	4,146	2,658
	<u>26,261</u>	<u>24,771</u>
Accumulated depreciation	(3,876)	(3,415)
	<u>\$ 22,385</u>	<u>\$ 21,356</u>

Depreciation expense for the three months ended March 31, 2026 and 2025 totaled approximately \$0.4 million and \$0.3 million, respectively. Capitalized depreciation of long-lived assets included in cost of construction totaled approximately \$0.2 million and \$0.3 million for the three months ended March 31, 2026 and 2025, respectively. As of March 31, 2026 and December 31, 2025, long-lived assets included approximately \$4.1 million and \$2.7 million, respectively, of purchase deposits towards long-lived assets and construction in progress which are not being depreciated as the assets have not been placed into service.

6. Lease Intangible Assets

Lease intangible assets, net, consists of the following:

	March 31, 2026	December 31, 2025
Acquired in-place lease	\$ 1,878	\$ 1,878
Above market leases	1,151	1,151
	<u>3,029</u>	<u>3,029</u>
Accumulated amortization	(393)	(319)
Total lease intangible assets	<u>\$ 2,636</u>	<u>\$ 2,710</u>

Amortization expense for the three months ended March 31, 2026 and 2025 totaled approximately \$0.1 million and \$0.1 million, respectively, of which less than \$0.1 million is included within rental revenue within the consolidated statements of operations for both periods.

7. Accounts Payable, Accrued Expenses, and Other Liabilities

Accounts payable, accrued expenses and other liabilities, consists of the following:

	March 31, 2026	December 31, 2025
Costs of construction	\$ 14,301	\$ 18,442
Employee compensation and benefits	869	2,017
Interest	3,874	3,889
Professional fees	938	851
Property taxes	293	444
Deferred rent and tenant rent received in advance	6,535	6,649
Tenant security deposits	1,670	1,536
Other	4,037	3,532
	<u>\$ 32,517</u>	<u>\$ 37,360</u>

8. Leases — Lessee

Lessee

The table below sets forth a summary of operating lease expense for the three months ended March 31, 2026 and 2025 recorded in the captions within our consolidated statement of operations:

	Three months ended	
	March 31, 2026	March 31, 2025
Ground lease expenses	\$ 3,953	\$ 2,904
Fuel expenses	132	164
General and administrative expenses	46	28
Total operating lease expense	<u>\$ 4,131</u>	<u>\$ 3,096</u>

The Company's long-term ground leases have remaining terms ranging between 18 to 71 years, including options for the Company to extend the terms. These leases expire between 2044 and 2097, which include all lease extension options available to the Company. Certain of the Company's ground leases contain options to lease additional parcels of land at the Company's option within a specified period of time. In addition to the Company's ground leases, the Company has operating leases for ground support vehicles and finance leases for vehicles supporting operations at its pre-engineered metal building subsidiary.

In January 2026, the Company, through an indirect, wholly-owned subsidiary of the Company, executed a lease amendment with respect to its ground lease at SWF to add an approximately 10 acre parcel of land to the existing lease (the "SWF Lease Amendment"). The land associated with the SWF Lease Amendment became immediately available for possession in January 2026 and is co-terminus with the other parcel covered by the Company's ground lease at SWF.

Supplemental consolidated cash flow information related to the Company's leases was as follows:

	Three months ended	
	March 31, 2026	March 31, 2025
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 1,623	\$ 1,558
Operating cash flows from finance leases	2	1
Financing cash flows from finance leases	15	5

Supplemental consolidated balance sheet information related to the Company's leases was as follows:

Weighted Average Remaining Lease Term (in years)	March 31, 2026	December 31, 2025
	Operating leases	
Ground leases - Unimproved at commencement	51.8	52.5
Ground leases - Existing improvements	29.7	30.1
Equipment leases	7.7	7.8
Office leases	-	0.1
All operating leases	44.7	44.9
Finance leases	2.3	2.5
Weighted Average Discount Rate		
Operating leases		
Ground leases - Unimproved at commencement	5.84%	5.79%
Ground leases - Existing improvements	5.17%	5.18%
Equipment leases	5.51%	5.51%
Office leases	-	4.82%
All operating leases	5.73%	5.68%
Finance leases	6.82%	6.75%

The Company's future minimum lease payments required under leases as of March 31, 2026 were as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2026 (remainder of year)	\$ 5,033	\$ 43
2027	8,561	45
2028	10,390	32
2029	11,135	-
2030	11,239	-
Thereafter	650,866	-
Total lease payments	<u>697,224</u>	<u>120</u>

Less imputed interest	(500,600)	(9)
Total	<u>\$ 196,624</u>	<u>\$ 111</u>

9. Leases — Lessor

Tenant leases to which the Company is the lessor require the following non-cancelable future minimum lease payments from tenants as of March 31, 2026:

Year Ending December 31,	Operating Leases
2026 (remainder of year)	\$ 16,987
2027	16,636
2028	11,704
2029	5,379
2030	3,990
Thereafter	13,701
Total	\$ 68,397

The amounts presented above exclude tenant variable payments, rental escalations that are not fixed, or future rental revenue from the renewal or replacement of existing tenant leases.

Variable payments consist of recoveries from tenants for common area maintenance, utilities, and operating expenses of the property, and various other fees, including fees associated with the delivery of aircraft fuel, late fees, short-term rentals, and lease termination fees. Variable payments are charged based on the terms and conditions included in the respective tenant leases and are recognized in the same period as the expenses are incurred.

The table below sets forth a summary of variable payments for the three months ended March 31, 2026 and 2025 recorded in the captions within our consolidated statement of operations:

	Three months ended	
	March 31, 2026	March 31, 2025
Variable payments included in rental revenue	\$ 412	\$ 325
Variable payments included in fuel revenue	829	426
Total variable payments included in revenue	\$ 1,241	\$ 751

As of March 31, 2026 and December 31, 2025, the deferred rent receivable included in accounts receivable, prepaid expenses, and other assets was approximately \$1.8 million and \$1.5 million, respectively. Deferred rent liabilities and rent received in advance represent tenant payments received prior to the contractual due date, and is included in accounts payable, accrued expenses, and other liabilities. Such liabilities consisted of approximately \$6.5 million and \$6.6 million as of March 31, 2026 and December 31, 2025, respectively.

10. Bonds payable, Loans payable, and Interest

The following table summarizes the Company's bonds and loans payable as of March 31, 2026 and December 31, 2025:

	Maturity Dates	Contractual Interest Rates	March 31, 2026		December 31, 2025	
			Principal Amount	Carrying Value	Principal Amount	Carrying Value
Bonds payable:						
Series 2021 Bonds	July 2036 - July 2054	4.00 - 4.25%	\$ 166,340	\$ 162,862	\$ 166,340	\$ 162,815
Series 2026 Bonds	Subject to Mandatory Tender January 2031	6.00%	150,000	146,659	-	-
Total bonds payable			316,340	309,521	166,340	162,815
Loans payable and finance leases:						
Term Loan Facility	September 2030	80% of (SOFR + 0.1%) + 2.00%	19,416	19,416	-	-
Yorkville Promissory Note 1	June 2027	7.75%	15,000	14,578	15,000	14,430
Yorkville Promissory Note 2	June 2027	7.75%	10,000	9,684	-	-
Vista Loan	December 2035	Prime + 0.25%	6,045	5,938	6,090	5,980
Equipment Loan	August 2026	3.79%	5	5	9	9
Finance Leases	August 2026 - July 2027	6.82%	111	111	125	125
Total loans payable and finance leases			50,577	49,732	21,224	20,544
Total bonds and loans payable			\$ 366,917	\$ 359,253	\$ 187,564	\$ 183,359

The Company's contractual principal payments required under its bonds payable and loans payable as of March 31, 2026 were as follows:

Year Ending December 31,	Bonds Payable	Loans Payable
2026 (remainder of year)	\$ -	\$ 12,570
2027	-	12,591
2028	-	98
2029	-	105
2030	-	19,529
Thereafter	316,340	5,573
Total	\$ 316,340	\$ 50,466

Interest Expense

The following table sets forth the details of interest expense:

	Three months ended	
	March 31, 2026	March 31, 2025
Interest	\$ 3,690	\$ 1,873
Commitment fees	262	-
Accretion of bond premium and amortization of debt issuance costs	685	49
Total interest incurred	4,637	1,922
Less: capitalized interest	(3,341)	(1,784)
Interest expense	\$ 1,296	\$ 138

The Company uses derivative financial instruments to manage its interest rate risk associated with its variable-rate term loan facility in an aggregate principal amount of up to \$200 million (the “Term Loan Facility”) with JPMorgan Chase Bank, N.A. The Company does not enter into derivative transactions for speculative or trading purposes. In October 2025, the Company entered into an interest rate swap (the “Swap Agreement”) for notional amounts of up to \$200 million, based on predetermined notional schedule agreement as defined in the Swap Agreement. The Swap Agreement effectively fixes the SOFR component of any loans at or below the notional schedule made under the Term Loan Facility at approximately 2.65%, or 4.73% inclusive of applicable interest rate spreads, for the five-year term.

The following table reflects the fair value of the Swap Agreement as of March 31, 2026 and December 31, 2025:

Balance sheet location:	March 31, 2026	December 31, 2025
Asset derivatives:		
Accounts receivable, prepaid expenses, and other assets	\$ 5	\$ 2

The Swap Agreement is not designated as a hedging instrument. The Company records cash settlements and changes in fair value associated with the Swap Agreement as a component of interest expense within the consolidated statement of operations.

Tax-Exempt Series 2026 Bonds Issuance

On February 12, 2026, Sky Harbour Capital III LLC (“Sky Capital III”), an indirect, wholly-owned subsidiary of the Company, completed a \$150 million financing through the issuance of Revenue Bonds (Sky Harbour Capital III LLC Aviation Facilities Project), Series 2026 (the “Series 2026 Bonds”). The Series 2026 Bonds were issued by the Public Finance Authority of Wisconsin, a multi-jurisdictional conduit issuer (the “Issuer”), pursuant to a Trust Indenture, dated as of January 1, 2026 (the “Indenture”) and effective as of February 12, 2026, between the Issuer and UMB Bank, N.A., as trustee (the “Series 2026 Bond Trustee”). The proceeds of the Bonds were used to make a loan (the “Loan”) to Sky Capital III pursuant to a Loan Agreement, dated as of February 1, 2026 (the “Loan Agreement”), between the Issuer and Sky Capital III, and assigned to the Series 2026 Bond Trustee. The Series 2026 Bonds were issued in a limited offering (the “Offering”) pursuant to a Limited Offering Memorandum dated January 29, 2026 (the “Limited Offering Memorandum”) to persons reasonably believed to be qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”) or accredited investors within the meaning of Rule 501(a) under the Securities Act. The borrowings under the Loan Agreement are guaranteed (the “Guarantee”) by Sky, and Sky Harbour Holdings IV LLC, a wholly owned subsidiary of Sky (the “Pledgor”). Pursuant to the Indenture, all of the Issuer’s right, title, and interest in the Loan Agreement (except for certain unassigned rights) were assigned to the Series 2026 Bond Trustee. The Series 2026 Bonds are secured by the Loan Agreement and the residual cash flows of certain of the Company’s projects, and payment of the Bonds is structurally subordinate to the Series 2021 Bonds and borrowings under the Term Loan Facility.

The Series 2026 Bonds and borrowings under the Loan Agreement bear interest at a rate of 6.00% per year, payable semi-annually in arrears on January 1 and July 1 of each year, beginning on July 1, 2026. The Series 2026 Bonds are subject to mandatory tender for purchase on January 1, 2031 (the “Mandatory Tender Date”), and will mature on July 1, 2060, unless earlier exchanged, redeemed or repurchased. On the Mandatory Tender Date, holders will be required to tender their Bonds for purchase at a price equal to 100% of the principal amount thereof plus accrued interest. Following such mandatory tender, the Bonds may be remarketed at a new interest rate or otherwise refinanced. Accordingly, although the Series 2026 Bonds have a stated final maturity of July 1, 2060, Sky Capital III will be required to refinance or remarket the Series 2026 Bonds on or prior to January 1, 2031.

