

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

FORM 10-Q

[Mark One]

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

For the quarterly period ended September 30, 2024

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-39541

**WHEELS UP EXPERIENCE INC.**

(Exact Name of Registrant as Specified in Its Charter)

Delaware

98-1617611

(State or Other Jurisdiction of Incorporation or Organization)

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

2135 American Way,  
Chamblee, Georgia

30341

(Address of Principal Executive Offices)

(Zip Code)

Registrant's Telephone Number, Including Area Code: ( 212) 257-5252

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock, \$0.0001 par value per share	UP	New York Stock Exchange

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 Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	<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 November 4, 2024, 697,811,664 shares of Class A common stock, \$0.0001 par value per share, were outstanding.



## TABLE OF CONTENTS

	<b>Page</b>
<b>PART I.</b>	<b><a href="#">Financial Information</a></b>
Item 1.	<a href="#">Financial Statements (unaudited)</a> <span style="float: right;"><a href="#">1</a></span>
	<a href="#">Condensed Consolidated Balance Sheets as of September 30, 2024 and December 31, 2023</a> <span style="float: right;"><a href="#">1</a></span>
	<a href="#">Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2024 and 2023</a> <span style="float: right;"><a href="#">3</a></span>
	<a href="#">Condensed Consolidated Statements of Comprehensive Loss for the three and nine months ended September 30, 2024 and 2023</a> <span style="float: right;"><a href="#">4</a></span>
	<a href="#">Condensed Consolidated Statements of Equity for the three and nine months ended September 30, 2024 and 2023</a> <span style="float: right;"><a href="#">5</a></span>
	<a href="#">Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2024 and 2023</a> <span style="float: right;"><a href="#">7</a></span>
	<a href="#">Notes to the Condensed Consolidated Financial Statements</a> <span style="float: right;"><a href="#">8</a></span>
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a> <span style="float: right;"><a href="#">34</a></span>
Item 3.	<a href="#">Quantitative and Qualitative Disclosures About Market Risk</a> <span style="float: right;"><a href="#">60</a></span>
Item 4.	<a href="#">Controls and Procedures</a> <span style="float: right;"><a href="#">61</a></span>
<b>PART II.</b>	<b><a href="#">Other Information</a></b>
Item 1.	<a href="#">Legal Proceedings</a> <span style="float: right;"><a href="#">62</a></span>
Item 1A.	<a href="#">Risk Factors</a> <span style="float: right;"><a href="#">62</a></span>
Item 2.	<a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a> <span style="float: right;"><a href="#">63</a></span>
Item 3.	<a href="#">Defaults Upon Senior Securities</a> <span style="float: right;"><a href="#">63</a></span>
Item 4.	<a href="#">Mine Safety Disclosures</a> <span style="float: right;"><a href="#">63</a></span>
Item 5.	<a href="#">Other Information</a> <span style="float: right;"><a href="#">63</a></span>
Item 6.	<a href="#">Exhibits</a> <span style="float: right;"><a href="#">64</a></span>
	<a href="#">Signatures</a> <span style="float: right;"><a href="#">65</a></span>

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#### CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Quarterly Report”) of Wheels Up Experience Inc. (“Wheels Up”, or “we”, “us”, “our” or the “Company”), contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Forward-looking statements are predictions, projections and other statements about future events that are based on current expectations and assumptions and, as a result, are subject to known and unknown risks, uncertainties, assumptions and other important factors, many of which are outside of the control of Wheels Up that could cause actual results to differ materially from the results discussed in the forward-looking statements. These forward-looking statements include, but are not limited to, statements regarding: (i) the impact of Wheels Up’s cost reduction efforts and measures intended to increase Wheels Up’s operational efficiency on its business and results of operations, including the timing and magnitude of such expected actions and any associated expenses in relation to liquidity levels and working capital needs; (ii) Wheels Up’s fleet modernization strategy and its ability to execute such strategy, as well as the expected operational and financial impacts to Wheels Up from implementing such strategy on the timeline that it currently anticipates; (iii) the degree of market acceptance and adoption of Wheels Up’s products and services, including the changes to our member programs and charter offerings announced in June 2024 and any additional new or revised products introduced by Wheels Up; (iv) the size, demands, competition in and growth potential of the markets for Wheels Up’s products and services and Wheels Up’s ability to serve and compete in those markets; (v) Wheels Up’s liquidity, future cash flows and certain restrictions related to its indebtedness obligations, and its ability to perform under its contractual and indebtedness obligations; (vi) Wheels Up’s ability to achieve positive Adjusted EBITDA (as defined herein) in the future pursuant to the most recent schedule that it has announced; (vii) Wheels Up’s ability to consummate the closing of pending acquisitions and sales of aircraft and assets on the schedule that it currently anticipates or at all, and the expected benefits or impacts to Wheels Up from such pending transactions and the operation of any aircraft or assets following the closing of such transactions; (viii) Wheels Up’s ability to consummate the initial closing of the Revolving Equipment Note Facility (as defined herein) on the terms and timeline that it currently anticipates, and the expected benefits or impacts to Wheels Up from such financing, including the expected terms of the Revolving Equipment Note Facility, the ability to use net proceeds from the Revolving Equipment Note Facility to consummate any pending aircraft and asset acquisitions, the refinancing of the Equipment Notes (as defined herein), the potential receipt and expected use of any remaining net proceeds from the initial closing under the Revolving Equipment Note Facility (including the potential future acquisition of aircraft using such net proceeds, assumptions about the consummation of aircraft sales currently under contract and other factors that may impact the amount of remaining net proceeds from such initial closing) and the ability of the Company to reborrow under the Revolving Equipment Note Facility in the future; and (ix) the impacts of general economic and geopolitical conditions on Wheels Up’s business and the aviation industry, including due to fluctuations in interest rates, inflation, foreign currencies, consumer and business spending decisions, and general levels of economic activity. In addition, any statements that refer to projections, forecasts, or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. The words “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “might,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “strive,” “would” and similar expressions may identify forward-looking statements, but the absence of these words does not mean that statement is not forward-looking. We have identified certain known material risk factors applicable to Wheels Up in our Annual Report on Form 10-K for the year ended December 31, 2023 (“Annual Report”) under Part I, Item 1A — “Risk Factors,” in this Quarterly Report under Part I, Item 2 — “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A — “Risk Factors,” and elsewhere in this Quarterly Report. Moreover, it is not always possible for us to predict how new risks and uncertainties that arise from time to time may affect us. You are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Except as required by law, we do not intend to update any of these forward-looking statements after the date of this Quarterly Report.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WHEELS UP EXPERIENCE INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited, in thousands, except share data)

	September 30, 2024	December 31, 2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 115,909	\$ 263,909
Accounts receivable, net	32,029	38,237
Parts and supplies inventories, net	22,539	20,400
Aircraft held for sale	50,652	30,496
Prepaid expenses	29,490	55,715
Other current assets	20,691	25,277
<b>Total current assets</b>	<b>271,310</b>	<b>434,034</b>
Property and equipment, net	266,534	337,714
Operating lease right-of-use assets	54,588	68,910
Goodwill	222,482	218,208
Intangible assets, net	102,663	117,766
Other non-current assets	125,560	139,428
<b>Total assets</b>	<b>\$ 1,043,137</b>	<b>\$ 1,316,060</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 30,048	\$ 23,998
Accounts payable	34,997	32,973
Accrued expenses	94,369	102,475
Deferred revenue, current	711,097	723,246
Other current liabilities	17,898	24,810
<b>Total current liabilities</b>	<b>888,409</b>	<b>907,502</b>
Long-term debt, net	209,586	235,074
Operating lease liabilities, non-current	47,816	54,956
Other non-current liabilities	11,505	18,655
<b>Total liabilities</b>	<b>1,157,316</b>	<b>1,216,187</b>
<b>Commitments and contingencies (Note 13)</b>		
<b>Mezzanine equity:</b>		
Contingent performance awards	3,487	2,476
<b>Total mezzanine equity</b>	<b>3,487</b>	<b>2,476</b>
<b>Equity:</b>		
Common Stock, \$0.0001 par value; 1,500,000,000 authorized; 698,251,115 and 697,131,838 shares issued and 697,811,664 and 696,856,131 shares outstanding as of September 30, 2024 and December 31, 2023, respectively	70	70

Additional paid-in capital	1,911,362	1,879,009
Accumulated deficit	(2,015,357)	(1,763,260)
Accumulated other comprehensive loss	(5,537)	(10,704)
Treasury stock, at cost, 439,451 and 275,707 shares, respectively	(8,204)	(7,718)
<b>Total Wheels Up Experience Inc. stockholders' equity</b>	<b>(117,666)</b>	<b>97,397</b>
Non-controlling interests	—	—
<b>Total equity</b>	<b>(117,666)</b>	<b>97,397</b>
<b>Total liabilities and equity</b>	<b>\$ 1,043,137</b>	<b>\$ 1,316,060</b>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**WHEELS UP EXPERIENCE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited, in thousands, except share and per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Revenue</b>	\$ 193,903	\$ 320,063	\$ 587,289	\$ 1,006,937
<b>Costs and expenses:</b>				
Cost of revenue (exclusive of items shown separately below)	166,859	299,887	556,809	981,581
Technology and development	9,594	19,962	31,204	50,265
Sales and marketing	20,029	22,548	62,946	71,500
General and administrative	27,058	42,853	99,244	122,334
Depreciation and amortization	12,484	15,459	43,472	45,027
(Gain) loss on sale of aircraft held for sale	(190)	(7,841)	(2,680)	(11,328)
Impairment of goodwill	—	56,200	—	126,200
<b>Total costs and expenses</b>	<u>235,834</u>	<u>449,068</u>	<u>790,995</u>	<u>1,385,579</u>
<b>Loss from operations</b>	(41,931)	(129,005)	(203,706)	(378,642)
<b>Other income (expense)</b>				
Gain (loss) on divestiture	—	(2,991)	3,403	(2,991)
Gain (loss) on disposal of assets, net	70	—	(1,757)	(1,538)
Loss on extinguishment of debt	(289)	(1,936)	(2,800)	(2,806)
Change in fair value of warrant liability	107	(61)	9	685
Interest income	907	404	1,248	6,090
Interest expense	(16,041)	(11,258)	(47,263)	(27,035)
Other income (expense), net	(149)	613	(499)	716
<b>Total other income (expense)</b>	<u>(15,395)</u>	<u>(15,229)</u>	<u>(47,659)</u>	<u>(26,879)</u>
<b>Loss before income taxes</b>	(57,326)	(144,234)	(251,365)	(405,521)
Income tax benefit (expense)	(405)	(579)	(732)	(751)
<b>Net loss</b>	(57,731)	(144,813)	(252,097)	(406,272)
Less: Net loss attributable to non-controlling interests	—	—	—	—
<b>Net loss attributable to Wheels Up Experience Inc.</b>	<u>\$ (57,731)</u>	<u>\$ (144,813)</u>	<u>\$ (252,097)</u>	<u>\$ (406,272)</u>
<b>Net loss per share of Common Stock (Note 18)</b>				
Basic and diluted	<u>\$ (0.08)</u>	<u>\$ (3.51)</u>	<u>\$ (0.36)</u>	<u>\$ (13.22)</u>
<b>Weighted-average shares of Common Stock outstanding:</b>				
Basic and diluted	<u>697,721,699</u>	<u>41,261,003</u>	<u>697,575,821</u>	<u>30,737,324</u>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**WHEELS UP EXPERIENCE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Unaudited, in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net loss</b>	\$ (57,731)	\$ (144,813)	\$ (252,097)	\$ (406,272)
Other comprehensive income (loss):				
Foreign currency translation adjustments	6,807	(8,173)	5,167	(3,954)
<b>Comprehensive loss</b>	(50,924)	(152,986)	(246,930)	(410,226)
Less: Comprehensive loss attributable to non-controlling interests	—	—	—	—
<b>Comprehensive loss attributable to Wheels Up Experience Inc.</b>	<u>\$ (50,924)</u>	<u>\$ (152,986)</u>	<u>\$ (246,930)</u>	<u>\$ (410,226)</u>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*



**WHEELS UP EXPERIENCE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited, in thousands, except share data)

	Common Stock					Treasury stock			
	Shares	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Shares	Amount	Non-controlling interests	Total
Balance as of December 31, 2023	697,131,838	\$ 70	\$1,879,009	\$ (1,763,260)	\$ (10,704)	275,707	\$ (7,718)	\$ —	\$ 97,397
Equity-based compensation	—	—	2,812	—	—	—	—	—	2,812
Shares withheld for employee taxes on vested equity awards	—	—	—	—	—	92,764	(338)	—	(338)
Issuance of Common Stock upon settlement of restricted stock units	558,125	—	—	—	—	—	—	—	—
Net loss	—	—	—	(97,393)	—	—	—	—	(97,393)
Other comprehensive income (loss)	—	—	—	—	(1,542)	—	—	—	(1,542)
Balance as of March 31, 2024	697,689,963	\$ 70	\$1,881,821	\$ (1,860,653)	\$ (12,246)	368,471	\$ (8,056)	\$ —	\$ 936
Equity-based compensation	—	—	5,332	—	—	—	—	—	5,332
Reclassification of equity awards	—	—	18,718	—	—	—	—	—	18,718
Shares withheld for employee taxes on vested equity awards	—	—	—	—	—	24,747	(67)	—	(67)
Issuance of Common Stock upon settlement of restricted stock units	367,109	—	—	—	—	—	—	—	—
Net loss	—	—	—	(96,973)	—	—	—	—	(96,973)
Other comprehensive income (loss)	—	—	—	—	(98)	—	—	—	(98)
Balance as of June 30, 2024	698,057,072	\$ 70	\$1,905,871	\$ (1,957,626)	\$ (12,344)	393,218	\$ (8,123)	\$ —	\$ (72,152)
Equity-based compensation	—	—	5,491	—	—	—	—	—	5,491
Shares withheld for employee taxes on vested equity awards	—	—	—	—	—	46,233	(81)	—	(81)
Issuance of Common Stock upon settlement of restricted stock units	194,043	—	—	—	—	—	—	—	—
Net loss	—	—	—	(57,731)	—	—	—	—	(57,731)
Other comprehensive loss	—	—	—	—	6,807	—	—	—	6,807
Balance as of September 30, 2024	698,251,115	\$ 70	\$1,911,362	\$ (2,015,357)	\$ (5,537)	439,451	\$ (8,204)	\$ —	\$ (117,666)

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**WHEELS UP EXPERIENCE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF EQUITY**  
(Unaudited, in thousands, except share data)

	Common Stock					Treasury stock		Non-controlling interests	Total
	Shares	Amount	Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Shares	Amount		
<b>Balance as of December 31, 2022</b>	25,198,298	\$ 3	\$ 1,545,530	\$ (1,275,873)	\$ (10,053)	264,441	\$ (7,687)	\$ —	\$ 251,920
Equity-based compensation	—	—	9,951	—	—	—	—	1,259	11,210
Change in non-controlling interests allocation	—	—	1,259	—	—	—	—	(1,259)	—
Issuance of Common Stock upon settlement of restricted stock units	227,513	—	—	—	—	—	—	—	—
Net loss	—	—	—	(100,866)	—	—	—	—	(100,866)
Other comprehensive income (loss)	—	—	—	—	923	—	—	—	923
<b>Balance as of March 31, 2023</b>	25,425,811	\$ 3	\$ 1,556,740	\$ (1,376,739)	\$ (9,130)	264,441	\$ (7,687)	\$ —	\$ 163,187
Equity-based compensation	—	—	6,592	—	—	—	—	12	6,604
Change in non-controlling interests allocation	—	—	12	—	—	—	—	(12)	—
Reclassification of equity awards	—	—	328	—	—	—	—	—	328
Issuance of Common Stock upon settlement of restricted stock units	196,685	—	—	—	—	—	—	—	—
Reverse stock split fractional shares	—	—	—	—	—	859	(3)	—	(3)
Net loss	—	—	—	(160,593)	—	—	—	—	(160,593)
Other comprehensive income (loss)	—	—	—	—	3,296	—	—	—	3,296
<b>Balance as of June 30, 2023</b>	25,622,496	\$ 3	\$ 1,563,672	\$ (1,537,332)	\$ (5,834)	265,300	\$ (7,690)	\$ —	\$ 12,819
Equity-based compensation	—	—	3,503	—	—	—	—	6	3,509
Change in non-controlling interests allocation	—	—	6	—	—	—	—	(6)	—
Issuance of Common Stock and Deferred Shares in connection with debt issuance	141,313,671	14	281,912	—	—	—	—	—	281,926
Shares withheld for employee taxes on vested equity awards	—	—	—	—	—	10,407	(28)	—	(28)
Issuance of Common Stock upon settlement of restricted stock units	144,283	—	—	—	—	—	—	—	—
Net loss	—	—	—	(144,813)	—	—	—	—	(144,813)
Other comprehensive loss	—	—	—	—	(8,173)	—	—	—	(8,173)
<b>Balance as of September 30, 2023</b>	167,080,450	\$ 17	\$ 1,849,093	\$ (1,682,145)	\$ (14,007)	275,707	\$ (7,718)	\$ —	\$ 145,239

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**WHEELS UP EXPERIENCE INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited, in thousands)

	Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (252,097)	\$ (406,272)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	43,472	45,027
Equity-based compensation	33,364	21,650
Payment in kind interest	31,259	972
Amortization (accretion) of deferred financing costs and debt discount	(1,022)	2,390
Gain on sale of aircraft held for sale	(2,680)	(11,328)
Loss on extinguishment of debt	2,800	2,806
Impairment of goodwill	—	126,200
Other	(650)	207
Changes in assets and liabilities:		
Accounts receivable	4,867	22,513
Parts and supplies inventories	1,453	5,074
Prepaid expenses	24,640	(8,589)
Other non-current assets	17,910	(36,988)
Accounts payable	1,913	(15,177)
Accrued expenses	(8,562)	(36,293)
Deferred revenue	(12,813)	(378,949)
Other assets and liabilities	332	5,263
<b>Net cash used in operating activities</b>	<b>(115,814)</b>	<b>(661,494)</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(14,716)	(12,312)
Purchases of aircraft held for sale	(2,313)	(2,311)
Proceeds from sale of aircraft held for sale, net	47,631	53,911
Proceeds from sale of divested business, net	6,803	13,200
Capitalized software development costs	(11,452)	(16,041)
Other	105	172
<b>Net cash provided by investing activities</b>	<b>26,058</b>	<b>36,619</b>
<b>Cash flows from financing activities</b>		
Purchase shares for treasury	(486)	—
Purchase of fractional shares	—	(3)
Proceeds from notes payable	—	70,000
Repayment of notes payable	—	(70,000)
Proceeds from long-term debt, net	—	343,000
Payment of debt issuance costs in connection with debt	—	(19,630)
Repayments of long-term debt	(52,475)	(40,196)
<b>Net cash provided by (used in) financing activities</b>	<b>(52,961)</b>	<b>283,171</b>
<b>Effect of exchange rate changes on cash, cash equivalents and restricted cash</b>	<b>(1,274)</b>	<b>(4,287)</b>
<b>Net decrease in cash, cash equivalents and restricted cash</b>	<b>(143,991)</b>	<b>(345,991)</b>
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	<b>292,825</b>	<b>620,153</b>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 148,834</b>	<b>\$ 274,162</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for interest	\$ 18,230	\$ 23,919

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**WHEELS UP EXPERIENCE INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. SUMMARY OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES**

Wheels Up Experience Inc. ("Wheels Up", or "we", "us", "our" or the "Company") is a leading provider of on-demand private aviation in the United States ("U.S.") and one of the largest companies in the industry. Wheels Up offers a complete global private aviation solution with a large and diverse aircraft fleet, backed by an uncompromising commitment to safety and service. Our offering is delivered through a mix of our member programs and charter solutions that strategically utilize our owned and leased aircraft fleet and an "asset-light" charter model to deliver a greater range of global travel alternatives. In addition, our unique partnership with Delta Air Lines, Inc. ("Delta") allows Wheels Up to offer a wide variety of aviation solutions across both private and premium commercial travel.

***Basis of Presentation***

The condensed consolidated financial statements and accompanying notes have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial reporting, the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the financial information and footnotes required by GAAP for annual financial statements. As a result, this Quarterly Report on Form 10-Q (this "Quarterly Report") should be read in conjunction with the audited consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission on March 7, 2024. In the opinion of the Company's management, the condensed consolidated financial statements in this Quarterly Report include all adjustments necessary for the fair presentation of the Company's balance sheet as of September 30, 2024, and its results of operations, including its comprehensive loss and stockholders' equity for the three and nine months ended September 30, 2024 and 2023. All adjustments are of a normal recurring nature. The results for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for any subsequent period or for the fiscal year ending December 31, 2024.

Immediately after the close of trading on the New York Stock Exchange (the "NYSE") on June 7, 2023, the Company effected a reverse stock split of Wheels Up's outstanding shares of Class A common stock, \$0.0001 par value per share ("Common Stock"), at a reverse stock split ratio of 1-for-10 (the "Reverse Stock Split"). Accordingly, the presentation of all periods covered by the condensed consolidated financial statements contained herein have been adjusted to give retroactive effect to the Reverse Stock Split, as applicable, including adjustments to per share net loss and other per share of Common Stock amounts.

***Principles of Consolidation***

The condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. We consolidate Wheels Up MIP LLC ("MIP LLC") and record the profits interests held in MIP LLC that Wheels Up does not own as non-controlling interests (see [Note 12](#)). All intercompany transactions and balances have been eliminated in consolidation.

***Use of Estimates***

Preparing the condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates due to risks and uncertainties. The most significant estimates include, but are not limited to, the useful lives and residual values of purchased aircraft, the fair value of financial assets and liabilities, acquired intangible assets, goodwill, contingent consideration and other assets and liabilities, sales and use tax, the estimated life of member relationships, the

determination of the allowance for credit losses, impairment assessments, the determination of the valuation allowance for deferred tax assets and the incremental borrowing rate for leases.

