



Third Quarter 2025 Earnings Call Transcript November 13, 2025

Operator

Greetings and welcome to the flyExclusive Third Quarter 2025 Earnings Call. At this time, all participants are in a listen-only mode.

As a reminder, this conference is being recorded. It is now my pleasure to introduce your host, Sloan Bohlen, Investor Relations. Thank you. Sloan, you may begin.

Sloan Bohlen, Investor Relations

Thank you, Operator. Good afternoon and thank you for joining flyExclusive's third quarter 2025 earnings conference call. Joining me on the call today is Jim Segrave, flyExclusive's Founder and Chief Executive Officer; and Brad Garner, our Chief Financial Officer. We announced third quarter financial results yesterday after the market close, along with the filing of our Form 10-Q for the quarter ended September 30, 2025.

We'll be providing certain non-GAAP information during today's discussion. Important disclosures about this information and a reconciliation of the non-GAAP information to comparable GAAP information is included in our Form 10-Q filed with the SEC and is available on our Investor Relations website. In addition, this discussion might include forward-looking statements. Actual results might differ materially for any number of reasons, including risk factors described in our Annual Report on Form 10-K, in our quarterly reports on Form 10-Q and in the press release covering forward-looking statements. Rather than re-reading this information, we're going to incorporate it by reference in our prepared remarks.

And with that, let me turn the call over to Jim.

Jim Segrave, Founder & Chief Executive Officer

Thank you, Sloan, and thanks to everyone joining us today.

The third quarter marked another very strong step forward for flyExclusive. Our transformation is clearly working, our strategy is delivering results, and the positive impact is accelerating across the business.

As a reminder, our results are outlined in an earnings presentation, which is posted on the investor relations page of the flyExclusive web site. Like last quarter, the charts detail the incredible progress our team has made in every metric and category. We reduced cost, increased sales, grew our member base, increased utilization and significantly improved our financial performance.

Over the past year, we've modernized our fleet, streamlined our cost structure, and strengthened every area of the business—operationally, financially, and culturally. The result is a company generating stronger growth, more profitability, and more momentum than at any point in our history.

We are flying smarter, running leaner, and serving our members with greater consistency, reliability, and value than ever before.

Our fleet refresh continues to be a major driver of our transformation. Over the last twelve months, we eliminated 26 non-performing aircraft, including two more in the third quarter and already two additional in the 4th quarter as well. That reduction has decreased the operational drag from these jets by roughly 85%, taking monthly losses associated from these aircraft from over \$3 million per month in 2024 to just under half a million dollars per month today.

At its peak, our non-performing fleet, represented an annualized EBITDA drag, of roughly \$36 million dollars. That drag is nearly gone—and our financial results show just how dramatic this transformation improved our performance.

We expect to reduce the number of non-performing aircraft to mid-single digits by the end of 2025, and to fully eliminate it in 2026.

These non-performing aircraft have been replaced with high-performing Challenger 350s, XLS's and CJ3+'s, which are delivering exactly what we expected—higher reliability, utilization, margin and much better customer experiences.

Each Challenger flies roughly 250% more flight hours per month than the aircraft it replaced and generates \$8–10 million in annual revenue at far stronger margins. Our overall fleet utilization approached 7,000 hours in October, our largest month in history. We now have 7 Challengers in operation and 2 more in the immediate pipeline.

Additionally, we are still adding CJ3's and XLS aircraft to our fleet. Now that the elimination of the non-performing aircraft is nearly complete, we are planning for significant fleet growth in 2026 and beyond.

These newer jets are driving increased Jet Club and Fractional demand. That's the broader impact of the fleet strategy—more reliable aircraft lead directly to better economics, improved customer satisfaction and stronger customer engagement.

Even with a fleet that's about 20% smaller than a year ago, flight hours increased 15%, and our core-fleet utilization—the CJ3s, XLSs, and Challenger's—represented 12% of this increase.

Our dispatch availability improved 650 basis points year-over-year, or about 16%, which reflects the performance of the new fleet and the benefits of our vertical integration. Each percentage point of additional aircraft availability improvement, at our current size, contributes roughly \$3 million to annual EBITDA, so this is, and will continue to be a major driver of profitability going forward, as well as an important factor, in our quality-of-service delivery.