The principal amount of the Loan is \$150 million. The Company intends to use the proceeds from the Loan, together with other available funds, including draws from the Company’s Term Loan Facility, to (i) finance or refinance, directly or indirectly, all or a portion of the construction, equipping and/or improvement of all or a portion of certain aircraft storage facilities (collectively, the “2026 Projects”); (ii) fund a deposit to the debt service reserve fund for the Series 2026 Bonds; (iii) pay capitalized interest on the Loan through January 1, 2029; and (iv) pay the costs of issuance of the Series 2026 Bonds.

The Series 2026 Bonds are subject to (a) optional redemption at the discretion of Sky Capital III at any time on or after January 1, 2030 at a redemption price equal to the principal amount plus a 1% premium and accrued and unpaid interest to the redemption date, (b) mandatory redemption upon the occurrence of a determination of taxability of the Series 2026 Bonds, and (c) mandatory sinking fund redemption beginning in 2056.

Sky Capital III expects to meet its payment obligations under the Loan Agreement from funds to the extent available and permitted to be released under the master trust indenture with respect to the Series 2021 Bonds and the Term Loan Facility. Interest is capitalized through January 1, 2029.

The Indenture and the Loan Agreement provide for customary events of default, all as described in the Indenture and the Loan Agreement.

Term Loan Facility Amendments

On January 8, 2026, Sky Harbour Capital II LLC (“SH Capital II”), an indirect, wholly-owned subsidiary of the Company, entered into an amendment (the “Amendment”) to the Term Loan Facility. The Amendment amended the Term Loan Facility to provide for, among other things, conditions under which surplus funds, as defined in the Amendment (the “Term Loan Facility Surplus Funds”), may be released to SH Capital II and its special purpose subsidiaries (the “Term Loan Borrowers”). Also on January 8, 2026, subsidiaries of the Company that own existing and future hangar campuses at CMA and BDL were added to the borrowing base of the Term Loan Facility. Subsequently, on January 8, 2026, SH Capital II drew funds of approximately \$13 million under the Term Loan Facility in order to reimburse the Company for prior advances associated with capital expenditures at Bradley International Airport and certain other general corporate purposes.

In addition, Sky Harbour Holdings III LLC (“SKYH III”) amended its related guaranty (the “Sky III Guaranty”, and such amendment, the “Sky III Guaranty Amendment”) to provide for, among other things, conditions under which surplus funds arising from amounts received by Sky from excess revenues released from the Master Indenture may be utilized by Sky, as discussed below.

Provided certain conditions within the Amendment are met, the Amendment permits the Term Loan Borrowers to distribute or otherwise transfer such Term Loan Facility Surplus Funds to (i) Sky (the “Parent Guarantor”) for the payment of general and administrative expenses of the Parent Guarantor, (ii) the payment of current interest or principal on indebtedness of the Parent Guarantor or indebtedness guaranteed by the Parent Guarantor, (iii) to deposit or transfer such funds into a separate account of an affiliate of the Parent Guarantor as security for the payment of principal of or interest on other indebtedness, or (iv) as a capital contribution of a Term Loan Borrower for the approved construction and operation of hangar project facilities at various airports (the “Portfolio II Projects”, and such restriction on distributions and transfers the “Permissible Uses”). The Amendment permits the release of the Term Loan Facility Surplus Funds beginning on the later of January 1, 2027 or a trigger date based on substantial completion of certain Portfolio II Projects, and requires the Term Loan Borrowers to maintain (i) a historical debt service coverage ratio, and a (ii) projected debt service coverage ratio, in each case determined on the last day of each fiscal quarter of the Term Loan Borrowers, at a ratio of not less than 2.00 to 1.00.

The Sky III Guaranty Amendment permits the release of excess revenues released from the Master Trust on or after the later of (i) January 1, 2027 and (ii) three (3) months after the Capitalized Interest End Date provided that (a) there are funds in excess of \$800,000 on deposit in the accounts for such excess revenues on release date, and (b) to the extent there is a deficiency in any of the accounts associated with the Term Loan Facility, there are sufficient funds on deposit (in addition to the minimum amount of funds held pursuant to cover such deficiency) and such funds are applied to remedy each such deficiency. The release of excess revenues is also subject to Permissible Uses.

The above release conditions are also subject to the customary condition that there not be any default under the Term Loan Facility.

As of March 31, 2026, there was approximately \$180.6 million of availability under the Term Loan Facility, subject to borrowing base restrictions.

2026 Yorkville Promissory Note

On January 27, 2026, Sky issued a non-convertible, unsecured promissory note to YA II PN, Ltd., a Cayman Islands exempt limited company, or its registered assigns (“Yorkville”), in the aggregate principal amount of \$10 million (the “January 2026 Yorkville Promissory Note”). The issue price for the January 2026 Yorkville Promissory Note was 100% of the aggregate principal amount thereof.

The January 2026 Yorkville Promissory Note accrues interest at a rate of 7.75% per annum (or 18% upon the occurrence of an event of default) and matures on June 8, 2027. Beginning on July 8, 2026, and continuing on the same day of each of the twelve successive months thereafter, Sky shall repay a portion of the outstanding balance of the January 2026 Yorkville Promissory Note in an amount equal to \$833,333.33. The obligations of Sky under the January 2026 Yorkville Promissory Note are guaranteed by the Company pursuant to a separate guaranty agreement between the Company and Yorkville. In connection with and pursuant to the January 2026 Yorkville Promissory Note, the Company issued 40,000 shares of Class A Common Stock to Yorkville. The January 2026 Yorkville Promissory Note contains customary representations and warranties by Sky and the Company and customary events of default. The proceeds of the January 2026 Yorkville Promissory Note may be used for working capital and general corporate purposes.

11. Warrants

SHG's legal predecessor, YAC, issued to third-party investors 6,799,439 warrants which entitled the holder to purchase one share of Class A Common Stock at an exercise price of \$11.50 per share (the "Public Warrants"). In addition, 7,719,779 private placement warrants were sold to BOC Yellowstone LLC (the "Sponsor"). Each Private Warrant allows the Sponsor to purchase one share of Class A Common Stock at an exercise price of \$11.50 per share. The Public Warrants and Private Warrants remain outstanding under the same terms and conditions to purchase shares of the Company's Class A Common Stock. The terms of the Private Warrants are identical to those of the Public Warrants, except for that so long as the Private Warrants are held by the Sponsor or its permitted transferees, they may be exercised on a cashless basis.

In connection with the Securities Purchase Agreement (the "2023 Purchase Agreement") entered into on November 1, 2023 with certain investors, the Company issued to third-party investors 1,541,600 warrants (the "PIPE Warrants", and together with the Public Warrants and the Private Warrants, the "Warrants"). The PIPE Warrants are equivalent in form and substance to the Company's Public Warrants.

The Warrants contain an exercise price of \$11.50 per share and expire on January 25, 2027. The Company determined the fair value of its Public Warrants and PIPE Warrants based on the publicly listed trading price as of the valuation date. Accordingly, these warrants are classified as Level 1 financial instruments. As the terms of the Private Warrants are identical to those of the Public Warrants, the Company determined the fair value of its Private Warrants based on the publicly listed trading price of the Public Warrants as of the valuation date and have classified the Private Warrants as Level 2 financial instruments.

No Warrants were exercised during the three months ended March 31, 2026. As of March 31, 2026, 15,798,155 Warrants remain outstanding.

The closing price of the Warrants was \$0.70 and \$0.65 per warrant on March 31, 2026 and December 31, 2025, respectively. The aggregate fair value of the outstanding Warrants was approximately \$11.1 million and \$10.3 million as of March 31, 2026 and December 31, 2025, respectively. During the three months ended March 31, 2026 and 2025, the Company recorded unrealized losses associated with the change in fair value of the Warrants of approximately \$0.8 million and \$2.5 million, respectively.

12. Equity

Common Equity

As of March 31, 2026, there were 34,257,855 and 42,046,356 shares of Class A Common Stock and Class B Common Stock outstanding, respectively. Holders of Class A Common Stock and Class B Common Stock vote together as a single class on all matters submitted to the stockholders for their vote or approval, except as required by applicable law. Holders of Class A Common Stock and Class B Common Stock are entitled to one vote per share on all matters submitted to the stockholders for their vote or approval.

The holders of Class A Common Stock are entitled to receive dividends, as and if declared by the Company's Board of Directors out of legally available funds. With respect to stock dividends, holders of Class A Common Stock must receive Class A Common Stock. The holders of Class B Common Stock do not have any right to receive dividends other than stock dividends consisting of shares of Class B Common Stock, as applicable, in each case paid proportionally with respect to each outstanding share of Class B Common Stock.

At-the-Market Facility

On March 27, 2024, the Company entered into an At Market Issuance Sales Agreement (the "ATM Agreement") with B. Riley Securities, Inc. ("B. Riley") with respect to an "at the market" offering program (the "ATM Facility"), under which the Company may, from time to time, at its sole discretion, issue and sell through B. Riley, acting as sales agent, up to \$100 million of shares of Class A Common Stock. Pursuant to the ATM Agreement, the Company may sell the shares through B. Riley by any method permitted that is deemed an "at the market" offering as defined in Rule 415 under the Securities Act of 1933, as amended. B. Riley will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon instructions from the Company, including any price or size limits or other customary parameters or conditions the Company may impose. The Company will pay B. Riley a commission of 3.0% of the gross sales price per share sold under the ATM Agreement, subject to certain reductions.

On December 31, 2025, the Company entered into an Amended and Restated At Market Issuance Sales Agreement (the "A&R ATM Agreement") with B. Riley and Yorkville Securities, LLC ("Yorkville Securities" and, together with B. Riley, the "Sales Agents"), pursuant to which, among other things, Yorkville Securities was added as an additional sales agent. Pursuant to the A&R ATM Agreement, the Company may offer and sell, from time to time through the Sales Agents, shares of its Class A Common Stock, having an aggregate offering price of up to \$100.0 million (the "ATM Shares"). The material terms and conditions of the ATM Agreement otherwise remain unchanged.

The Company is not obligated to sell any shares under the ATM Agreement or the A&R ATM Agreement. The offering of shares pursuant to the ATM Agreement will terminate upon the earlier to occur of (i) the issuance and sale, through the Sales Agents, of all of the shares subject to the ATM Agreement and (ii) termination of the ATM Agreement in accordance with its terms.

During the three months ended March 31, 2026, the Company sold 47,371 shares of Class A Common Stock under the ATM Facility at a weighted-average sales price of \$10.07.

Non-controlling interests

The LLC Interests' ownership in Sky is presented as non-controlling interests within the Equity section of the consolidated balance sheet as of March 31, 2026 and represents the Sky Common Units held by holders other than SHG. The holders of LLC Interests may exchange Sky Common Units along with an equal number of Class B Common Shares, for Class A Common Shares of the Company. The LLC Interests do not have the option to redeem their Sky Common Units for cash or a variable number of Class A Common Shares, nor does SHG have the option to settle a redemption in such a manner. As of March 31, 2026, the LLC interests owned approximately 55.1% of the Sky Common Units outstanding.

13. Equity Compensation

Restricted Stock Units (“RSUs”)

In February 2026, the Company granted time-based RSUs to certain employees, consultants, and non-employee directors under the Company’s 2022 Incentive Award Plan. 1,015,450 time-based awards were granted at a grant date fair value of \$8.97, which will vest ratably over a four-year period beginning on the first anniversary of the grant date and ending on February 18, 2030.

During the three months ended March 31, 2026 and 2025, the Company recognized stock compensation expense of approximately \$1.3 million and \$1.0 million, respectively, associated with all RSU awards. The Company recognizes expense associated with RSU awards within employee compensation and benefits within the statement of operations. As of March 31, 2026, there are 1,691,935 unvested RSUs outstanding with a weighted average grant date fair value of \$9.51. The unrecognized compensation costs associated with all unvested RSUs at March 31, 2026 was approximately \$15.1 million that is expected to be recognized over a weighted-average future period of 3.3 years.

