

flyExclusive, Inc.
First Quarter 2026 Earnings Call
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Presenters

Chris Neale, Marketing

Jim Segrave, Founder and CEO

Brad Garner, CFO

Operator

Greetings and welcome to flyExclusive, Inc.'s First Quarter 2026 Earnings Call. At this time, all participants are in a listen only mode. If anyone should require operator assistance during the conference, please press star zero on your telephone keypad. Please note that this conference is being recorded. I will now turn the call over to Chris Neale with Marketing. Thank you, Chris. You may begin.

Chris Neale

Thank you, operator. Good evening and thank you for joining flyExclusive's First Quarter 2026 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 first quarter financial results this afternoon after market close along with the filing of our Form 10-Q for three months ended March 31, 2026. 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-K 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 from any number of reasons including risk factors described in our annual report on Form 10-K and our quarterly reports from Form 10-Q and in the press release covering forward-looking statements. Rather than rereading this information, we are going to incorporate it by reference in our prepared remarks. And with that, let me turn the call over to Jim.

Jim Segrave

Thank you, Chris, and thank you to everyone joining us this afternoon.

The first quarter of 2026 was another important proof-of-concept's point for flyExclusive. For the better part of two years, I have told the market that we were in the middle of a structural transformation and that, when the transformation was complete, the financial results would reflect it. The first quarter continues to validate that thesis.

We generated approximately \$96 million in total revenue during the quarter, representing year-over-year growth of approximately 9%, and we delivered positive adjusted EBITDA for the first time in the first quarter of the year. That result was not accidental, and it was not a

function of favorable seasonality. In fact, it was in spite of seasonality as the first quarter is historically the industry's most challenging. The company, like the entire aviation industry, was also negatively impacted by multiple major winter weather systems that shut down most of the East Coast for several days each. In the face of this, the company still improved year-over-year EBITDA by \$6.6 million, representing an over 100% increase compared to 1Q '25. Our performance exceeded even our own internal forecast as well as analysts' forecast. This was the result of a more efficient fleet, disciplined operations, and an increasingly high-quality revenue base.

Long-term debt was reduced another \$10 million in the first quarter, adding to the \$86 million total reduction in 2025. The company now operates approximately \$522 million of aircraft overall but has reduced the directly owned portion down to \$145 million. This in part represents our shift to the much more capital-efficient fractionally owned aircraft business. Debt on the directly owned fleet is approximately \$112 million, resulting in roughly \$33 million of equity in these aircraft.

Let me spend a few minutes on what I believe are the most important themes from the quarter.

First, the fleet transformation is essentially complete, and the impact on operating performance is unmistakable. At the beginning of 2024, we had 37 nonperforming aircraft, generating operating losses in excess of \$3 million per month across the system. As of the end of the first quarter, we reduced that count to just six aircraft, and the aggregate operating loss from those remaining aircraft was less than \$250,000 per month. That is a reduction of more than 90% in the financial drag associated with legacy aircraft, and this has been one of the single most consequential operational and financial improvements we have made as a company. By the end of the second quarter, we expect to eliminate three more of these aircraft, cutting the monthly loss to under \$100,000. The aircraft we have added to replace those legacy units, primarily Challenger 350, CJ3s, and XLS aircraft, are performing exceptionally well. They fly more reliably and cause less schedule disruptions. They require less unscheduled maintenance, customers much prefer them, and they generate meaningfully better economics per flight hour than the aircraft they replaced. The quality of our fleet today is categorically positively different from where we were 18 months ago, and that difference is increasingly evident in our financial results. For some additional context, the unencumbered contribution numbers on average are 27% for every CJ3 and XLS+ we add to the operation and 39% for every challenger. We have now proven our transformation plan will deliver the financial performance we forecasted.

Second, dispatch availability continues to improve, and I want to be clear again about why this matters. Dispatch availability improved approximately 7.6% year-over-year. At our current fleet scale, every 1 percentage point improvement in dispatch availability translates to approximately \$2.5 million of annual bottom line contribution. The 7.6% improvement we delivered in the first quarter represents the equivalent of roughly \$19 million of annualized EBITDA opportunity relative to where we were a year ago, and we are expecting to deliver

much more than this in 2026. The work we have done on fleet modernization, vertically integrated maintenance, and mobile service unit expansion is directly responsible for this improvement. Speaking of the mobile service units, we intend to over double this fleet to 30 units over the next 12 months. We expect this to reduce our maintenance costs and further increase our dispatch availability, and we also plan to make the MSUs available to third-party customers, which will generate a new profitable revenue stream for us.