Total company revenue for the quarter rose 20% year-over-year to \$92 million. And about half of this revenue is now contracted through our Partner, Fractional, and Jet Club programs, giving us more visibility and more recurring volume than ever before. Across these programs, our contractually committed hours grew 30% compared to Q3 24. This increasing share of contracted revenue enhances our visibility in the market and the stability in our operating model. This also continues to strengthen the predictability and quality of our revenue base.

At the same time our wholesale channel remains an incredibly important part of the business. While we are rapidly growing our retail footprint, and often highlight that growth, we are not reducing our wholesale flight hours or revenue to make room for retail. The wholesale channel is a critical part of our strategy we will continue to service. We receive on average over 500 quote requests per day from the wholesale market, which highlights the demand for our services. The broker community is just as important to our model and performance as the retail side of our business is.

Our Maintenance, Repair, and Overhaul (MRO) operation continues to be both a revenue driver and a core differentiator. What began as a vertical integration strategy to support our fleet, has become a revenue and profit center, with solid growth potential.

MRO revenue grew 103% year-over-year in Q3, reflecting both external demand and expanded internal throughput. As an example, our paint business stays booked solid for months in advance at this point and over 80% of the work is from external customers. We are now also generating similar bookings in our maintenance shop, interior shop and avionics shop. The MRO growth not only provides incremental profit but also supports fleet uptime, which in turn drives dispatch availability and customer satisfaction.

As we continue scaling our internal MRO, avionics, paint, and interior refurbishment operations, we expect this to remain a long-term competitive advantage—few private operators have the same degree of in-house control over maintenance, quality, and cost. To this end – we added 6 additional mobile service units in October bringing the total to 12. Again, the intention was to service our aircraft and continue to increase our dispatch

reliability – but the demand from other operators for this service is incredibly strong and we expect to continue to build our mobile service unit division for our own needs and to meet this demand creating yet another revenue stream in 2026.

Now moving to our outstanding customer metrics.

Retail membership grew 51% year-over-year, a testament to our brand momentum and service reliability.

Year-to-date Jet Club sales increased 17%, and Fractional sales were up 68% year-to-date compared to last year, fueled by growing demand for the Challenger platform and reinforced by confirmation of 100% bonus depreciation in the latest tax legislation.

The fourth quarter is traditionally our busiest for fractional activity, and based on the pipeline we've developed and new inquiries we're seeing, we expect that trend to continue this year.

Together, our Jet Club and Fractional programs continue to expand their contribution to the business—building recurring, high-quality revenue and deepening our customer relationships.

The operational results we've delivered are translating directly into stronger margins. Year-to-date gross profit increased 82% year-over-year, and gross profit margin expanded by roughly 500 basis points.

Adjusted EBITDA improved 72%, and Adjusted EBITDAR increased 104% year-over-year, reflecting broad-based efficiency gains across every part of the business. Our Adjusted EBITDA margin improved by 1,550 basis points year-to-date. That improvement was driven by fleet mix, better utilization, higher dispatch availability allowing more utilization on each aircraft, and disciplined cost control.

On SG&A, expenses declined 9% year-to-date, primarily from savings in third-party services and headcount efficiencies. This 9% alone translated to \$7m in savings year-to-date. Revenue per SG&A headcount rose 19%, and SG&A as a percentage of revenue improved 587 basis points. These gains demonstrate that our cost structure is now scalable and built for profitable growth.

Each quarter this year has shown stronger operating leverage and profitability—and that pattern has continued into the fourth quarter. Given the efficiency gains achieved so far and the strength of our core programs, we expect our fourth quarter performance to continue to reflect the positive trajectory we've demonstrated all year—both operationally and financially. October was a record month for us in hours flown and revenue, and November has started off stronger than ever – even in the face of the restrictions imposed from the government shutdown. We also are now the number 1 charter operator in the

United States According to Aviation Research Group data, based on hours flown, with 6,810 hours flown in October. This was also 7% more than the #2 operator in the US.

We are now operating from a position of sustained strength, and based on the trends over the past year, we expect to sustain positive adjusted EBITDA going forward into 2026 and beyond.

Looking ahead, the fourth quarter is historically our busiest every year, and we are already seeing record demand across every part of the business. October set the record of the highest revenue month in our history and November month-to-date is positioned to break that record again. That positions us well to deliver our best performance yet to close out 2025. With a modernized fleet, a growing base of committed members, and a leaner cost structure, we are also well positioned to keep compounding our gains into next year.