Non-qualified Stock Options (“NSOs”)

In February 2026, the Company granted to certain employees options to purchase 1,187,443 shares of Class A Common Stock at an exercise price of \$8.85 under the Company’s 2022 Incentive Award Plan. The NSOs vest ratably over a four-year period beginning on the sixth anniversary of the grant date and have a term of 10 years. The options were valued at \$5.19 using a Black -Scholes pricing model.

During the three months ended March 31, 2026 and 2025, the Company recognized stock compensation expense of approximately \$0.3 million and \$0.2 million, respectively, associated with all NSO awards. The unrecognized compensation costs associated with all unvested NSOs at March 31, 2026 was approximately \$12.3 million that is expected to be recognized over a weighted-average future period of 8.2 years.

14. Earnings (loss) per Share

Basic earnings (loss) per share of Class A Common Stock is computed by dividing net income (loss) attributable to SHG by the weighted-average number of shares of Class A Common Stock outstanding during the period. Diluted net income (loss) per share of Class A Common Stock is computed by dividing net income (loss) attributable to SHG, adjusted for the assumed exchange of all potentially dilutive securities, by the weighted-average number of shares of Class A Common Stock outstanding adjusted to give effect to potentially dilutive shares using the treasury stock or if-converted method as appropriate. Shares of the Company’s Class B Common Stock do not participate in the earnings or losses of the Company and are therefore not participating securities. As such, separate presentation of basic and diluted earnings per share of Class B Common Stock under the two-class method has not been presented.

	Three Months Ended	
	March 31, 2026	March 31, 2025
Numerator:		
Net loss	\$ (8,972)	\$ (9,126)
Less: Net loss attributable to non-controlling interests	(3,394)	(2,750)
Basic and diluted net loss attributable to Sky Harbour Group Corporation shareholders	(5,578)	(6,376)
Denominator:		
Basic and diluted weighted average shares of Class A Common Stock outstanding	34,072	33,665
Loss per share of Class A Common Stock – Basic and diluted	\$ (0.16)	\$ (0.19)

Potentially dilutive shares excluded from the weighted-average shares used to calculate the diluted net earnings (loss) per common share were as follows (in thousands):

	Three Months Ended	
	March 31, 2026	March 31, 2025
Shares subject to unvested restricted stock units	1,692	1,132
Shares issuable upon the exercise of unvested stock options	2,313	1,125
Shares issuable upon the exercise of Warrants	15,798	15,798
Shares issuable upon the exchange of Class B Common Stock	42,046	42,046
Shares issuable upon the exercise and exchange of Sky Incentive Units	1,860	1,860

15. Accumulated Other Comprehensive Income

The following table summarizes the components of accumulated other comprehensive income:

	Unrealized gain on Available-for-sale Securities	Total
Balance as of December 31, 2025	\$ -	\$ -
Other comprehensive income before reclassifications	244	244
Amounts reclassified to other (income) expense	-	-
Balance as of March 31, 2026	<u>\$ 244</u>	<u>\$ 244</u>
	Unrealized gain on Available-for-sale Securities	Total
Balance as of December 31, 2024	\$ 53	\$ 53
Other comprehensive income before reclassifications	-	-
Amounts reclassified to other (income) expense	(53)	(53)
Balance as of March 31, 2025	<u>\$ -</u>	<u>\$ -</u>

16. Supplemental Cash Flow Information

The following table summarizes non-cash investing and financing activities:

	Three months ended	
	March 31, 2026	March 31, 2025
Accrued costs of construction, including capitalized interest	\$ 10,555	\$ 13,469
Accrued costs of long-lived assets	358	639
Debt issuance costs and premium amortized to cost of construction	202	49

The following table summarizes non-cash activities associated with the Company's operating leases:

	Three months ended	
	March 31, 2026	March 31, 2025
Right-of-use assets obtained in exchange for operating lease liabilities	\$ 7,757	\$ 2,373
Net (decrease) increase in right-of-use assets and operating lease liabilities due to lease remeasurement	(2,510)	-

The following table summarizes interest paid:

	Three months ended	
	March 31, 2026	March 31, 2025
Interest paid	\$ 3,584	\$ 3,608

The following table provides a reconciliation of cash and restricted cash reported within the consolidated balance sheets to the total shown within the consolidated statements of cash flows:

	Three months ended	
	March 31, 2026	March 31, 2025
Cash, beginning of year	\$ 20,718	\$ 42,442
Restricted cash, beginning of year	16,306	51,917
Cash and restricted cash, beginning of year	<u>\$ 37,024</u>	<u>\$ 94,359</u>
Cash, end of period	\$ 12,095	\$ 51,134
Restricted cash, end of period	68,988	32,516
Cash and restricted cash, end of period	<u>\$ 81,083</u>	<u>\$ 83,650</u>

17. Segment Information

The Company has one consolidated reportable segment. This segment derives revenues from customers through the leasing of home-basing aircraft hangars and through services and products ancillary to its leasing activities. As of March 31, 2026, the Company drives revenue entirely within the United States and manages the business activities on a consolidated basis.

The determination of reportable operating segments is based on the Chief Operating Decision Maker's ("CODM's") use of financial information provided for the purposes of assessing performance and making operating decisions. The Company's CODM is its founder and Chief Executive Officer. The CODM uses net income (loss) to allocate resources and assess the performance of the Company by comparing actual results to historical results and previously forecasted financial information and the allocation of budget between the expenses presented within the consolidated statement of operations. The measure of segment assets is reported on the consolidated balance sheet as total consolidated assets. All required significant financial segment information can be found within the consolidated financial statements.

18. Commitments and Contingencies

In addition to the lease payment commitments discussed in Note 8 — *Leases — Lessee*, the ground leases to which the Company is a party contain covenants that require the Company to conduct construction of hangar facilities on the leased grounds within a certain period and in some cases, to spend a minimum dollar amount.

Airport	Project	Minimum Spend Commitment	Timeframe Commitments
CMA	CMA Phase I	\$20.0 million of capital improvements.	Complete minimum spend commitment within 60 months of the effective date of the lease.
DVT	DVT Phase II	\$14.6 million of capital improvements.	Complete construction within 36 months of receiving all permitting documents.
ORL	ORL Phase I	\$30.0 million of capital improvements.	Complete minimum spend commitment within 36 months of the effective date of the lease.
ORL	ORL Phase II	\$5.0 million of capital improvements.	Commence construction within 5 years of effective date of the lease and complete construction within 24 months of construction commencement.
POU	POU Phase I	\$25.0 million of capital improvements.	Commence construction within 6 months of the issuance of permits and complete construction within 15 months of construction commencement.
PWK	PWK Phase I	None.	Commence construction within 6 months of the issuance of permits and complete construction within 18 months of construction commencement.
SJC	All Phases	\$8.1 million of capital improvements.	Complete minimum spend commitment within 15 years of lease commencement.
SLC	SLC Phase I	\$40.0 million of capital improvements.	None.
TTN	TTN Phase I	\$30.0 million of capital improvements.	Complete construction within 36 months of receiving all permitting documents or no later than 48 months after the effective date of the lease.

The Company has contracts for construction of the OPF Phase II, BDL Phase I, and POU Phase I construction projects. The Company may terminate any of the contracts or suspend construction without cause. There are no termination penalties under such construction contracts.

In addition to the matters described in this note, the Company is involved in various legal proceedings and claims in the ordinary course of its business. Although the Company cannot predict with certainty the ultimate resolution of these matters, which involve judgements that are inherently subjective, the Company does not expect that the ultimate disposition of such other contingencies or matters will materially affect its financial condition, results of operations or cash flows.

19. Related Party Transactions

Loan and Security Agreement

On December 6, 2024, the Company entered into a revolving line of credit loan and security agreement (the “Loan and Security Agreement”), with a company controlled by the former owner of the Company’s acquired subsidiaries at Camarillo Airport (“CMA”), who also serves as an independent contractor of the Company. The Company provided an initial loan commitment of \$1.0 million and agreed to provide an additional \$2.0 million of availability under a revolving line of credit to fund the working capital requirements of such company. The Loan and Security Agreement matures on December 6, 2029, and bears interest at the standard overnight financing right plus 2% per annum.

As of March 31, 2026 and December 31, 2025, the Company had loaned a total of \$1.1 million and \$1.1 million, respectively, to such company, the balance of which is presented as a component of accounts receivable, prepaid expenses, and other assets within the Company’s consolidated balance sheet.

Echo Echo Agreement

On September 19, 2024, the Company entered into an additional non-exclusive agreement with Echo Echo, LLC for the use of an Epic E1000GX aircraft. The effective date of the agreement was August 30, 2024 and the agreement automatically renews annually. The agreement can be terminated without penalty if either party provides 30 days’ written notice, or if the aircraft is sold or otherwise disposed of. Additionally, the Company is responsible for reimbursing its pro rata share of the direct operating costs of the aircraft, exclusive of maintenance and insurance.

For the three months ended March 31, 2026 and 2025, the Company recognized approximately \$0.1 million and \$0.1 million of expense, respectively, within pursuit and marketing expenses under the terms of this agreement. The related liability is included in Accounts payable, accrued expenses and other liabilities within the consolidated balance sheet as of March 31, 2026.

Other Relationships

For the three months ended March 31, 2026 and 2025, the Company recognized less than \$0.1 million of expense for consulting services received from a company that employed the Chief Financial Officer until prior to July 1, 2021.

On June 1, 2025, the Company hired an individual to serve as its head of construction and president of one of its wholly-owned subsidiaries, Ascend Aviation Services (“Ascend”). Such individual was previously employed by, and continues to hold a financial interest in, a company that provides construction services to the Company (the “General Contractor”). The General Contractor was previously engaged by the Company to serve as general contractor in connection with its SGR and APA Phase I development project. During the three months ended March 31, 2026 and 2025, the Company incurred \$0 and \$3.4 million of construction costs associated with the General Contractor at its APA Phase I project, respectively. The General Contractor was also previously engaged by the Company to serve as an architectural and engineering consultant in connection with its ADS Phase II development project. During the three months ended March 31, 2026 and 2025, the Company incurred \$0 of construction costs associated with such services. All such costs are capitalized and included as a component of cost of construction within the consolidated balance sheet as of March 31, 2026.

Ascend shares office space, equipment, and various administrative services with the General Contractor. Costs incurred by the General Contractor are allocated between Ascend and the General Contractor and are charged at cost. During three months ended March 31, 2026 the allocated costs from the General Contractor to Ascend were less than \$0.1 million.

20. Subsequent Events

On April 17, 2026, the subsidiary of the Company that owns a hangar campus at SLC was added to the borrowing base of the Term Loan Facility. Subsequently, the Company drew funds of approximately \$14 million under the Term Loan Facility in order to reimburse the Parent for prior advances associated with capital expenditures at SLC and certain other general corporate purposes.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and the notes included elsewhere in this Quarterly Report on Form 10-Q (this "Form 10-Q"), as well as the information contained in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities Exchange Commission (the "SEC") on March 19, 2026 (the "Form 10-K"), which is accessible on the SEC's website at www.sec.gov.

Cautionary Note Regarding Forward-Looking Statements

This Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements can be identified by the use of forward-looking terminology, including the words "believes," "estimates," "anticipates," "expects," "intends," "plans," "may," "might," "will," "potential," "projects," "predicts," "continue," or "should," or, in each case, their negative or other variations or comparable terminology. There can be no assurance that actual results will not materially differ from expectations. These statements are based on management's current expectations, but actual results may differ materially due to various factors, including, but not limited to:

- expectations regarding the Company's strategies and future financial performance, including the Company's future business plans or objectives, prospective performance and commercial opportunities and competitors, services, pricing, marketing plans, operating expenses, market trends, revenues, liquidity, cash flows and uses of cash, capital expenditures, and the Company's ability to invest in growth initiatives;
- the effects of general macroeconomic conditions, including inflation, interest rate volatility, changes in trade policies (including with respect to imposed and proposed tariffs), and a prolonged recession in the national economy;
- our limited operating history makes it difficult to predict future revenues and operating results;
- our ability to implement our construction costs mitigation strategies;
- changes in applicable laws or regulations;
- the possibility that the Company may be adversely affected by other economic, business, and/or competitive factors; and
- our financial performance.