#### ***Foreign Currency Translation Adjustments***

Assets and liabilities of foreign subsidiaries, where the functional currency is not the U.S. dollar, have been translated at period-end exchange rates and profit and loss accounts have been translated using weighted-average exchange rates. Adjustments resulting from currency translation have been recorded in the equity section of the condensed consolidated balance sheets and the condensed consolidated statements of other comprehensive loss as a cumulative translation adjustment.

#### ***Impairment***

During the third quarter of 2024, the Company elected to voluntarily change the timing of its annual goodwill impairment test from October 1 to September 1. The selection of September 1 as the annual testing date for the impairment of goodwill is intended to move the testing to a period outside of the Company's interim financial reporting process to allow sufficient time to complete the analysis prior to releasing its third quarter financial results. The Company believes this change is preferable under the circumstances and does not accelerate, delay or avoid an impairment charge. The change did not result in more than 12 months between annual testing dates. The Company will apply this change prospectively as management determined that retrospective application would be impracticable, and the change does not have an impact on the financial statements as the Company currently evaluates for triggering events in interim periods.

We completed our annual goodwill impairment test over our reporting units as of September 1, 2024. We performed a quantitative impairment assessment for both reporting units. For the legacy Wheels Up reporting unit ("WUP Legacy"), we used the discounted cash flow method, calculating the fair value of WUP Legacy based on the present value of estimated future cash flows, which did not result in an impairment to goodwill. For the Air Partner reporting unit, we used a combination of the discounted cash flow and guideline public company methods, which did not result in impairment to goodwill.

#### ***Recent Accounting Pronouncements***

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures," ("ASU 2023-07"). The amendments in ASU 2023-07 aim to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 will be effective for the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2024, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In December 2023, the FASB issued ASU No. 2023-09 "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," ("ASU 2023-09"). The amendments in ASU 2023-09 aim to enhance the transparency and decision usefulness of income tax disclosures. ASU 2023-09 will be effective for the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2025, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-03 "Disaggregation of Income Statement Expenses," ("ASU 2023-03"). The amendments in ASU 2024-03 aim to improve the decision usefulness of expense information on public business entities' income statements through the disaggregation of relevant expense captions in the notes to the financial statements. ASU 2024-03 will be effective for the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2027, with early adoption permitted. The Company is currently evaluating the impact of this update on its consolidated financial statements.

## 2. REVENUE RECOGNITION

### Disaggregation of Revenue

The following table disaggregates Revenue by service type and the timing of when these services are provided to the member or customer (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Services transferred at a point in time:				
Flights, net of discounts and incentives	\$ 155,355	\$ 214,645	\$ 469,968	\$ 681,691
Aircraft management <sup>(1)</sup>	1,380	51,081	7,410	158,396
Other	23,844	29,720	62,760	89,665
Services transferred over time:				
Memberships	13,231	20,622	46,131	63,780
Aircraft management <sup>(1)</sup>	30	2,154	150	7,035
Other	63	1,841	870	6,370
Total Revenue	\$ 193,903	\$ 320,063	\$ 587,289	\$ 1,006,937

(1) On September 30, 2023, we completed the sale of the aircraft management business. See [Note 4](#).

### Contract Balances

Accounts receivable, net consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Gross receivables from members and customers	\$ 38,399	\$ 43,970
Undeposited funds	492	2,131
Less: Allowance for credit losses	(6,862)	(7,864)
Accounts receivable, net	\$ 32,029	\$ 38,237

Deferred revenue consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Flights - prepaid	\$ 688,913	\$ 686,413
Memberships - annual dues	20,535	33,890
Memberships - initiation fees	851	2,377
Flights - credits	673	1,366
Other	444	183
Deferred revenue - total	711,416	724,229
Less: Deferred revenue - current	(711,097)	(723,246)
Deferred revenue - non-current	\$ 319	\$ 983

Deferred revenue, non-current is presented within Other non-current liabilities on the condensed consolidated balance sheets.

Changes in Deferred revenue for the nine months ended September 30, 2024 were as follows (in thousands):

Deferred revenue as of December 31, 2023	\$	724,229
Amounts deferred during the period		563,966
Revenue recognized from amounts included in the deferred revenue beginning balance		(358,357)
Revenue from current period sales		(218,422)
Deferred revenue as of September 30, 2024	\$	<u>711,416</u>

Revenue expected to be recognized in future periods for performance obligations that are unsatisfied, or partially unsatisfied, as of September 30, 2024 were as follows (in thousands):

Remainder of 2024	\$	113,969
2025		354,578
2026		119,243
2027		123,626
Total Deferred revenue	\$	<u>711,416</u>

#### **Costs to Obtain a Contract**

Capitalized costs related to sales commissions and referral fees were \$ 2.3 million and \$6.2 million for the three and nine months ended September 30, 2024, respectively, and \$1.9 million and \$6.0 million for the three and nine months ended September 30, 2023, respectively.

As of September 30, 2024 and December 31, 2023, capitalized sales commissions and referral fees of \$ 4.7 million and \$4.8 million, respectively, were included in Other current assets, and \$0.3 million and \$0.4 million, respectively, were included in Other non-current assets on the condensed consolidated balance sheets. Amortization expense related to capitalized sales commissions and referral fees included in sales and marketing expense in the condensed consolidated statements of operations was \$2.3 million and \$6.4 million for the three and nine months ended September 30, 2024, respectively, and \$2.6 million and \$9.4 million for the three and nine months ended September 30, 2023, respectively.

### 3. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following (in thousands):

	September 30, 2024	December 31, 2023
Aircraft	\$ 371,853	\$ 475,058
Software development costs	88,700	81,075
Leasehold improvements	25,278	22,899
Computer equipment	3,097	3,515
Buildings and improvements	1,424	1,424
Furniture and fixtures	4,550	4,618
Tooling	3,524	3,898
Vehicles	2,217	2,166
Total Property and equipment	500,643	594,653
Less: Accumulated depreciation and amortization	(234,109)	(256,939)
Total Property and equipment, net	\$ 266,534	\$ 337,714

Depreciation and amortization expense, excluding amortization expense related to software development costs, was \$ 3.7 million and \$14.5 million for the three and nine months ended September 30, 2024, respectively, and \$5.6 million and \$17.5 million for the three and nine months ended September 30, 2023, respectively.

Amortization expense related to software development costs, included as part of Depreciation and amortization expense associated with property and equipment, was \$4.0 million and \$14.6 million for the three and nine months ended September 30, 2024, and \$ 4.4 million and \$11.2 million for the three and nine months ended September 30, 2023.

### 4. DIVESTITURE

#### *Divestiture of Aircraft Management Business*

On September 30, 2023 (the "Divestiture Closing Date"), Wheels Up Partners Holdings LLC, our direct subsidiary ("WUP"), pursuant to an equity purchase agreement (the "Equity Purchase Agreement") with Executive AirShare LLC, completed the sale of 100% of the issued and outstanding equity interests of Circadian Aviation LLC, our indirect subsidiary ("Circadian"). The Divestiture Closing Date fair value of the aggregate consideration transferred was \$19.1 million and the Company recognized a loss on the sale of \$ 3.0 million. The \$19.1 million was comprised of \$13.2 million of cash received on the Divestiture Closing Date, contingent consideration with a fair value of \$4.8 million, an escrow receivable of \$0.6 million and a non-contingent consideration receivable of \$0.5 million. The fair value of the contingent consideration was deemed to be the approximate contract value as of the Divestiture Closing Date.

Circadian was released from all guarantor obligations with respect to the Equipment Notes (as defined in [Note 7](#)) on the Divestiture Closing Date pursuant to certain debt release letters entered into concurrently with the Equity Purchase Agreement.

Concurrently with entering into the Equity Purchase Agreement: (i) WUP entered into a transition services agreement with Circadian, pursuant to which WUP will provide Circadian certain specified services on a temporary basis; (ii) Wheels Up Partners LLC, our indirect subsidiary ("WUP LLC"), entered into a master operating agreement with Circadian, pursuant to which Circadian will conduct certain on-demand charter operations for certain of WUP LLC's owned aircraft after the Divestiture Closing Date while such aircraft are transitioned from a U.S. Federal Aviation Administration ("FAA") operating certificate held by Circadian to the Company's



subsidiaries, and WUP LLC will provide certain maintenance, pilots services, management and other related services for WUP LLC's owned aircraft during the transition period; and (iii) certain of the Company's subsidiaries entered into fleet management agreements with Circadian, pursuant to which Circadian will provide certain maintenance, pilots services, management and other related services for managed aircraft after the Divestiture Closing Date while they are transitioned from a FAA operating certificate held by the applicable Company subsidiary to Circadian.

During the nine months ended September 30, 2024, we received \$ 3.4 million upon finalization of the working capital adjustment under the Equity Purchase Agreement, recognized within gain (loss) on divestiture in the condensed consolidated statement of operations.

## 5. GOODWILL AND INTANGIBLE ASSETS

### Goodwill

The following table presents Goodwill carrying values and the change in balance, by reporting unit, during the nine months ended September 30, 2024 (in thousands):

	WUP Legacy <sup>(1)</sup>	Air Partner	Total
Balance as of December 31, 2023 <sup>(2)</sup>	\$ 136,098	\$ 82,110	\$ 218,208
Foreign currency translation adjustment	—	4,274	4,274
Balance as of September 30, 2024	\$ 136,098	\$ 86,384	\$ 222,482

(1) As of September 30, 2024, WUP Legacy had negative net assets (stockholders' equity).

(2) Net of accumulated impairment losses of \$306.2 million, all of which was recognized on the goodwill attributable to WUP Legacy.

### Intangible Assets

The gross carrying value, accumulated amortization and net carrying value of Intangible assets consisted of the following (in thousands):

	September 30, 2024		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Status	\$ 80,000	\$ 35,888	\$ 44,112
Customer relationships	89,121	43,005	46,116
Trade name	11,939	6,189	5,750
Developed technology	20,556	14,543	6,013
Leasehold interest - favorable	600	119	481
Foreign currency translation adjustment	363	172	191
Total	\$ 202,579	\$ 99,916	\$ 102,663

	December 31, 2023		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Status	\$ 80,000	\$ 31,325	\$ 48,675
Customer relationships	89,121	34,920	54,201
Trade name	11,939	5,402	6,537
Developed technology	20,556	12,329	8,227
Leasehold interest - favorable	600	102	498
Foreign currency translation adjustment	(589)	(217)	(372)
Total	\$ 201,627	\$ 83,861	\$ 117,766

Amortization expense of intangible assets was \$ 5.2 million and \$15.6 million for the three and nine months ended September 30, 2024, respectively, and \$6.0 million and \$17.8 million for the three and nine months ended September 30, 2023, respectively.

#### **Intangible Liabilities**

Associated with our acquisition of Delta Private Jets on January 17, 2020, we recognized intangible liabilities for the fair value of complimentary Wheels Up Connect Memberships provided to existing Delta SkyMiles 360® customers as of the acquisition date, as required under the Commercial Cooperation Agreement, dated as of January 17, 2020, by and among WUP, WUP LLC and Delta (as amended, the "Original CCA"), which was subsequently replaced by the Amended and Restated Commercial Cooperation Agreement, dated as of June 15, 2024, by and among WUP, WUP LLC and Delta (the "Amended CCA"). The gross carrying value, accumulated amortization and net carrying value of Intangible liabilities consisted of the following (in thousands):

	September 30, 2024		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible liabilities	\$ 20,000	\$ 8,942	\$ 11,058

	December 31, 2023		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
Intangible liabilities	\$ 20,000	\$ 7,798	\$ 12,202

Amortization of Intangible liabilities, which reduces amortization expense, was \$ 0.4 million and \$1.2 million for the three and nine months ended September 30, 2024, respectively, and \$0.5 million and \$1.5 million for the three and nine months ended September 30, 2023, respectively.

The current portion of Intangible liabilities is presented within Other current liabilities on the condensed consolidated balance sheets. Future amortization expense of Intangible assets and Intangible liabilities held as of September 30, 2024, were as follows (in thousands):

	Intangible Assets	Intangible Liabilities
Remainder of 2024	\$ 5,200	\$ 382
2025	20,505	1,525
2026	19,628	1,525
2027	14,923	1,525
2028	14,263	1,525
2029 and Thereafter	28,144	4,576
Total	<u>\$ 102,663</u>	<u>\$ 11,058</u>

## 6. CASH EQUIVALENTS AND RESTRICTED CASH

A reconciliation of Cash and cash equivalents and Restricted cash from the condensed consolidated balance sheets to the condensed consolidated statements of cash flows is as follows (in thousands):

	September 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 115,909	\$ 263,909
Restricted cash	32,925	28,916
Total	<u>\$ 148,834</u>	<u>\$ 292,825</u>

### **Cash Equivalents**

As of September 30, 2024 and December 31, 2023, cash equivalents on the condensed consolidated balance sheets were \$ 25.3 million and \$0.1 million, respectively.

### **Restricted Cash**

As of September 30, 2024 and December 31, 2023, Restricted cash included \$ 6.2 million (as of each such date) held by financial institutions to establish standby letters of credit required by the lessors of certain corporate office space that we leased as of such dates, and \$5.0 million and \$3.4 million, respectively, held by financial institutions to collateralize against our credit card programs. The standby letters of credit expire on December 31, 2033 and June 30, 2034. The Restricted cash balances as of September 30, 2024 and December 31, 2023 also included \$20.3 million and \$17.9 million, respectively, related to funds held but unavailable for immediate use due to contractual restrictions. Restricted cash is presented within Other non-current assets on the condensed consolidated balance sheets.

## 7. LONG-TERM DEBT

The following table presents the components of Long-term debt, net (in thousands, except weighted average interest rates):

	Weighted Average Interest Rate		September 30, 2024	December 31, 2023
Equipment Notes	12.0 %	\$	165,204	\$ 214,878
Term Loan	10.0 %		431,711	400,453
Total debt			596,915	615,331
Less: Total unamortized deferred financing costs and debt discount			357,281	356,259
Less: Current maturities of long-term debt			30,048	23,998
Long-term debt, net		\$	209,586	\$ 235,074

Maturities of principal debt payments for the next five years are as follows (in thousands):

	Maturities
Remainder of 2024	\$ 5,132
2025	36,329
2026	32,347
2027	26,410
2028	496,697
Total	\$ 596,915

### 2022-1 Equipment Notes

On October 14, 2022, WUP LLC issued \$270.0 million aggregate principal amount of 12% fixed rate equipment notes (collectively, the "Equipment Notes") using an EETC (enhanced equipment trust certificate) loan structure. The Equipment Notes were issued for net proceeds (before transaction-related expense) of \$259.2 million. The stated final expected distribution date of the Equipment Notes varies from July 15, 2025 to October 15, 2029 depending on the type of aircraft, subject to certain prepayment requirements under the Omnibus Amendment (as defined below) and WUP LLC's ability to redeem Equipment Notes prior to maturity. The Equipment Notes bear interest at the rate of 12% per annum with annual amortization of the principal amount equal to 10% per annum and balloon payments due at each maturity date. The Equipment Notes were initially secured by first-priority liens on 134 of the Company's owned aircraft fleet and by liens on certain intellectual property assets of the Company and certain of its subsidiaries (collectively, the "Equipment Note Collateral"). WUP LLC's obligations under the Equipment Notes are guaranteed by the Company and certain of its subsidiaries.

The Equipment Notes were sold pursuant to a Note Purchase Agreement, dated as of October 14, 2022 (the "Note Purchase Agreement"), and issued under separate Trust Indentures and Mortgages, dated as of October 14, 2022 (each, an "Indenture" and collectively, the "Indentures"). On September 20, 2023, the Company, WUP LLC, certain other subsidiaries of the Company that guaranteed and/or granted collateral to secure WUP LLC's obligations under the Equipment Notes, Wilmington Trust, National Association, and the Equipment Note lenders entered into the Omnibus Amendment No. 1 (the "Omnibus Amendment"). The Omnibus Amendment provides for, among other things: (i) reducing the minimum liquidity covenant under the guarantee agreement related to the Equipment Notes (as amended, the "Guarantee") with respect to the Company and its subsidiaries from \$125.0 million of minimum aggregate available cash and Cash Equivalents (as defined in the Note Purchase Agreement) as of the end of each fiscal quarter to \$75.0 million on any date, inclusive of \$20.0 million held as a deposit for the benefit of the Equipment Note lenders and presented in Other non-current assets on our condensed consolidated balance sheets as of each of September 30, 2024 and December 31, 2023 (the "Equipment Notes

Liquidity Covenant”); (ii) permitting the execution of the Credit Agreement (as defined below); (iii) the consent of the Equipment Note lenders that will allow the Company to effect a sale of certain guarantors under the Guarantee; (iv) that if a prepayment under the Term Loan (as defined below) results in the weighted average life of the Term Loan being shorter than that of the Equipment Notes, a redemption of a portion of the Equipment Notes is required; and (v) that if an Equipment Note has a maturity date on or after the maturity of the Term Loan, all obligations under such Equipment Note will be due 90 days prior to the maturity of the Term Loan.

The Note Purchase Agreement, the Indentures and the Guarantee, as each was amended by the Omnibus Amendment, contain certain covenants, including the Equipment Note Liquidity Covenant, a covenant that limits the maximum loan to appraised value ratio of all aircraft financed, subject to certain cure rights of the Company, and restrictive covenants that provide limitations under certain circumstances on, among other things: (i) making certain acquisitions, mergers or disposals of its assets; (ii) making certain investments or entering into certain transactions with affiliates; (iii) prepaying, redeeming or repurchasing the Equipment Notes, subject to certain exceptions; and (iv) paying dividends and making certain other specified restricted payments. Each Indenture contains customary events of default for Equipment Notes of this type, including cross-default provisions among the Equipment Notes and the Term Loan and Revolving Credit Facility (as each term is defined below). WUP LLC's obligations under the Equipment Notes are guaranteed by the Company and certain of its subsidiaries. WUP LLC is also obligated to cause additional subsidiaries and affiliates of WUP LLC to become guarantors under certain circumstances. The Equipment Notes issued with respect to each aircraft are cross-collateralized by the other aircraft for which Equipment Notes were issued under the Indentures. The maturity of the Equipment Notes may be accelerated upon the occurrence of certain events of default under the Note Purchase Agreement and each Indenture and the related guarantees. As of September 30, 2024, we were in compliance with the covenants under the Note Purchase Agreement, each Indenture and the Guarantee.

Interest and principal payments on the Equipment Notes began on January 15, 2023 and are payable quarterly on each January 15, April 15, July 15 and October 15. During the nine months ended September 30, 2024, the Company redeemed in-full the Equipment Notes for 17 aircraft, which reduced the aggregate principal amount outstanding under the Equipment Notes by \$32.8 million. As of September 30, 2024, the carrying value of the 105 aircraft that were subject to first-priority liens under the Equipment Notes was \$249.4 million. Amortization expense for debt discounts and deferred financing costs of \$1.1 million and \$3.8 million was recorded in interest expense in the condensed consolidated statement of operations for the three and nine months ended September 30, 2024, respectively, and \$0.9 million and \$2.7 million was recorded in interest expense in the condensed consolidated statement of operations for the three and nine months ended September 30, 2023, respectively.

#### ***Term Loan and Revolving Credit Facility***

On September 20, 2023 (the “Credit Agreement Closing Date”), the Company entered into the Credit Agreement (the “Original Credit Agreement”), by and among the Company, as borrower, certain subsidiaries of the Company as guarantors (collectively with the Company, the “Loan Parties”), Delta, CK Wheels LLC (“CK Wheels”), and Cox Investment Holdings, Inc. (“CIH” and collectively with Delta and CK Wheels, the “Initial Lenders”), and U.S. Bank Trust Company, N.A., as administrative agent for the Lenders (as defined below) and as collateral agent for the secured parties (the “Agent”), pursuant to which (i) the Initial Lenders provided a term loan facility (the “Initial Term Loan”) in the aggregate original principal amount of \$350.0 million and (ii) Delta provided commitments for a revolving loan facility (the “Revolving Credit Facility”) in the aggregate original principal amount of \$100.0 million. On September 20, 2023, the Company issued the Initial Term Loan of \$ 350.0 million to the Initial Lenders for net proceeds (before transaction-related expense) of \$343.0 million.

On November 15, 2023 (the “Final Closing Date”), the Company entered into Amendment No. 1 to Credit Agreement (the “Credit Agreement Amendment” and together with the Original Credit Agreement, the “Credit Agreement”), by and among the Company, as borrower, the other Loan Parties party thereto, as guarantors, the Initial Lenders, each of Whitebox Multi-Strategy Partners, LP, Whitebox Relative Value Partners, LP, Pandora Select Partners, LP, Whitebox GT Fund, LP and Kore Fund Ltd (collectively, the “Incremental Term Lenders” and together with the Initial Lenders, the “Lenders”), and the Agent, pursuant to which, among other things, the Incremental Term Lenders joined the Credit Agreement and provided an additional term loan facility (the “Incremental Term Loan” and together with the Initial Term Loan, the “Term Loan”) in the aggregate original

principal amount of \$40.0 million. On the Final Closing Date, the Company issued the Incremental Term Loan of \$ 40.0 million to the Incremental Term Lenders for net proceeds (before transaction-related expense) of \$39.2 million. Upon the closing of the Incremental Term Loan, the loans under the Credit Agreement consisted of (i) the Term Loan in the aggregate principal amount of \$390.0 million and (ii) the Revolving Credit Facility in the aggregate original principal amount of \$100.0 million.

The scheduled maturity date for the Term Loan is September 20, 2028, and the scheduled maturity date for the Revolving Credit Facility is the earlier of September 20, 2028 and the first date after September 20, 2025 on which all amounts owed with respect to borrowings under the Revolving Credit Facility have been repaid, subject in each case to earlier termination upon acceleration or termination of any obligations upon the occurrence and continuation of an event of default. Interest on the Term Loan and any borrowings under the Revolving Credit Facility (each, a "Loan" and collectively, the "Loans") accrues at a rate of 10% per annum on the unpaid principal balance of the Loans then outstanding. Accrued interest on each Loan is payable in kind as compounded interest and capitalized to the principal amount of the applicable Loan on the last day of each of March, June, September and December, and the applicable maturity date. If in the future the Company or its subsidiaries either redeem in full the outstanding Equipment Notes or commence payoff at maturity thereof, the Company may elect to make interest payments (or some portion thereof) on any Loans then outstanding in cash. Also, upon the occurrence and during the continuance of an event of default under the Credit Agreement, (i) interest will accrue on the unpaid principal balance of the Loans at the rate then applicable to such Loans plus 2% and (ii) interest will accrue on all other outstanding liabilities, interest, expenses, fees and other sums under the Credit Agreement, at a rate equal to the Alternate Base Rate (as defined in the Credit Agreement) plus 2% per annum.