There's no question that we're now running a more efficient, more profitable, and more reliable business than ever before and you are seeing that in our numbers. The heavy lifting of our transformation is behind us, and we are entering the next phase of our growth story with confidence, momentum, and a clear line of sight to sustained profitability.

To our employees—our pilots, technicians, dispatchers, and every member of our administrative and customer-facing teams, member services, sales and finance—thank you for the professionalism and dedication that make these results possible. To our shareholders and partners, we appreciate your confidence and your continued support as we move into what I believe will be the strongest period in our company's history. With that, let me turn the call over to Brad for his comments.

Brad Garner, Chief Financial Officer

Thank you. I'll begin by echoing Jim's sentiment that this quarter marked another important step in our continued transformation as a business. From top-line growth, operational discipline, and marked bottom-line improvement, third quarter illustrated what we believe to be a sustainable and accelerating path toward profitability and scale.

We have driven value through growth in members, hours flown and average rates. We have driven operating leverage through increased efficiency and utilization of our fleet. We are seeing accelerating momentum in our club and fractional programs, which drives retail sale gains as well as higher quality and more durable earnings. And lastly, as mentioned, we have driven margin expansion through the significant reduction in our corporate cost base. Best of all, we aren't done and the initiatives that are producing results are part of a strategy that will extend well beyond next year.

With that, let me begin my review of the summary financials for the 3rd quarter. Revenue for the third quarter totaled of \$92.1 million, which is a 20% increase over the Q3 2024. Year-to-date revenue expanded 15% to \$271.6 million compared to the same period last year. Impressively, and largely as a result of our fleet modernization initiative, we accomplished this growth with a fleet that is 20% smaller than it was a year ago. This is proof that the quality of our fleet and the leverage in our model are both improving and real.

Similar to the earlier quarters this year, our revenue growth continues to diversify. Our flight revenue in the 3rd quarter grew 17% year-over-year. That's largely a function of stronger aircraft performance, higher utilization, and our continued pivot to more productive aircraft types. Dispatch availability improved by roughly 650 basis points year-over-year, and our aircraft are simply flying more, and more profitably, than they did a year ago. Again, on a fleet that is 20% smaller, all facets of our business executed at an institutional level to drive that 17% growth in our flight revenue.

Importantly, the composition of our flight revenue continues to evolve and improve. We've been intentional about shifting toward more contractually committed demand and recurring revenue streams - Jet Club, fractional ownership, and partner programs - and those now account for approximately 45% of total flight revenue. That's up from a little over 40% in the prior year, and we expect that mix to continue to trend higher as these programs scale. This shift gives us more predictability, more pricing power, and a more stable margin profile.

Even though our flight revenue mix has intentionally shifted, our wholesale business continues to grow at double digit pace. Wholesale flight revenue totaled \$47.5 million in Q3 2025, a 15% growth compared to Q3 2024. Year to date, wholesale revenue grew 4% to over \$134 million compared to the same nine-month period of 2024. Our wholesale business continues to be both a growth area and foundational for maximizing the capacity utilization of our fleet.

Looking at the details of our flight operations, growth was underpinned by a 51% increase in retail members as we ended the quarter with more than 1,160 members driven by strong demand for our Jet Club and Fractional program offerings that provide access to the higher-performance aircraft in our fleet, like the Challenger 350. Retail sales in the Jet Club program exceeded \$31 million during the third quarter, up roughly 4% year-over-year.

As Jim noted, fractional demand, in particular, has been a growing bright spot this year. This demand drove retail fractional sales to \$13 million during the quarter, up 91% compared to Q3 2024. Momentum has accelerated with a higher performing and more reliable fleet and the reinstatement of 100% bonus depreciation, which has reignited interest in tax-advantaged ownership. This momentum, coupled with increasing interest in our Jet Club program, gives us confidence that our significant growth will continue to accelerate as we enter the historically busiest quarter of the year.

The increase in flight revenue and retail sales was compounded by 103% growth in our expanding MRO business, demonstrating its strategic value. External MRO revenue reached \$3.1 million in Q3 2025, more than double the level from a year ago. In the first 9 months of the year, our MRO business generated \$7.7 million in revenue, surpassing 2024's full year revenue. Beyond the growth prospects of our External MRO business, MRO remains an integral part of our vertical integration strategy - keeping our aircraft flying, our dispatch availability high, and our cost structure controlled. We believe our ability to operate this capability in-house sets us apart, especially as we expand our fleet.