The forward-looking statements contained in this Form 10-Q are based on our current expectations and beliefs concerning future developments and their potential effects on us. Future developments affecting us may not be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond our control) and other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include, but are not limited to, those factors described under the heading "Risk Factors" in our Form 10-K. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. These risks and others described in our Form 10-K may not be exhaustive.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and developments in the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in our Form 10-K or this Form 10-Q. In addition, even if our results or operations, financial condition and liquidity, and developments in the industry in which we operate are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Overview and Background

We are an aviation infrastructure development company building the first nationwide network of Home Base Operator ("HBO") campuses designed exclusively for business aircraft. We develop, lease and manage general aviation hangars across the United States, targeting airfields in markets with significant based aircraft populations and high hangar demand. Our HBO campuses feature private and semi-private hangars and a full suite of dedicated services specifically optimized for home based, versus transient, aircraft.

The physical footprint of the U.S. business aviation fleet grew by almost 46 million square feet in the past sixteen years, with hangar supply lagging dramatically, especially in key growth markets. As the fleet of private jets in the United States continues to grow, with recent new aircraft deliveries exceeding retirements, demand for hangar space is at a premium in part because new jets require taller tail clearances and more square footage of hangar space and the pace of new hangar construction has lagged behind the demand. The cumulative square footage of the business aircraft fleet in the United States increased 73% between 2010 and 2025. Moreover, over that same period, there was an 120% increase in the square footage of larger private jets – those with greater than a 24-foot tail height. A recent study conducted by a business aircraft manufacturer forecasted that business aircraft will only continue to grow in the next ten years, with up to 8,500 new business jet deliveries worth over \$283 billion expected to be delivered between 2025 and 2034, with over two-thirds of the deliveries expected to be comprised of larger private jets. This forecast is further supported by data from the major business aviation manufacturers that suggest

the current order backlog for new business aviation aircraft as of December 31, 2025 is over \$57 billion, an increase of approximately 10% over the prior year.

These larger footprint aircraft do not fit in much of the existing hangar infrastructure and impose stacking challenges and constraints in the traditional shared or community hangars operated by fixed-base operators (“FBO”). The addition of winglets (the vertical extensions on aircraft wingtips) on most modern business jets inhibits wing-over-wing storage. Aircraft hangars are in high demand and short supply, with some airports compiling waiting lists that can exceed several years.

[Table of Contents](#)

We believe our scalable, real estate-centric business model is uniquely positioned to capture this market opportunity and address the increased imbalance between the supply and demand for private jet storage. We intend to capitalize on the existing hangar supply constraints at major U.S. airports by targeting high-end tenants in markets where there is a shortage of private and FBO hangar space, or where such hangars are or are becoming obsolete.

We expect to realize economies of scale in construction through prototype hangar designs replicated at our HBO campuses across the United States through our in-house construction management and general contracting. This allows for centralized procurement, straightforward permitting processes, efficient development processes, and the best hangar in business aviation. Unlike a service company, our revenues are mostly derived from long-term rental agreements, offering stability and forward visibility of revenues and cash flows. This allows us to fund our development through the public bond market and bank debt, providing capital efficiency and mitigating refinance risk.

We seek to develop our home basing hangar campuses on long-term ground leases (or sub-leases thereof) at airports with suitable infrastructure serving metropolitan centers across the United States. We lease each of our properties under long-term ground leases.

The table below presents certain information with respect to our portfolio of ground leases as of March 31, 2026.

Airport	IATA Code	Location (City, State)	Location (Metropolitan Center)	Ground Lessor	Ground Lease Acres	Ground Lease Exp. Year(1)
Addison Airport	ADS	Addison, TX	Dallas, TX	Town of Addison	12.5	2065
Bradley International Airport	BDL	Windsor Locks, CT	Hartford, CT	Connecticut Airport Authority	8.0	2075
Camarillo Airport(2)	CMA	Camarillo, CA	Los Angeles, CA	County of Ventura	17.1	2073
Centennial Airport	APA	Englewood, CO	Denver, CO	Arapahoe County Public Airport Authority	19.7	2097
Chicago Executive Airport	PWK	Wheeling, IL	Chicago, IL	Village of Wheeling and City of Prospect Heights	15.0	2075
Fort Worth Meacham International Airport	FTW	Fort Worth, TX	Fort Worth, TX	City of Fort Worth	4.5	2056
Hillsboro Airport	HIO	Hillsboro, OR	Portland, OR	Port of Portland	13.2	2072
Hudson Valley Regional Airport	POU	Wappingers Falls, NY	New York, NY	County of Dutchess	7.1	2066
Long Beach Airport	LGB	Long Beach, CA	Los Angeles, CA	City of Long Beach	17.1	2075
Miami-Opa Locka Executive Airport	OPF	Opa Locka, FL	Miami, FL	Miami-Dade County	22.6	2079
Nashville International Airport	BNA	Nashville, TN	Nashville, TN	Metropolitan Nashville Airport Authority	15.2	2070
New York Stewart International Airport	SWF	New Windsor, NY	New York, NY	The Port Authority of New York and New Jersey	26.0	2070
Orlando Executive Airport	ORL	Orlando, FL	Orlando, FL	Greater Orlando Aviation Authority	20.0	2074
Phoenix Deer Valley Airport	DVT	Phoenix, AZ	Phoenix, AZ	City of Phoenix	15.4	2061
Salt Lake City International Airport	SLC	Salt Lake City, UT	Salt Lake City, UT	Salt Lake City Corporation	8.4	2077
San José Mineta International Airport	SJC	San José, CA	San José, CA	City of San José	6.5	2044
Sugar Land Regional Airport	SGR	Sugar Land, TX	Houston, TX	City of Sugar Land	4.1	2049
Trenton-Mercer Airport	TTN	Ewing, NJ	New York, NY - Philadelphia, PA	County of Mercer	11.8	2078
Washington Dulles International Airport	IAD	Dulles, VA	Washington, DC	Metropolitan Washington Airports Authority	18.0	2084

(1) Ground lease expiration years presented include estimates of term commencements based on the achievement of certain milestones and assume the exercise of all lease term extension options exercisable at our sole discretion.

(2) Our portfolio at Camarillo Airport consists of two ground leases which cover 6.2 and 10.9 acres, respectively. Such leases expire in 2071 and 2073, respectively.

The following tables provide supplemental information regarding each of our home basing hangar campus properties in operation and in development:

PROPERTIES IN OPERATION

Facility	Completion Date	Hangars	Rentable Square Footage	% of Total Rentable Square Footage	Occupancy at March 31, 2026	Economic Occupancy at March 31, 2026 ⁽¹⁾
SGR	December 2020	7	66,080	7.1%	100.0%	100.0%
BNA	November 2022	10	149,069	16.0%	100.0%	101.7%
OPF Phase I	February 2023	12	160,092	17.2%	97.6%	97.6%
DVT Phase I	April 2025	8	134,270	14.4%	70.6%	70.6%
ADS Phase I	June 2025	6	118,602	12.7%	85.5%	85.5%
APA Phase I	September 2025	9	130,664	14.0%	36.6%	36.6%
SJC Renovation	Existing facility	1	50,431	5.4%	100.0%	131.7%
CMA	Existing facility	4	121,931	13.1%	100.0%	102.1%
Total/Weighted Average		57	931,139	100.0%	84.6%	86.9%

(1) Economic Occupancy is measured as the total square footage of aircraft subject to leases divided by the total rentable square footage of the designated property. The square footage of individual aircraft is calculated by multiplying its respective length (i.e., from its nose to its tail) by its wingspan. We believe we can achieve Economic Occupancy in excess of 100% in our semi-private hangars due to stacking considerations and the manner in which we price such semi-private leases. Occupancy and Economic Occupancy are key performance indicators which may be calculated in a manner different than similar key performance indicators used by other issuers. These metrics are estimated operating metrics and not projections, nor actual financial results, and are not indicative of current or future performance.

PROPERTIES IN DEVELOPMENT

Facility	Status	Projected Construction Start (1)	Projected Completion Date (1)	Estimated Total Project Cost (\$mm) (1)	Hangars (1)	Rentable Square Footage (1)
ADS Phase II	In Construction	Q2 2025	Q1 2027	24.6 - 27.6	4	110,990
APA Phase II	In Development	TBD	TBD	30.4 - 33.6	3	57,570
CMA Phase I	In Development	Q2 2027	Q2 2028	26.0 - 35.0	3	92,680
BDL Phase I	In Construction	Q3 2025	Q4 2026	40.0 - 42.1	3	107,360
DVT Phase II	In Development	TBD	TBD	34.6 - 38.6	4	132,732
FTW Phase I	In Development	Q1 2027	Q1 2028	17.5 - 19.5	2	74,560
HIO Phase I	In Development	Q4 2026	Q1 2028	32.0 - 34.0	4	107,680
HIO Phase II	In Development	TBD	TBD	29.5 - 32.0	2	85,760
IAD Phase I	In Development	Q4 2026	Q1 2028	55.0 - 60.8	4	171,520
IAD Phase II	In Development	TBD	TBD	44.7 - 49.4	4	171,520
LGB Phase I	In Development	Q3 2027	Q1 2029	55.0 - 67.0	5	196,920
OPF Phase II	In Construction	Q1 2025	Q2 2026	39.3 - 39.6	3	111,201
ORL Phase I	In Development	Q2 2026	Q3 2027	39.5 - 43.6	4	133,640
ORL Phase II	In Development	TBD	TBD	35.2 - 39.0	3	128,640
POU Phase I	In Development	Q2 2026	Q3 2027	31.0 - 32.5	2	85,760
POU Phase II	In Development	TBD	TBD	18.3 - 20.3	1	42,880
PWK Phase I	In Development	Q4 2026	Q1 2028	37.0 - 42.0	3	128,640
PWK Phase II	In Development	TBD	TBD	TBD	4	171,520
SJC Phase II	In Development	Q3 2027	Q4 2028	17.1 - 17.9	1	28,000
SLC Phase I	In Construction	Q1 2026	Q1 2027	47.2 - 49.0	4	171,520
SWF Phase I	In Development	TBD	TBD	TBD	8	256,240
TTN Phase I	In Development	Q3 2026	Q4 2027	40.1 - 44.3	3	128,640
Total				694.0 - 767.8	74	2,695,973

(1) Our projections associated with the commencement and completion of construction, estimated total construction cost, number of hangars, and rentable square footage of our properties in development are inherently subjective and require judgement to estimate. We believe that our estimates of construction costs and timelines are subject to variability based on various factors including, but not limited to, changes in anticipated site plans, hangar mix, hangar specifications, executed guaranteed maximum price construction contracts, and general market conditions.

Recent Developments

In January 2026, we entered into an amendment (the “Amendment”) to the Term Loan Facility. The Amendment amended the Term Loan Facility to provide for, among other things, conditions under which surplus funds may be released to us after satisfying Series 2026 Bonds requirements and other release conditions.

In January 2026, we added our subsidiaries that own hangar campuses at CMA and BDL to the borrowing base of the Term Loan Facility. Subsequently, we drew funds of approximately \$13 million under the Term Loan Facility in order to reimburse prior advances made by our corporate subsidiary associated with capital expenditures at Bradley International Airport and certain other costs associated with the debt issuance.

In January 2026, we issued a non-convertible, unsecured promissory note to Yorkville, in the aggregate principal amount of \$10 million (the “January 2026

Yorkville Promissory Note”). The issue price for the January 2026 Yorkville Promissory Note was 100% of the aggregate principal amount thereof. The January 2026 Yorkville Promissory Note accrues interest at a rate of 7.75% per annum and matures on June 8, 2027.