The Credit Agreement also contains certain covenants and events of default, in each case customary for transactions of this type. The obligations under the Credit Agreement are secured by a first-priority lien on unencumbered assets of the Loan Parties (excluding certain accounts, including any segregated account exclusively holding customer deposits, and other assets specified in the Credit Agreement), as well as a junior lien on the Equipment Note Collateral. The Credit Agreement is guaranteed by all U.S. and certain non-U.S. direct and indirect subsidiaries of the Company. In the future, the Company may be required to add any new or after-acquired subsidiaries of the Company that meet certain criteria as guarantors. As of September 30, 2024, we were in compliance with the covenants under the Credit Agreement and related credit documents.

In connection with the funding of the Initial Term Loan, the Company entered into the Investment and Investor Rights Agreement, dated as of the Credit Agreement Closing Date (the "Original Investor Rights Agreement"), by and among the Company and the Initial Lenders. Pursuant to the Original Investor Rights Agreement, the Company issued to the Initial Lenders 141,313,671 shares in the aggregate (the "Initial Shares") of Common Stock in a private placement (the "Initial Issuance") on the Credit Agreement Closing Date. In addition, the Company agreed to issue an additional 529,926,270 shares in the aggregate (the "Deferred Shares" and, together with the Initial Shares, the "Investor Shares") of Common Stock (the "Deferred Issuance" and together with the Initial Issuance, the "Investor Issuances").

On November 9, 2023, the Company's stockholders approved, at a special meeting of the Company's stockholders (the "2023 Special Meeting"), the Amended and Restated Certificate of Incorporation of Wheels Up, filed with the Secretary of State of the State of Delaware on November 15, 2023 (the "Amended and Restated Certificate of Incorporation"), which, among other things, increased the number of shares of Common Stock available for issuance thereunder. In connection with the transactions contemplated by the Credit Agreement Amendment, the Company entered into Amendment No. 1 to Investment and Investor Rights Agreement, dated as of the Final Closing Date (the "Investor Rights Agreement Amendment" and together with the Original Investor Rights Agreement and any subsequent amendments, modifications and supplements thereto, the "Investor Rights Agreement"), with each Initial Lender, which contained, among others, certain revisions to reflect the issuance of the Deferred Shares. Substantially concurrently with entering into the Investor Rights Agreement Amendment, on the Final Closing Date, the Company and Initial Lenders entered into joinders to the Investor Rights Agreement (collectively, the "Investor Rights Agreement Joinders") with each Incremental Term Lender (or its applicable affiliate), pursuant to which each Incremental Term Lender (or its applicable affiliate) joined the Investor Rights Agreement and assumed the rights and obligations of an Additional Investor (as defined in the Investor Rights Agreement) thereunder, including the right to receive a pro rata portion of the Investor Shares. The Company issued

the Deferred Shares to the Lenders on the Final Closing Date in a private placement. The Investor Shares were issued in private placements such that after the Investor Issuances, each Lender was issued a number of shares equal to its pro rata portion of the Investor Shares based on its participation in the Term Loan. The Investor Rights Agreement also contains certain other terms and conditions related to the Lenders' ownership of Common Stock, including, among other things, that the Initial Lenders have the right to designate certain members of the Company's Board of Directors depending on the level of Common Stock ownership and certain transfer restrictions and liquidity rights.

In accordance with Accounting Standards Codification ("ASC") 480, *Distinguishing Liabilities from Equity*, and ASC 815, *Derivatives and Hedging*, the Company determined that the Term Loan, Initial Issuance and Deferred Issuance did not contain any features that would qualify as a derivative or embedded derivative and require bifurcation. In addition, the Company determined the Initial Issuance and Deferred Issuance should be classified as equity. In accordance with ASC 470, *Debt*, the allocation on a relative fair value basis resulted in gross amounts recorded of \$ 44.9 million for the Initial Term Loan, \$64.2 million for the Initial Issuance and \$240.9 million for the Deferred Issuance, in each case during the year ended December 31, 2023. In accordance with ASC 815, *Derivatives and Hedging*, the Company determined the reallocation of the Deferred Issuance between the Lenders in connection with the Credit Agreement Amendment and Investor Rights Agreement Joinders that resulted in a pro rata portion of the Investor Shares being issued to the Incremental Term Lenders on the Final Closing Date represented a modification of a freestanding equity-classified written call option and the modification is to be recognized as if cash had been paid as consideration for the shares of Common Stock issued to the Incremental Term Lenders (collectively, the "Reallocated Shares"). Accordingly, the Reallocated Shares were treated as a debt discount in accordance with the guidance in ASC 835, *Interest*, and the value of the Incremental Term Loan and the Reallocated Shares was apportioned using a relative fair value allocation. The allocation on a fair value basis resulted in gross amounts recorded of \$9.4 million for the Incremental Term Loan and \$ 30.6 million for the Reallocated Shares during the three months ended December 31, 2023.

Aggregate issuance costs of \$29.5 million were incurred in connection with the Original Credit Agreement, Credit Agreement Amendment, Original Investor Rights Agreement and Investor Rights Agreement Amendment. The deferred issuance costs were allocated on a relative fair value basis, resulting in an allocation of \$4.1 million in the aggregate for the Term Loan and \$ 25.4 million in the aggregate for the Investor Issuances. The initial carrying value of the Term Loan was \$41.4 million as of September 20, 2023, which reflected the \$ 3.4 million of unamortized debt issuance costs and \$305.2 million of unamortized debt discount. The initial carrying value of the Incremental Term Loan was \$ 8.7 million as of November 15, 2023, which reflected \$0.7 million of unamortized debt issuance costs and \$30.6 million of unamortized debt discount.

Accretion of debt discounts and deferred issuance costs associated with the Term Loan of \$( 0.7) million and \$(4.8) million were recorded in Interest expense in the condensed consolidated statement of operations for the three and nine months ended September 30, 2024, respectively.

## **8. FAIR VALUE MEASUREMENTS**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability, an exit price, in an orderly transaction between unaffiliated willing market participants on the measurement date under current market conditions. Assets and liabilities recorded at fair value are measured and classified in accordance with a three-tier fair value hierarchy based on the observability of the inputs available and activity in the markets

used to measure fair value. A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Level 1 -	Quoted prices, unadjusted, in active markets for identical assets or liabilities that can be accessed at the measurement date.
Level 2 -	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 -	Unobservable inputs developed using our own estimates and assumptions, which reflect those that market participants would use in pricing the asset or liability.

Financial instruments that are measured at fair value on a recurring basis and their corresponding placement in the fair value hierarchy consisted of the following (in thousands):

September 30, 2024				
	Level 1	Level 2	Level 3	Fair Value
<b>Assets:</b>				
Money market funds	\$ 25,297	\$ —	\$ —	25,297
Total assets	\$ 25,297	\$ —	\$ —	\$ 25,297
<b>Liabilities:</b>				
Warrant liability - Public Warrants	\$ —	\$ 2	\$ —	2
Warrant liability - Private Warrants	—	2	—	2
Equipment Notes	—	—	215,767	215,767
Term Loan	\$ —	\$ —	265,496	\$ 265,496
Total liabilities	\$ —	\$ 4	\$ 481,263	\$ 481,267
December 31, 2023				
	Level 1	Level 2	Level 3	Fair Value
<b>Assets:</b>				
Money market funds	\$ 94	\$ —	\$ —	\$ 94
Total assets	\$ 94	\$ —	\$ —	\$ 94
<b>Liabilities:</b>				
Warrant liability - Public Warrants	\$ 7	\$ —	\$ —	\$ 7
Warrant liability - Private Warrants	—	5	—	5
Equipment Notes	—	—	256,256	256,256
Term Loan	—	—	297,800	297,800
Total liabilities	\$ 7	\$ 5	\$ 554,056	\$ 554,068

The carrying amount of Money market funds approximates fair value and is classified within Level 1, because we determined the fair value through quoted market prices.

The Warrants (as defined below) were accounted for as a liability in accordance with ASC 815-40. The Warrant liability was measured at fair value upon assumption and on a recurring basis, with changes in fair value presented in the condensed consolidated statements of operations. As of each of September 30, 2024 and December 31, 2023, we used Level 2 inputs for the Warrants. See [Note 11](#) for additional information about the Warrants.



The following table presents the changes in the fair value of the warrant liability (in thousands):

	Public Warrants	Private Warrants	Total Warrant Liability
Fair value as of December 31, 2023	\$ 7	\$ 5	\$ 12
Change in fair value of warrant liability	(5)	(3)	(8)
Fair value as of September 30, 2024	\$ 2	\$ 2	\$ 4

The estimated fair value of the Equipment Notes is categorized as a Level 3 valuation. We considered the appraised value of aircraft subject to first-priority liens under the Equipment Notes, which were obtained during the third quarter of 2024 as required under the Note Purchase Agreement, to determine the fair value of the Equipment Notes as of September 30, 2024.

The estimated fair value of the Term Loan is categorized as a Level 3 valuation. The estimated fair value as of September 30, 2024 was estimated using a discounted cash flows analysis, based on our current estimated incremental borrowing rate for a similar type of borrowing arrangement.

## 9. LEASES

Leases primarily pertain to certain controlled aircraft and our operational facilities, including aircraft hangars, our corporate headquarters located in the Atlanta, Georgia area and our corporate office in New York, New York, which are all accounted for as operating leases. We sublease an aircraft hangar at Cincinnati/Northern Kentucky International Airport from Delta. Certain of these operating leases have renewal options to further extend for additional time periods at our discretion.

We have certain variable lease agreements with aircraft owners that contain payment terms based on an hourly lease rate multiplied by the number of flight hours during a month. Variable lease payments are not included in the right-of-use asset and lease liability balances but rather are expensed as incurred.

The components of net lease cost were as follows (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease costs	\$ 6,956	\$ 9,313	\$ 22,005	\$ 30,648
Short-term lease costs	160	2,039	546	6,676
Variable lease costs	5,458	10,519	15,597	25,018
Total lease costs	\$ 12,574	\$ 21,871	\$ 38,148	\$ 62,342

Sublease income was not material for any of the three and nine month periods ended September 30, 2024 and 2023.

Lease costs related to leased aircraft and operational facilities are included in Cost of revenue in the condensed consolidated statements of operations. Lease costs related to our leased corporate headquarters and other office space, including expenses for non-lease components, are allocated within the condensed consolidated statements of operations based on employee headcount. Sublease income is presented in General and administrative expense in the condensed consolidated statements of operations.

Supplemental cash flow information related to operating leases were as follows (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Cash paid for amounts included in the measurement of operating lease liabilities:		
Operating cash flows paid for operating leases	\$ 22,792	\$ 28,318
Right-of-use assets obtained in exchange for operating lease obligations	\$ 4,187	\$ 5,742

Supplemental balance sheet information related to leases were as follows:

	September 30, 2024	December 31, 2023
Weighted-average remaining lease term (in years):		
Operating leases	7.3	6.7
Weighted-average discount rate:		
Operating leases	9.6 %	9.2 %

Maturities of lease liabilities, as of September 30, 2024, were as follows (in thousands):

Year ending December 31,	Operating Leases
2024 (remaining)	\$ 6,675
2025	17,820
2026	11,315
2027	8,297
2028	7,069
2029 and Thereafter	38,296
Total lease payments	89,472
Less: Imputed interest	(26,421)
Total lease obligations	\$ 63,051

## 10. STOCKHOLDERS' EQUITY AND EQUITY-BASED COMPENSATION

### *Stockholders' Equity*

Pursuant to the Amended and Restated Certificate of Incorporation, we are authorized to issue 1,525,000,000 shares, consisting of (i) 1,500,000,000 shares of Common Stock and (ii) 25,000,000 shares of preferred stock. Holders of Common Stock are entitled to one vote per share; provided, that by agreement (i) certain Incremental Term Lenders that are not "citizens of the United States" (as defined in 49 USC § 40102(a)(15)(C)) (collectively, the "Non-Citizen Investors"), may be afforded collective voting rights equal to 1% of all shares of Common Stock entitled to vote at a meeting of the Company's stockholders; (ii) for so long as such Non-Citizen Investors collectively hold such shares of Common Stock, the shares of Common Stock held by CK Wheels in excess of 23.9% of all shares of Common stock entitled to vote at a meeting of the Company's stockholders, will not have voting rights (subject to ratable adjustment if the Non-Citizen Investors cease to own (beneficially or of record) a certain number of shares of Common Stock); and (iii) any shares owned by Delta above 29.9% will be neutral shares with respect to voting rights, will be voted in proportion to all other votes cast ("for", "against" or "abstain") by stockholders other than Delta at a meeting of the Company's stockholders.

### Equity-Based Compensation

The Company's outstanding equity-based compensation awards to its directors, executive officers, employees and other eligible personnel have been made pursuant to the Wheels Up Experience Inc. 2021 Long-Term Incentive Plan, as amended and restated effective April 1, 2023 (as amended by the LTIP Amendment (as defined herein), the "Amended and Restated 2021 LTIP"), the Wheels Up Experience Inc. 2022 Inducement Grant Plan, dated June 30, 2022 (the "2022 Inducement Grant Plan"), the Wheels Up Experience Inc. Performance Award Agreement, dated as of November 30, 2023, granted to George Mattson (the "CEO Performance Award"), the Wheels Up Experience Inc. Performance Award Agreement, dated as of March 3, 2024, granted to Todd Smith, our former Chief Financial Officer (the "CFO Performance Award"), the Wheels Up Experience Inc. Performance Award Agreement, dated as of May 20, 2024, granted to David Harvey (the "CCO Performance Award" and, collectively with the CEO Performance Award and CFO Performance Award, the "Executive Performance Awards"), nine equity-based compensation plans that were approved by the board of directors of WUP (collectively, the "WUP Management Incentive Plan") prior to the business combination consummated on July 13, 2021 (the "Business Combination Closing Date") between WUP and Aspirational Consumer Lifestyle Corp. ("Aspirational"), a blank check company (the "Business Combination"), and the Wheels Up Partners Holdings LLC Option Plan (the "WUP Option Plan"), which was approved by the board of directors of WUP prior to the Business Combination. Additional details about these equity-based compensation arrangements are below.

#### WUP Management Incentive Plan

In March 2014, the WUP Management Incentive Plan was established, which provided for the issuance of WUP profits interests, restricted or unrestricted, to employees, consultants and other qualified persons. Following the consummation of the Business Combination, no new grants can be made under the WUP Management Incentive Plan. As of September 30, 2024, an aggregate of 3.1 million WUP profits interests have been authorized and issued under the WUP Management Incentive Plan. Vested WUP profits interests are eligible to be exchanged into shares of Common Stock before July 13, 2031. Amounts of WUP profits interests reported in the tables below represent the maximum number of WUP profits interests outstanding or that could be realized upon vesting and immediately exchanged for the maximum number of shares of Common Stock. The actual number of shares of Common Stock received upon exchange of such WUP profits interests will depend on the trading price per share of Common Stock at the time of such exchange.

The following table summarizes the WUP profits interests activity under the WUP Management Incentive Plan as of September 30, 2024:

	Number of WUP Profits Interests	Weighted-Average Grant Date Fair Value
	(in thousands)	
Outstanding WUP profits interests as of January 1, 2024	2,881	\$ 4.16
Granted	—	—
Exchanged	—	—
Expired/forfeited	—	—
Outstanding WUP profits interests as of September 30, 2024	2,881	\$ 4.16

The weighted-average remaining contractual term as of September 30, 2024, for WUP profits interests outstanding was approximately 6.8 years. All WUP profits interests were vested as of December 31, 2023.

#### WUP Option Plan

In December 2016, the WUP Option Plan was established, which provided for the issuance of stock options to purchase WUP common interests at an exercise price based on the fair market value of the interests on the date of grant. Generally, WUP stock options granted vest over a four-year service period and expire on the tenth anniversary of the grant date. As of September 30, 2024, the number of WUP stock options authorized and issued in the

aggregate under the WUP Option Plan was 1.8 million. Each outstanding WUP stock option is exercisable for one share of Common Stock.

The following table summarizes the activity under the WUP Option Plan as of September 30, 2024:

	Number of WUP Stock Options (in thousands)	Weighted- Average Exercise Price	Weighted-Average Grant Date Fair Value
Outstanding WUP stock options as of January 1, 2024	1,129	\$ 75.45	\$ 12.64
Granted	—	—	—
Exercised	—	—	—
Forfeited	(256)	79.89	16.95
Expired	—	—	—
Outstanding WUP stock options as of September 30, 2024	873	\$ 74.15	\$ 11.37
Exercisable WUP stock options as of September 30, 2024	873	\$ 74.15	\$ 11.37

The aggregate intrinsic value as of September 30, 2024, for WUP stock options that were outstanding and exercisable was nil. The weighted-average remaining contractual term as of September 30, 2024, for WUP stock options that were outstanding and exercisable was approximately 4.5 years. All WUP stock options were vested as of December 31, 2023.

#### **Amended and Restated 2021 LTIP & 2022 Inducement Grant Plan**

In connection with the Business Combination, the Wheels Up Board of Directors (the "Board") and stockholders of Wheels Up adopted the Wheels Up Experience Inc. 2021 Long-Term Incentive Plan (the "Original 2021 LTIP"), for employees, consultants and other qualified persons. Following approval by the Board, (i) at the 2023 annual meeting of the Company's stockholders, the Company's stockholders approved the Amended and Restated 2021 LTIP to increase the aggregate number of shares of Common Stock available for awards made thereunder by 2,415,000 shares and amend certain other plan provisions, and (ii) at the 2024 annual meeting of the Company's stockholders (the "2024 Annual Meeting"), the Company's stockholders approved Amendment No. 1 to the Amended and Restated 2021 LTIP (the "LTIP Amendment"), to increase the aggregate number of shares of Common Stock available for awards made under the Amended and Restated 2021 LTIP by 25,000,000 shares and extend the termination date of such plan to April 15, 2034. The Amended and Restated 2021 LTIP provides for the grant of incentive options, nonstatutory options, restricted stock, restricted stock units ("RSUs"), including performance-based RSUs ("PSUs"), rights, other stock-based awards, performance awards, cash awards or any combination of the foregoing. As of September 30, 2024, an aggregate of 30.1 million shares were authorized for issuance under the Amended and Restated 2021 LTIP.

On June 30, 2022, the Board adopted the 2022 Inducement Grant Plan to be used for a one-time employment inducement grant, pursuant to NYSE Rule 303A.08, for our former Chief Financial Officer, in connection with his appointment as Chief Financial Officer. The maximum number of awards that could be granted under the 2022 Inducement Grant Plan were 205,128 shares of Common Stock, which were all granted in the form of RSUs to our former Chief Financial Officer on July 1, 2022. RSU awards granted under the 2022 Inducement Grant Plan contained generally the same terms as other awards granted under the Original 2021 LTIP during the fiscal year ended December 31, 2022. Due to such similarities, the RSUs granted under the 2022 Inducement Grant Plan are consolidated in the discussion of RSUs below. Upon the departure of our former Chief Financial Officer from the Company on September 6, 2024, the 2022 Inducement Grant Plan terminated and all unvested RSUs thereunder were forfeited.

#### **Restricted Stock Units**

RSUs granted under the Amended and Restated 2021 LTIP generally vest at intervals up to a four-year service period, subject to the grantee's continued service to the Company through the applicable vesting date. The following

table summarizes the activity under the Amended and Restated 2021 LTIP and 2022 Inducement Grant Plan related to RSUs as of September 30, 2024:

	Number of RSUs <sup>(1)</sup>	Weighted-Average Grant Date Fair Value
	(in thousands)	
Non-vested RSUs as of January 1, 2024	1,848	\$ 9.35
Granted	5,384	2.81
Vested	(1,087)	8.5
Forfeited	(1,133)	5.57
Non-vested RSUs as of September 30, 2024	5,012	\$ 3.36

(1) The number of non-vested RSUs as of January 1, 2024, the number of forfeited RSUs and the related weighted-average grant date fair values include 68,376 RSUs granted under the 2022 Inducement Grant Plan in July 2022, which were forfeited on September 6, 2024.

The total unrecognized compensation cost related to non-vested RSUs was \$ 13.4 million as of September 30, 2024 and is expected to be recognized over a weighted-average period of 2.7 years.

#### *Performance-Based Restricted Stock Units*

Under the terms of the PSUs granted to certain employees under the Amended and Restated 2021 LTIP, upon the achievement of certain pre-determined performance objectives, each PSU may settle into shares of our Common Stock. The PSUs will vest, if at all, upon the actual achievement of the related performance objectives, subject to specified change of control exceptions and the grantee's continued service to the Company through the applicable vesting date.

The following table summarizes the activity under the Amended and Restated 2021 LTIP related to PSUs as of September 30, 2024:

	Number of PSUs	Weighted-Average Grant Date Fair Value
	(in thousands)	
Non-vested PSUs as of January 1, 2024	18	\$ 2.89
Granted	482	3.07
Vested	—	—
Forfeited	(113)	3.03
Non-vested PSUs as of September 30, 2024	387	\$ 3.05

Compensation expense associated with PSUs is recognized over the vesting period of the awards that are ultimately expected to vest when the achievement of the related performance objectives becomes probable. As of September 30, 2024, the achievement of the performance objectives associated with certain non-vested PSUs was deemed not probable of being achieved and no expense has been recognized associated with those awards. The total unrecognized compensation cost related to non-vested PSUs deemed probable of being achieved was \$1.2 million as of September 30, 2024 and is expected to be recognized over a weighted-average period of 2.2 years.

