

Global Crossing Airlines Group Inc.

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Distributed on behalf of Global Crossing Airlines Group Inc.

All figures in US\$, unless otherwise noted

Global Crossing Airlines Group Inc.

Ticker	JET-CAN	JETMF
Price	C\$1.22	\$0.90
52 Week L/H	C\$0.68-C\$2.13	\$0.52-\$1.63
Basic Shares (MM)		57.3
Diluted (in the money) Shares (MM)		62.6
Fully Diluted Shares (MM)		84.9
Diluted Market Capitalization (\$MM)	\$	56.3
Net Debt (\$MM)	\$	37.9
Diluted Enterprise Value (\$MM)	\$	90.5
Diluted EV Including Operating Leases (\$MM)	\$	145.0

FORECASTS

Base	2022A	2023F	2024F
Block Hours	10,561	16,833	27,989
Revenue (\$MM)	\$ 97	\$ 147	\$ 257
Expenses (\$MM)	\$ (108)	\$ (158)	\$ (239)
Op Income (\$MM)	\$ (11)	\$ (11)	\$ 18
Net Income (\$MM)	\$ (16)	\$ (14)	\$ 11
EBITDA (\$MM)	\$ (11)	\$ (9)	\$ 22
EBITDAR (\$MM)	\$ 5	\$ 17	\$ 63

Upside	2022A	2023F	2024F
Block Hours	10,561	18,526	41,900
Revenue (\$MM)	\$ 97	\$ 164	\$ 391
Expenses (\$MM)	\$ (108)	\$ (175)	\$ (341)
Op Income (\$MM)	\$ (11)	\$ (11)	\$ 50
Net Income (\$MM)	\$ (16)	\$ (13)	\$ 33
EBITDA (\$MM)	\$ (11)	\$ (9)	\$ 55
EBITDAR (\$MM)	\$ 5	\$ 23	\$ 118

VALUATION

EV/EBITDAR	2023F	2024F
Base	8.5x	2.3x
Upside	6.3x	1.2x
Peers	6.2x	5.5x

Source: Company Filings, FactSet, Bancroft Capital Corp.



Source: FactSet

Company Description:

Global Crossing Airlines Group, Inc. operates a US Part 121 domestic flag and supplemental airline using the Airbus A320 family of aircraft. GlobalX flies as a passenger ACMI and charter airline serving the US, Caribbean, European and Latin American markets. GlobalX is also now operating ACMI cargo service flying the A321 freighter. The company was founded by Edward J. Wegel, a seasoned airline executive with 35 years of broad experience in financing, operations and distribution and is headquartered in Miami, FL.

Soft Q2 Offset by Strong July and \$35MM Deal

Relative to our Q2/23 estimates Global Crossing Airlines Group Inc. (GlobalX) reported:

- ▶ 3,585 operated block hours which was in-line with our estimate of 3,602.
- ▶ Revenues of \$31.5MM which were 9% lower than our \$34.4MM estimate.
- ▶ Expenses of (\$38.3MM) which were 4% lower than our (\$39.7MM) estimate.
- ▶ Net Income of (\$7.5MM) which was 21% lower than our (\$5.9MM) estimate.
- ▶ EBITDA of (\$6.3MM) vs. our estimate for (\$4.9MM).
- ▶ EBITDAR of \$0.5MM vs. our estimate for \$1.6MM.
- ▶ After discussions with management, we believe the main factors causing differences were 1) a slower than anticipated buildup of the cargo business due to the late delivery of N411GX (N1438), 2) flight time lost to maintenance delays 3) the pace of pilot hiring and 4) the mix of ACMI and full charter revenues.
- ▶ Despite the financial miss relative to our estimates we were pleased to see block hours, utilizations and the pilot pool continuing to increase.

Three significant events occurred subsequent to Q2:

- ▶ 11 aircraft have been actively generating revenue throughout July and August.
- ▶ July block hours were 2,538 - 76% above the previous high (June). This translates to a utilization rate of 7.8 BH/plane/day for 10.5 active aircraft and is 39% above the previous high of 5.6 BH/plane/day for the 7.8 active aircraft in March.
- ▶ Management closed a \$35MM debt financing on August 2. We identified access to capital and potential for share dilution as a material risk for GlobalX. We believe that this financing will provide ample working capital for management to execute its growth plan and could be paid back in full by Q4/25 using our base case forecasts and Q1/25 using our upside case forecasts. On top of the financial flexibility that the financing provides, we had assumed a \$15MM equity financing @ \$1/sh and another \$20MM equity financing @ \$2.50/sh. Even after including the 10MM warrants granted with the financing, 13MM fewer shares will be issued than we had assumed and our \$2.50/sh assumption currently looks aggressive.