In February 2026, we completed a \$150 million financing through the issuance of the Series 2026 Bonds. The Series 2026 Bonds bear interest at a rate of 6.00% per year, payable semi-annually in arrears on January 1 and July 1 of each year, beginning on July 1, 2026. We intend to use such proceeds, together with other available funds, including draws from the Term Loan Facility, to (i) finance or refinance, directly or indirectly, all or a portion of the construction, equipping and/or improvement of all or a portion of certain aircraft storage facilities (collectively, the “2026 Projects”); (ii) fund a deposit to the debt service reserve fund for the Series 2026 Bonds; (iii) pay capitalized interest on the Series 2026 Bonds; and (iv) pay the costs of issuance of the Series 2026 Bonds.

Factors That May Influence Future Results of Operations

Airfield and Tenant Portfolio Growth

Our future success depends upon our ability to attract and retain tenants for hangars at our HBO campuses. The extent to which we achieve growth in our customer base materially influences our business and results of operations. Any number of factors could affect our ability to grow our customer base, including tenant preferences for hangar space and related services, including size and location of the hangar, as well as general economic conditions. The level and volatility of fuel prices may also impact the general aviation industry and our ability to attract and retain tenants. For example, during the first quarter of 2026, fuel prices increased significantly as a result of ongoing geopolitical events and market disruptions. At our ADS, APA, and CMA HBO campuses, we are directly exposed to fluctuations in fuel prices, which could have a material effect on our operating results at such campuses. Due to the competitive nature of our industry, we cannot predict the impact periods of high volatility in fuel prices or significant disruptions in the supply of aircraft fuel will have on our ability to attract and retain tenants. In addition, our ability to attract and retain customers may be dependent on other factors outside of our control, including the future trend of private aircraft sizes and the availability of alternative hangars, including size, location and/or services provided. Any significant decline in our customer base, or in our rate of growth, could have a material adverse effect on our business and results of operations, which could, in turn, result in a decline in the trading price of our securities.

Our ability to expand through new ground leases at airports is also integral to our long-term business strategy and requires that we identify and consummate suitable new ground leases or investment opportunities in real estate properties for our portfolio that meet our investment criteria and are compatible with our growth strategy. Our ability to enter into new ground leases on favorable terms, or at all, may be adversely affected by certain significant factors. We may not be able to negotiate new ground leases with airport authorities on attractive terms or at all, and we may encounter competition from other potential ground lessors, which could significantly increase the lease rate for properties we seek to lease. In our efforts to secure new ground leases, we may incur significant costs and divert management attention in connection with evaluating and negotiating such ground leases, including ground leases that we are subsequently unable to execute. In addition, even if we enter into letters of intent or conditional agreements for new ground leases of airport properties, these agreements are subject to customary closing conditions, including, but not limited to, the satisfactory results of our due diligence investigations and local government and municipal authority approvals.

Construction Material Costs and Labor

When constructing our HBO campuses, we use various materials, assemblies, and labor components. We contract for our materials and labor both internally through our in-house general contractor and with various external general contractors under guaranteed maximum price (GMP) contracts upon receipt of building permits. This allows us to mitigate certain inflationary pressures associated with increases in certain building materials and labor costs between the time construction begins at a hangar campus and the time it is completed. Typically, the materials and most of the components used to construct our hangar campuses are readily available in the United States, and we attempt to procure such materials from domestic sources where and when possible. We monitor the supply markets and ensure robust competition to achieve the best prices available. Typically, the price changes that most significantly influence our development operations are price increases in steel, concrete, and labor. Inflationary and supply chain pressures have previously led to increased construction materials costs, specifically associated with steel, concrete, and other materials. Further inflationary and supply chain pressures, including those associated with changes in trade policies, could adversely affect our business. The imposition of or increase in tariffs on construction materials such as steel, and other potential changes in U.S. and global trade policy, could substantially increase the cost of and limit the availability of construction materials. Tariffs and retaliatory tariffs announced by the U.S. and other countries, the implementation, size and timing of which remain uncertain and rapidly evolving, could impact the cost of certain of our construction materials. The implementation of these tariffs and future tariffs, or any changes in trade policies that have a similar effect, or the threat of any of the foregoing, could result in further interruptions in the supply chain. We believe we may continue to experience such pressures in future quarters, as well as delays in our subsidiaries' and contractors' ability to requisition such materials. However, there can be no assurance that we will be able to increase the lease rates for the hangars within our hangar campuses to absorb these increased costs, if at all.

Our projections associated with the commencement and completion of construction, estimated total construction cost, hangars, and rentable square footage of our properties in development are inherently subjective and require judgement to estimate. We believe that our estimates of construction costs and timelines are subject to variability based on various factors including, but not limited to, changes in anticipated site plans, hangar mix, hangar specifications, executed guaranteed maximum price construction contracts, and general market conditions. During 2025, we updated many of our preliminary estimates based on our intention to begin incorporating a larger hangar prototype into our home basing hangar campuses, which is intended to provide an increase in rentable square footage of hangar, office, and lounge space upon completion. This larger hangar prototype requires an increase in construction materials and components, and we expect its incorporation into multiple future development projects will ultimately result in cost savings through the realization of economies of scale. Our updated estimates of total construction costs do not include projections of potential cost reductions due to such efficiencies, and we continue to reevaluate our preliminary and updated estimates from time to time over the course of the development lifecycle. We intend to continue to mitigate inflationary pressures, reduce construction costs to the greatest extent possible, and pursue compressed development schedules. We currently structure our guaranteed maximum price construction contracts with shared savings clauses to incentivize the general contractors to reduce construction costs. No assurance can be given that our cost mitigation strategies will be successful, the costs of our ongoing and future projects will not exceed budgets or the guaranteed maximum price for such projects, or that the completion will not be delayed beyond the projected completion dates.

Increases in Market Interest Rates and Future Costs of Borrowing

Economic conditions and actions by policymaking bodies contributed to rising interest rates, which, along with increases in our borrowing levels, could increase our future borrowing costs. While the Federal Reserve reduced interest rates during 2025 and has indicated the potential for further rate cuts in 2026, interest rates remain relatively high and there can be no certainty with respect to the occurrence, timing, or magnitude of further interest rate cuts by the Federal Reserve, and thus no certainty with respect to the ultimate impact on our borrowing costs. We expect to issue additional debt to finance future site developments and refinance the Term Loan Facility and the Series 2026 Bonds on or prior to its maturity date and mandatory tender date, respectively. Elevated interest rates would impact our overall economic performance. In addition, we are subject to credit spreads demanded by fixed income investors. As a non-rated issuer, increases in general of credit spreads in the market, or for us, may result in a higher cost of borrowing in the future. We intend to access the bond market on an opportunistic basis. In addition, we may hedge against rising benchmark interest rates by entering into hedging strategies with high quality counterparties.

Current Capital Requirements and Future Expenditures for Expansion

Each constructed and in-construction facility in our portfolio is funded by secured indebtedness under the Series 2021 Bonds, the Term Loan Facility, or the Series 2026 Bonds. We entered into the \$200 million Term Loan Facility in September 2025 and issued \$150 million of Series 2026 Bonds in February 2026. We anticipate that the proceeds of the Term Loan Facility and Series 2026 Bonds will fund an additional 1.2 million rentable square feet of construction projects at seven airport locations.

We previously raised equity capital, including the 2024 Purchase Agreement and 2023 Purchase Agreement entered into on September 16, 2024 and November 1, 2023, respectively, see *Liquidity and Capital Resources — Private Placement and Securities Purchase Agreement* below, to begin to fund construction at additional HBO campuses over the next several years. We also have the ability to access the capital markets through our ATM Facility and through our effective shelf registration statement on Form S-3. On average, each future campus is anticipated to be composed of 200,000 rentable square feet and is expected to cost approximately \$60 million, with 70% or more to be funded with additional private activity bonds or other indebtedness. All future hangar campus projects are discretionary and require us to identify the appropriate airports with the target hangar demand economics, secure required ground leases and permits, and complete future construction at such sites.

The cumulative 50 airport site business plan is estimated to cost approximately \$3.0 billion, with approximately 80% or more anticipated from private activity bonds and the balance with equity or equity-linked financing. Our ability to raise additional equity and/or debt financing will be subject to a number of risks, including our ability to obtain financing upon reasonable terms, if at all, our ability to reinvest free cash flow from operations, if at all, costs of construction, delays in constructing new facilities, operating results, and other risk factors. In the event that we are unable to obtain additional financing, we may be required to raise additional equity capital, creating additional dilution to existing stockholders. There can be no assurance that we would be successful in raising such additional equity capital on favorable terms, if at all. Even if we can obtain such additional equity financing if needed, there can be no assurance that we would be successful in raising such additional financing on favorable terms, if at all.

Key Business Metrics

We focus on a variety of indicators and key operating and financial metrics to monitor the financial condition and performance of the continuing operations of our business. These metrics include:

Metric	Description
Revenue	<p>The majority of our revenue is generated from rents and fees we earn pursuant to the lease and service agreements we enter into with our tenants. Our ability to achieve revenue growth depends upon our ability to attract and retain tenants for hangars at our home basing hangar campuses. The extent to which we achieve growth in our customer base materially influences our business and results of operations. Any number of factors could affect our ability to grow our customer base, including tenant preferences for hangar space and related services, including size and location of the hangar, as well as general economic conditions. Rental revenue is recognized in accordance with ASC Topic 842, <i>Leases</i>, and includes (i) fixed payments of cash rents, which represents revenue each tenant pays in accordance with the terms of its respective lease and is recognized on a straight-line basis over the term of the lease and (ii) variable payments of tenant reimbursements, which are recoveries of all or a portion of the common area maintenance and operating expenses of the property and are recognized in the same period as the expenses are incurred. We derive all of our revenue from tenants in the United States. At certain of our HBO campuses, we recognize revenue from ground-based services, such as the fueling and towing of aircraft. Revenue for the sale of aircraft fuel is recognized at the time customer obtains control of the fuel. Revenue for the sale of other ground-based services is recognized at the time the service is performed and provided to customers. Customers are invoiced at the time the services are performed and the associated revenue is recognized in the period it is earned. Our fueling arrangements generally are unique at each location we operate, and may be accounted for on a gross or net basis. We determine whether to recognize fuel and services revenue on a gross or net basis based on consideration of various factors, including whether we have control of the products or services prior to delivery to customers, our degree of latitude in establishing the sales price, whether we carry the associated inventory risk, and which party is the primary obligor within such sales arrangements.</p>
Operating Expenses	<p>In addition to changes in our revenue, our operating results are affected by, among other things, the level of our operating expenses. One of our largest expenses is the payments payable under our ground leases. For the three months ended March 31, 2026 and 2025, we recognized expense related to ground leases of approximately \$4.0 million and \$2.9 million, respectively. We elect to expense rather than capitalize ground lease expense incurred at hangar campus sites under development and will incur expense under GAAP regardless of whether our ground leases defer cash rent payments until completion of construction. As we enter into new ground leases at new airport sites, our ground lease expense and associated cash payments to airport landlords will ultimately continue to increase into the future. If airport landlords increase the per acre cost of the ground lease of our target campuses, the operating margins at potential target developments may be impacted negatively. Other operating expenses reflected in our consolidated statement of operations are reflective of the professional, legal and consulting fees, compensation costs, and other general and administrative expenses, including those necessary to support our business as a public company such as expenses associated with corporate governance, SEC reporting, and other compliance matters. While we expect that such expenses will rise in some measure as our portfolio of hangar campuses grows, we expect that such expenses as a percentage of our portfolio will decrease over time due to efficiencies, economies of scale, insourcing of job functions, and cost control measures.</p>
Operating Income (Loss)	<p>The presentation of operating income (loss) provides a measure of performance which is useful for investors, analysts and other interested parties in company-to-company operating performance comparisons. Operating income (loss) is computed by deducting operating expenses from revenue.</p>
Net Income (Loss)	<p>The presentation of net income provides a measure of performance which is useful for investors, analysts and other interested parties in company-to-company operating performance comparisons.</p>
Adjusted EBITDA	<p>We utilize Adjusted EBITDA to evaluate our operating and financial performance, which is supplemental in nature and a financial measure not calculated in accordance with GAAP. We define Adjusted EBITDA as net income before (i) depreciation and amortization expense, (ii) interest expense, (iii) interest income, (iv) non-cash stock-based compensation expense, (v) non-cash gains and losses resulting from the change in fair value of our liability-classified warrants, (vi) non-cash operating lease expense, (vii) non-cash operating lease income, (viii) provision for income taxes, (ix) other non-cash expenses, including, but not limited to, the impairment of long-lived assets, gains or losses arising from the disposition of assets, losses on extinguishment of debt, and other non-cash non-operating expenses. We believe Adjusted EBITDA is useful for investors, analysts and other interested parties as it provides a view of our operating performance, analyzes our ability to meet debt service obligations, and facilitates company-to-company operating performance comparisons by excluding potential differences caused by variations in capital structures, the age and book depreciation of assets, and equity-based incentive plans. Our method of calculating Adjusted EBITDA may differ from that utilized by other companies and therefore its comparability may be limited. See the section titled “Non-GAAP Financial Measures” below for more information and reconciliations to the most directly comparable GAAP financial measure.</p>
Net Cash Provided By (Used In) Operating Activities	<p>We focus on measures designed to monitor cash flow, including net cash provided by (used in) operating activities. The presentation of net cash provided by (used in) operating activities provides a measure of performance which is useful for investors, analysts and other interested parties in company-to-company operating performance comparisons.</p>