### Wheels Up Stock Options

Wheels Up stock options granted under the Amended and Restated 2021 LTIP vest quarterly over a three-year service period and expire on the tenth anniversary of the grant date. The following table summarizes the activity under the Amended and Restated 2021 LTIP related to Wheels Up stock options as of September 30, 2024:

	Number of Wheels Up Stock Options (in thousands)	Weighted- Average Exercise Price	Weighted-Average Grant Date Fair Value
Outstanding Wheels Up stock options as of January 1, 2024	77	\$ 100.00	\$ 47.52
Granted	—	—	—
Exercised	—	—	—
Forfeited	—	—	—
Expired	—	—	—
Outstanding Wheels Up stock options as of September 30, 2024	77	\$ 100.00	\$ 47.52
Exercisable Wheels Up stock options as of September 30, 2024	77	\$ 100.00	\$ 47.52

The aggregate intrinsic value as of September 30, 2024, for Wheels Up stock options that were outstanding and exercisable was nil. The weighted-average remaining contractual term as of September 30, 2024, for Wheels Up stock options that were outstanding and exercisable was approximately 3.1 years.

### Executive Performance Awards

The Compensation Committee of the Board approved the CEO Performance Award granted to George Mattson, the Company's Chief Executive Officer, CFO Performance Award granted to Todd Smith, our former Chief Financial Officer, and CCO Performance Award granted to David Harvey, the Company's Chief Commercial Officer, on November 30, 2023, March 3, 2024 and May 20, 2024, respectively. Except as set forth in Section III.A of the Amended and Restated 2021 LTIP, the Executive Performance Awards incorporate the terms of the Amended and Restated 2021 LTIP, as it may be amended from time-to-time. Each Executive Performance Award is intended to constitute a standalone equity incentive plan and any shares of Common Stock issued under such awards will not be issued under, or count against the number of shares of Common Stock reserved pursuant to, any of the Company's other equity-based compensation plans or awards. Upon the departure of our former Chief Financial Officer from the Company on September 6, 2024, the CFO Performance Award was effectively terminated and any right to receive shares of Common Stock or cash payments thereunder in the future was forfeited. No shares of Common Stock had been issued or cash payments made to our former Chief Financial Officer under the CFO Performance Award through such date. In addition, all compensation expense associated with the CFO Performance Award was reversed during the three months ended September 30, 2024.

The issuance of any shares under the Executive Performance Awards upon vesting is contingent upon receipt of the approval of each award by the Company's stockholders. At the 2024 Annual Meeting, the Company's stockholders approved the CEO Performance Award and the potential issuance of up to 73.0 million shares of Common Stock thereunder, subject to the satisfaction of the applicable performance- and service-based vesting conditions under such award, if at all. The Company currently intends to obtain approval of the CCO Performance Award by the Company's stockholders at a future meeting of the Company's stockholders or by written consent of the Company's stockholders. If on any Determination Date (as defined below) there is not a sufficient amount of shares authorized by the Company's stockholders to deliver the number of shares due under the Executive Performance Awards or any such Executive Performance Award has not been approved by the Company's stockholders, then upon vesting, if at all, any amounts payable under any such Executive Performance Award will not be paid in the form of the issuance of new shares of Common Stock and instead will be payable in cash.

The Executive Performance Awards are one-time performance awards granted to our Chief Executive Officer and Chief Commercial Officer in lieu of future annual equity compensation grants and are intended to provide each of them with the opportunity to share in the long-term growth of the value of the Company. The Executive

Performance Awards consist of a contingent right to receive a number of newly issued shares of Common Stock upon: (i) repayment of the Company's borrowings under the \$390.0 million Term Loan, if at all; and (ii) satisfaction of service-based vesting conditions, which provide that 25% of each Executive Performance Award will be eligible to vest on each of September 20, 2024, 2025, 2026 and 2027, so long as such officer remains employed with the Company as of such dates. A "Repayment Event" includes certain refinancings of the Term Loan on or before September 20, 2028, the scheduled maturity date of the Term Loan. Subject to the satisfaction of the applicable performance- and service-based vesting conditions described above, the number of shares of Common Stock that may vest and be issued under any Executive Performance Award will first be determined on December 31st of the year in which a Repayment Event occurs, and then on December 31st of each subsequent year (each such date, a "Determination Date") until December 31, 2028 (the "Final Determination Date"). At any Determination Date following a Repayment Event, the number of shares of Common Stock issuable under any Executive Performance Award in connection with such Determination Date, if any, will be determined using the then applicable percentage associated with the service-based vesting condition (the "Service Vested Percentage").

The number of shares of Common Stock subject to vesting and issuance, if any, under any Executive Performance Award on each Determination Date following a Repayment Event is based on a formula that aligns the number of shares of Common Stock issuable under such Executive Performance Award with the repayment or refinancing of the Term Loan and Revolving Credit Facility, the then applicable dollar value of the shares of Common Stock issued to the Lenders under the Investor Rights Agreement and the volume weighted average price per share of Common Stock during the 60 trading day period prior to the applicable Determination Date. The number of shares of Common Stock, if any, issuable under the Executive Performance Awards will vary depending on, among other things: (i) the occurrence and timing of a Repayment Event; (ii) the Lenders' Total Investor Return (as defined in the Executive Performance Awards) as a multiple of the aggregate principal amount of the Term Loan and any borrowings under the Revolving Credit Facility as of the applicable Determination Date, if any; and (iii) the Service Vested Percentage as of the applicable Determination Date. There can be no assurance that the performance- and service-based vesting conditions under the Executive Performance Awards will be satisfied or that the foregoing variables will result in the vesting and issuance of any shares of Common Stock or cash payments pursuant to the Executive Performance Awards.

As of September 30, 2024, the performance-based vesting conditions for the outstanding and unvested Executive Performance Awards were not met and no shares had vested. As of September 30, 2024, the achievement of the related performance objective was deemed probable of being achieved on September 20, 2028, the scheduled maturity date of the Term Loan. The grant-date fair value of the CCO Performance Award as of May 20, 2024, using a Monte Carlo simulation model, was \$43.9 million. The derived service periods for Executive Performance Awards, which began on the respective grant dates, were: (i) for the CEO Performance Award, 5.2 years; and (ii) for the CCO Performance Award, 4.7 years.

The total unrecognized compensation cost related to the outstanding and unvested Executive Performance Awards was \$164.4 million as of September 30, 2024 and is expected to be recognized over 4.3 years. As of September 30, 2024, the carrying amount of the CEO Performance Award was classified as equity in the condensed consolidated balance sheet under Additional paid-in capital; however, since we have not obtained authorization from the Company's stockholders for the issuance of any shares of Common Stock to satisfy settlement of the CCO Performance Award, the carrying amount of such award has been classified as mezzanine equity in the condensed consolidated balance sheet under Contingent performance awards.

#### ***Fair Value Estimates***

We estimated fair value to measure compensation cost of the Executive Performance Awards on the date of grant using techniques that are considered to be consistent with the objective of measuring fair value. In selecting the appropriate technique, management considered, among other factors, the nature of the instrument, the market risks that it embodies, and the expected means of settlement.

Estimating fair values of the Executive Performance Awards requires the development of significant and subjective estimates that may, and are likely to, change over the duration of the instrument with related changes in internal and external factors. In addition, option-pricing models are highly volatile and sensitive to changes.

The following table summarizes the significant assumptions used to estimate the fair value on the date of grant for the outstanding and unvested Executive Performance Awards:

	2024 <sup>(1)</sup>	2023 <sup>(2)</sup>	
Expected term (in years)	4.7	5.2	
Volatility	70%	60	%
Risk-free rate	4.4%	4.3	%
Expected dividend rate	0%	0	%

(1) Assumptions used in the Monte Carlo simulation related to the CCO Performance Award, which was granted on May 20, 2024.

(2) Assumptions used in the Monte Carlo simulation related to the CEO Performance Award, which was granted on November 30, 2023.

### **Equity-Based Compensation Expense**

Compensation expense for WUP profits interests recognized in the condensed consolidated statements of operations was nil for each of the three months ended September 30, 2024 and 2023, and nil and \$0.1 million for the nine months ended September 30, 2024 and 2023, respectively.

Compensation expense for WUP stock options under the WUP Option Plan and Wheels Up stock options under the Amended and Restated 2021 LTIP recognized in the condensed consolidated statements of operations was nil and \$0.2 million for the three months ended September 30, 2024 and 2023, respectively, and nil and \$1.1 million for the nine months ended September 30, 2024 and 2023, respectively.

Compensation expense for RSUs and PSUs recognized in the condensed consolidated statements of operations was \$1.7 million and \$3.3 million for the three months ended September 30, 2024 and 2023, respectively, and \$8.0 million and \$15.2 million for the nine months ended September 30, 2024 and 2023, respectively.

Compensation expense for the Executive Performance Awards recognized in the condensed consolidated statements of operations was \$ 6.3 million and nil for the three months ended September 30, 2024 and 2023, respectively, and \$ 25.4 million and nil for the nine months ended September 30, 2024 and 2023, respectively.

The following table summarizes equity-based compensation expense recognized by condensed consolidated statement of operations line item (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Cost of revenue	\$ 535	\$ 826	\$ 2,097	\$ 3,097
Technology and development	245	620	881	1,777
Sales and marketing	161	440	428	1,781
General and administrative	6,944	1,622	29,958	14,995
Total equity-based compensation expense	<u>\$ 7,885</u>	<u>\$ 3,508</u>	<u>\$ 33,364</u>	<u>\$ 21,650</u>

### **Earnout Shares**

As part of the Business Combination, existing holders of WUP equity, including certain holders of WUP profits interests and restricted interests under the WUP Management Incentive Plan, but excluding holders of WUP stock options, have the right to receive up to 0.9 million additional shares of Common Stock (the "Earnout Shares") that will vest, if at all, upon the achievement of separate market conditions. One-third of the Earnout Shares will meet the market conditions when the closing Common Stock price is greater than or equal to \$125.00 for any 20 trading days within a period of 30 consecutive trading days on or before July 13, 2026. An additional one-third will vest when the Common Stock is greater than or equal to \$150.00 over the same measurement period. The final one-third will vest when the Common Stock is greater than or equal to \$175.00 over the same measurement period.



Earnout Shares are attributable to vested WUP profits interests and restricted interests as of the date each of the Earnout Share market conditions are met. No Earnout Shares have been issued as of September 30, 2024.

The grant-date fair value of the Earnout Shares attributable to the holders of WUP profits interests and restricted interests, using a Monte Carlo simulation model, was \$57.9 million. The derived service period began on the Business Combination Closing Date and had a weighted-average period of 1.7 years.

Based on the Common Stock trading price, the market conditions were not met, and no Earnout Shares vested or were issuable as of September 30, 2024. Compensation expense for Earnout Shares recognized in the condensed consolidated statements of operations was nil for each of the three months ended September 30, 2024 and 2023, and nil and \$1.4 million for the nine months ended September 30, 2024 and 2023, respectively.

#### ***Treasury Stock***

As of September 30, 2024, we had 439,451 shares of treasury stock. The increase in treasury stock during the nine months ended September 30, 2024 reflects shares of Common Stock withheld to settle employee taxes due upon the vesting of RSUs. During the nine months ended September 30, 2024, we did not cancel or reissue any shares of Common Stock held as treasury stock.

### **11. WARRANTS**

Prior to the Business Combination, Aspirational issued 7,991,544 redeemable public warrants ("Public Warrants") and 4,529,950 redeemable private warrants ("Private Warrants" and together with the Public Warrants, the "Warrants"). On the Business Combination Closing Date, Wheels Up assumed the Warrants, none of which had been exercised as of September 30, 2024. Each whole Warrant entitles the holder to purchase 1/10th share of Common Stock at a price of \$115.00 per whole share of Common Stock. The Warrants expire on July 13, 2026 or earlier upon redemption or liquidation.

### **12. NON-CONTROLLING INTERESTS**

MIP LLC is a single purpose entity formed for the purpose of administering and effectuating the award of WUP profits interests to employees, consultants and other qualified persons. Wheels Up is the sole managing member of MIP LLC and, as a result, consolidates the financial results of MIP LLC. We record non-controlling interests representing the ownership interest in MIP LLC held by other members of MIP LLC. In connection with the Business Combination, the Seventh Amended and Restated LLC Agreement of WUP was adopted, allowing members of MIP LLC, subject to certain restrictions, to exchange their vested WUP profits interests before July 13, 2031 for cash or a corresponding number of shares of Common Stock, at the option of Wheels Up, based on the value of such WUP profits interests relative to their applicable participation threshold.

The decision of whether to exchange WUP profits interests for cash or Common Stock is made solely at the discretion of Wheels Up. Accordingly, the WUP profits interests held by MIP LLC are treated as permanent equity and changes in the ownership interest of MIP LLC are accounted for as equity transactions. Future exchanges of WUP profits interests, if settled in shares of Common Stock at the discretion of Wheels Up, will reduce the amount recorded as Non-controlling interests and increase Additional paid-in-capital on the condensed consolidated balance sheets.

The calculation of Non-controlling interests was as follows:

	September 30, 2024		December 31, 2023	
Number of WUP common units held by Wheels Up <sup>(1)</sup>	697,811,664	100.0 %	696,856,131	100.0 %
Number of vested WUP profits interests attributable to non-controlling interests <sup>(2)</sup>	—	— %	—	— %
Total WUP common units and vested WUP profits interests outstanding	697,811,664	100.0 %	696,856,131	100.0 %

(1) WUP common units represent an equivalent ownership of Common Stock outstanding.

(2) Based on the closing price of Common Stock on the last trading day of the period covered by this Quarterly Report, there would have been no WUP common units issuable upon conversion of vested and unvested WUP profits interests outstanding as of September 30, 2024.

Weighted-average ownership percentages are used to allocate net loss to Wheels Up and the non-controlling interest holders. The non-controlling interests weighted-average ownership percentage was nil for each of the three and nine months ended September 30, 2024 and 2023.

### 13. COMMITMENTS AND CONTINGENCIES

The Company has contractual obligations and commitments, primarily in the form of obligations to provide services for which we have already received deferred revenue (see [Note 2](#)), lease arrangements (see [Note 9](#)), repayment of long-term debt (see [Note 7](#)), legal proceedings, and sales and use tax liability.

#### **Legal Proceedings**

From time to time, we are subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. While the outcome of these matters cannot be predicted with certainty, as of the date of this Quarterly Report we do not believe that the outcome of any of these matters, individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or cash flows.

#### *GRP Litigation*

On July 5, 2023, we filed a lawsuit against Exclusive Jets, LLC d/b/a flyExclusive, a subsidiary of flyExclusive, Inc. ("FE"), in the United States District Court for the Southern District of New York, which was re-filed against FE in the Supreme Court of the State of New York in New York County on August 23, 2023. We instituted the action to enforce our rights and remedies for wrongful termination by FE of that certain Fleet Guaranteed Revenue Program Agreement, dated November 1, 2021, between WUP and FE (the "GRP Agreement"). On June 30, 2023, FE notified us in writing of its immediate termination of the GRP Agreement. We believe that FE wrongfully terminated such agreement in breach thereof. We are seeking compensatory damages, including the return of material deposits held by FE under the GRP Agreement that were recorded in Other non-current assets on the condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023, as well as attorneys' fees and costs. On October 31, 2024, FE filed its defenses to the Company's claims and simultaneously presented certain counterclaims for unpaid amounts it claims it is owed under the GRP Agreement. We intend to vigorously pursue the action to recover the outstanding deposits and other damages from FE and defend against any related counterclaims, but there can be no assurance as to the outcome of the dispute with FE. Our success in recovering the amounts from FE will depend upon several factors including the availability of funds by FE for the recoverable amounts. We are in the process of evaluating the effects of the foregoing events and we cannot make a reasonable estimate of any outcome, recovery or loss at this time.

#### **Sales and Use Tax Liability**

We regularly provide services to members in various states within the continental U.S., which may create sales and use tax nexus via temporary presence, potentially requiring the payment of these taxes. We determined that there is uncertainty as to what constitutes nexus in respective states for a state to levy taxes, fees and surcharges relating to our activity. As of September 30, 2024 and December 31, 2023, we estimated the potential exposure to

such tax liability was \$10.3 million and \$10.5 million, respectively, the expense for which was included in Accrued expenses on the condensed consolidated balance sheets and in cost of revenue in the condensed consolidated statements of operations as of and for the applicable periods presented.

#### 14. RELATED PARTIES

We engage in transactions with certain stockholders who are also members, ambassadors or customers. Such transactions primarily relate to their membership in the Wheels Up program, flights and flight-related services.

We incurred expenses of \$0.1 million and \$1.2 million for the three and nine months ended September 30, 2024, respectively, and \$ 0.4 million and \$1.5 million for the three and nine months ended September 30, 2023, respectively, from transactions related to the Original CCA with Delta, which was subsequently replaced by the Amended CCA. As of September 30, 2024 and December 31, 2023, \$1.9 million and \$0.4 million, respectively, were included in Accrued expenses on the condensed consolidated balance sheets and \$1.0 million and \$3.6 million, respectively, were included in Other non-current liabilities on the condensed consolidated balance sheets, in each case related to transactions associated with the Original CCA and Amended CCA with Delta.

#### 15. RESTRUCTURING AND RELATED CHARGES

On March 1, 2023, we announced a restructuring plan (the "Restructuring Plan") as part of our previously announced focus on implementing cost reductions and improving the efficiency of our operations, which consisted of a reduction in headcount (excluding pilots, maintenance and operations-support personnel).

We incurred \$17.7 million of charges associated with the Restructuring Plan during the fourth quarter of 2022 and first quarter of 2023, which primarily consisted of cash and non-cash expenses related to severance payments, employee benefits and equity-based compensation. During the nine months ended September 30, 2023, we recognized approximately \$10.5 million of expenses related to the Restructuring Plan, which were incurred and recorded on the condensed consolidated statement of operations, as follows (in thousands):

Cost of revenue	\$	755
Technology and development		2,299
Sales and marketing		2,058
General and administrative		5,408
<b>Total restructuring expenses</b>	<b>\$</b>	<b>10,520</b>

All charges associated with the Restructuring Plan were paid as of December 31, 2023.

#### 16. INCOME TAXES

We are subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income or loss from WUP, as well as any standalone income or loss Wheels Up generates. WUP is treated as a partnership for U.S. federal and most applicable state and local income tax purposes and generally does not pay income taxes in most jurisdictions. Instead, any taxable income or loss generated by WUP is passed through to and included in the taxable income or loss of its members, including Wheels Up. We are also subject to income taxes in the various foreign jurisdictions in which we operate.

We recorded income tax expense of \$0.4 million and \$0.7 million for the three and nine months ended September 30, 2024, respectively, and income tax expense of \$0.6 million and \$0.8 million for the three and nine months ended September 30, 2023, respectively. The effective tax rate was ( 0.7)% and (0.3)% for the three and nine

months ended September 30, 2024, respectively, and (0.4)% and (0.2)% for the three and nine months ended September 30, 2023, respectively. Our effective tax rate for the three and nine months ended September 30, 2024 differs from the federal statutory rate of 21%, primarily due to a full valuation allowance against the majority of our net deferred tax assets where it is more likely than not that the deferred tax assets will not be realized and geographical mix of our earnings.

We currently expect the undistributed earnings of our foreign subsidiaries to be indefinitely reinvested. Accordingly, the Company has not provided for the tax effect, if any, of limited outside basis differences of its foreign subsidiaries. If these foreign earnings are repatriated to the U.S., or if the Company determines that such earnings are repatriated to the U.S., or if the Company determines that such earnings will be remitted in a future period, additional tax provisions may be required.

We evaluate the realizability of our deferred tax assets on a quarterly basis and establish valuation allowances when it is more likely than not that all or a portion of the deferred tax assets may not be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, and tax-planning strategies. As of September 30, 2024, we concluded, based on the weight of all available positive and negative evidence, that it is more likely than not that the majority of our U.S. deferred tax assets will not be realized. Accordingly, a valuation allowance has been established on the majority of our net deferred tax assets in the U.S.

In general, under Section 382 of the Internal Revenue Code of 1986 (as amended, the "Code"), a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses or tax credits to offset future taxable income or taxes. As a result of the Initial Issuance, the Company experienced an ownership change during the third quarter of 2023 that will limit the availability of our tax attributes to offset future income. A formal Section 382 analysis is being performed to determine the extent of the limitations. Our net operating losses and tax attributes are currently subject to a full valuation allowance. Accordingly, we do not believe it will have a material impact on our consolidated financial statements.

The Organization for Economic Co-operation and Development has issued Pillar Two model rules introducing a new global minimum tax of 15% intended to be effective on January 1, 2024. While the U.S. has not yet adopted the Pillar Two rules, various other governments around the world have implemented the legislation, including jurisdictions in which certain of Wheels Up's subsidiaries operate, and many other jurisdictions are in the process of implementing it. The Company is currently monitoring these developments and is in the process of evaluating the potential impact on its consolidated financial statements.

Additionally, the Company is subject to the income tax effects associated with the Global Intangible Low-Taxed Income ("GILTI") provisions and treats the tax effects of GILTI as a current period expense in the period incurred.

## 17. NET LOSS PER SHARE

The following table sets forth the computation of Basic and diluted net loss per share (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator:</b>				
Net loss attributable to Wheels Up Experience Inc. - basic and diluted	\$ (57,731)	\$ (144,813)	\$ (252,097)	\$ (406,272)
<b>Denominator:</b>				
Weighted-average shares of Common Stock outstanding - basic and diluted	697,721,699	41,261,003	697,575,821	30,737,324
Basic and diluted net loss per share of Common Stock	\$ (0.08)	\$ (3.51)	\$ (0.36)	\$ (13.22)

There were no dividends declared or paid during each of the three and nine months ended September 30, 2024 and 2023.

Basic and diluted net loss per share were computed using the two-class method. All issued and outstanding shares of restricted stock are included in the weighted-average shares of Common Stock outstanding for all periods presented.

WUP profits interests held by other members of MIP LLC are not subject to the net loss per share calculation until such time the vested WUP profits interests are actually exchanged for shares of Common Stock.