In summary, when looking at the drivers and breadth of our growth, despite a smaller fleet, we are very encouraged by what we've accomplished this year and the operational momentum we have carrying us into Q4 and 2026.

Turning to profitability, we delivered meaningful margin expansion across the board. Gross margin increased 46% compared to Q3 2024. Year-to-date, our gross margin has expanded by 82%, ending the third quarter at 14%. As we continue to optimize our fleet, we believe there is additional room to drive operating leverage and further expand margins into 2026.

Third quarter marked our continued sequential improvement to adjusted EBITDA. The adjusted EBITDA loss for Q3 2025 was just \$1.9 million compared to a \$13 million loss in Q3 of last year, evidencing continued progress toward our expectation of generating positive adjusted EBITDA in the near term. Q3's near break-even adjusted EBITDA represented a nearly 1,500 basis point improvement in EBITDA margin year-over-year.

The near doubling of our profitability over the past year is again attributable to the increasing leverage provided by our revamped fleet. Year-to-date, we have seen a progressive increase in dispatch availability, which has now improved by 500 basis points compared to the average dispatch availability for the same nine-month period last year. This is again how we were able to fly over 54,000 hours year to date, which is 11% higher than last year, on a revenue generating fleet that is about 20% smaller. And as we've said since the inception of the company, we are doing it the flyExclusive way, which is to maintain discipline on members per aircraft, which now stands at 13.4. We continue to lead the industry in this metric, where other providers often stretch their fleets and sacrifice service with member to aircraft ratios in the 20-30+ range.

Total SG&A as a % of revenue declined nearly 500 basis points year-over-year to \$19.5 million. That improvement came from a combination of headcount leverage, reduced reliance on third-party contractors, and tighter control over discretionary spend. Revenue per SG&A employee exceeded \$470,000 for the quarter, a nearly 20% year-over-year improvement. We believe that as top line continues to grow, we will see continued improved leverage of the Company's SG&A cost base.

As Jim noted, we've continued our deliberate effort to modernize and streamline the fleet. We exited Q3 with 11 non-performing aircraft, down from 37 in 2024. We maintain our

expectation that we will finish the year with mid-to-high single digit non-performing aircraft in the fleet. The elimination of these non-performing aircraft has resulted in more than \$2 million per month operating improvement. Against this, we have added 5 Challenger aircraft in the past 12 months, finishing the quarter with 6 Challengers on certificate. These aircraft, as Jim highlighted, each contribute between \$8 and \$10 million in annual revenue, with far superior margins relative to the older airframes we've retired. We are excited to operate a much different fleet in 2026 than we have had over the past few years and see the impact of that to not only our bottom line but our ability to continue to provide a premium experience for our customers.

Lastly, I'll conclude with several key updates on flyExclusive's ongoing effort to improve our liquidity and balance sheet flexibility.

As we have highlighted in prior quarters, we have a merger agreement with Jet.AI that will not only provide operational synergies with the acquisition of their aviation operations but will provide capital for growth and de-levering of our balance sheet. We have extended the outside date for completion of the merger agreement in part as a result of the ongoing federal government shutdown. The federal government shutdown has also delayed finalizing our at-the-market sales facility which we anticipate utilizing to access the capital markets to strengthen our balance sheet.

Effective October 1, 2025, we announced an amendment to the Aircraft Management Services Agreement with Volato where we will acquire Volato's aircraft sales division for \$2.1 million in stock. That division is expected to generate \$6-8 million in profit in fourth quarter 2025. The agreement also grants flyExclusive the right to acquire additional high-growth technology platforms, including Vaunt, a luxury experiential travel app providing access to private jet empty legs, and Mission Control, a cutting-edge flight management private aviation operation software for an additional \$2 million in stock. We believe that this transaction is another strategic lever to not only provide liquidity but broaden our vertical integration strategy while generating an attractive multiple on our invested capital.

As we close the quarter and look forward to continued growth in Q4, I want to underscore the transformation that has been accomplished over the past year. We've modernized our fleet, streamlined our operations, and re-engineered our revenue mix - all while maintaining our commitment to safety, service, and operational excellence. This is no longer a company in transition. We are a company in control. The momentum we've built is not fleeting - it is the result of deliberate, disciplined execution at every level of our organization. Our team is sharper, our platform is stronger, and our strategy is working. While there is still more work ahead, we are no longer laying the foundation - we are building on it. And what we are building is a more durable, profitable, and category-defining company.

Thank you all again and I'll now turn the call back to the operator.