Third, our contracted and recurring revenue programs continue to strengthen. Approximately half of our revenue in the first quarter was derived from contractually committed demand, Fractional, Jet Club, and partner programs. This is strategically significant for several reasons. It improves revenue predictability, it enhances our ability to plan fleet deployment and improves maintenance scheduling, it supports pricing discipline, and it keeps the kind of long-term customer relationships that are difficult for customers to replicate. Members contributing to revenue in the first quarter exceeded 1,000 members, marking our eighth consecutive quarter of membership growth. That consistency is meaningful. It tells us the product is working, that customer satisfaction is high, and that word-of-mouth and retention dynamics within the program are working as we would expect for a premium aviation brand. Fractional sales, a segment we have been actively investing in, were particularly encouraging during the quarter. Retail fractional share sales increased approximately 47% year-over-year with fractional revenue growing approximately 5% on a GAAP basis. The reinstatement of 100% bonus depreciation has materially accelerated customer interest in fractional ownership, and the pipeline we are seeing for the balance of the year in part reflects that dynamic. The Challenger 350 platform in particular continues to be a standout performer for the Fractional and Club programs. Customer retention on this aircraft type is exceptional. Stage lengths are longer, average revenue per trip is higher, and the profile of customers engaging with the platform is exactly what we want, high value, long tenure, and deeply engaged with our service ecosystem.

Fourth, our MRO business continues to gain momentum. External MRO revenue increased approximately 14% year-over-year, driven by expanding demand for our product avionics Interiors and Starlink installation capabilities. We recently became a Starlink Authorized Dealership, which we believe positions us well to capture a growing revenue stream as connectivity upgrades become a standard expectation among high-net-worth aviation customers. Our vertically integrated maintenance platform is a primary differentiator of our operating model, and we believe the external MRO business has a long runway for growth. Few operators in the private aviation space have the in-house capability, physical infrastructure, and licensing to serve the range of maintenance, Avionics, and completion needs that we can address. As external demand continues to scale, this business will increasingly contribute to both revenue and margin while continuing to serve our in-house needs.

Fifth, I want to address the macroeconomic backdrop directly because I know this is a topic of investor focus. The current global environment is, frankly, complex. Fuel costs have moved significantly higher. Broader market volatility has increased. Geopolitical uncertainty, including developments in the Middle East, have created incremental caution in certain aspects of the

economy. We have not, however, seen any demand disruption within our customer base. In fact, our revenue and flight hours for the second quarter will significantly exceed first quarter results. We are halfway through the quarter and expect to deliver around 15% top line growth quarter-to-quarter.

There are a few reasons for that. First, within our contracted programs, fuel costs are passed through to customers either directly or through defined surcharge mechanisms. We are not absorbing fuel price increases as a margin headwind within the Fractional and Jet Club programs. Second, the customers we serve are among the most economically resilient in the world. Our Fractional and Club members are typically ultra-high net worth individuals and corporate accounts for whom private aviation represents a productivity tool and a lifestyle priority, not a discretionary expenditure that gets scrutinized in periods of market softness. The data we have seen through April continues to support this view. Booking activity, utilization trends, and member engagement have all remained healthy. That said, we remain clear-eyed about the external environment. We are not dismissing broader macro risk, and we continue to manage the business conservatively. But based on everything we can see today we do not believe the current environment represents a material headwind to our near-term financial performance.

Sixth and finally, let me say a few words about where we are going. The transformation phase of this company is largely behind us. We are now in the execution phase, and that is an entirely different and more straightforward operating mode. Our job now is to continue improving utilization, continue growing the Fractional and Jet Club programs, continue expanding the MRO, and continue translating operational improvement into financial results. We are adding aircraft thoughtfully and expect approximately 20 aircraft will join the fleet in 2026, consisting primarily of CJ3s, XLS+s, and Challengers. Each aircraft we add has been underwritten at attractive economics, and each aircraft has the benefit of being added to a platform that is already operating efficiently rather than one that is still working through structural transformation.