The shares of Common Stock issuable under the Executive Performance Awards upon satisfaction of the performance- and service-based vesting conditions, if at all, are not subject to the net loss per share calculation until such time that such shares of Common Stock are actually issued to the applicable grantee. The exact number of shares of Common Stock that may be issued under the Executive Performance Awards will not be readily determinable until the first Determination Date following a Repayment Event and at each successive Determination Date thereafter through the Final Determination Date. There can be no assurance that both the performance- and service-based vesting conditions will be satisfied or that the foregoing variables will result in the vesting and issuance of any shares of Common Stock pursuant to any Executive Performance Award (see [Note 10](#)).

The following securities were not included in the computation of diluted shares outstanding, because the effect would be anti-dilutive, and issuance of such shares is contingent upon the satisfaction of certain conditions which were not satisfied by the end of the period:

	September 30,	
	2024	2023
Warrants <sup>(1)</sup>	1,252,149	1,252,149
Earnout Shares	900,000	900,000
RSUs and PSUs	6,107,269	3,109,823
Stock options	949,637	1,268,584
Total anti-dilutive securities	9,209,055	6,530,556

(1) Each Warrant entitles the holder to purchase 1/10th of one share of Common Stock at a price of \$15.00 per whole share of Common Stock.

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

*The following management's discussion and analysis of our financial condition and results of operations ("MD&A") should be read in conjunction with our condensed consolidated financial statements and the related notes included in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and our audited consolidated financial statements included in our most recent Annual Report on Form 10-K for the year ended December 31, 2023 ("Annual Report"). This discussion contains forward-looking statements which involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" included in this Quarterly Report. Unless the context otherwise requires, references in this MD&A section to "Wheels Up," "we," "us," "our," and "the Company" are intended to mean the business and operations of Wheels Up Experience Inc. and its consolidated subsidiaries.*

### Overview of Our Business

Wheels Up is a leading provider of on-demand private aviation in the United States ("U.S.") and one of the largest companies in the industry. Wheels Up offers a complete global private aviation solution with a large and diverse aircraft fleet, backed by an uncompromising commitment to safety and service. Our offering is delivered through a mix of our member programs and charter solutions that strategically utilize our owned and leased aircraft fleet and an "asset-light" charter model to deliver a greater range of global travel alternatives. In addition, our unique partnership with Delta Air Lines, Inc. ("Delta") allows Wheels Up to offer a wide variety of aviation solutions across both private and premium commercial travel.

We generate revenue from flights through our member programs and charter solutions, membership fees and other services. Membership revenue includes fees paid for Wheels Up's annual membership, which provides members with access to one of the world's largest combined fleets of owned, leased and third-party aircraft. Flight revenue includes revenue earned from member and customer flights, whether as part of Wheels Up Membership or Wheels Up Charter, and from the use of pre-purchased dollar-denominated credits that can be applied to future costs, including flight services, annual dues, and other incidental costs such as catering and ground transportation ("Prepaid Blocks"). Our flight operations are typically favorably affected by increased utilization of our aircraft and generally higher levels of charter activity in the summer months and close in time to major U.S. holidays. Due to the nature of the services that we provide, we have determined that we operate as one reportable segment, which is private aviation services.

Wheels Up has one of the largest and most diverse mixes of available aircraft in the industry. As of September 30, 2024, we had 156 aircraft in our owned and leased fleet that includes Light, Midsize, Super-Midsize and Large-Cabin jets and Turboprops. We utilize our controlled aircraft fleet to support both Wheels Up Membership and Wheels Up Charter flights depending on the member's or customer's specific mission. We also have access to a large and diverse fleet and a global network of safety-vetted charter operators, which must continually satisfy our safety standards for aircraft, crew and operations. Together, our controlled aircraft fleet and global network of third-party operators position us to provide our members and customers with the right aircraft for the right mission, and create the opportunity for our members and customers to select a mode of travel that works for their specific needs.

### Our Product Portfolio

Over time, our member programs and charter offerings have evolved to meet the varying needs of private fliers across the global markets we serve. In June 2024, we announced enhancements to our member programs and charter offerings that are intended to streamline our product portfolio. We believe that our newly aligned product portfolio – Wheels Up Membership and Wheels Up Charter – will simplify the private aviation experience for our members and customers, provide attractive benefits for the full spectrum of private fliers, and grant private fliers the freedom to tailor each trip to their specific needs. We anticipate that we will further evolve our service offerings as we implement our fleet modernization strategy and introduce new aircraft types into our controlled fleet.

### *Join Up: Wheels Up Membership*

Private fliers with predictable annual spend can utilize Wheels Up Membership, where a small annual fee and purchase of Prepaid Blocks unlock increased flexibility and expanded global access, and for certain fliers, guaranteed availability and recovery within the continental U.S., United Kingdom ("U.K.") and Europe, subject to certain terms and conditions. We believe that Wheels Up Membership provides the varying benefits and services that suit a range of existing and potential individual and business private fliers. Wheels Up Membership is comprised of two primary membership categories — Individual and UP for Business:

- Our Individual membership, when paired with the purchase of a Prepaid Block, affords members with preferential benefits, such as capped hourly rate pricing in our Primary Service Area (as defined below), greater aircraft availability, including during peak demand days, access across cabin classes and, depending on the size of the Prepaid Block, guaranteed availability and recovery within the continental U.S., U.K. and Europe, subject to certain terms and conditions. Individual members pay an annual membership fee of \$8,500. The flexibility of our Individual membership is designed for individual fliers, as well as business fliers that opt to purchase Prepaid Blocks at lower levels.
- Our Up for Business membership consists of small and medium enterprise, and custom enterprise solutions for business fliers that tend to spend at higher levels than individual members. Whether Wheels Up is the primary provider of the member's private flights or a supplementary solution to the member's own aircraft operations, our Up for Business membership provides business fliers with tailored options to fit their needs. The flexibility of our offering also provides our UP for Business members with the ability to book, purchase and manage their private travel needs and book commercial travel through Delta, all from a single source. UP for Business members that purchase Prepaid Blocks receive enhanced benefits, including, among others, guaranteed aircraft availability and capped or fixed hourly rate pricing.

Our first-of-its-kind partnership with Delta also allows us to address the needs of our members and charter customers across both private and premium commercial travel. Members have the unique opportunity to earn Diamond Medallion® Status with Delta based on their qualifying Wheels Up spend, and use Prepaid Blocks to purchase discounted Delta flights and receive other benefits with Delta, in each case subject to certain terms and conditions. Wheels Up Membership also provides access to an enhanced lifestyle program of events, experiences and member benefits. All membership options provide access through the Wheels Up mobile app and website to charter flights and dynamic pricing.

In June 2023, we implemented changes to our member programs that were designed to focus our controlled aircraft fleet into specific regions in the U.S. along the east coast, west coast, and travel in between (our "Primary Service Area"), while continuing to service all regions in North America using our charter solutions. In June 2024, we announced the next evolution of Wheels Up Membership, which provides members that purchase higher levels of Prepaid Blocks with expanded global aircraft access, and guaranteed availability and recovery outside of our Primary Service Area in the continental U.S., U.K. and Europe, subject to certain terms and conditions. The breadth of our complementary charter solutions gives us the ability to offer these additional options and flexibility to our members. While capped hourly rate pricing continues to apply only in our Primary Service Area, we believe that the expansion of guaranteed availability and recovery, as well as generally shorter aircraft call out times, position us well to deliver enhanced value, flexibility and accessibility to our members. We anticipate that these additional member benefits will be an important driver of future revenue growth, and allow the Company to demonstrate the strength of both its Wheels Up Membership and Wheels Up Charter offerings.

### *Fly Up: Wheels Up Charter*

For travelers who are looking to pay as they go, Wheels Up Charter allows members and non-member customers to book charter trips with no upfront costs for everything from a family vacation to a multi-stop, international business itinerary. Wheels Up Charter is a global solution that leverages the capabilities of our domestic charter teams and the global capabilities of Air Partner Limited, our subsidiary, which allows us to offer options to suit virtually every charter need through our international network of trusted partners. Our charter offerings customize the member and customer experience for short- or long-haul flights with bespoke private jet arrangements or group charters, including for commercial-size charters with large passenger groups of 15 or more, sports teams, global corporate events and tour operations. Wheels Up Charter is complementary to Wheels Up Membership, and provides a leading solution for members and customers wishing to fly globally through attractive market-based pricing and personalized alternatives. We are devoting significant resources to growing our global charter offerings alongside our member programs.

In June 2024, we announced enhancements to Wheels Up Charter intended to incentivize and reward frequent charter bookings. Wheels Up Charter customers can now earn rewards for each flight equal to a 2% flight credit for every \$50,000 spent on charter flights, and Delta Diamond Medallion® Status after achieving qualifying flight spend, subject to certain terms and conditions. In addition, we are transitioning our Connect and Core "pay-as-you-fly" memberships to our charter business. We expect that this transition will result in cost savings to these customers that did not previously enjoy the capped hourly rate pricing associated with Prepaid Blocks.

### ***Additional Sources of Revenue***

In addition to our member programs and global charter solutions, we provide wholesale charter services to customers such as charter flight brokers and third-party operators. We also engage in maintenance, repair and operations ("MRO"), fixed-base operator ("FBO") services, safety and security services, and special missions, including government, defense, emergency and medical transport. We believe that these primarily non-member facing activities and services complement our core private aviation business and provide additional sources of revenue.



## Recent Developments

### ***Our Fleet Modernization Strategy***

On October 22, 2024, we announced our current fleet modernization strategy, which we expect will result in the transition from the operation of four current private jet models - Cessna Citation CJ3, X, and Excel/XLS and Hawker 400XP aircraft - to two different private jet models - the Embraer Phenom 300 series and Bombardier Challenger 300 series aircraft, while continuing to operate our King Air 350i aircraft within our Primary Service Area. We intend to achieve this fleet transition through a mix of opportunistic aircraft acquisitions and strategic leasing activity. Upon closing the GrandView Transaction (as defined below), we expect to immediately introduce the acquired Embraer Phenom 300 series fleet into our programmatic membership offerings, as well as offering it to our charter customers. We expect to begin operating Bombardier Challenger 300 series in our fleet by early 2025, with availability on both an as-requested charter basis and on specified routes for our members and customers, and full introduction into our Wheels Up Membership offering across our guaranteed service areas by the end of 2025. We anticipate that the Revolving Equipment Notes Facility (as defined below) will provide us with the flexibility to opportunistically add additional Embraer Phenom 300 series and Bombardier Challenger 300 series aircraft to our fleet during the period of transition.

We believe that our recently announced fleet modernization strategy will enhance the experience that we deliver to our members and customers, alongside an expected decrease in the average age of our owned and leased aircraft fleet, increase in maintenance availability and reliability, and improvements in fuel efficiency. In addition, we expect to utilize our existing pilot base and seamlessly adapt our maintenance processes to operate the Embraer Phenom 300 series and Bombardier Challenger 300 series aircraft that we expect to acquire by re-training certain of our pilots in the applicable fleet types and scaling our maintenance operations throughout the fleet transition.

Our current fleet modernization strategy is the result of our continuous review of our aircraft fleet in relation to our anticipated future needs, taking into account the age and composition of our fleet, maintenance costs and availability, anticipated aircraft utilization, and the efficiency of and demand for new aircraft types. To achieve our fleet transition, we expect to engage in strategic acquisitions and dispositions of aircraft, as well as enter into leasing arrangements in order to replenish our fleet while maintaining high levels of member and customer service. For example, in October 2024 we agreed to sell all 13 of our owned Cessna Citation X aircraft to an unrelated third party buyer, and expect to enter into leases for a portion of the sold aircraft and amend existing Cessna Citation X leases with the same buyer, which we anticipate will support our transition to Bombardier Challenger 300 series aircraft in the coming years. We believe that our current fleet modernization strategy, latest member program changes and the growth of our charter offerings position us well to strategically utilize our owned and leased aircraft fleet alongside an "asset-light" charter model to deliver a greater range of global travel alternatives.

### ***Agreement to Acquire 17 Embraer Phenom and Phenom 300E Aircraft, and Related Assets***

On October 22, 2024, Wheels Up Partners LLC ("WUP LLC"), an indirect subsidiary of the Company, entered into an Asset Purchase Agreement with Grandview Aviation LLC ("Seller") and Global Medical Response, Inc., the parent entity of Seller (together with Seller, the "Seller Parties" and such agreement, the "Asset Purchase Agreement"), pursuant to which the Company has agreed to acquire from Seller 17 Embraer Phenom 300 and Phenom 300E aircraft, certain related maintenance assets to support the fleet, and Seller's existing customer program (collectively, the "Acquired Assets" and such transaction, the "GrandView Transaction"). Subject to the terms and conditions of the Asset Purchase Agreement, the purchase price for the Acquired Assets is \$105 million, subject to the adjustments described in the Asset Purchase Agreement. The Company anticipates that the transactions contemplated by the Asset Purchase Agreement will close in the month of November 2024, subject to customary closing conditions, including the completion of aircraft inspections.

The Asset Purchase Agreement contains representations, warranties and covenants by WUP LLC and the Seller Parties that are customary for transactions of this type, which were made solely for the benefit of the parties thereto. Concurrently with the closing under the Asset Purchase Agreement, WUP LLC and Seller expect to enter into: (i) a transition services agreement (the "TSA"), pursuant to which Seller will provide WUP LLC certain specified flight-related services on a temporary basis; and (ii) a master aircraft operating agreement (the "Operating Agreement"),

pursuant to which Seller will conduct certain on-demand flight operations using the Acquired Assets after the closing date while such aircraft are transitioned from a U.S. Federal Aviation Administration ("FAA") operating certificate held by Seller to the FAA operating certificate held by Wheels Up Private Jets LLC ("WUPJ"), an indirect subsidiary of the Company (the "Phenom Fleet Transition"). It is anticipated that the TSA and Operating Agreement will terminate upon completion of the Phenom Fleet Transition. The Company is currently a party to an agreement with Seller pursuant to which Seller has provided the Company's members and customers with certain dedicated Embraer Phenom 300 and Phenom 300E aircraft since November 2021, which is also expected to terminate at the closing under the Asset Purchase Agreement.

#### ***Committed Financing from Bank of America***

On October 22, 2024, WUP LLC entered into a commitment letter (the "Commitment Letter") pursuant to which Bank of America, N.A. ("Bank of America") committed to provide up to \$332 million under a senior secured revolving credit facility (the "Revolving Equipment Notes Facility"). Delta is expected to provide credit support for the Revolving Equipment Notes Facility, which will effectively guarantee WUP LLC's payment obligations thereunder upon the occurrence and continuation of specified events of default. The anticipated maturity date for the Revolving Equipment Notes Facility is five years following the initial closing date. The Company expects that the initial closing for the Revolving Equipment Notes Facility will occur concurrently with the closing under the Asset Purchase Agreement in the month of November 2024.

The Revolving Equipment Notes Facility is expected to utilize an enhanced equipment trust certificate (EETC) loan structure that is similar to the existing fixed rate equipment notes that were issued by WUP LLC on October 14, 2022 (collectively, the "Equipment Notes"). The Revolving Equipment Notes Facility is expected to be secured by first-priority liens on WUP LLC's owned aircraft fleet (the "Owned Aircraft"). A term sheet describing, among other things, the material terms that are expected to be included in the definitive documentation for the Revolving Equipment Notes Facility is attached as Annex A to the Commitment Letter. It is anticipated that any principal amounts under the Revolving Equipment Notes Facility paid down between the initial closing date and the third anniversary of the initial closing date (the "Availability Period"), either through regular principal amortization payments or from the early redemption of principal amounts related to any aircraft secured by the Revolving Equipment Notes Facility (without prepayment premiums), will again become available to be reborrowed for the purchase of additional aircraft to be secured by such facility during the Availability Period.

The Company anticipates that the net proceeds from the initial closing of the Revolving Equipment Notes Facility will be used: (i) to fund the purchase price for the Acquired Assets; (ii) to redeem in-full all outstanding Equipment Notes, which are currently secured by the Equipment Note Collateral (as defined below); and (iii) for general corporate purposes, including the potential acquisition of additional Embraer Phenom 300 series and Bombardier Challenger 300 series aircraft, to the extent there are any remaining net proceeds. As of the date of this Quarterly Report, approximately \$148.9 million aggregate principal amount of Equipment Notes were outstanding, and the redemption amount for such Equipment Notes upon the initial closing of the Revolving Equipment Notes Facility, if at all, will include accrued interest thereon and applicable prepayment premiums. In addition, \$20.0 million held as a deposit for the benefit of the Equipment Note lenders is expected to be netted against the redemption amount for the Equipment Notes. Assuming the expected uses of net proceeds described above, the netting of the deposit with respect to the Equipment Notes and the consummation of sales of certain Owned Aircraft that are currently under contract prior to the initial closing of the Revolving Equipment Notes Facility, the Company currently expects that upon the initial closing of the Revolving Equipment Notes Facility, approximately \$75 to \$115 million of net proceeds (before transaction related expenses) will become available for general corporate purposes.

Under the Commitment Letter, Bank of America will act as sole lead arranger for the Revolving Equipment Notes Facility. The commitment to provide the Revolving Equipment Notes Facility is subject to certain conditions, including the negotiation of definitive documentation and other customary conditions to the commitment. In addition, the Company anticipates that certain conforming amendments to the Credit Agreement (as defined below) will be made to permit the Revolving Equipment Notes Facility. The Company expects to pay certain customary fees and expenses in connection with obtaining and maintaining the Revolving Equipment Notes Facility.

## ***Evolving Our Commercial Strategy***

### ***Streamlining Our Product Portfolio***

As described above, in June 2024, we announced enhancements to our member programs and charter offerings that are intended to streamline our product portfolio. We believe that our newly aligned product portfolio – Wheels Up Membership and Wheels Up Charter – will simplify the private aviation experience for our members and customers, provide attractive benefits for the full spectrum of private fliers, and grant private fliers the freedom to tailor each trip to their specific needs. We anticipate that the streamlining of Wheels Up Membership and Wheels Up Charter will be beneficial to members and customers, and will allow the Company to benefit from its scale and operational network worldwide. We also introduced booking experience upgrades for our website and mobile app, which make it easier for private fliers to explore our dynamic rates across dates, departure and arrival destinations.

### ***Enhanced Delta Benefits***

On June 15, 2024, Wheels Up Partners Holdings LLC (“WUP”) and WUP LLC, each a subsidiary of Wheels Up, entered into the Amended and Restated Commercial Cooperation Agreement, dated as of June 15, 2024 (the “Amended CCA”), with Delta. The Amended CCA replaced the Commercial Cooperation Agreement, dated as of January 17, 2020, which was originally entered into in connection with the closing of Wheels Up’s acquisition of WUPJ from Delta in January 2020 and subsequently amended.

The Amended CCA marks a continued commitment by Wheels Up and Delta to further their long-term commercial endeavors and provides for, among other things: (i) the terms on which certain of Wheels Up’s members can continue to purchase discounted premium commercial air travel with Delta, including by the use of eligible Prepaid Blocks; (ii) an amendment to a related agreement that governs the terms on which certain of Wheels Up’s members and customers may receive enhanced benefits under the Delta SkyMiles® and Delta Medallion® programs; and (iii) certain other in-kind benefits among the parties in furtherance of their joint sales efforts and related to the facilitation of their respective businesses. The Delta-related benefits for Wheels Up Membership and Wheels Up Charter described above are pursuant to the Amended CCA and related agreements.

## ***Network Optimization and Cost Reduction Initiatives***

### ***Capitalizing on Our Primary Service Area***

We continue to take steps to consolidate our operations more fully within our Primary Service Area, which is a crucial step in our efforts to transition our business to areas where we expect to generate sustainable profits. Starting in June 2023, we implemented changes to our member programs that were designed to focus our controlled aircraft fleet into our Primary Service Area, while continuing to service all regions using our charter solutions. By concentrating our controlled aircraft fleet in our Primary Service Area, where our members enjoy fixed or capped rate pricing, we expect to benefit from improved network density with significant cost and operating advantages for us, as well as attractive pricing and leading service levels for our members and customers. As of the date of this Quarterly Report, substantially all pre-June 2023 Prepaid Block rule sets have been exhausted. We also expect that our streamlined Wheels Up Membership and Wheels Up Charter offerings will drive additional sales and flight activity, which we anticipate will drive demand and improve aircraft utilization for our controlled aircraft fleet in our Primary Service Area while demonstrating the prevalence of our global charter solutions.

### ***New PBI Maintenance Facility***

We continue to implement changes to our aircraft fleet management and maintenance operations that are intended to improve the efficiency of our operations and the availability of our aircraft, as well as reduce our operating costs. In April 2024, we announced that we expect to open a new flagship maintenance facility at Palm Beach International Airport (the “PBI Maintenance Facility”) by the end of the first quarter of 2025. In preparation for the opening of the PBI Maintenance Facility, we are reallocating resources from existing underutilized facilities as a result of, among other actions: the closure of existing maintenance operations in Cincinnati, Ohio and Broomfield, Colorado; the relocation of mobile service units in Sacramento, California, Las Vegas, Nevada, and Salt Lake City, Utah, and certain service units in Burbank, California, to the Eastern U.S.; and the forthcoming relocation

of resources currently stationed at the Company's Fort Lauderdale facility to the PBI Maintenance Facility. We believe these actions will better align our maintenance resources to the Primary Service Area and flight demand density.

#### *Certificate Consolidation*

We continue to progress with the consolidation of our FAA operating certificates, which is intended to simplify our flight operations by harmonizing our procedures across the entire company. In February 2023, we consolidated our Cessna Citation CJ3 aircraft to one FAA operating certificate. In September 2023, we sold our non-core aircraft management business, which included the disposition of the two related FAA operating certificates. In November 2023, the FAA approved the movement of our Cessna Citation Excel/XLS fleet to WUPJ, which already included our Hawker 400XP fleet, and we completed the fleet transition in March 2024. Additionally, in March 2024, the FAA issued operational authority that allowed us to begin transitioning our King Air 350i, Cessna Citation CJ3 and Cessna Citation X aircraft fleets to a single FAA operating certificate held by WUPJ. In June 2024, we completed the transition of our King Air 350i fleet to WUPJ. In July 2024, we satisfied FAA gatekeeping milestones allowing for the transition of our owned and leased Cessna Citation X fleet to WUPJ and have transitioned substantially all of our Cessna Citation X aircraft as of the date of this Quarterly Report. In October 2024, the FAA approved our revised certificated consolidation plans addressing the streamlined addition of the Embraer Phenom 300 and Phenom 300E, and Bombardier Challenger 300 and Challenger 350 aircraft types to the WUPJ FAA operating certificate. We expect our FAA certificate consolidation and related operational efficiency efforts, including the addition of such new aircraft types, will continue to contribute meaningfully to our service delivery and financial results in future periods.