Critical Accounting Policies and Estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States requires management 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 expenses during the periods reported. Actual results could materially differ from those estimates. We have identified the following as our critical accounting policies:

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires the Company 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Such estimates include assumptions used within impairment analyses, estimated useful lives of depreciable assets and amortizable costs, estimates of inputs utilized in determining the fair value of financial instruments such as warrants, and estimates and assumptions related to right-of-use assets and operating lease liabilities. Actual results could differ materially from those estimates.

Cost of Construction

Cost of construction on the consolidated balance sheets is carried at cost. The cost of acquiring an asset includes the costs necessary to bring a capital project to the condition necessary for its intended use. Costs are capitalized once the construction of a specific capital project is probable. Construction labor and other direct costs of construction are capitalized. Professional fees for engineering, procurement, consulting, and other soft costs that are directly identifiable with the project and are considered an incremental direct cost are capitalized. We allocate a portion of our internal salaries to both capitalized cost of construction and to general and administrative expense based on the percentage of time certain employees worked in the related areas. Interest costs on the loans and bonds used to fund the capital projects are also capitalized until the capital project is completed. Once a capital project is complete, the cost of the capital project is reclassified to Constructed Assets on the accompanying balance sheet and we begin to depreciate the constructed asset on a straight-line basis over the lesser of the life of the asset or the remaining term of the related ground lease, including expected renewal terms.

Leases

We account for leases under Accounting Standards Codification (“ASC”) Topic 842, Leases. We determine whether a contract contains a lease at the inception of the contract. ASC Topic 842 requires lessees to recognize operating lease liabilities and right-of-use (“ROU”) assets for all leases with terms of more than 12 months on the consolidated balance sheets. We have made an accounting policy election that will keep leases with an initial term of 12 months or less off our consolidated balance sheets and will result in recognizing those lease payments in the consolidated statements of operations on a straight-line basis over the lease term. When management determines that it is reasonably certain that we will exercise our options to renew the leases, the renewal terms are included in the lease term and the resulting ROU asset and operating lease liability balances. We have elected to not capitalize any interest cost that is implicit within our operating leases into cost of construction on the consolidated balance sheet, but instead, we expense our ground lease cost in the consolidated statements of operations.

We have lease agreements with lease and non-lease components; we have elected the accounting policy to not separate lease and non-lease components for all underlying asset classes.

Revenue Recognition

We lease hangar facilities that we construct to third parties. The lease agreements are either on a month-to-month basis or have a defined term and may have options to extend the term. Some of the leases contain options to terminate the lease by either party with given notice. There are no options given to the lessee to purchase the underlying assets. Rental revenue is recognized in accordance with ASC Topic 842, Leases, and includes (i) fixed payments of cash rents, which represents revenue each tenant pays in accordance with the terms of its respective lease and is recognized on a straight-line basis over the term of the lease and (ii) variable payments of tenant reimbursements, which are recoveries of all or a portion of the common area maintenance and operating expenses of the property and are recognized in the same period as the expenses are incurred.

The Company evaluates the collectability of tenant receivables for payments required under the lease agreements. If the Company determines that collectability is not probable, the Company recognizes any difference between revenue amounts recognized to date under ASC 842 and payments that have been collected from the lessee, including any additional rent or lease termination fees, as a current period adjustment to rental revenue.

At certain of our HBO campuses, we recognize revenue from ground-based services, such as the fueling and towing of aircraft. Revenue for the sale of aircraft fuel is recognized at the time customer obtains control of the fuel. Revenue for the sale of other ground-based services is recognized at the time the service is performed and provided to customers. Customers are invoiced at the time the services are performed and the associated revenue is recognized in the period it is earned. Our fueling arrangements generally are unique at each location we operate, and may be accounted for on a gross or net basis. We determine whether to recognize fuel and services revenue on a gross or net basis based on consideration of various factors, including whether we have control of the products or services prior to delivery to customers, our degree of latitude in establishing the sales price, whether we carry the associated inventory risk, and which party is the primary obligor within such sales arrangements.

Recent Accounting Pronouncements

See Note 2 — *Basis of Presentation and Significant Accounting Policies* in the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements including the expected dates of adoption and effects on results of operations and financial condition.

Results of Operations

Three Months Ended March 31, 2026 Compared to the Three Months Ended March 31, 2025

The following table sets forth a summary of our consolidated results of operations for the periods indicated below and the changes between the periods (in thousands).

	Three months ended		Change
	March 31, 2026	March 31, 2025	
Revenue:			
Rental revenue	\$ 6,493	\$ 4,461	\$ 2,032
Fuel revenue	2,232	1,132	1,100
Total revenue	8,725	5,593	3,132
Expenses:			
Campus operating expenses	2,574	1,884	690
Fuel expenses	1,154	734	420
Ground lease expenses	3,953	2,904	1,049
Depreciation and amortization	1,967	1,099	868
Pursuit and marketing expenses	622	580	42
Employee compensation and benefits	4,343	4,239	104
General and administrative expenses	1,083	976	107
Total expenses	15,696	12,416	3,280
Operating loss	(6,971)	(6,823)	(148)
Other (income) expense:			
Interest expense	1,296	138	1,158
Unrealized loss on warrants	790	2,528	(1,738)
Other income	(85)	(363)	278
Total other (income) expense	2,001	2,303	(302)
Net loss	\$ (8,972)	\$ (9,126)	\$ 154

Revenues

Rental revenues for the three months ended March 31, 2026 were approximately \$6.5 million, compared to approximately \$4.5 million for the three months ended March 31, 2025. The \$2.0 million, or 46%, increase was primarily the result of operations at our DVT, APA, and ADS hangar campuses, which commenced operations throughout the year ended December 31, 2025, and the cumulative impact of increased occupancy at our BNA, OPF, and SJC hangar campuses.

Fuel revenues for the three months ended March 31, 2026 were approximately \$2.2 million, compared to approximately \$1.1 million for the three months ended March 31, 2025. The approximately \$1.1 million, or 97%, increase was primarily the result of a \$0.8 million increase in fuel sales at our CMA, ADS, and APA hangar campuses, where our fuel revenues and related expenses are recognized on a gross basis. Other fuel revenue increased by approximately \$0.3 million, which was primarily driven by an increase in fuel gallons uplifted at our BNA, OPF, and SJC hangar campuses due to increased occupancy.

Operating Expenses

Campus operating expenses increased approximately \$0.7 million, or 37%, from approximately \$1.9 million for the three months ended March 31, 2025, to approximately \$2.6 million for the three months ended March 31, 2026. Salaries, wages, and benefits associated with our hangar campus personnel increased approximately \$0.2 million, primarily driven by headcount increases associated with the commencement of operations at our DVT, APA, and ADS hangar campuses throughout the year ended December 31, 2025. Other campus operating expenses increased approximately \$0.5 million, primarily driven by increased insurance, property taxes, and utilities associated with operations at DVT, APA, and ADS.

Fuel expenses for the three months ended March 31, 2026 were approximately \$1.1 million, compared to approximately \$0.7 million for the three months ended March 31, 2025. The approximately \$0.4 million, or 57%, increase was primarily the result of an increase in the cost of fuel of approximately \$0.4 million, driven by the impact of recognizing fuel revenue and expenses on a gross basis at our CMA, ADS, and APA hangar campuses.

Ground lease expenses increased approximately \$1.1 million, or 36%, from approximately \$2.9 million for the three months ended March 31, 2025, to approximately \$4.0 million for the three months ended March 31, 2026. The increase in ground lease expense was driven by the ground leases signed at the ground leases signed at SWF and HIO during the three months ended June 30, 2025 and the ground leases signed at LGB and FTW during the three months ended December 31, 2025.

Depreciation and amortization for the three months ended March 31, 2026 was approximately \$2.0 million, as compared to approximately \$1.1 million for the three months ended March 31, 2025. The approximately \$0.9 million, or 79%, increase was primarily driven by the commencement of operations at our

DVT and ADS campuses during the three months ended June 30, 2025, and the commencement of operations at our APA campus during the three months ended September 30, 2025.

Operating Expenses - Continued

Pursuit and marketing expenses for the three months ended March 31, 2026 were approximately \$0.6 million, compared to approximately \$0.6 million for the three months ended March 31, 2025. The 7% increase was primarily the result of increased marketing spend and our investment in our growth strategy in securing airport site acquisitions and potential tenants throughout the year.

Employee compensation and benefits expenses increased approximately \$0.1 million, or 3%, to \$4.3 million for the three months ended March 31, 2026, as compared to approximately \$4.2 million for the three months ended March 31, 2025. The increase was primarily driven by an increase in expense recognized associated with our equity compensation programs.

For the three months ended March 31, 2026 and 2025, other general and administrative expenses were approximately \$1.1 million and approximately \$1.0 million, respectively. The approximately \$0.1 million, or 11%, increase was primarily driven by increases in professional fees and technology costs due to the expansion of the business and headcount, offset by a slight decrease in corporate insurance premiums.

Other (Income) Expense

Other expense decreased from approximately \$2.3 million for the three months ended March 31, 2025, to approximately \$2.0 million for the three months ended March 31, 2026. The decrease was primarily due to an approximately \$1.7 million difference in the mark-to-market adjustment of the outstanding warrants at March 31, 2026 as compared to March 31, 2025 offset by an approximately \$1.2 million increase in interest expense due to higher indebtedness and an approximately \$0.3 million decrease in interest income.

Non-GAAP Financial Measures

To supplement our results presented in accordance with GAAP, we utilize Adjusted EBITDA, a non-GAAP financial measure that excludes or adjusts certain items. We define Adjusted EBITDA as net income before (i) depreciation and amortization expense, (ii) interest expense, net of capitalized interest, (iii) interest income and realized gains from available-for-sale securities, (iv) non-cash stock-based compensation expense, (v) non-cash unrealized gains and losses resulting from the change in fair value of our liability-classified warrants, (vi) non-cash operating lease expense, (vii) non-cash operating lease income, (viii) provision for income taxes, (ix) other non-cash expenses, including, but not limited to, the impairment of long-lived assets, gains or losses arising from the disposition of assets, losses on extinguishment of debt, and other non-cash non-operating expenses.

Management uses Adjusted EBITDA to facilitate operating performance comparisons from period to period. We believe this non-GAAP financial measure provides investors, analysts, and other interested parties useful information to evaluate our business performance as the removal of certain non-cash expenses and income facilitates company-to-company operating performance comparisons. While we believe this non-GAAP financial measure is useful in evaluating our business, it should be considered as supplemental in nature and is not meant to be considered in isolation or as a substitute for the related financial information prepared in accordance with GAAP. In addition, this non-GAAP financial measures may not be the same as a similarly entitled measure reported by other companies, limiting their usefulness as comparative measures. See below for a reconciliation of net income (loss) to Adjusted EBITDA, as well as “Key Business Metrics” for further discussion of Adjusted EBITDA.