We expect to close the Jet.AI transaction next month, which also includes deposits on three CJ3+ positions with Textron delivering in early in 2027. The second tranche of the Volato transaction closed in the first quarter, which brought the Mission Control scheduling and optimization platform, being rebranded as Contrails into our ecosystem. The Contrails platform, in particular, has the potential to be a meaningful operational differentiator, allowing us to optimize scheduling, improve trip fulfillment rates, and provide network sharing infrastructure for third-party operators. We receive over 500 trip requests per day, and our ability to fulfill a greater share of those requests is directly tied to our scheduling efficiency and network. We expect to close the final part of Volato transaction, the Vaunt empty leg subscription business, over the next quarter.

I want to close my remarks by thanking our team, our pilots, maintenance technicians, dispatchers, member service professionals, sales organization, and all of our administrative and

support personnel. You are the reason these results are possible. This is a complex operational business, and the level of execution this team has demonstrated over the last two years is something of which I am genuinely proud of. To our shareholders and customers, thank you for your continued confidence in flyExclusive. With that, I'll turn the call over to Brad.

Brad Garner

Thank you, Jim, and good evening, everyone.

Our fleet modernization initiative, improved dispatch availability, higher aircraft utilization, disciplined cost management, and the continued growth of our contracted revenue programs all contributed meaningfully to the quarter. And similar to what we discussed throughout 2025, we believe the key takeaway from this quarter is not simply the growth itself. It's the quality and the efficiency of that growth.

We continue to generate more revenue, more flight activity, and significantly more profitability from a smaller, more efficient, and higher-performing fleet. That operational leverage is becoming increasingly visible in our financial results.

FlyExclusive generated approximately 96.3 million in consolidated revenue during the first quarter of 2026, representing a year-over-year growth of approximately 9% compared to the first quarter of 2025. Revenue growth remained diversified across the business. Flight revenue, which represents the core of our business, increased approximately 9% year-over-year to 92.5 million supported by stronger utilization, improved aircraft availability, healthier fleet mix, and continued strong demand across both retail and wholesale channels.

Importantly, this growth was achieved while continuing to operate a smaller fleet than a year ago as we completed the vast majority of our fleet modernization initiative. Flight hours for the first quarter were up 7% compared to Q1 of 2025, totaling 18,537 hours. As a reference point, while Q1 is historically the slowest quarter of the year, this represents the third largest volume quarter in company history. That speaks directly to the productivity improvements we've achieved across the fleet.

Our utilization measured on our core operating fleet of CJ3s, XLSs, and Challengers averaged 75 hours per aircraft per month in the first quarter, up about 15% from 65 hours in Q1 of 2025. We believe there remains additional runway to realize further increased utilization as we continue to layer in newer, more capable aircraft, expand dispatch availability, and integrate and leverage the rebranded Contrails software platform we acquired in the Volato AMS agreement.

On revenue mix, approximately half of our revenue base is now derived from contractually committed programs, including Fractional, Jet Club, and partnership relationships. This mix continues to shift favorably, and we view that trajectory strategically and financially important. Contractually committed revenue improves yield visibility, enhances our ability to preposition maintenance resources, and supports pricing variability relative to spot market dynamics.

Within our wholesale business, revenue grew to approximately 50.9 million in the quarter, an increase of 24% year-over-year. Wholesale continues to serve as a critical utilization maximizer for the fleet. We manage this channel actively to ensure we're balancing the margin optimization against fleet productivity, and we continue to believe the wholesale channel is both structurally important and financially complementary to our retail programs, especially as we transition in 2026 into a fleet growth mode with younger, more efficient aircraft.

GAAP Fractional revenue increased approximately 5% year-over-year. However, as we've noted previously, the GAAP recognition of Fractional revenue does not always capture the full activity picture in a given quarter. On a retail sales basis, which includes Fractional shares sold and flight funds deployed, total Fractional retail activity increased approximately 27% year-over-year with Fractional shares sold in the quarter up 47% from Q1 of 2025. Total Fractional retail sales reached approximately 14 million in the quarter. The demand pipeline for Fractional remains strong, particularly on the Challenger platform, and we believe full year Fractional activity will continue to outperform 2025 levels.

Jet Club sales totaled approximately 25.8 million in Q1 with renewal activity of 16.6 million and new member sales of over 9 million. Member retention remains healthy, and new member acquisition trends are consistent with the prior several quarters. As Jim mentioned, total members contributing to revenue in the quarter reached over 1,000 members, marking the eighth consecutive quarter of member growth.

