

Dear Shareholders,

We are building Air T for the long term— surfing the edges of flowing waves. Our approach is about attending to a complex system that kicks up ideas for products, services, deals, talent, assets and business lines; then secures, incentivizes and empowers dynamic management with domain knowhow; then seeks to build intensely by delivering genuine value to others; finally, reinforcing the system itself with observable performance, relationships, brand and trustworthiness. Hopefully we are building a system resulting in Air T's common stock being uncommonly good to own.

Fiscal 2024 & Drivers

Our strategy is designed to deliver long term value to shareholders in part by reinvesting current cash flows wisely. At times our investing for growth will reduce bottom line. And at times some of our businesses will cycle down. During FY2024, performance at the individual businesses level was mixed; and we were flat year over year in consolidated Adjusted EBITDA terms; although operating income and net income improved significantly in the past year, we believe the Adjusted EBITDA lens is the most conservative and appropriate lens for the past twelve months if bottom line is your grammar. Those businesses working through unexpected challenges during the year appear to be well positioned to get back on track this year. Importantly, businesses such as MAC/CSA, Crestone and Conrail went from strength to strength. We invested our discretionary cash flows for growth according to plans and in ways we believe will build future business value. Air T deleveraged slightly at the holdco level — holdco debt down 5%; and more so on the Total Debt level — total debt down 10%. We like our business model drivers and expect our business leaders will take their organizations through the next phase of growth and value creation.

What are the business model drivers? First and foremost, Air T's businesses are run by terrific people. We are thankful for all that they do for their customers and their colleagues. It is heartwarming to experience the variety of products, personalities and styles of operating that moves the businesses forward. We learn new things all the time. We believe our relationships are such that the holdco resources can bring solutions to businesses and help in the right way. It's really important to us that we avoid the dead-hand-suit gestalt or the captain ahab look (for a contra-example see Lights Out: Pride, Delusion and Fall of General Electric by Gryta). We seek to balance the right things at the right time. A wholesome culture and proper attending are all part 'n parcel of the right energetic system, yet simultaneously rigorously reinforcing discrete problem solving. We think about and want to remain on edge yet also live the flow made possible by our business models.

We are focusing on driving well-established plans more than ever this year. This means, more or less, that we have the people and the material resources in place; and we have the products that fit into the target markets. So now we execute on the plan and adapt to what shows up each week. When we think who is out there and what they are doing to run our businesses we know

that they have momentum and they are working to do the right things. This doesn't mean that we will bat 1,000; however, it means that we have confidence in our people and their plans. As a relatively small company within which exist even smaller companies, knowing that good small companies have the potential to grow themselves more readily than large companies, it's reasonable to feel confident about our future, all else being equal.

Hopefully many of you have experienced the flourishing that comes with executing a plan with a great team or as an individual contributor. Around the office we talk about the at-first-impression Woo-Woo, yet scientific, notion of the flow-state as identified by Mihaly Csikszentmihalyi in his great book Flow: The Psychology of Optimal Experience; which, by the way, seems consistent with Ericsson's Peak: Secrets from the New Science of Expertise. What can we do to get ourselves operating on the right kind of challenge in order to be all we can be? At its best that's what management is about and we aspire to the ambition that we are not here to be mediocre. Focusing ourselves on the right level of relevance so that we can execute and get the business on the right future pathway is a never-ending game. We foresee 2024 as being an important year of executing well-developed plans in several of our businesses.

Our business building initiatives are what they are and more. First, we continue to see MAC|CSA|WASI grow in service of their customer's needs, and in a way that is strengthening our capabilities and expanding trust. We are proud to serve our largest customer with vitality every day. Second, the rebound in margins and sales at Conrail is really fun to watch. Joe and Miriam are wonderful people and their team is tight and really good at what they do. Third, the rebuilding year at GGS has pushed the organization back to first principles and it's an exciting and challenging time for the team. Fourth, Crestone has strong customer relationships and has closed significant deals with a great, young and talented team. Fifth, Stratus group is up to its deal-idea generating ways and the market seems right for them. Finally, Air T's 20.1% ownership of Cadillac Castings and approximately 28% ownership of Lendway Inc. represent look-through, wild-type earnings in high-quality businesses; we hold them at good prices and we expect them to grow over time. It's a mosaic, it's a thing, it's potential.

Investing for Growth and Balance Sheet

As you undoubtedly know from our financial statements, Air T spends its cash flows on growth and expansion. Our system and its goals are designed to identify the best ways we can generate return on shareholder capital, then run to that ball. "Fly to the ball" is what my football coach would say and he meant a lot of things by that statement, many of which are not intellectual but embodied. The business equivalent is about maintaining an awareness and proper attention within the right domains; and on the seams of the domains. It helps a lot if you have a decent idea factory chugging away and great teammates. Then it's about calculating the incremental prospects of each investment in relation to others and the bankroll. Turns out this is similarly not singularly about cold-fact abstraction but also about relevance mapping and capability. Air T has

grown in capabilities and scale over the past ten years. These intangibles do not get booked into our debits and credits.

Let's talk about Air T's balance sheet. If you haven't already, you will want to study the table in our financial statements showing the various forms of debt obligations the company carries. Consider a thought experiment about how we might move to deleverage if we wanted to deleverage. We believe it's possible to use balance sheet assets to pay down our \$13.2 MBT Bank Term Debt without impacting our wholly-owned businesses. All else being equal, this might occur in various ways. For example, this combination: sell the 20.1% stake in Cadillac back to Cadillac, sell the approximately \$3 million of marketable securities and LP interests we hold, sell the two pieces of corporate real estate that we own. If we do this then we have a Revolver that is well supported by standard inventory and receivables. We also carry approximately \$35 million of 8% Trust Preferred obligations that pays \$3.2 million of interest to investors each year. If we feel like pressing into a conservative and higher margin of safety direction, we can adapt by cutting back on holdco expenses in a number of ways such as reducing staffing for growth and going very lean in terms of our being public costs. Such moves would generate more current free cash. We outline these hypothetical plans to demonstrate that Air T has room to maneuver and plans its growth investments thoughtfully with reference to larger leverage considerations.

