

Air T is committed to taking the initiative. The insights and ideas motivating our initiatives may have large or small payoffs, may arise for many reasons in many contexts, may have a low or high chance of generating a successful outcome, and may be about growth or risk mitigation. Yet initiatives always require a dynamic individual and dynamic team to make a calibrated first step— to observe where things go and make adjustments accordingly.

As a small and resource-limited company we work to remain wise about the challenges and advantages of our scale. Therefore, we try to identify small, restrained activities that have the ability to gain momentum and grow, and a path to wind-down if results aren't sufficient. The high concept is: we scale Air T capital invested proportional with the power of our know-how in prospective profits. If the fourteen (14) or so businesses within Air T generate insights and ideas worth pursuing, then we do our best to fund them and let the dynamos do their work.

Naturally, this is about the best we can do given the way the world works. Scaling up our allocator-operator model within our independent-yet-interrelated corporate network can be difficult and subtle work. It makes room for a wonderful variety of personalities and styles and horizons. It's not a small benefit to shareholders if we generate a flow of practices resulting in openness to opportunities - and the people with skills - then act together intelligently with the right resources.

First consider a table of initiatives, each of which have not generated operating income or EBITDA for Air T, and may never generate operating income or EBITDA; but which we believe remain good initiatives:

Business	Initiative	Negative Cash Flow Since
Delphax	Falcon 170 digital inkjet printer: wide application, including envelopes—a large addressable market	2015
Ambry Hill	Vista Suite software: empowering aviation	2018
Blue Clay	Investment management platform: including an African equity fund.	2019
CAM JV	Managing aircraft for investor-partners	2020
Crestone	Managing aircraft for investor-partners	2022
LGSS	Managing landing gear	2022

Now consider a table of Air T initiatives that generate distributions to us on an average year:

Business	Year Invested
Cadillac Casting	2019
Air T Digital	2022
AirZona	2021
CAM LP Interests	2022-2023

If the right teams and leaders emerge, then we can buy and build a set of self-reinforcing businesses. For example, since our 2015 investment in JetYard, we have opportunistically acquired companies that work well together: Worthington Aviation, Air Co, AirCo Services. Furthermore, our capabilities list now

include coverage of narrow-body aircraft and regional jets and turboprops. We are able to evaluate and invest in a wider set of inventories either on our own balance sheet, or with investment partners.

We appreciate the dynamic leaders and teams at our businesses—many of whom get great results with little if any help from Air T. Years ago someone told me that the ‘salutary neglect’ of the British allowed the Americans to build their own civic institutions. It’s something like that. Let’s consider, for example, the recent remarkable growth and transformation of Mountain Air Cargo (“MAC”). The business had room for improvement when Mike Bandalan was promoted to the CEO position in Fiscal 2020. Since then, he has reclaimed the best of MAC’s 40-year history, emphasized ‘classic MAC’ values and created a renaissance in the MAC culture. The company is all-in on the classic MAC service to its largest customer and its Big Mountain vision. Pleased and trusting of Mike’s leadership, their largest customer has been adding to MAC’s responsibilities within their system. Aircraft operated have grown this way:

Fiscal Year	Aircraft
2017	80
2018	79
2019	79
2020 – Bandalan named CEO	69
2021	66
2022	72
2023	85

We are happy to be associated with Mike Bandalan and his team. And looking forward to what they are going to do next - which potentially includes adding customers and capabilities to their system with acquisitions, such as their recent purchase of Worldwide Aviation Services, Inc.

Unfortunately, in recent years we have been reminded of the notion that people often do what they can and suffer what they must at the hands of the bigger, badder, more craven, and more powerful. What a demoralizing situation! Air T is working to make room for people who love excellence and have the know how to execute skillfully on a plan, to thereby free themselves —and the people around them— to do great things. This is not an easy task, especially if the challenges mean personal growth. While planning for, and awaiting, the likely higher-vol business environment ahead (don’t fight the Fed!), we also look forward to the inspiration that will come from watching the champions within the Air T system take on the challenges ahead — growing themselves and their businesses.