Lastly, during the quarter, our MRO reported external revenue of approximately \$2 million, representing a year-over-year growth of approximately 14%. As Jim noted, the Starlink installation program and expanded external demand across our paint, avionics, and interior capabilities are driving incremental growth. We continue to view the external MRO business as a high-margin, capital-light incremental revenue stream, and we expect full year external MRO revenue to continue to compound meaningfully.

Turning to profitability. Contribution margin in the quarter was approximately 50.5% compared to 46.9% in Q1 of 2025, a roughly 360 basis point improvement year-over-year. The increase in contribution margin reflects not only better gross economics per flight but also the favorable shift in revenue mix towards higher yield contraction demand.

Gross profit increased approximately 69% year-over-year to \$19.1 million during the quarter. Gross margin for the quarter was 20%, an expansion of roughly 700 basis points compared to the first quarter of 2025.

The expansion in gross margin reflects the compounding benefit of several structural improvements. First, the continued reduction in nonperforming aircraft drag. As Jim mentioned, the operating loss from those aircraft declined from a peak of over \$3 million per month to under \$250,000 by the end of Q1 of 2026. That improvement flows directly through

the gross margin line. Second, the improved fleet mix. Newer aircraft carry lower unscheduled maintenance costs and higher dispatch availability, both of which reduced the cost of generating a given unit of flight revenue. Third, utilization improvement. With 75 hours per aircraft per month on the core fleet versus 65 a year ago, we're spreading fixed operating costs over a larger revenue base, generating meaningful incremental margin from the same cost structure. And fourth, the ongoing benefit of our vertically integrated MRO capability, which continues to reduce reliance on third-party maintenance providers, lowering our costs and accelerating our return to service of aircraft.

As we've highlighted historically, dispatch availability is a key performance indicator of our operational efficiency. In Q1 of 2026, dispatch availability increased approximately 760 basis points compared to the prior year as the benefits from the removal of the nonperforming aircraft and the addition of newer challenger CJ3 and XLS aircraft continue transforming our fleet. The impact of that improvement cannot be understated. Each 1% improvement in VA at our current fleet size represents annual improvement in contribution of \$2.5 million.

As we've consistently emphasized, our ability to produce higher utilization, stronger dispatch availability, and greater revenue productivity per aircraft is where the operating leverage in this model becomes increasingly powerful. Importantly, these improvements were not driven by a single event or temporary benefit. Rather, they are the direct result of the strategic initiatives we have been executing over the last two years, modernizing the fleet, eliminating operational inefficiencies, leveraging our integrated platform, improving scheduling and maintenance execution, and building a more scalable infrastructure. We continue to believe there remains additional runway for operational leverage and margin expansion as utilization continues to improve and the remaining legacy drag is fully eliminated.

As for SG&A, SG&A expense for the quarter was approximately \$22.7 million, representing 24% of revenue. On an absolute basis, SG&A increased modestly year-over-year, primarily reflecting some seasonal timing and onetime non-cash costs. Revenue per SG&A headcount in the quarter was approximately 481,000, up 9% year-over-year.

We continue to view SG&A leverage as an important component of our path to sustain profitability. As revenue scales supported by additional aircraft, growing membership, and an expanding MRO, we expect the fixed cost component of SG&A to generate increasing operating leverage throughout 2026.

flyExclusive reported positive adjusted EBITDA of approximately \$200,000 in the first quarter. This compares to an adjusted EBITDA loss of approximately \$6.4 million in Q1 of 2025, an improvement of \$6.6 million on an absolute basis year-over-year. Adjusted EBITDA margin for the quarter was approximately 0.2% compared to negative 7.2% in Q1 of 2025, a year-over-year improvement of 740 basis points.

As we've highlighted, the first quarter is historically the slowest period of the calendar year for private aviation as leisure demand moderates post holidays and corporate activity is slower in January and February. Our first quarter's results further validate the trajectory and scalability we've outlined throughout 2025. Over the last eight quarters, we have consistently improved profitability through revenue mix improvement, fleet optimization, operational execution, and disciplined cost management.

Turning to our balance sheet and liquidity position.

We ended the first quarter of 2026 with cash and cash equivalents of approximately \$18.7 million. We expect cash to build through the stronger seasonal quarters and as we complete the Jet.AI acquisition in Q2 following the S-4 registration statement being declared effective by the SEC just a few weeks ago.