We have updated our model based on events to date:

- ▶ Management increased its 2023 revenue forecast by 7% to >\$150MM with the inclusion of addition aircraft and stated that Q3 block hours will exceed 6,000. We still present base case (9 PAX & 2 cargo at YE23, 12 PAX & 6 cargo at YE24) and upside case (12 PAX & 6 cargo at YE23, 18 PAX & 12 cargo at YE24) forecasts.
- ▶ We updated our forecasts to include 30%/70% ACMI/Charter revenues in Q1, Q2 and Q4 and 70%/30% ACMI/Charter revenues in Q3 and also gradually increased our PAX utilizations from 3.8 BH/plane/day in Q2/23 to 4.9 BH/plane/day in Q4/25.
- ▶ Using the peer average 2024 EV/EBITDAR multiple of 5.5x and our updated EBITDAR estimates to determine a reasonable trading range for GlobalX results in a range of C\$3.23/sh to C\$7.45/sh for the base and upside case respectively (\$2.38/sh to \$5.49/sh). We believe the share price should trend towards the midpoint of the range as management continues to execute its growth strategy.

Q2 Results

GlobalX reported Q2/23 results on August 9 with a follow up [call](#) later that day. Actual results vs. our estimates are summarized in Figure 1.

Figure 1: Q2/23 Estimates vs Actuals

	Estimate	Actual	Change
Quarter/Year	2Q23	2Q23	
Quarter End Date	30-Jun-23	30-Jun-23	
Days in Quarter/Year	91	91	%
Estimates or Actual (E/A)	E	A	
Estimated Passenger BH	2,858	2,823	-1%
Estimated Cargo BH	744	669	-11%
Total Estimated BH	3,602	3,492	-3%
Passenger Airplanes	8.7	8.5	-3%
Cargo Airplanes	1.7	1.1	-53%
Actual Block Hours Operated	3,602	3,585	0%
Actual Block Hours Sold	n/a	n/a	n/a
Passenger Block Hours/Plane/Day	3.61	3.66	1%
Cargo Block Hours/Plane/Day	4.81	6.63	27%
Revenue			
Operating Revenue	\$ 34,352	\$ 31,475	-9%
Expenses			
Salaries, Wages and Benefits	\$ (11,503)	\$ (12,140)	5%
Aircraft Fuel	\$ (8,137)	\$ (6,087)	-34%
Maintenance, materials and repairs	\$ (1,526)	\$ (1,767)	14%
Contracted ground and aviation services	\$ (4,747)	\$ (5,201)	9%
Depreciation	\$ (467)	\$ (443)	-5%
Travel, meals and entertainment	\$ (2,373)	\$ (1,347)	-76%
Insurance	\$ (1,476)	\$ (1,245)	-19%
Aircraft Rent	\$ (6,501)	\$ (6,830)	5%
Other	\$ (3,006)	\$ (3,191)	6%
Total Operating Expenses	\$ (39,736)	\$ (38,252)	-4%
Operating Income (Loss)	\$ (5,384)	\$ (6,776)	21%
Other Costs	\$ (542)	\$ (695)	22%
Net Income/(Loss) From Continuing Operations	\$ (5,925)	\$ (7,471)	21%
Income Tax	\$ -	\$ -	n/a
Net Income/(Loss)	\$ (5,925)	\$ (7,471)	21%
EBITDA	\$ (4,916)	\$ (6,333)	22%
EBITDAR	\$ 1,584	\$ 497	-219%

Source: Company Reports, Bancroft Capital

After discussing the results with management we believe that the main factors for the differences were 1) a slower than anticipated buildup of the cargo business due to the late delivery of N411GX (N1438), 2) flight time lost to maintenance delays 3) the pace of pilot hiring and 4) the mix of ACMI and full charter revenues.

Management reports Q2/23 adjusted EBITDA (adjusted for \$607M in share based compensation, \$4.2MM for pilot training in excess of current requirements) at (\$1.5MM) and adjusted EBITDAR (adjusted for \$6.8MM in aircraft rent) at \$5.3MM.

Figure 2: Q2/23 EBITDA/EBITDAR Reconciliation

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
EBITDAR Reconciliation				
Operating Loss	\$ (6,776,463)	\$ (6,531,240)	\$ (12,423,922)	\$ (11,294,527)
Depreciation and amortization	443,016	79,898	886,155	103,212
EBITDA	(6,333,447)	(6,451,342)	(11,537,767)	(11,191,315)
Share-based compensation	607,908	359,265	1,108,538	725,619
Aircraft Cargo Pilots Training and Excess Wages	4,200,000	2,080,800	5,635,433	3,664,114
A321F lease accounting adj	-	-	240,000	-
Adjusted EBITDA	(1,525,539)	(4,011,277)	(4,553,796)	(6,801,583)
Aircraft Rent	6,830,359	3,834,230	12,474,387	7,193,904
Adjusted EBITDAR	\$ 5,304,820	\$ (177,047)	\$ 7,920,592	\$ 392,322

Source: Company Reports

Management also adjusts Net Income (Loss) for \$607M in share based compensation, \$4.2MM for pilot training in excess of current requirements resulting in an adjusted net loss of (\$2.7MM).