#### *Additional Operational Efficiency Initiatives*

Since the beginning of 2023, we have taken numerous actions intended to improve our operating efficiency and reduce our fixed costs, including the opening of our Member Operations Center located in the Atlanta, Georgia area (the "Atlanta Member Operations Center") in May 2023 and strategically reducing the number of owned and leased aircraft in our fleet. We expect to continue to take actions to simplify our business, drive our asset utilization, and focus on our core private aviation services. We also expect to strategically adjust our controlled aircraft fleet to match demand as we focus on improved asset utilization, and implement discrete cost reduction initiatives that do not adversely impact the customer experience or our service offerings. We believe these actions are important to achieving operational excellence and supporting future profitable flying.

#### *Key Investor Lock-Up Extension*

On September 22, 2024, the Company entered into Amendment No. 2 to Investment and Investor Rights Agreement (the "Investor Rights Agreement Amendment"), with each of Delta, CK Wheels LLC ("CK Wheels"), Cox Investment Holdings, LLC ("CIH" and, collectively with Delta and CK Wheels, the "Lead Investors"), Whitebox Multi-Strategy Partners, LP ("Whitebox MSP"), Whitebox Relative Value Partners, LP ("Whitebox RVP"), Pandora Select Partners, LP ("Pandora"), Whitebox GT Fund, LP ("Whitebox GT" and, collectively with Whitebox MSP, Whitebox RVP and Pandora, the "Whitebox Entities") and Kore Air LLC ("Kore" and, collectively with the Whitebox Entities, the "Additional Investors" and, collectively with the Lead Investors, the "Investors"), to amend and extend, among others, certain transfer restrictions set forth in the Investment and Investor Rights Agreement, dated September 20, 2023, by and among, the Company and the Investors (as amended by Amendment No. 1 thereto, dated as of November 15, 2023, the "Investor Rights Agreement"). Pursuant to the Investor Rights Agreement Amendment, the Lead Investors agreed to extend the lock-up restriction with respect to all of their shares of the Company's Class A common stock, \$0.0001 par value per share ("Common Stock"), issued pursuant to the Investor Rights Agreement ("Shares") for an additional year, until September 20, 2025, and the Additional Investors agreed to extend the lock-up restriction with respect to 72.5% of their Shares for an additional year, until September 20, 2025, in each case subject to limited exceptions for transfers to Permitted Transferees (as defined in the Investor Rights Agreement). Any transfers or sales of Shares held by the Additional Investors that are not subject to the extended lock-up restriction may not be at a price less than the minimum price per share specified in the Investor Rights Agreement Amendment. Pursuant to the Investor Rights Agreement Amendment, approximately 97.2% of the Shares will remain subject to a lock-up restriction until September 20, 2025.

In addition, on September 22, 2024, the holders that collectively beneficially own in excess of 66.67% of the Registrable Securities (as defined in the Registration Rights Agreement, dated as of September 20, 2023, by and among the Company and the equity holders set forth on Schedule 1 thereto) extended the deadline by which the Company must file an initial shelf registration statement to register the Shares under the Securities Act of 1933, as amended, to September 20, 2025.

### **Non-GAAP Financial Measures**

In addition to our results of operations below, we report certain key financial measures that are not required by, or presented in accordance with, U.S. Generally Accepted Accounting Principles ("GAAP").

These non-GAAP financial measures are in addition to, and not a substitute for, measures of financial performance prepared in accordance with GAAP and should not be considered as an alternative to any performance measures derived in accordance with GAAP. We believe that these non-GAAP financial measures of financial results provide useful supplemental information about Wheels Up to investors and are utilized internally by our management team to assess certain aspects of our performance. However, there are a number of limitations related to the use of these non-GAAP financial measures and their nearest GAAP equivalents, including that they exclude significant expenses that are required by GAAP to be recorded in Wheels Up's financial measures. In addition, other companies may calculate non-GAAP financial measures differently or may use other measures to calculate their financial performance, and therefore, our non-GAAP financial measures may not be directly comparable to similarly titled measures of other companies.

#### ***Adjusted EBITDA***

We calculate Adjusted EBITDA as Net income (loss) adjusted for (i) Interest income (expense), (ii) Income tax expense, (iii) Depreciation and amortization, (iv) Equity-based compensation expense, (v) Acquisition and integration related expenses and (vi) other items not indicative of our ongoing operating performance, including but not limited to, restructuring charges. We include Adjusted EBITDA as a supplemental measure for assessing operating performance and for the following:

- To be used in conjunction with bonus program target achievement determinations, strategic internal planning, annual budgeting, allocating resources and making operating decisions; and
- To provide useful information for historical period-to-period comparisons of our business, as it removes the effect of certain non-cash expenses and other items not indicative of our ongoing operating performance.

The following table reconciles Adjusted EBITDA to Net loss, which is the most directly comparable GAAP measure (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Net loss</b>	\$ (57,731)	\$ (144,813)	\$ (252,097)	\$ (406,272)
<i>Add back (deduct)</i>				
Interest expense	16,041	11,258	47,263	27,035
Interest income	(907)	(404)	(1,248)	(6,090)
Income tax expense	405	579	732	751
Other expense, net	149	(613)	499	(716)
Depreciation and amortization	12,484	15,459	43,472	45,027
Change in fair value of warrant liability	(107)	61	(9)	(685)
Gain (loss) on divestiture	—	2,991	(3,403)	2,991
Gain (loss) on disposal of assets, net	(70)	—	1,757	1,538
Equity-based compensation expense	7,885	3,508	33,364	21,650
Acquisition and integration expense <sup>(1)</sup>	—	—	—	2,108
Restructuring charges <sup>(2)</sup>	970	22,213	7,485	40,905
Atlanta Member Operations Center set-up expense <sup>(3)</sup>	—	10,765	3,481	26,895
Certificate consolidation expense <sup>(4)</sup>	1,143	3,279	5,955	10,799
Impairment of goodwill <sup>(5)</sup>	—	56,200	—	126,200
Other <sup>(6)</sup>	(244)	988	6,183	117
<b>Adjusted EBITDA</b>	<u>\$ (19,982)</u>	<u>\$ (18,529)</u>	<u>\$ (106,566)</u>	<u>\$ (107,747)</u>

(1) Consists of expenses incurred associated with acquisitions, as well as integration-related charges incurred within one year of the acquisition date primarily related to system conversions, re-branding costs and fees paid to external advisors.

(2) For the three and nine months ended September 30, 2024, primarily includes charges for contract termination fees and employee separation programs as part of our ongoing cost reduction and strategic business initiatives. For the three and nine months ended September 30, 2023, includes restructuring charges related to the restructuring plan that we announced on March 1, 2023 (the "Restructuring Plan") and related strategic business initiatives implemented in the first quarter of 2023, as well as expenses incurred during the second quarter of 2023 to support significant changes to our member programs and certain aspects of our operations, primarily consisting of consultancy fees associated with designing and implementing changes to our member programs, and severance and recruiting expenses associated with executive transitions.

(3) Consists of expenses associated with establishing the Atlanta Member Operations Center and its operations primarily including redundant operating expenses during the transition period, relocation expenses for employees and costs associated with onboarding new employees. The Atlanta Member Operations Center began operating on May 15, 2023.

(4) Consists of expenses incurred to execute the consolidation of our FAA operating certificates primarily including pilot training and retention programs and consultancy fees associated with planning and implementing the consolidation process.

(5) Represents a non-cash impairment charge related to goodwill recognized in the second and third quarters of 2023.

(6) Includes (i) collections of certain aged receivables which were added back to Net loss in the reconciliation presented for the twelve months ended December 31, 2022, (ii) reserves and/or write-off of certain aged receivables associated with the aircraft management business which was divested on September 30, 2023, (iii) expenses incurred associated with ongoing litigation matters, and (iv) amounts reserved during the second quarter of 2024 related to Parts and supplies inventory deemed in excess after revision of future business needs associated with strategic business initiatives.

### Adjusted Contribution and Adjusted Contribution Margin

We calculate Adjusted Contribution as Gross profit (loss) excluding Depreciation and amortization and adjusted further for equity-based compensation included in Cost of revenue and other items included in Cost of revenue that are not indicative of our ongoing operating performance. Adjusted Contribution Margin is calculated by dividing Adjusted Contribution by total revenue. We include Adjusted Contribution and Adjusted Contribution Margin as supplemental measures for assessing operating performance and for the following:

- To be used to understand our ability to achieve profitability over time through scale and leveraging costs; and
- To provide useful information for historical period-to-period comparisons of our business and to identify trends.

The following table reconciles Adjusted Contribution to Gross profit (loss), which is the most directly comparable GAAP measure (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 193,903	\$ 320,063	\$ 587,289	\$ 1,006,937
Less: Cost of revenue	(166,859)	(299,887)	(556,809)	(981,581)
Less: Depreciation and amortization	(12,484)	(15,459)	(43,472)	(45,027)
<b>Gross profit (loss)</b>	<b>14,560</b>	<b>4,717</b>	<b>(12,992)</b>	<b>(19,671)</b>
<b>Gross margin</b>	<b>7.5%</b>	<b>1.5%</b>	<b>(2.2)%</b>	<b>(2.0)%</b>
<i>Add back:</i>				
Depreciation and amortization	12,484	15,459	43,472	45,027
Equity-based compensation expense in Cost of revenue	535	826	2,097	3,097
Restructuring charges in Cost of revenue <sup>(1)</sup>	172	320	3,875	1,075
Atlanta Member Operations Center set-up expense in Cost of revenue <sup>(2)</sup>	—	10,642	1,860	22,440
Certificate consolidation expense in Cost of revenue <sup>(3)</sup>	1,032	3,279	4,503	7,720
Other in Cost of revenue <sup>(4)</sup>	(25)	—	3,256	—
<b>Adjusted Contribution</b>	<b>\$ 28,758</b>	<b>\$ 35,243</b>	<b>\$ 46,071</b>	<b>\$ 59,688</b>
<b>Adjusted Contribution Margin</b>	<b>14.8%</b>	<b>11.0%</b>	<b>7.8%</b>	<b>5.9%</b>

(1) For the three and nine months ended September 30, 2024, primarily includes charges for employee separation programs as part of our ongoing cost reduction and strategic business initiatives. For the three and nine months ended September 30, 2023, includes restructuring charges related to the Restructuring Plan and related strategic business initiatives implemented during 2023.

(2) Consists of expenses associated with establishing the Atlanta Member Operations Center and its operations primarily including redundant operating expenses during the transition period, relocation expenses for employees and costs associated with onboarding new employees. The Atlanta Member Operations Center began operating on May 15, 2023.

(3) Consists of expenses incurred to execute the consolidation of our FAA operating certificates primarily including pilot training and retention programs and consultancy fees associated with planning and implementing the consolidation process.

(4) Consists of amounts reserved during the second quarter of 2024 related to Parts and supplies inventory deemed in excess after revision of future business needs associated with strategic business initiatives.

### Key Operating Metrics

In addition to financial measures, we regularly review certain key operating metrics to evaluate our business, determine the allocation of resources and make decisions regarding business strategies. We believe that these metrics can be useful for understanding the underlying trends in our business.

The following table summarizes our key operating metrics:

	As of September 30,		% Change
	2024	2023	
Active Members	6,699	10,775	(38) %
	Three Months Ended September 30,		% Change
	2024	2023	
Active Users	8,215	12,549	(35) %
On-Time Performance (D-60)	82 %	86 %	n/m
Completion Rate	98 %	98 %	n/m
Live Flight Legs	12,776	16,581	(23) %
Private Jet Gross Bookings <sup>(1)</sup>	\$ 204,289	\$ 255,415	(20) %
Total Gross Bookings <sup>(1)</sup>	\$ 255,102	\$ 303,407	(16) %
Private Jet Gross Bookings per Live Flight Leg	\$ 15,990	\$ 15,404	4 %
	Nine Months Ended September 30,		% Change
	2024	2023	
Live Flight Legs	37,385	50,107	(25) %
Private Jet Gross Bookings <sup>(1)</sup>	\$ 597,738	\$ 780,238	(23) %
Total Gross Bookings <sup>(1)</sup>	\$ 729,965	\$ 914,517	(20) %
Private Jet Gross Bookings per Live Flight Leg	\$ 15,989	\$ 15,571	3 %

n/m Not meaningful  
(1) Amount shown in thousands.

#### Active Members

We define Active Members as the number of membership accounts that generated membership revenue in the applicable period and are active as of the end of the reporting period. We use Active Members to assess the adoption of our premium offerings which is a key factor in our penetration of the market in which we operate and a key driver of membership and flight revenue.



#### *Active Users*

We define Active Users as Active Members as of the reporting date plus unique non-member customers who completed a revenue generating flight at least once in the applicable period and excluding wholesale flight activity. While a unique customer can complete multiple revenue generating flights on our platform in a given period, that unique customer is counted as only one Active User. We use Active Users to assess the adoption of our platform and frequency of transactions, which are key factors in our penetration of the market in which we operate and our ability to generate revenue.

#### *On-Time Performance (D-60)*

We define On-Time Performance (D-60) as the percentage of total flights flown that departed within 60 minutes of the scheduled time, inclusive of air traffic control, weather, maintenance and customer delays. On-Time Performance (D-60) excludes all cancelled flights and wholesale flight activity.

#### *Completion Rate*

We define Completion Rate as the percentage of total scheduled flights operated and completed. Completion Rate excludes customer-initiated flight cancellations and wholesale flight activity.

#### *Live Flight Legs*

We define Live Flight Legs as the number of completed one-way revenue generating private jet flight legs in the applicable period, excluding empty repositioning legs and owner legs related to aircraft under management. We believe Live Flight Legs is a useful metric to measure the scale and usage of our platform, and our ability to generate flight revenue.

#### *Private Jet Gross Bookings & Total Gross Bookings*

We define Private Jet Gross Bookings as the total gross spend by our members and customers on all private jet flight services under our member programs and charter offerings (excluding all group charter flights, which are charter flights with 15 or more passengers ("Group Charter Flights"), and cargo flight services ("Cargo Services")). We believe Private Jet Gross Bookings provides useful information about the aggregate amount our members and customers spend with Wheels Up versus our competitors.

We define Total Gross Bookings as the total gross spend by our members and customers on all private jet flight services under our member programs and charter offerings, Group Charter Flights and Cargo Services. We believe Total Gross Bookings provides useful information about the scale of the overall global aviation solutions that we provide our members and customers.

For each of Private Jet Gross Bookings and Total Gross Bookings, the total gross spend by our members and customers is the amount invoiced to the member or customer, and includes the cost of the flight and related services, such as catering, ground transportation, certain taxes, fees and surcharges. We use Private Jet Gross Bookings and Total Gross Bookings to provide useful information for historical period-to-period comparisons of our business and to identify trends, including relative to our competitors. Our calculation of Private Jet Gross Bookings and Total Gross Bookings may not be comparable to similarly titled measures reported by other companies.

In our Annual Report and Quarterly Reports on Form 10-Q for each of the three months ended March 31, 2024 and June 30, 2024, as well as certain other earnings materials furnished in connection therewith, "Total Private Jet Flight Transaction Value" and "Total Flight Transaction Value" were presented as non-GAAP financial measures, and "Total Private Jet Flight Transaction Value per Live Flight Leg" was presented as a key operating metric. To improve the clarity of our reports filed with the U.S. Securities and Exchange Commission and to use comparable terminology to other registrants, beginning with this Quarterly Report, we relabeled "Total Private Jet Flight Transaction Value," "Total Flight Transaction Value" and "Total Private Jet Flight Transaction Value per Live Flight Leg" as Private Jet Gross Bookings, Total Gross Bookings and Private Jet Gross Bookings per Live Flight Leg, respectively. In addition, we now present Private Jet Gross Bookings and Total Gross Bookings as key

operating metrics given their usage. We will no longer present Private Jet Charter FTV or Other Charter FTV, which were included in such past filings.

*Private Jet Gross Bookings per Live Flight Leg*

We use Private Jet Gross Bookings per Live Flight Leg to measure the average gross spend by our members and customers on all private jet flight services under our member programs and charter offerings (excluding Group Charter Flights and Cargo Services) for each Live Flight Leg.

## Components of Results of Our Operations

The key components of our results of operations include:

### **Revenue**

Revenue is derived from flight, membership and other services.

Flight revenue consists of retail and wholesale flights and certain related fees and surcharges. Members can either pay as they fly or prepay for flights, including through the use of Prepaid Blocks.

Membership revenue is comprised of a one-time initiation fee paid at the commencement of a membership and recurring annual dues. Historically, a portion of the initiation fee is applied to annual dues; however, we discontinued initiation fees starting in July 2024. The remainder of the initiation fee, less any flight credits, is deferred and recognized on a straight-line basis over the estimated duration of the member relationship period, which is estimated to be three years. Members are charged recurring annual dues to maintain their membership. Revenue related to the annual dues is deferred and recognized on a straight-line basis over the related contractual period. If a member qualifies to earn Delta miles in the Delta SkyMiles® Program as part of their membership, then a portion of the membership fee is allocated at contract inception.

Aircraft management revenue consists of contractual monthly management fees charged to aircraft owners, recovery of owner incurred expenses including maintenance coordination, cabin crew and pilots, and recharging of certain incurred aircraft operating costs such as maintenance, fuel, landing fees and parking. We pass recovery and recharge amounts back to owners at either cost or at a predetermined margin. We sold our aircraft management business to an unrelated third-party effective September 30, 2023. We do not expect to realize any significant revenue or expenses associated with aircraft management activities in future periods.

Other revenue includes sales of whole aircraft, group charter revenue, cargo revenue, revenue sponsorships and partnership fees, safety and security revenue and special missions including government, defense, emergency and medical transport. In addition, other revenue includes flight management fees, software subscription fees from third-party operators for access to UP FMS, fees from third-party sponsorships and partnership fees and special missions revenue, including government, defense, emergency and medical transport.

### **Costs and Expenses**

Costs and expenses consist of the following components:

#### *Cost of Revenue*

Cost of revenue primarily consists of direct expenses incurred to provide flight services and facilitate operations, including aircraft lease costs, fuel, crew travel, maintenance and third-party flight costs. Cost of revenue also consists of compensation expenses, including equity-based compensation and related benefits, for employees that directly facilitate flight operations. In addition, cost of revenue includes aircraft management expenses incurred such as maintenance coordination, cabin crew and pilots, and certain aircraft operating costs such as maintenance, fuel, landing fees and parking.

#### *Technology and Development*

Technology and development expense primarily consists of compensation expenses for engineering, product development and design employees, including equity-based compensation and related benefits, expenses associated with ongoing improvements to, and maintenance of, our platform offerings and other technology. Technology and development expense also includes software expenses and technology consulting fees.

#### *Sales and Marketing*

Sales and marketing expense primarily consists of compensation expenses in support of sales and marketing such as commissions, salaries, equity-based compensation and related benefits. Sales and marketing expense also

includes expenses associated with advertising, promotions of our services, member experience, account management and brand marketing.

#### *General and Administrative*

General and administrative expense primarily consists of compensation expenses, including allocable portions of equity-based compensation and related benefits, for our executive, finance, human resources and legal teams, and other personnel performing administrative functions. General and administrative expense also includes any other cost or expense incurred not deemed to be related to cost of revenue, sales and marketing expense or technology and development expense.

We allocate overhead such as facility costs and telecommunications charges, based on department headcount, as we believe this to be the most accurate measure. As a result, a portion of general overhead expenses are reflected in each operating expense category.

#### *Depreciation and Amortization*

Depreciation and amortization expense primarily consists of depreciation of capitalized aircraft as well as amortization of capitalized software development costs and acquired finite-lived intangible assets.

#### *Gain on Sale of Aircraft Held for Sale*

Gain on sale of aircraft held for sale consists of the gain on aircraft previously held as property and equipment and subsequently elected to actively market for sale or aircraft purchased with the intent to sell.

#### *Impairment of goodwill*

Impairment of goodwill consists of any write-off of goodwill during the period. An impairment charge is recorded when the carrying value of a reporting unit exceeds its fair value as of the impairment assessment date.

#### **Gain (loss) on divestiture**

Gain (loss) on divestiture primarily consists of the net working capital adjustment received in the first quarter of 2024 associated with the divestiture of the of our aircraft management business on September 30, 2023.

#### **Gain (loss) on disposal of assets, net**

Gain (loss) on disposal of assets, net, consists of any gains or losses on disposal of other assets during the period.

#### **Loss on extinguishment of debt**

Loss on extinguishment of debt consists of fees incurred to extinguish debt instruments in advance of the maturity date.

#### **Change in Fair Value of Warrant Liability**

Change in fair value of warrant liability consists of unrealized gain (loss) on warrants assumed as part of the business combination consummated on July 13, 2021 between WUP and Aspirational Consumer Lifestyle Corp. ("Aspirational"), a blank check company (the "Business Combination"), including 7,991,544 redeemable public warrants ("Public Warrants") and 4,529,950 redeemable private warrants (the "Private Warrants" and, together with the Public Warrants, the "Warrants"), in each case exercisable for 1/10th of one share of Common Stock at an exercise price of \$115.00 per whole share of Common Stock.

#### **Interest Income**

Interest income primarily consists of interest earned on cash equivalents in money market funds.

***Interest Expense***

Interest expense primarily consists of the interest paid or payable and the amortization of debt discounts and deferred financing costs on our credit facilities, promissory notes and other debt obligations.