Adjusted EBITDA

A reconciliation of net income (loss) to Adjusted EBITDA is presented below:

	Three months ended	
	March 31, 2026	March 31, 2025
Net income (loss)	\$ (8,972)	\$ (9,126)
Add (subtract):		
Depreciation and amortization	1,967	1,099
Interest expense	1,296	138
Other income	(85)	(363)
Changes in fair value of warrant liabilities	790	2,528
Equity-based compensation	1,602	1,238
Non-cash operating lease expense	2,334	1,481
Non-cash operating lease income	(422)	(308)
Adjusted EBITDA	\$ (1,490)	\$ (3,313)

Liquidity and Capital Resources

Overview

Liquidity is a measure of our ability to meet potential cash requirements, including ongoing commitments to repay borrowings, fund the construction of new assets, fund working capital and other general business needs. Our primary sources of cash include the potential issuance of equity and debt securities and rental payments from tenants. Our long-term liquidity requirements include lease payments under our ground leases with airport authorities, repaying principal and interest on outstanding borrowings, funding the construction costs of our hangar campus development projects (see “— *Construction Material Costs and Labor*”), funding for operations, and paying accrued expenses.

We believe that we have access to multiple sources of capital to fund our long-term liquidity requirements, including the incurrence of additional private activity bonds, drawdowns under the Term Loan Facility, and other debt and the issuance of additional equity securities. We also have the ability to utilize our ATM Facility or otherwise utilize our shelf registration statement on Form S-3 to access the capital markets. However, we cannot assure you that we will have access to these sources of capital or that, even if such sources of capital are available, that these sources of capital will be available on favorable terms. Our ability to incur additional debt will depend on multiple factors, including our degree of leverage, the value of our unencumbered assets and borrowing restrictions that are or may be imposed by future lenders. Our ability to access the equity and debt capital markets will depend on multiple factors as well, including general market conditions for real estate companies, our degree of leverage, the trading price of our common stock and debt and market perceptions about us.

Our cash deposits may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and the majority are maintained with a major financial institution with reputable credit. Our restricted cash is held in trust at a major financial institution pursuant to the Series 2021 Bonds indenture. We monitor the relative credit standing of financial institutions with whom we transact and limit the amount of credit exposure with any one entity. Our portfolio of investments and restricted investments is composed entirely of U.S. Treasury securities as of March 31, 2026.

The following table summarizes our cash and cash equivalents, restricted cash, investments, and restricted investments as of March 31, 2026 and December 31, 2025 (in thousands):

	March 31, 2026	December 31, 2025
Cash and cash equivalents	\$ 12,095	\$ 20,718
Restricted cash	68,988	16,306
Restricted investments	106,541	11,453
Total cash, restricted cash, investments, and restricted investments	<u>\$ 187,624</u>	<u>\$ 48,477</u>

Private Activity Bonds

Series 2026 Bonds

On February 12, 2026, Sky Harbour Capital III LLC (“Sky Capital III”) completed a \$150 million financing through the issuance of Series 2026 Bonds. The Series 2026 Bonds were issued by the Public Finance Authority of Wisconsin and bear interest at a rate of 6.00% per year, payable semi-annually in arrears on January 1 and July 1 of each year, beginning on July 1, 2026. The Series 2026 Bonds are subject to mandatory tender for purchase on January 1, 2031 (the “Mandatory Tender Date”), and will mature on July 1, 2060, unless earlier exchanged, redeemed or repurchased. On the Mandatory Tender Date, holders will be required to tender their Bonds for purchase at a price equal to 100% of the principal amount thereof plus accrued interest. Following such mandatory tender, the Series 2026 Bonds may be remarketed at a new interest rate or otherwise refinanced. Accordingly, although the Series 2026 Bonds have a stated final maturity of July 1, 2060, Sky Capital III will be required to refinance or remarket the Series 2026 Bonds on or prior to January 1, 2031. We intend to use the proceeds, together with other available funds, including draws from the Company’s Term Loan Facility, to (i) finance or refinance, directly or indirectly, all or a portion of the construction, equipping and/or improvement of all or a portion of the 2026 Projects; (ii) fund a deposit to the debt service reserve fund for the Series 2026 Bonds; (iii) pay capitalized interest on the Series 2026 Bonds through January 1, 2029; and (iv) pay the costs of issuance of the Series 2026 Bonds.

Series 2021 Bonds

On September 14, 2021, SHC completed an issuance through the Public Finance Authority (Wisconsin) of \$166.3 million of Series 2021 PABs. The Series 2021 Bonds are comprised of three maturities: \$21.1 million bearing interest at 4.00%, due July 1, 2036; \$30.4 million bearing interest at 4.00%, due July 1, 2041; and \$114.8 million bearing interest at 4.25%, due July 1, 2054. The Series 2021 Bond that has a maturity date of July 1, 2036 was issued at a premium, and Sky received bond proceeds that were \$0.2 million above its face value. The net proceeds from the issuance of the Series 2021 Bonds proceeds were used to (a) finance or refinance the construction of various aviation facilities consisting of general aviation aircraft hangars and storage facilities located and to be located on the SGR site, the OPF site, the BNA site, the APA site, the DVT site, and following our March 2023 election to reallocate a portion of the net proceeds, the ADS site; (b) fund debt service and other operating expenses such as ground lease expense during the initial construction period; (c) fund deposits to the Debt Service Reserve Fund; and (d) pay certain costs of issuance related to the Series 2021 Bonds.

Term Loan Facility

On September 4, 2025, we entered into a Draw Down Note Purchase And Continuing Covenant Agreement (the “Credit Agreement”) among SH Capital II, the other borrowers party thereto, the lenders party thereto (the “Lenders”) and JPMorgan Chase Bank, N.A., as administrative agent, sole bookrunner and sole lead arranger (“JPMorgan” or “Administrative Agent”). The Credit Agreement provides for, among other things, the Term Loan Facility. The Term Loan Facility provides for borrowings up to an aggregate principal amount of \$200 million under the Credit Agreement (the “Loans”) to be made by the Lenders from time to time as requested by SH Capital II. The Loans will mature on September 4, 2030, subject to any extensions by the Lenders. The Term

Loan Facility may be increased, subject to credit approval, up to an aggregate principal amount of \$300 million. Such Loans will bear interest at a rate of 80% of the sum of SOFR and 0.10%, plus 200 basis points. In October 2025, we entered into an interest rate swap (the “Swap Agreement”) for notional amounts of up to \$200 million, based on predetermined notional schedule agreement as defined in the Swap Agreement. The Swap Agreement effectively fixes the SOFR component of any Loans at or below the notional schedule made under the Term Loan Facility at approximately 2.65%, or 4.73% inclusive of applicable interest rate spreads, for the five-year term.

The Credit Agreement provides for Loans to be made from time to time by our special purpose subsidiaries of SH Capital II for the construction and operation of hangar project facilities at various airports (the “Hangar Projects”), subject to customary phased eligibility criteria. Loans will be secured by the real estate underlying the Hangar Projects, pledges of equity interests and certain revenues of SH Capital II and the special purpose subsidiaries (the “Term Loan Borrowers”). Sky and Sky Harbour Holdings II LLC, the holding company of SH Capital II, and Sky Harbour Holdings III LLC will guarantee the Term Loan Borrower’s obligations under the Loans pursuant to a Parent Guarantee and a Holdco Guaranty, respectively. In addition, pursuant to a Non-Recourse Carveout Guaranty, we will be required to guarantee the Term Loan Borrowers’ obligations under the Loans in certain limited circumstances such as misconduct by the Term Loan Borrowers or the primary guarantors.

Yorkville Promissory Notes

On December 8, 2025, we issued the Yorkville Promissory Note to Yorkville, in the aggregate principal amount of \$15 million. The issue price for the Yorkville Promissory Note was 100% of the aggregate principal amount thereof. The Yorkville Promissory Note accrues interest at a rate of 7.75% per annum (or 18% upon the occurrence of an event of default) and matures on June 8, 2027. Beginning on July 8, 2026, and continuing on the same day of each of the twelve successive months thereafter, we will be required to repay a portion of the outstanding balance of the Yorkville Promissory Note in amounts equal to \$1.25 million, with \$7.5 million and \$7.5 million due during the years ended December 31, 2026 and 2027, respectively.

On January 27, 2026, Sky issued the January 2026 Yorkville Promissory Note to Yorkville, in the aggregate principal amount of \$10 million. The issue price for the January 2026 Yorkville Promissory Note was 100% of the aggregate principal amount thereof. The January 2026 Yorkville Promissory Note accrues interest at a rate of 7.75% per annum (or 18% upon the occurrence of an event of default) and matures on June 8, 2027. Beginning on July 8, 2026, and continuing on the same day of each of the twelve successive months thereafter, we will be required to repay a portion of the outstanding balance of the January 2026 Yorkville Promissory Note in an amounts equal to approximately \$0.8 million.

Private Placement and Securities Purchase Agreements

2024 Private Placement and Securities Purchase Agreement

On September 16, 2024, we entered into a Securities Purchase Agreement (the “2024 Purchase Agreement”) with certain investors (collectively, the “Initial 2024 Investors”) relating to, among other things, the issuance and sale to the Initial 2024 Investors at an initial closing an aggregate of 3,352,106 shares (the “Initial 2024 PIPE Shares”) of our Class A Common Stock for an aggregate purchase price of \$31.8 million, and agreed to sell and issue to the Initial 2024 Investors at a second closing, at the option of the Initial 2024 Investors, up to an aggregate of number of shares equal to the number of each such Initial 2024 Investor's Initial 2024 PIPE Shares purchased in the Initial 2024 Closing at the same purchase price of \$9.50 per share (the “Second 2024 Closing” and, together with the Initial Closing, the “2024 Financing”). On October 25, 2024, additional investors (the “Additional 2024 Investors” and, together with the Initial 2024 Investors, the “2024 Investors”) each executed a joinder to the 2024 Purchase Agreement, pursuant to which the Additional 2024 Investors agreed to purchase, and we agreed to sell, an aggregate of 603,684 additional shares of Class A Common Stock (the “Additional 2024 PIPE Shares”, and together with the Initial 2024 PIPE Shares, the “First Closing 2024 PIPE Shares”) for an aggregate purchase price of \$5.7 million. The initial closing under the 2024 Purchase Agreement occurred on October 25, 2024 (the “Initial 2024 Closing”), and 3,955,790 First Closing 2024 PIPE Shares were issued to the Investors for an aggregate purchase price of \$37.6 million. In December 2024, we sold and issued to the 2024 Investors an aggregate of 3,955,790 Second Closing 2024 PIPE Shares for an aggregate purchase price of approximately \$37.6 million (the “Second 2024 Closing”). Inclusive of the Initial 2024 Closing, we issued and sold an aggregate of 7,911,580 shares of Class A Common Stock for an aggregate purchase price of approximately \$75.2 million. See “Note 13 — Equity” in the Notes to Consolidated Financial Statements for additional information regarding the 2024 Purchase Agreement.

2023 Private Placement and Securities Purchase Agreement

On November 1, 2023, we entered into a Securities Purchase Agreement (the “2023 Purchase Agreement”) with certain investors (collectively, the “2023 Investors”), pursuant to which we sold and issued to the 2023 Investors at an initial closing an aggregate of 6,586,154 shares of our Class A Common Stock (the “Initial 2023 PIPE Shares”) and accompanying warrants to purchase up to 1,141,600 shares of Class A Common Stock (the “Initial PIPE Warrants”), for an aggregate purchase price of \$42.8 million (the “Initial 2023 Financing”). On November 29, 2023, pursuant to the terms of the 2023 Purchase Agreement, we sold and issued to the 2023 Investors an aggregate of 2,307,692 shares of our Class A Common Stock (the “2023 Additional PIPE Shares” and, together with the 2023 Initial PIPE Shares, the “2023 PIPE Shares”) and accompanying warrants to purchase an aggregate of 400,000 shares of Class A Common Stock (the “Additional PIPE Warrants” and, together with the Initial PIPE Warrants, the “PIPE Warrants”) for an aggregate purchase price of \$15.0 million. The aggregate PIPE financing through the 2023 Purchase Agreement totaled approximately \$57.8 million, or \$6.50 per share.