Figure 3: Q2/23 Net Income (Loss) Reconciliation

	Three Months Ended June 30, 2023	Three Months Ended June 30, 2022	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
Reconciliation of Net Loss to Adjusted EPS				
Net Loss	\$ (7,471,022)	\$ (6,765,657)	\$ (13,542,728)	\$ (11,545,158)
Share-based compensation	607,908	359,265	1,108,538	725,619
Aircraft Cargo Pilots Training and Excess Wages	4,200,000	2,080,800	5,635,433	3,664,114
A321F lease accounting adj	-	-	240,000	-
Adjusted Net Loss	\$ (2,663,114)	\$ (4,325,592)	\$ (6,558,757)	\$ (7,155,426)
Weighted average number of shares outstanding	56,857,629	51,505,095	55,680,815	51,373,939
Adjusted EPS	\$ (0.05)	\$ (0.08)	\$ (0.12)	\$ (0.14)

Source: Company Reports

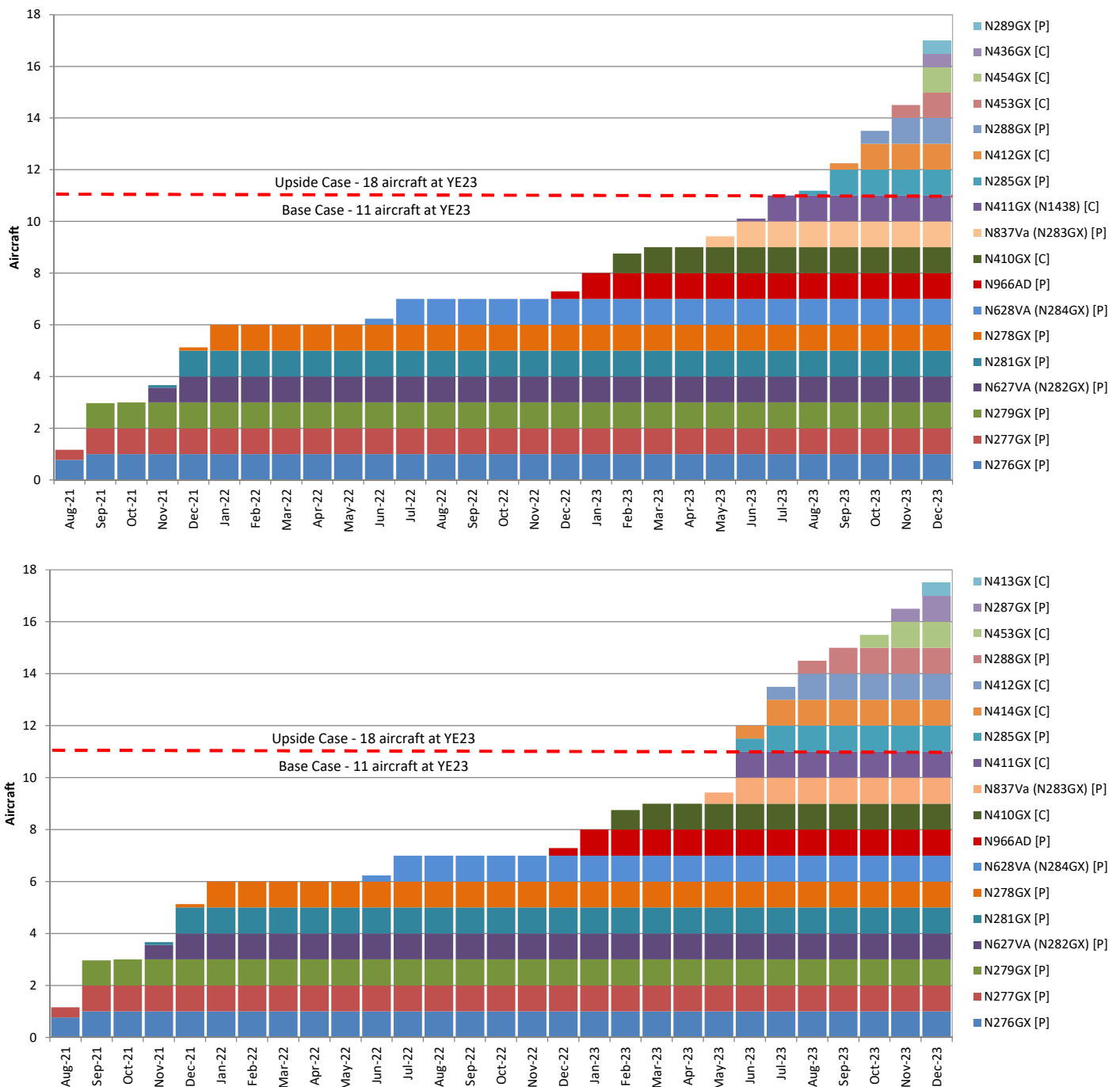
Going forward, Net Income, EBITDA and EBITDAR will continue to be adjusted for share-based compensation but adjustments for pilot training and excess wages should be reduced to nil over time.