***Income Tax Expense***

Income tax expense consists of income taxes recorded using the asset and liability method. Under this method, deferred tax assets and liabilities are recorded based on the estimated future tax effects of differences between the financial reporting and tax bases of existing assets and liabilities. These differences are measured using the enacted tax rates that are expected to be in effect when these differences are anticipated to reverse. Deferred tax assets are reduced by a valuation allowance to the extent management believes it is not more likely than not to be realized.

**Results of Operations for the Three Months Ended September 30, 2024 Compared to the Three Months Ended September 30, 2023**

The following table sets forth our results of operations for each of the three months ended September 30, 2024 and 2023 (in thousands):

	Three Months Ended September 30,		Change in	
	2024	2023	\$	%
<b>Revenue</b>	\$ 193,903	\$ 320,063	\$ (126,160)	(39)%
<b>Costs and expenses:</b>				
Cost of revenue (exclusive of items shown separately below)	166,859	299,887	(133,028)	(44)%
Technology and development	9,594	19,962	(10,368)	(52)%
Sales and marketing	20,029	22,548	(2,519)	(11)%
General and administrative	27,058	42,853	(15,795)	(37)%
Depreciation and amortization	12,484	15,459	(2,975)	(19)%
(Gain) loss on sale of aircraft held for sale	(190)	(7,841)	7,651	n/m
Impairment of goodwill	—	56,200	(56,200)	n/m
<b>Total costs and expenses</b>	<b>235,834</b>	<b>449,068</b>	<b>(213,234)</b>	<b>(47)%</b>
<b>Loss from operations</b>	<b>(41,931)</b>	<b>(129,005)</b>	<b>87,074</b>	<b>67 %</b>
<b>Other income (expense)</b>				
Gain (loss) on divestiture	—	(2,991)	2,991	n/m
Gain (loss) on disposal of assets, net	70	—	70	n/m
Loss on extinguishment of debt	(289)	(1,936)	1,647	n/m
Change in fair value of warrant liability	107	(61)	168	n/m
Interest income	907	404	503	125 %
Interest expense	(16,041)	(11,258)	(4,783)	(42)%
Other income (expense), net	(149)	613	(762)	n/m
<b>Total other income (expense)</b>	<b>(15,395)</b>	<b>(15,229)</b>	<b>(166)</b>	<b>1 %</b>
<b>Loss before income taxes</b>	<b>(57,326)</b>	<b>(144,234)</b>	<b>86,908</b>	<b>60 %</b>
Income tax benefit (expense)	(405)	(579)	174	n/m
<b>Net loss</b>	<b>(57,731)</b>	<b>(144,813)</b>	<b>87,082</b>	<b>60 %</b>
Less: Net loss attributable to non-controlling interests	—	—	—	— %
<b>Net loss attributable to Wheels Up Experience Inc.</b>	<b>\$ (57,731)</b>	<b>\$ (144,813)</b>	<b>\$ 87,082</b>	<b>60 %</b>

n/m Not meaningful

## Revenue

Revenue decreased for the three months ended September 30, 2024, compared to the three months ended September 30, 2023, as follows (in thousands).

	Three Months Ended September 30,		Change in	
	2024	2023	\$	%
<b>Membership</b>	13,231	20,622	(7,391)	(36) %
<b>Flight</b>	155,355	214,645	\$ (59,290)	(28) %
<b>Aircraft management</b>	1,410	53,235	(51,825)	(97) %
<b>Other</b>	23,907	31,561	(7,654)	(24) %
<b>Total</b>	<u>\$ 193,903</u>	<u>\$ 320,063</u>	<u>\$ (126,160)</u>	<u>(39) %</u>

The decrease in Membership revenue was primarily driven by a 38% decrease in Active Members year-over-year. The decrease in Active Members was primarily as a result of the regionalization of our member programs and focus on profitable flying, as well as streamlining our membership offering.

The decrease in Flight revenue was primarily driven by a 23% reduction in Live Flight Legs year-over-year, which resulted in a \$49.3 million reduction to Flight revenue, as well as a 6% decrease in Flight Revenue per Live Flight Leg, which resulted in a \$10.0 million reduction to Flight revenue primarily due to our focus on more profitable flying.

The decrease in Aircraft management revenue is attributable to our divestiture of our aircraft management business on September 30, 2023. We do not expect to realize any significant revenue associated with aircraft management activities in future periods.

The decrease in Other revenue was primarily attributable to the absence of \$5.9 million in software licensing revenue recognized in the third quarter of fiscal year 2023.

## Cost of Revenue

Cost of revenue decreased by \$133.0 million, or 44%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The decrease in cost of revenue was primarily driven by decrease in revenue. The decrease was also driven by a \$10.6 million decrease in expenses associated with setting up our Atlanta Member Operations Center during fiscal year 2023, as well as a \$2.2 million decrease in expenses associated with our FAA certificate consolidation.

Adjusted Contribution Margin increased 380 basis points for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, primarily attributable to the realization of cost savings as a result of the Restructuring Plan and other restructuring actions taken during fiscal years 2023 and 2024, as well as discrete cost optimization and operational efficiency measures. See "Non-GAAP Financial Measures" above for a definition of Adjusted Contribution Margin, information regarding our use of Adjusted Contribution Margin and a reconciliation of Gross margin and Adjusted Contribution Margin to Revenue.

## Other Operating Expenses

### Technology and Development

Technology and development expenses decreased by \$10.4 million, or 52%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, primarily attributable to a \$5.3 million reduction in employee compensation, bonus and allocable costs driven by headcount reduction actions taken during the third quarter of fiscal year 2023, as well as a \$4.8 million decrease in enterprise software and other IT expenses, including the absence of a \$2.7 million charge in the third quarter of fiscal year 2023 associated with a software implementation project that was abandoned during the period.

### *Sales and Marketing*

Sales and marketing expenses decreased by \$2.5 million, or 11%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, primarily attributable to a \$2.3 million reduction in employee compensation and allocable costs driven by headcount reduction actions taken during the third quarter of fiscal year 2023, a \$0.6 million reduction in sales commissions, primarily driven by a decrease in memberships and lower Flight revenue, and a \$0.5 million reduction in other marketing expenses driven by consulting and other marketing spend. The decreases were partially offset by a \$0.9 million increase in advertising spend.

### *General and Administrative*

General and administrative expenses decreased by \$15.8 million, or 37%, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, primarily driven by a \$13.6 million reduction in third party consulting spend, including the absence of \$10.8 million in charges associated with professional fees incurred for executing the Company's operational and efficiency initiatives, as well as a \$2.4 million reduction in legal expenses of which \$1.2 million was attributable to a one-time legal settlement charge. The decrease was also driven by a \$2.4 million reduction in employee compensation, bonus and allocable costs driven by headcount reduction actions taken during the third quarter of fiscal year 2023. The decreases were partially offset by a \$5.4 million increase in equity-based compensation expense primarily attributable to the Executive Performance Awards (as defined in [Note 10](#)).

### *Depreciation and Amortization*

Depreciation and amortization expenses decreased \$3.0 million, for the three months ended September 30, 2024 compared to the three months ended September 30, 2023, primarily as a result of aircraft sales as we execute our fleet modernization strategy.

### *Interest Income*

Interest income was relatively consistent for the three months ended September 30, 2024 compared to the three months ended September 30, 2023.

### *Interest Expense*

Interest expense increased \$4.8 million for the three months ended September 30, 2024 compared to the three months ended September 30, 2023. The increase was primarily attributable to paid-in-kind interest expense associated with the Term Loan (as defined below) entered into during the second half of 2023.

### *Other Expense, Net*

Other expense, net was relatively consistent for the three months ended September 30, 2024 compared to the three months ended September 30, 2023.



**Results of Our Operations for the Nine Months Ended September 30, 2024 compared to the Nine Months Ended September 30, 2023**

The following table sets forth our results of operations for each of the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,		Change in	
	2024	2023	\$	%
<b>Revenue</b>	\$ 587,289	\$ 1,006,937	\$ (419,648)	(42)%
<b>Costs and expenses:</b>				
Cost of revenue (exclusive of items shown separately below)	556,809	981,581	(424,772)	(43)%
Technology and development	31,204	50,265	(19,061)	(38)%
Sales and marketing	62,946	71,500	(8,554)	(12)%
General and administrative	99,244	122,334	(23,090)	(19)%
Depreciation and amortization	43,472	45,027	(1,555)	(3)%
(Gain) loss on sale of aircraft held for sale	(2,680)	(11,328)	8,648	n/m
Impairment of goodwill	—	126,200	(126,200)	n/m
<b>Total costs and expenses</b>	<b>790,995</b>	<b>1,385,579</b>	<b>(594,584)</b>	<b>(43)%</b>
<b>Loss from operations</b>	<b>(203,706)</b>	<b>(378,642)</b>	<b>174,936</b>	<b>(46)%</b>
<b>Other income (expense)</b>				
Gain (loss) on divestiture	3,403	(2,991)	6,394	n/m
Gain (loss) on disposal of assets, net	(1,757)	(1,538)	(219)	n/m
Loss on extinguishment of debt	(2,800)	(2,806)	6	n/m
Change in fair value of warrant liability	9	685	(676)	n/m
Interest income	1,248	6,090	(4,842)	(80)%
Interest expense	(47,263)	(27,035)	(20,228)	75 %
Other income (expense), net	(499)	716	(1,215)	n/m
<b>Total other income (expense)</b>	<b>(47,659)</b>	<b>(26,879)</b>	<b>(20,780)</b>	<b>77 %</b>
<b>Loss before income taxes</b>	<b>(251,365)</b>	<b>(405,521)</b>	<b>154,156</b>	<b>38 %</b>
<b>Income tax benefit (expense)</b>	<b>(732)</b>	<b>(751)</b>	<b>19</b>	<b>n/m</b>
<b>Net loss</b>	<b>(252,097)</b>	<b>(406,272)</b>	<b>154,175</b>	<b>38 %</b>
Less: Net loss attributable to non-controlling interests	—	—	—	— %
<b>Net loss attributable to Wheels Up Experience Inc.</b>	<b>\$ (252,097)</b>	<b>\$ (406,272)</b>	<b>\$ 154,175</b>	<b>38 %</b>

n/m Not meaningful

## Revenue

Revenue decreased for the nine months ended September 30, 2024, compared to the nine months ended September 30, 2023, as follows (in thousands).

	Nine Months Ended September 30,		Change in	
	2024	2023	\$	%
Membership	\$ 46,131	\$ 63,780	\$ (17,649)	(28) %
Flight	469,968	681,691	(211,723)	(31) %
Aircraft management	7,560	165,431	(157,871)	(95) %
Other	63,630	96,035	(32,405)	(34) %
Total	\$ 587,289	\$ 1,006,937	\$ (419,648)	(42) %

The decrease in Membership revenue was driven by a 38% decrease in Active Members year-over-year, partially offset by the impact of lower incentive discounts on memberships in the current period. The decrease in Active Members was primarily as a result of the regionalization of our member programs and focus on profitable flying, as well as streamlining our membership offering.

The decrease in Flight revenue was primarily driven by a 25% decrease in Live Flight Legs year-over-year, which resulted in a \$173.1 million reduction to revenue during the period, as well as a 8% reduction in Flight Revenue per Live Flight Leg, which resulted in a \$38.6 million reduction to Flight revenue, primarily due to our focus on more profitable flying.

The decrease in Aircraft management revenue is attributable to our divestiture of our aircraft management business on September 30, 2023. We do not expect to realize any significant revenue associated with aircraft management activities in future periods.

The decrease in Other revenue was primarily attributable to a \$17.1 million reduction in sales of aircraft inventory, as the Company has reduced its focus on whole aircraft sales, and the absence of \$7.0 million in software licensing revenue recognized during fiscal year 2023.

## Cost of Revenue

Cost of revenue decreased by \$424.8 million, or 43%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease in cost of revenue was primarily driven by the decreases in revenue noted above. The decrease was also driven by a \$20.6 million decrease in expenses associated with setting up our Atlanta Member Operations Center and a \$3.2 million decrease in expenses associated with our FAA certificate consolidation. The decreases were partially offset by charges for a \$3.3 million reserve established for certain parts inventory deemed obsolete or in excess of forecasted demand for aircraft maintenance during the three months ended June 30, 2024, and a \$2.8 million increase in restructuring charges associated with certain employee restructuring actions implemented in the second quarter of 2024.

Adjusted Contribution Margin increased 190 basis points for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily attributable to the operational efficiency initiatives discussed above. See "Non-GAAP Financial Measures" above for a definition of Adjusted Contribution Margin, information regarding our use of Adjusted Contribution Margin and a reconciliation of Gross margin and Adjusted Contribution Margin to Revenue.

## Other Operating Expenses

### Technology and Development

Technology and development expenses decreased by \$19.1 million, or 38%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by a \$14.1 million

reduction in employee compensation, bonus and allocable costs driven by headcount reduction actions taken in fiscal year 2023, including the absence of \$2.3 million of one-time charges associated with the Restructuring Plan recognized during the first quarter of 2023, as well as a \$7.1 million decrease in IT-related charges, including the absence of a \$2.7 million charge in the third quarter of fiscal year 2023 associated with a software implementation project that was abandoned during the period.

#### *Sales and Marketing*

Sales and marketing expenses decreased by \$8.6 million, or 12%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by a \$7.3 million reduction in employee compensation and allocable costs driven by headcount reduction actions taken in fiscal year 2023, including the absence of \$2.1 million of one-time charges associated with the Restructuring Plan recognized during the first quarter of 2023, a \$2.6 million decrease in sales commissions, primarily driven by the decrease in year-over-year membership and revenues from whole aircraft sales, and a \$1.3 million reduction in equity-based compensation expense. The decreases were partially offset by a \$1.1 million increase in consulting spend, primarily driven by a \$1.6 million one-time charge associated with terminating a consultancy agreement in the first quarter of 2024, and a \$0.5 million increase in advertising spend.

#### *General and Administrative*

General and administrative expenses decreased by \$23.1 million, or 19%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily driven by a \$23.2 million reduction in consulting and legal expenses associated with integration-related activities and strategic planning, a \$7.4 million reduction employee compensation and allocable costs primarily driven by headcount reduction actions taken in fiscal year 2023 and the absence of \$5.4 million of one-time charges associated with the Restructuring Plan recognized during the first quarter of 2023. The decreases were partially offset by a \$15.2 million increase in equity-based compensation expense primarily attributable to the Executive Performance Awards (as defined in [Note 10](#)).

#### *Depreciation and Amortization*

Depreciation and amortization expenses decreased \$1.6 million, or 3%, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023, primarily as a result of aircraft sales as we execute our fleet modernization strategy.

#### *Interest Income*

Interest income decreased by \$4.8 million, for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The decrease was attributable to holding lower levels of cash equivalents in money market funds during the period.

#### *Interest Expense*

Interest expense increased \$20.2 million for the nine months ended September 30, 2024 compared to the nine months ended September 30, 2023. The increase was primarily attributable to paid-in-kind interest expense associated with the Term Loan (as defined below) entered into during the second half of 2023.

#### *Other Expense, Net*

Other expense, net was relatively consistent for nine months ended September 30, 2024 compared to the nine months ended September 30, 2023.

## Liquidity and Capital Resources

### Overview and Liquidity Outlook

Our principal sources of liquidity have historically consisted of financing activities, including proceeds from debt financing transactions, and operating activities, primarily from the increase in deferred revenue associated with the sale of Prepaid Blocks. As of September 30, 2024, we had \$115.9 million of cash and cash equivalents and \$32.9 million of restricted cash, and our long-term debt obligations consisted primarily of approximately \$165.2 million aggregate principal amount outstanding of Equipment Notes (as defined below) and \$431.7 million aggregate principal amount outstanding, including capitalized paid-in-kind interest, associated with the Term Loan (as defined below). In addition, we had a working capital deficit of \$617.1 million as of September 30, 2024 and net cash used in operating activities was \$115.8 million for the nine months ended September 30, 2024. See Part I, Item 1A “Risk Factors—Risks Relating to Our Indebtedness and Contractual Obligations—Our obligations in connection with our contractual agreements, including operating leases and debt financing obligations, could impair our liquidity and thereby harm our business, results of operations and financial condition” in our Annual Report for more information about our contractual obligations.

Pursuant to the Credit Agreement (as defined below), Delta has provided commitments for the Revolving Credit Facility (as defined below) in the aggregate original principal amount of \$100.0 million, which may be drawn under certain circumstances and is subject to liquidity-driven repayment conditions. As of each of September 30, 2024 and the date of this Quarterly Report, no amounts were outstanding under the Revolving Credit Facility.

We expect to meet our liquidity needs for the next 12 months with a combination of cash and cash equivalents, cash flows from operations, strategic dispositions of non-core or underutilized assets and, if needed, borrowings under the Revolving Credit Facility. Our ability to satisfy our long-term liquidity needs will depend on, among others, our ability to generate cash flows from operations and enter into additional or alternate financing arrangements.

### Long-Term Debt

#### 2022-1 Equipment Notes

In October 2022, WUP LLC, entered into a Note Purchase Agreement, dated as of October 14, 2022 (“Note Purchase Agreement”), pursuant to which WUP LLC issued \$270.0 million aggregate principal amount of the Equipment Notes using an EETC (enhanced equipment trust certificate) loan structure. The Equipment Notes bear interest at the rate of 12% per annum with annual amortization of the principal amount equal to 10% per annum and balloon payments due at each maturity date. Interest and principal payments on the Equipment Notes began on January 15, 2023 and are payable quarterly on each January 15, April 15, July 15 and October 15. The stated final expected distribution date of the Equipment Notes varies from July 15, 2025 to October 15, 2029 depending on the type of aircraft, subject to certain prepayment requirements under the Omnibus Amendment (as defined below) and WUP LLC’s ability to redeem Equipment Notes prior to maturity. As of September 30, 2024, the Equipment Notes were secured by first-priority liens on 105 of the Company’s owned aircraft fleet and by liens on certain intellectual property assets of the Company and certain of its subsidiaries (the “Equipment Note Collateral”).

The Equipment Notes were sold pursuant to the Note Purchase Agreement, and issued under separate Trust Indentures and Mortgages, dated as of October 14, 2022 (each, an “Indenture” and, collectively, the “Indentures”). In connection with the entering into the Credit Agreement (as defined below), the Company, WUP LLC, certain other subsidiaries of the Company that guaranteed and/or granted collateral to secure WUP LLC’s obligations under the Equipment Notes entered into the Omnibus Amendment No. 1, dated September 20, 2023 (the “Omnibus Amendment”), in order to amend certain of the agreements governing the Equipment Notes, including the Note Purchase Agreement, Indentures and related guarantees. The Note Purchase Agreement and the Indentures and related guarantees, as each was amended by the Omnibus Amendment, contain certain covenants, including, among others: a liquidity covenant that requires the Company and its subsidiaries to maintain minimum aggregate available cash and Cash Equivalents (as defined in the Note Purchase Agreement) of \$75.0 million on any date, inclusive of \$20.0 million held as a deposit for the benefit of the Equipment Note lenders and presented in Other non-current assets on our condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023; a covenant

that limits the maximum loan to appraised value ratio of all aircraft financed, subject to certain cure rights of the Company; that if a prepayment under the Term Loan (as defined below) results in the weighted average life of the Term Loan being shorter than that of the Equipment Notes, a redemption of a portion of the Equipment Notes is required; that if an Equipment Note has a maturity date on or after the maturity of the Term Loan (as defined below), all obligations under such Equipment Note will be due 90 days prior to the maturity of the Term Loan; and restrictive covenants that provide limitations under certain circumstances on certain acquisitions, mergers or disposals of assets, making certain investments or entering into certain transactions with affiliates, prepaying, redeeming or repurchasing the Equipment Notes, subject to certain exceptions, and paying dividends and making certain other specified restricted payments. Each Indenture contains customary events of default for Equipment Notes of this type, including cross-default provisions among the Equipment Notes and the Term Loan and Revolving Credit Facility. WUP LLC's obligations under the Equipment Notes are guaranteed by the Company and certain of its subsidiaries, and the Company also must cause additional subsidiaries and affiliates of WUP LLC to become guarantors under certain circumstances. The Equipment Notes issued with respect to each aircraft are cross-collateralized by the other aircraft for which Equipment Notes were issued under the Indentures.

During the nine months ended September 30, 2024, the Company redeemed in-full the Equipment Notes for 17 aircraft, which reduced the aggregate principal amount outstanding under the Equipment Notes by \$32.8 million. As of September 30, 2024, approximately \$165.2 million aggregate principal amount of Equipment Notes were outstanding and the carrying value of the 105 aircraft that were subject to first-priority liens under the Equipment Notes was \$249.4 million.

#### *Term Loan and Revolving Credit Facility*

On September 20, 2023, the Company entered into a Credit Agreement (the "Original Credit Agreement"), by and among the Company, as borrower, certain subsidiaries of the Company as guarantors (collectively with the Company, the "Loan Parties"), Delta, CK Wheels and CIH (in such capacities as lenders, collectively with Delta and CK Wheels, the "Initial Lenders"), and U.S. Bank Trust Company, N.A., as administrative agent for the Lenders (as defined below) and as collateral agent for the secured parties (the "Agent"), which was subsequently amended by Amendment No. 1 to Credit Agreement, dated November 15, 2023 (together with the Original Credit Agreement, the "Credit Agreement"), by and among the Company, as borrower, the other Loan Parties party thereto, as guarantors, the Initial Lenders, each of the Whitebox Entities and Kore (in such capacities as lenders, collectively with the Initial Lenders, the "Lenders"), and the Agent, pursuant to which (i) the Lenders provided a term loan facility in the aggregate original principal amount of \$390.0 million (the "Term Loan"), the net proceeds of which were received in the third and fourth quarters of 2023, and (ii) Delta provided commitments for a revolving credit facility in the aggregate original principal amount of \$100.0 million (the "Revolving Credit Facility" and together with the Term Loan, the "Credit Facility").