Powers from Attending to Adaptive Organizations

Without a doubt there is a lot of potential in building the right kind of system embodied in an adaptable organization. Jim Collins and his research team are great organizers of empirical knowledge in this respect. Unique opportunities, great and small, will likely be available to a well-organized system. And it's encouraging to remember systems can kick-up significantly new paradigms; they are in the air and available to the attentive, yet somehow passed over, often because of institutional imperatives or know-it-all personalities. For example, the decades-long achievements of Nucor were technologically available to essentially any significant steel producer in the USA. Also consider, for example, the way airlines didn't understand the power of their affinity networks and rewards programs. Now reliable sources indicate 1.0% of the USA's GDP is charged on Delta Air Lines-branded credit cards. Or think about the seemingly competition-free runway Constellation Software had in the vertical software marketplace. Doing our job right means, in part, that we remain open and experimental to what might be available in our group. Some practices are more likely to push in the the direction of profitable paradigm shifts. Long walks with a dog or saunas sometimes can be conducive for me. Others work differently. And anyone in our organization can come up with profitable-paradigm-shifting notions and it's our job to hear them and give them space to develop that notion. Some of us grew up near 3M and love their culture of profitable innovation. Picture this: sitting in a Waldorf conference room, hearing a technical description of a mortgage CDO-cube; and feeling an electric shock traveling down your spine. Then, two years later, you are shorting the subprime market because you live in an organization founded by a wise and intelligent person. If we

execute against our plans and remain aware of new information, we not only will be satisfied by our day to day achievements, but also might turn up substantial upside surprises.

Remembering First Principles

Why is it that turning the uncommon into the common often times accompanied by a separation from first principles? The temptation to take an insight and drive it too far and past the chalk line seems the norm. People want to do this for all kinds of reasons, conscious or unconscious. For example, we know that one of the human universals is the treacherous feast (Human Universals, Brown). This is a bit of nasty Stone Age behavior that is hard to imagine happening today with our universal comms ability. What kind of being would invite a whole group of neighbors to a party and then, when they arrive for the party, instead arrange to end their mortal existence? Seems wild to imagine this as a human universal. Yet it happens at small and large scales even today. We must be vigilant and map reality correctly in order to drive toward being an uncommon common.

We reflect, for example, of the failure to think in first principles and the strife and relative poverty that results: the forever-wars between growth (The Buck Rogers Generation) and value (Guardians of the Ambassador Bridge) camps within the investment community. While yes, naturally, we must always find a differentiated edge in an investment move, can't we all get along and use the simple expression $Y=Xe^{rt}$ for the purposes of describing the future of a dollar? Funny truth is that the time spent on carefully abstracting to turn the uncommon into the common is a demonstration of how the wrong observational style can lead to underperformance. For example, what are the first principles of physics, if any, limiting Starlink from providing bandwidth that is the functional equivalent of fiber? This is a question we find consequential and interesting. Many people who hear this question think, "I know whom to dislike and I build from there," or "My best engineering friend says that today the tech can do thus and such." Don't hug it out with entropy. Information is unexpected and emergent.

Dynamo Stories

Last year we highlighted our initiatives. Let's consider dynamos and dynamic teams this year. We try to structure the company and our attention so that we are in a position to hear about good ideas and turn them into reasonable investment opportunities. This requires a corporate attitude, individual talent of various kinds, a trusting environment, and the ability to do a net assessment of the insights we have along with their payoff functions. Because for a chunk of time (1998-2012) I worked with a portfolio of marketable securities, and therefore was on the outside, working with financial statements relatively distant from corporate operations, I can appreciate the tendency of the buy-side to sort and rarify things; and then put story lines in place. The analytical power to name things and play with them conceptually is one of the engines of progress. Yet it also can lead to misapprehensions or cases of mistaken identity.

We all appreciate the challenges inherent to predicting the future, no? Well, turns out predicting where we are going to find the next great investment opportunity is similarly difficult. Take for example, the origin stories of the three businesses that formed the foundation of Air T, Inc.. While Mountain Air Cargo started by doing things like transporting dolphins for SeaWorld, the entrepreneurial Clark family innovated with the times and linked up with Mountain Air Cargo's now largest customer in their early days. They provided something the customer needed and proceeded to grow alongside a great American success story. Global Ground Support was a division of Terex. When its long-time leader approached an Air T board member about the deicing business when Terex was experiencing troubling times, the Clark family took a chance, bought well, and literally pulled the business across a parking lot to a new facility. When the able and outgoing Brad Osborn approached Walter because he saw a Delta Air Lines RFP he wanted to pursue, again Walter took a chance and started something new. Brad leads his large and wonderful organization to this day. Each of these stories has its own gestalt. Let's not generalize about them too much only to say they involved humans working in concert to capitalize on an opportunity. One of the requirements it seems to me is to "first of all do no harm" to the web of trust and communication and understanding that can allow for emergent properties. Within this focus is the need to properly incentivize people to make for strong alignment of motivation. Research indicates habits are made (or eliminated) consequent to motivations, abilities and prompts. May we all practice good habits and downgrade bad ones in the year ahead.

A handwritten signature in black ink that reads "Nick Swenson". The signature is fluid and cursive, with the first name "Nick" being larger and more prominent than the last name "Swenson".

Nick Swenson
President and Chief Executive Officer