At-the-Market Facility

On March 27, 2024, we entered into an At Market Issuance Sales Agreement (the “ATM Agreement”) with B. Riley Securities, Inc. (“B. Riley”) with respect to an “at the market” offering program (the “ATM Facility”), under which we may, from time to time, at our sole discretion, issue and sell through B. Riley, acting as sales agent, up to \$100 million of shares of Class A Common Stock. Pursuant to the ATM Agreement, we may sell the shares through B. Riley by any method permitted that is deemed an “at the market” offering as defined in Rule 415 under the Securities Act. B. Riley will use commercially reasonable efforts consistent with its normal trading and sales practices to sell the shares from time to time, based upon instructions from us, including any price or size limits or other customary parameters or conditions we may impose. We pay B. Riley a commission of 3.0% of the gross sales price per share sold under the ATM Agreement, subject to certain reductions. On December 31, 2025, we entered into an Amended and Restated At Market Issuance Sales Agreement (the “A&R ATM Agreement”) with B. Riley and Yorkville Securities, LLC (“Yorkville Securities” and, together with B. Riley, the “Sales Agents”), pursuant to which, among other things, Yorkville Securities was added as an additional sales agent. Pursuant to the A&R ATM Agreement, we may offer and sell, from time to time through the Sales Agents, shares of its Class A Common Stock, having an aggregate offering price of up to \$100.0 million (the “ATM Shares”). The material terms and conditions of the ATM Agreement otherwise remain unchanged.

During the three months ended March 31, 2026, the Company sold 47,371 shares of Class A Common Stock under the ATM Facility at a weighted-average sales price of \$10.07. As of March 31, 2026, ATM Shares having an aggregate gross sales price of up to approximately \$97.3 million remain available for issuance under the A&R ATM Agreement.

We are not obligated to sell any shares under the A&R ATM Agreement. The offering of shares pursuant to the A&R ATM Agreement will terminate upon the earlier to occur of (i) the issuance and sale, through the Sales Agents, of all of the shares subject to the A&R ATM Agreement and (ii) termination of the A&R ATM Agreement in accordance with its terms. We have made limited sales under the ATM Facility to date and will only do so when our stock price is at prices our Board deems appropriate.

Debt Covenants

The Term Loan Facility contains financial and non-financial covenants, including a debt service coverage ratio, debt service reserve requirements, restricted payments test, and limitations on the sale, lease, or distribution of assets. Commencing three months after the earlier of September 4, 2028 or a trigger date based on substantial completion of certain projects, SH Capital II is required to maintain a historical and projected debt service coverage ratio of no less than 1.25 to 1.00.

The Series 2021 Bonds contain financial and non-financial covenants, including a debt service coverage ratio, a restricted payments test and limitations on the sale, lease, or distribution of assets. To the extent that SHC does not comply with these covenants, an event of default or cross-default may occur under one or more agreements, and we or our subsidiaries may be restricted in our ability to pay dividends, issue new debt or access our leased facilities. The Series 2021 Bonds are collateralized on a joint and several basis with the property and revenues of all SHC subsidiaries and their assets financed or to be financed from the proceeds of the Series 2021 Bonds. Covenants in the Series 2021 Bonds require SHC to maintain a debt service coverage ratio (as defined in the relevant documents) of at least 1.25 for each applicable test period, commencing with the quarter ending December 31, 2024. The Series 2021 Bonds are subject to a Continuing Disclosure Agreement whereby SHC is obligated to provide electronic copies of (i) monthly construction reports, (ii) quarterly reports containing quarterly financial information of SHC and (iii) annual reports containing audited consolidated financial statements of SHC to the Municipal Securities Rulemaking Board.

As of March 31, 2026, we were in compliance with all debt covenants.

Lease Commitments

The Company's future minimum lease payments required under leases as of March 31, 2026 were as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2026 (remainder of year)	\$ 5,033	\$ 43
2027	8,561	45
2028	10,390	32
2029	11,135	-
2030	11,239	-
Thereafter	650,866	-
Total lease payments	697,224	120
Less imputed interest	(500,600)	(9)
Total	<u>\$ 196,624</u>	<u>\$ 111</u>

Off-Balance Sheet Arrangements

We do not maintain any off-balance sheet arrangements.

Cash Flows

The following table summarizes our sources and uses of cash for the three months ended March 31, 2026 and 2025 (in thousands):

	Three months ended	
	March 31, 2026	March 31, 2025
Cash and restricted cash at beginning of period	\$ 37,024	\$ 94,359
Net cash used in operating activities	(3,918)	(5,050)
Net cash used in investing activities	(126,933)	(4,497)
Net cash provided by (used in) financing activities	174,910	(1,162)
Cash and restricted cash at end of period	<u>\$ 81,083</u>	<u>\$ 83,650</u>

Operating Activities

Cash used in operating activities is significantly influenced by the amount of cash we invest in personnel and infrastructure to support the anticipated growth of our business. Our working capital consists primarily of cash, receivables from tenants, prepaid expenses, accounts payable, accrued compensation, accrued other expenses, and lease liabilities. The timing of collection of our tenant receivables, and the timing of spending commitments and payments of our accounts payable, accrued expenses, accrued payroll and related benefits, all affect these account balances.

Net cash used in operating activities was approximately \$3.9 million for the three months ended March 31, 2026, as compared to cash used in operating activities of approximately \$5.1 million for the same period in 2025. The approximately \$1.1 million decrease in cash used in operating activities was primarily attributable to an approximately \$1.2 million decrease in net loss, net of non-cash adjustments, offset by an unfavorable change in working capital of approximately \$0.1 million. The decrease in net loss, net of non-cash adjustments was primarily driven by the impact of increases in revenue from our operations at DVT, APA, and ADS. The unfavorable change in working capital was primarily driven by the timing of collections of accounts receivable as well as spending commitments and payments of our accounts payable and other accrued expenses.

Investing Activities

Our primary investing activities have consisted of payments related to the cost of construction at our various hangar campus development projects and investment in U.S. Treasury Securities. As our business expands, we expect to continue to invest in our current and anticipated future portfolio of hangar campus development projects.

Net cash used in investing activities was approximately \$126.9 million for the three months ended March 31, 2026, as compared to cash used in investing activities of approximately \$4.5 million for the same period in 2025. The increase of approximately \$122.4 million of cash used in investing activities was driven primarily by an increase in purchases of available-for-sale and held-to-maturity securities of \$63.9 million due to the investment of certain Series 2026 Bonds proceeds, a decrease in proceeds received from available-for-sale investments of approximately \$49.9 million, and an increase of capital expenditures of approximately \$8.4 million.

Financing Activities

Our primary financing activities have consisted of capital raised to fund the growth of our business and proceeds from debt obligations incurred to finance our hangar campus development projects. We expect to raise additional equity capital and issue additional indebtedness as our business grows.

Net cash provided by financing activities was approximately \$174.9 million for the three months ended March 31, 2026, as compared to net cash used in financing activities of approximately \$1.2 million for the same period in 2025. The approximately \$176.1 million increase in net cash used in financing activities was primarily driven by proceeds received from the issuance of the Series 2026 Bonds of \$150.0 million and approximately \$29.0 million of proceeds received from the Term Loan Facility and 2026 Yorkville Promissory Note. These were offset by an increase of \$3.9 million in payments for debt issuance costs.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information under this item.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in company reports filed or submitted under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Form 10-Q, as required by Rules 13a-15 and 15d-15 under the Exchange Act, our Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2026. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to our management, including our CEO and CFO, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the three months ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is not currently a party to any material legal proceedings.

ITEM 1A. RISK FACTORS

There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

During the three months ended March 31, 2026, there were no unregistered sales of the Company’s securities that were not reported in a Current Report on Form 8-K.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended March 31, 2026, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or a “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

ITEM 6. EXHIBITS

(a) See accompanying Exhibit Index included before the signature page of this report for a list of exhibits filed or furnished with this report.

Exhibit Number	Description	Incorporated by Reference			
		Schedule/Form	File No.	Exhibit	Filing Date
3.1	Second Amended and Restated Certificate of Incorporation of Yellowstone Acquisition Company.	8-K	001-39648	3.1	January 31, 2022
3.2	Bylaws of Sky Harbour Group Corporation.	8-K	001-39648	3.2	January 31, 2022
10.1	First Amendment to Draw Down Note Purchase and Continuing Covenant Agreement, dated January 8, 2026, by and among Sky Harbour Capital II LLC, the other borrowers party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, sole bookrunner and sole lead arranger.	8-K	001-39648	10.1	January 12, 2026
10.2	Trust Indenture, dated as of January 1, 2026, by and between the Public Finance Authority of Wisconsin and UMB Bank, N.A., as bond trustee.	8-K	001-39648	10.1	February 18, 2026
10.3	Loan Agreement, dated as of January 1, 2026, by and among the Public Finance Authority of Wisconsin and Sky Harbour Capital III LLC.	8-K	001-39648	10.2	February 18, 2026
10.4	Guaranty of Sky Harbour LLC in favor of UMB Bank, N.A.	8-K	001-39648	10.3	February 18, 2026
10.5	Guaranty of Sky Harbour Holdings IV LLC in favor of UMB Bank, N.A.	8-K	001-39648	10.4	February 18, 2026
31.1 (#)	Certification of the Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a).				
31.2 (#)	Certification of the Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a).				
32.1 (##)	Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.				
32.2 (##)	Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. 1350.				
101.INS (#)	Inline XBRL Instance Document.				
101.SCH (#)	Inline XBRL Taxonomy Extension Schema Document.				
101.CAL (#)	Inline XBRL Taxonomy Extension Calculation Linkbase Document.				
101.DEF (#)	Inline XBRL Taxonomy Extension Definition.				
101.LAB (#)	Inline XBRL Taxonomy Extension Label Linkbase Document.				
101.PRE (#)	Inline XBRL Taxonomy Presentation Linkbase Document.				
104 (#)	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.				
(#)	Filed herewith.				
(##)	The certifications attached as Exhibits 32.1 and 32.2 that accompany this Report, are not deemed filed with the SEC and are not to be incorporated by reference into any filing of Sky Harbour Group Corporation under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Report irrespective of any general incorporation language contained in such filing.				

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.

SKY HARBOUR GROUP CORPORATION
(Registrant)

By: /s/ Tal Keinan
Tal Keinan
Chief Executive Officer (Principal Executive Officer)

May 14, 2026

By: /s/ Francisco Gonzalez
Francisco Gonzalez
Chief Financial Officer (Principal Financial Officer)

May 14, 2026

By: /s/ Michael W. Schmitt
Michael W. Schmitt
Chief Accounting Officer (Principal Accounting Officer)

May 14, 2026

CERTIFICATIONS

I, Tal Keinan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sky Harbour Group Corporation;
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(s) 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(s) 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: May 14, 2026

/s/ Tal Keinan

Tal Keinan, Chief Executive Officer
(Principal Executive Officer)

CERTIFICATIONS

I, Francisco Gonzalez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sky Harbour Group Corporation;
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(s) 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(s) 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: May 14, 2026

/s/ Francisco Gonzalez
Francisco Gonzalez, Chief Financial Officer
(Principal Financial Officer)

**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 Sky Harbour Group Corporation (the "Company") on Form 10-Q for the period ended March 31, 2026 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2026

/s/ Tal Keinan

Tal Keinan, Chief Executive Officer
(Principal Executive Officer)

**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 Sky Harbour Group Corporation (the "Company") on Form 10-Q for the period ended March 31, 2026 as filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), the undersigned, in the capacities and on the date indicated below, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 14, 2026

/s/ Francisco Gonzalez

Francisco Gonzalez, Chief Financial Officer
(Principal Financial Officer)