The scheduled maturity date for the Term Loan is September 20, 2028, and for the Revolving Credit Facility, is the earlier of September 20, 2028 and the first date after September 20, 2025 on which all borrowings under the Revolving Credit Facility have been repaid, subject in each case to earlier termination upon the occurrence and continuation of an event of default. Interest on the Term Loan and any borrowings under the Revolving Credit Facility (each, a "Loan" and, collectively, the "Loans") accrues at a rate of 10% per annum on the unpaid principal balance of the Loans then outstanding. Accrued interest on each loan is payable in kind as compounded interest and capitalized to the principal amount of the applicable Loan on the last day of each of March, June, September and December and the applicable maturity date.

The Credit Agreement contains certain covenants that place limitations on, among other things: prepaying, redeeming, repurchasing, or issuing and selling new equity interests of the Company and its subsidiaries; paying dividends and making certain distributions; making certain investments and consummating certain acquisitions, mergers or disposals of assets; and the replacement of existing indebtedness and incurrence of new indebtedness and encumbrances. The Credit Agreement also contains customary events of default, including a cross-default provision among the Equipment Notes and other Material Indebtedness (as defined in the Credit Agreement). The obligations under the Credit Agreement are secured by a first-priority lien on unencumbered assets of the Loan Parties (excluding certain assets), and a junior lien on the Equipment Note Collateral. The Credit Agreement is guaranteed by all U.S. and certain non-U.S. direct and indirect subsidiaries of the Company. In the future, the Company may be

required to add any new or after-acquired subsidiaries of the Company that meet certain criteria as guarantors. As of September 30, 2024, we were in compliance with the covenants under the Credit Agreement and related credit documents. As of September 30, 2024, approximately \$431.7 million aggregate principal outstanding, including capitalized paid-in-kind interest, associated with the Term Loan.

In addition, Delta has provided commitments for the Revolving Credit Facility in the aggregate original principal amount of \$100.0 million under the Credit Agreement. The Company may request to make borrowings under the Revolving Credit Facility at any time until September 20, 2025 in an amount and to the extent that after giving pro forma effect to any borrowing thereunder, the Company's Unrestricted Cash Amount (as defined in the Credit Agreement) will not exceed \$100.0 million. The Company generally must promptly repay any borrowings under the Revolving Credit Facility prior to maturity as follows: (i) at any time prior to September 20, 2025, to the extent the Unrestricted Cash Amount (as defined in the Credit Agreement) is greater than \$100.0 million; and (ii) on or after September 20, 2025 but prior to maturity, to the extent that the Unrestricted Cash Amount (as defined in the Credit Agreement) is greater than \$125.0 million and if Consolidated Cash Flow (as defined in the Credit Agreement) has been positive for any fiscal quarter since September 20, 2023. As of each of September 30, 2024 and the date of this Quarterly Report, no amounts were outstanding under the Revolving Credit Facility.

## Cash Flows

The following table summarizes our cash flows for each of the nine months ended September 30, 2024 and 2023 (in thousands):

	Nine Months Ended September 30,	
	2024	2023
Net cash used in operating activities	\$ (115,814)	\$ (661,494)
Net cash provided by investing activities	\$ 26,058	\$ 36,619
Net cash provided by (used in) financing activities	\$ (52,961)	\$ 283,171
Effect of exchange rate changes on cash, cash equivalents and restricted cash	\$ (1,274)	\$ (4,287)
Net decrease in cash, cash equivalents and restricted cash	\$ (143,991)	\$ (345,991)

### Cash Flow from Operating Activities

The cash outflow from operating activities consisted of our net loss during the respective periods, net of non-cash items of \$106.5 million and \$187.9 million during the nine months ended September 30, 2024 and 2023, respectively, and the balance from a decrease in net operating assets and liabilities. During the nine months ended September 30, 2024, we sold \$405.3 million of Prepaid Blocks compared to \$274.9 million during the nine months ended September 30, 2023. The year-over-year increase in Prepaid Block purchases was attributable to a higher volume of purchases in the first half of 2024 as compared to the prior year. We have historically experienced greater purchases of Prepaid Blocks from our members during the third and fourth quarters of the calendar year. Prepaid Blocks are cash deposits that are accounted for as Deferred revenue until the time at which they are used by members or customers in accordance with the terms applicable to such Prepaid Block.

### Cash Flow from Investing Activities

The cash inflow from investing activities was primarily attributable to \$47.6 million in proceeds from the sale of aircraft that were classified as held for sale and \$6.8 million in cash proceeds associated with the divestiture of the aircraft management business on September 30, 2023. The inflows were partially offset by cash outflows of \$26.2 million for capital expenditures, including \$11.5 million of capitalized software development costs.

### Cash Flow from Financing Activities

The cash outflow from financing activities was primarily attributable to the repayments of long-term debt of \$52.5 million.

### Contractual Obligations and Commitments

As of September 30, 2024, our principal ongoing commitments consisted of contractual cash obligations to pay principal and interest payments under the Equipment Notes, principal and accrued interest under the Credit Agreement when due at maturity, operating leases for certain controlled aircraft, leased facilities, including our corporate headquarters at the Atlanta Member Operations Center, our corporate office in New York, New York, and other operational facilities, such as hangars and maintenance facilities, and ordinary course arrangements involving our obligation to provide services for which we have already received deferred revenue. For further information about our lease obligations, see [Note 9](#), Leases of the Notes to Condensed Consolidated Financial Statements included herein.

We have future cash contractual obligations to make certain permitted mandatory redemptions and prepayments under the Equipment Notes and Credit Agreement, respectively, prior to maturity under certain circumstances, and to pay in full all amounts owed with respect to the Equipment Notes, Term Loan and any borrowings under the Revolving Credit Facility as they come due. For further information on the Equipment Notes, Term Loan and Revolving Credit Facility, see “*Long-Term Debt*” above and [Note 7](#), Long-Term Debt of the Notes to Condensed Consolidated Financial Statements included herein.

Our obligation to provide services for which we have already received deferred revenue are to our members and customers, none of which individually comprises a material amount of our deferred revenue. Certain customers have the right to demand the prompt return of certain amounts included in deferred revenue under certain conditions. These contractual obligations require that we have sufficient levels of working capital and liquidity on-hand in the future to perform such services. For further information about deferred revenue, see [Note 2](#), Revenue Recognition of the Notes to Condensed Consolidated Financial Statements included herein.

### Critical Accounting Policies and Estimates

For further information on our critical accounting policies and estimates, see Part II, Item 7 — “Management’s Discussion and Analysis of Financial Conditions and Results of Operations - Critical Accounting Policies and Estimates” included in our Annual Report.

### Recent Accounting Pronouncements

For further information on recent accounting pronouncements, see [Note 1](#), Summary of Business and Significant Accounting Policies of the Notes to Condensed Consolidated Financial Statements included herein.

### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of operating our business, we are exposed to market risks. Market risk represents the risk of loss that may impact our financial position or results of operations due to adverse changes in financial market prices and rates. Our principal market risks have related to interest rates, aircraft fuel and foreign currency exchange. There have not been any material changes to the market risks described in Part II, Item 7A — “Quantitative and Qualitative Disclosures About Market Risk” included in our Annual Report.



#### ITEM 4. CONTROLS AND PROCEDURES

##### ***Evaluation of Disclosure Controls and Procedures***

As required by Rule 13a-15(b) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Interim Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the period covered by this Quarterly Report. Based upon that evaluation, our Chief Executive Officer and Interim Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of September 30, 2024, to ensure that material information was accumulated and communicated to our management, including our Chief Executive Officer and Interim Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

##### ***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting identified in connection with the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the quarter ended September 30, 2024 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

From time to time, we are subject to various legal proceedings and claims, either asserted or unasserted, which arise in the ordinary course of business. The outcome of these matters cannot be predicted with certainty. See [Note 13](#), Commitments and Contingencies of the Notes to the Condensed Consolidated Financial Statements contained herein for a discussion of loss contingencies, if any. Below is a discussion of the Company's significant pending legal proceedings:

#### *GRP Litigation*

On July 5, 2023, we filed a lawsuit against Exclusive Jets, LLC d/b/a flyExclusive, a subsidiary of flyExclusive, Inc. ("FE"), in the United States District Court for the Southern District of New York, which was re-filed against FE in the Supreme Court of the State of New York in New York County on August 23, 2023. We instituted the action to enforce our rights and remedies for wrongful termination by FE of that certain Fleet Guaranteed Revenue Program Agreement, dated November 1, 2021, between WUP and FE (the "GRP Agreement"). On June 30, 2023, FE notified us in writing of its immediate termination of the GRP Agreement. We believe that FE wrongfully terminated such agreement in breach thereof. We are seeking compensatory damages, including the return of the material deposits held by FE under the GRP Agreement (collectively, the "GRP Deposit") that were recorded in Other non-current assets on our condensed consolidated balance sheets as of September 30, 2024 and December 31, 2023, as well as attorneys' fees and costs. On October 31, 2024, FE filed its defenses to the Company's claims and simultaneously presented certain counterclaims for unpaid amounts it claims it is owed under the GRP Agreement.

We intend to vigorously pursue the action to recover the outstanding deposits and other damages from FE and defend against any counterclaims, but there can be no assurance as to the outcome of the dispute with FE. Our success in recovering the amounts from FE will depend upon several factors including the ability of FE to satisfy recoverable amounts using available liquidity or other assets. In its Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on May 1, 2024, FE disclosed that upon termination of the GRP Agreement, it applied a portion of the GRP Deposit against certain receivable balances that FE claims it was owed under the GRP Agreement. In its Quarterly Report on Form 10-Q for the three months ended June 30, 2024 filed with the SEC on August 14, 2024, FE disclosed that: (i) it "expects to incur operating losses in the near term as [FE] advances its fleet modernization and associated cost savings initiatives"; (ii) as of June 30, 2024, FE had cash and cash equivalents of approximately \$9.3 million and available borrowing capacity of approximately \$4.9 million under existing lines of credit, against a working capital deficit of approximately \$73.5 million; (iii) FE's net cash flows used by operating activities were approximately \$42.1 million during the six months ended June 30, 2024; and (iv) FE believes its cash and cash equivalents on hand, operating cash flows, and proceeds from possible financings and the fractional program will be sufficient to fund operations, including capital expenditure requirements, for at least 12 months after August 14, 2024, but it might need additional capital to fund growth plans or as circumstances change, which it claims it could obtain through equity issuances, refinancing existing debt or new borrowings, and if it is not able to refinance existing indebtedness, FE's liquidity and business would be materially adversely impacted. We are in the process of evaluating the effects of the foregoing events and we cannot make a reasonable estimate of any outcome, recovery or loss at this time. See Part I, Item 1A — "Risk Factors—*Some of our business is dependent on our third-party operators to provide flights for our members and customers. If such third-party operators do not perform adequately or terminate their relationships with us, our costs may increase and our business, operations, liquidity, financial condition, and results of operations could be adversely affected*" in our Annual Report for further information.

### ITEM 1A. RISK FACTORS

There have been no material changes to the significant risk factors and uncertainties known to the Company and disclosed in Part I, Item 1A — "Risk Factors" included in our Annual Report.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Issuer Purchases of Equity Securities for the Three Months Ended September 30, 2024**

The table below sets forth information regarding purchases of our Common Stock during the three months ended September 30, 2024:

Period	Total Number of Shares Purchased <sup>(1)</sup>	Average Price Paid Per Share
July 1, 2024 through July 31, 2024	—	\$ —
August 1, 2024 through August 31, 2024	—	—
September 1, 2024 through September 30, 2024	46,233	1.75
Total	46,233	\$ 1.75

(1) Reflects shares withheld for payment of tax liability arising as a result of the vesting of restricted stock units for certain officers.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION**

(a) None.

(b) None.

(c) During the three months ended September 30, 2024, no director or officer of the Company adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement, as each term is defined under Item 408(a) of Regulation S-K, except as follows:

On August 12, 2024, Lee Moak, one of our directors, adopted a Rule 10b5-1 trading arrangement for the potential sale of up to 63,166 shares of Common Stock, subject to certain conditions. The expiration date of such arrangement is December 31, 2025.

## ITEM 6. EXHIBITS

The following exhibits are filed as part of, or incorporated by reference into, this Quarterly Report.

No.	Description of Exhibit
3.1	<a href="#">Amended and Restated Certificate of Incorporation of Wheels Up Experience Inc., filed on November 15, 2023 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on November 16, 2023)</a>
3.2	<a href="#">Amended and Restated By-Laws of Wheels Up Experience Inc., effective as of November 15, 2023 (incorporated by reference to Exhibit 3.2 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 7, 2024)</a>
10.1†+^	<a href="#">Separation and Release Agreement, dated August 20, 2024, by and between Laura Heltebran and Wheels Up Partners LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on August 21, 2024)</a>
10.2*†^	<a href="#">Offer Letter, dated August 20, 2024, by and between Matthew Knopf and Wheels Up Partners LLC</a>
10.3	<a href="#">Amendment No. 2 to Investment and Investor Rights Agreement, dated September 22, 2024, by and among Wheels Up Experience Inc. and the Investors listed on the signature pages thereto (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K, filed with the SEC on September 23, 2024)</a>
31.1*	<a href="#">Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of the Interim Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification of the Interim Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File - The cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
*	Filed herewith.
**	Furnished herewith.
†	Identifies each management contract or compensatory plan or arrangement.
+	Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Item (601)(b)(10) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission or its staff upon request.
^	Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the U.S. Securities and Exchange Commission or its staff upon request.

**SIGNATURES**

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

**WHEELS UP EXPERIENCE INC.**

Date: November 7, 2024

Name: /s/ George Mattson  
George Mattson  
Title: Chief Executive Officer  
(Principal Executive Officer)

Date: November 7, 2024

Name: /s/ Alex Chatkewitz  
Alex Chatkewitz  
Title: Chief Accounting Officer  
(Principal Accounting Officer)

# WHEELS UP

August 20, 2024

Matthew Knopf  
By Email:

Dear Matthew,

We are pleased to offer you a position at Wheels Up Partners LLC (the "Company"). We are excited to have you join the Company and anticipate that you will be a great addition to our team.

Your first day with the Company will be September 9, 2024, or on such other date that we mutually agree upon after your acceptance of this offer (your "Start Date").

The following will outline the general terms of our employment offer:

1. Position and Duties. Your title will be Chief Legal Officer and you will perform the duties and services assigned to you by the Company. You will report to George Mattson, Chief Executive Officer. Your employment will be subject to all Company policies, procedures and practices as may currently exist or as may be modified or implemented in the future, including our Employee Handbook. This offer is made contingent upon the successful completion of the pre-employment process, including, but not limited to, satisfactory completion of a background check.
  2. Place of Employment. The primary location for your employment will be the Member Operations Center in Atlanta, Georgia. Notwithstanding the foregoing, the duties to be performed by you hereunder are such that you may need to travel as reasonably required in accordance with the Company's policy on travel and expenses.
  3. Annual Salary. Your annual base salary will be \$525,000 (the "Base Salary"), less payroll deductions and all required withholdings, payable in accordance with the Company's payroll policies, as may be amended from time to time. As an exempt employee, you are not eligible for overtime under the provisions of the Fair Labor Standards Act.
  4. Discretionary Bonus. Beginning in 2024, you will be eligible to participate in the Company's annual bonus plan applicable to other senior executives of the Company. The target amount for your position is equal to one hundred percent (100%) of your Base Salary. You will be subject to the terms of the Company's annual bonus plan; however, your 2024 annual bonus target shall be prorated for hire date. Your payment of a bonus under the plan is made on an annual basis, based upon Company performance against company and individual performance targets, and can be increased or decreased based on the actual results, your individual performance toward key performance indicators, and any other factors determined in the sole discretion of the Company.
  5. Special Equity Award. The Company will recommend to the Compensation Committee of the Board of Directors ("Compensation Committee") that you be granted a one-time equity award of restricted stock units (the "Special Equity Award") in the amount of \$1,750,000, which shall vest in equal, annual installments over a three-year period on the anniversary of the grant date. The Special Equity Award shall be subject to the terms of the Company's long-term
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# WHEELS UP

incentive plans applicable to other senior executives of the Company, and as may be amended from time to time at the discretion of the Company. The Special Equity Award grant is expected to be made at the next regularly scheduled Compensation Committee meeting.

6. Annual Equity Award . Commencing in 2025, you will be eligible for an Annual Equity Award. The award is based on performance and will be aligned to your level at the time of the award. Currently, the award target for your role is 125% of your salary. Equity awards are granted based on individual performance and are subject to approval by the Compensation Committee of the Board of Directors.
7. Executive Flight Hours . You shall receive flight hours in accordance with the Executive Flight Hour plan as established by the Company. Beginning in 2025 you will receive, on an annual basis twenty (20) flight hours on a King Air aircraft. The hours will be distributed to you in equal increments at the beginning of each calendar quarter. For 2024, you will receive a flight hour deposit of 5.0 King Air hours for the fourth quarter. The Company reserves the right to amend the Executive Flight Hour plan from time to time.
8. Paid Time Off . You will be eligible for paid time off, depending on years of service, during each calendar year of your employment with the Company in accordance with the Company's paid time off policy applicable to other senior executives of the Company, as may be amended from time to time.
9. Benefits . You will be entitled to the benefits that the Company customarily makes available to employees in positions comparable to yours. Please refer to the plan documents for more details, including eligibility. The Company reserves the right, in its sole discretion, to amend, change or cancel the benefits at any time.
10. Employment Relationship . In accepting this offer, you understand and agree that your employment with the Company will be "at-will." This means that your employment is not for any specific length of time and that either you or the Company may terminate the employment relationship at any time, with or without cause and with or without notice. You further understand and acknowledge that there is no written or oral contract providing you with any definite or specific term of employment. You further understand and agree that due to your at-will status, the Company may, at any time, modify the terms of your employment, including, but not limited to, your job title, job responsibilities, compensation and benefits.
11. Severance Plan . Although your employment is at-will, if the Company terminates your employment without good cause (as such term is defined in the Company's Executive Severance Plan) or you resign your employment for good reason (as such term is defined in the Company's Executive Severance Plan), upon separation you will be entitled to receive severance as set forth in the Company's Executive Severance Plan as applicable for the EVP level.
12. Conditions of Employment . Simultaneous with the execution of this letter agreement, you shall sign the Employee Confidentiality Agreement and Restrictive Covenants (" Restrictive Covenant Agreement "), a copy of which is attached hereto as Appendix A . You acknowledge that your employment with the Company is conditioned upon the execution and delivery of the Restrictive Covenant Agreement and the terms thereof shall be fully incorporated herein.

# WHEELS UP

13. No Other Understandings . This letter agreement sets forth our entire agreement and understanding and supersedes any and all other agreements, either oral or in writing, between you and the Company and/or its affiliates and any of their respective officers, directors, managers and/or principals.
14. Other Conditions and Obligations. By signing this agreement, you represent that you are not subject to any currently effective employment contract, or any other contractual or other binding obligation, including without limitation, any obligation relating to non-competition, confidentiality, trade secrets, proprietary information or works for hire, that would restrict your employment or employment activities with or on behalf of the Company. In your work for the Company, you will be expected not to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have an obligation of confidentiality. You agree that you will not bring onto Company premises any unpublished documents or property belonging to any former employer or other person to whom you have any obligation of confidentiality.
15. Board Positions . It is the Company's policy that senior executives limit outside Board activity to one Board of Directors position. You may not serve on the Board of Directors or Advisory Board of more than one for-profit company without the prior written consent of the Company. You may serve as an officer, manager or director of or otherwise participate in charitable, educational, welfare, social, religious and civic organizations so long as such activities do not interfere with your employment with the Company.
16. Business Time . The employee shall devote full working time, energy, attention, and talents to the performance of the duties and responsibilities hereunder. You may not, without the prior written consent of the Chief Executive Officer directly or indirectly, operate, participate in the management, operations or control of, or act as an employee, officer, consultant, partner, member agent or representative of, any type of business or service other than as an employee of the Company.
17. Truthful Representations . You acknowledge and confirm that all of the representations you have made and all of the information that you have provided to the Company on any employment application, resume or any other document, or orally during the interview process, concerning, among other things, your prior employment history, education, experience and other qualifications, are true and correct. You understand and agree that any falsifications, misrepresentations, or omissions with respect to any of the representations and information that you have made or provided to the Company may be grounds for the withdrawal of this offer of employment or, if hired, the termination of your employment.

You further understand and acknowledge that your employment with the Company is contingent upon your satisfactory completion of background and drug checks, as applicable, that are conducted by the Company and your completion of Section 1 of the Form I-9 on or before the end of your first (1<sup>st</sup>) day of employment and your presentation of your original documentation verifying your work eligibility and identification on or before the end of your third (3<sup>rd</sup>) day of employment.

[Signature Page Follows]



Please indicate your acceptance of our offer on the terms set forth above by countersigning in the appropriate space below no later than two (2) business days from the date hereof. The offer contained herein shall automatically expire two business days from the date hereof. We are excited at the prospect of you joining our team and look forward to having you on board.

Sincerely,

/s/ George Mattson  
George Mattson  
Wheels Up – Chief Executive Officer

Signature:

/s/ Matthew Knopf  
Matthew Knopf  
Date: August 20, 2024

*Signature Page to Offer Letter*

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, George Mattson, certify that:

1. I have reviewed this Quarterly Report of Wheels Up Experience Inc. on Form 10-Q for the quarterly period ended September 30, 2024;
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)) for the registrant 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: November 7, 2024

By: /s/ George Mattson

Name: George Mattson

Title: Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION OF INTERIM CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13A-14(A) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Eric Cabezas, certify that:

1. I have reviewed this Quarterly Report of Wheels Up Experience Inc. on Form 10-Q for the quarterly period ended September 30, 2024;
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)) for the registrant 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: November 7, 2024

By: /s/ Eric Cabezas

Name: Eric Cabezas

Title: Interim 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 Wheels Up Experience Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, George Mattson, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 7, 2024

By: /s/ George Mattson

Name: George Mattson

Title: 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 Wheels Up Experience Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024, as filed with the Securities and Exchange Commission (the "Report"), I, Eric Cabezas, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

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

Date: November 7, 2024

By: /s/ Eric Cabezas

Name: Eric Cabezas

Title: Interim Chief Financial Officer

(Principal Financial Officer)