We continue the progress we achieved in 2025 during the first quarter of deleveraging our balance sheet. We reduced our long-term notes payable by approximately \$10 million during Q1 of 2026. Since the beginning of 2025, we've reduced our long-term notes payable by roughly 40%. This consistent deleveraging reflects both our operational cash generation progress and our disciplined approach to capital allocation. We continue to prioritize balance sheet health alongside fleet investment, and we believe our trajectory on debt reduction is meaningful to the company's longer-term equity story.

On our ATM facility, we have currently approximately \$98 million of availability remaining under our equity offering program. We view the ATM as a strategic tool that provides optionality and flexibility rather than as a primary source of capital. We have not been aggressive in deploying it, and we intend to continue using it judiciously, specifically to support accretive fleet additions, renew debt where appropriate, and enhance liquidity if and when the risk-adjusted returns on doing so is favorable.

Let me also offer a few comments on cost trends that I think are important as we continue to gain scale and operational efficiencies in our platform.

Fuel costs have increased year-over-year, largely in response to global geopolitical factors. Within our contracted programs, fuel increases are passed through to customers through defined surcharge mechanisms, so the net margin impact within fractional and Jet Club is marginal and manageable. Within our wholesale channel, fuel represents a more direct cost input, and we manage our pricing in that channel to reflect current fuel economics in a real-time manner. We do not, however, use fuel as a profit center, and we don't attempt to expand margin through fuel surcharges beyond cost recovery.

Aircraft maintenance cost per flight hour have continued to trend favorably as the fleet mix improves. Newer aircraft on average carry meaningfully lower unscheduled maintenance cost profiles than the legacy aircraft they're replacing. Our MRO vertical integration continues to

provide cost insulation relative to operators who rely entirely on third-party maintenance providers, particularly in a market where MRO capacity is constrained.

Looking ahead, we remain highly encouraged by the operational trends and financial trajectory of the business entering the historically stronger quarters of the year. As such, I want to provide some directional commentary.

We're not providing formal full year guidance, and I want to be clear about why. Visibility in our business, while improving as our contractually committed revenue mix grows, still has inherent limitations driven by seasonality, macroeconomic dynamics, and the timing of aircraft additions and transitions. Given those constraints, we believe it would not be appropriate to provide specific financial targets at this time. With that said, I do want to provide a few observations.

Every quarter of 2026 is expected to outperform the corresponding quarter of 2025 on revenue, adjusted EBITDA, and flight hours. That expectation is grounded in the structural improvements we've already delivered, a more efficient fleet, higher dispatch availability, and stronger utilization per aircraft. The seasonal pattern should produce progressively stronger results relative to Q1, consistent with historical seasonality for the industry and for our business specifically.

The combination of a modernized fleet, improving dispatch availability, growing contractually committed demand, increasing utilization, continued SG&A leverage, and the scalability of our vertically integrated operating platform positions us well for continued improvement moving forward. With the first quarter demonstrating that the transformation phase of the business is largely behind us, we're intensely focused on scaling a structurally improved platform. We're operating from a position of significantly greater strength than at any point since becoming a public company. The operating model is more efficient. The fleet is materially stronger. The margins are growing. The quality and predictability of our revenue base continues to strengthen, and the liquidity flexibility is improving. Most importantly, first quarter's financial results are increasingly validating the long-term scalability and earnings power of our platform.

As we continue through 2026, our focus remains consistent, disciplined execution, cost management, profitable growth, continued operational improvement, and sustained margin expansion. We believe the trajectory of the business continues to move decisively in the right direction, and we remain confident in our ability to continue to scale the platform while driving towards sustained profitability and longer-term shareholder value creation.

Lastly, I'll echo Jim and thank our entire team across the organization. From our pilots to our dispatchers, our technicians and maintenance controllers, to our member services team, and to all of our operational and administrative employees, thank you for your hard work, your dedication, your commitment to our customers and our shareholders. The transformation and progress we're delivering would not be possible without the collective execution of the entire organization.

For our shareholders and analysts, thank you for your time and continued engagement in our story. We remain deeply focused on converting operational progress into sustainable financial performance, and we believe the trajectory of this business continues to move in the right direction. With that, I'll turn the call back to the operator.

Operator

Thank you. And with that, ladies and gentlemen, this does conclude today's teleconference. We thank you for your participation. You may disconnect your lines at this time and have a wonderful rest of your day.