Updated Forecasts

Management has increased its 2023 revenue forecast to >\$150MM (from >\$140MM) with the inclusion of addition of additional aircraft. We still present base case and an upside case forecasts:

- Base - 9 passenger (PAX) and two cargo planes at YE23 and 12 PAX and six cargo at YE24
- Upside - 12 PAX and six cargo planes at YE23 and 18 PAX and 12 cargo at YE24

Figure 4: New A/F Aircraft Delivery Schedule (top) vs Original A/F Aircraft Delivery Schedule (bottom)



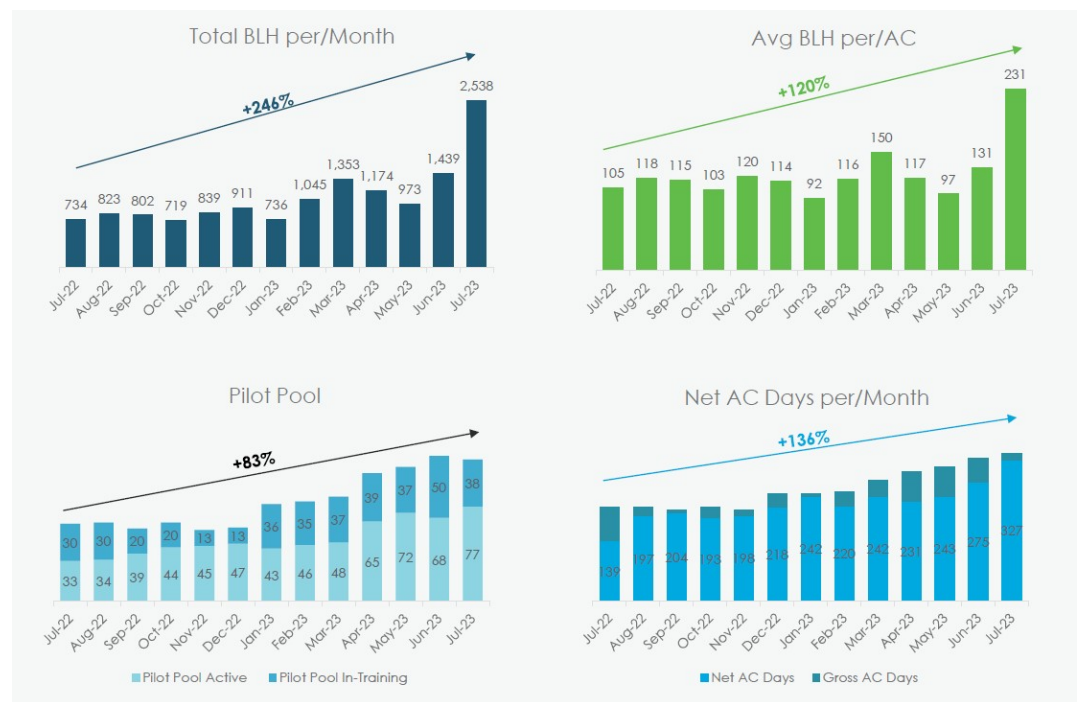
Source: Company Reports, Planespotters.net, Bancroft Capital Corp.

Although there have been additional delays to aircraft deliveries, the utilization rates in Q3/23 have far surpassed our original forecasts. For our base and upside cases we originally assumed:

- Passenger planes fly a maximum of 117 BH/month (3.8 BH/plane/day)
- N410GX (cargo) keeps its current contract to YE24 - 220 BH/month (8.5 BH/plane/day)
- Additional cargo planes fly a maximum of 140 BH/month (4.6 BH/day)

Actual July block hours per month in for the 11 aircraft fleet were 231 (Figure 5) which translates to 7.4 BH/plane/day for the fleet and 7.8 BH/plane/day for the 10.5 active aircraft (327 net AC days per month/31 days, Figure 5).

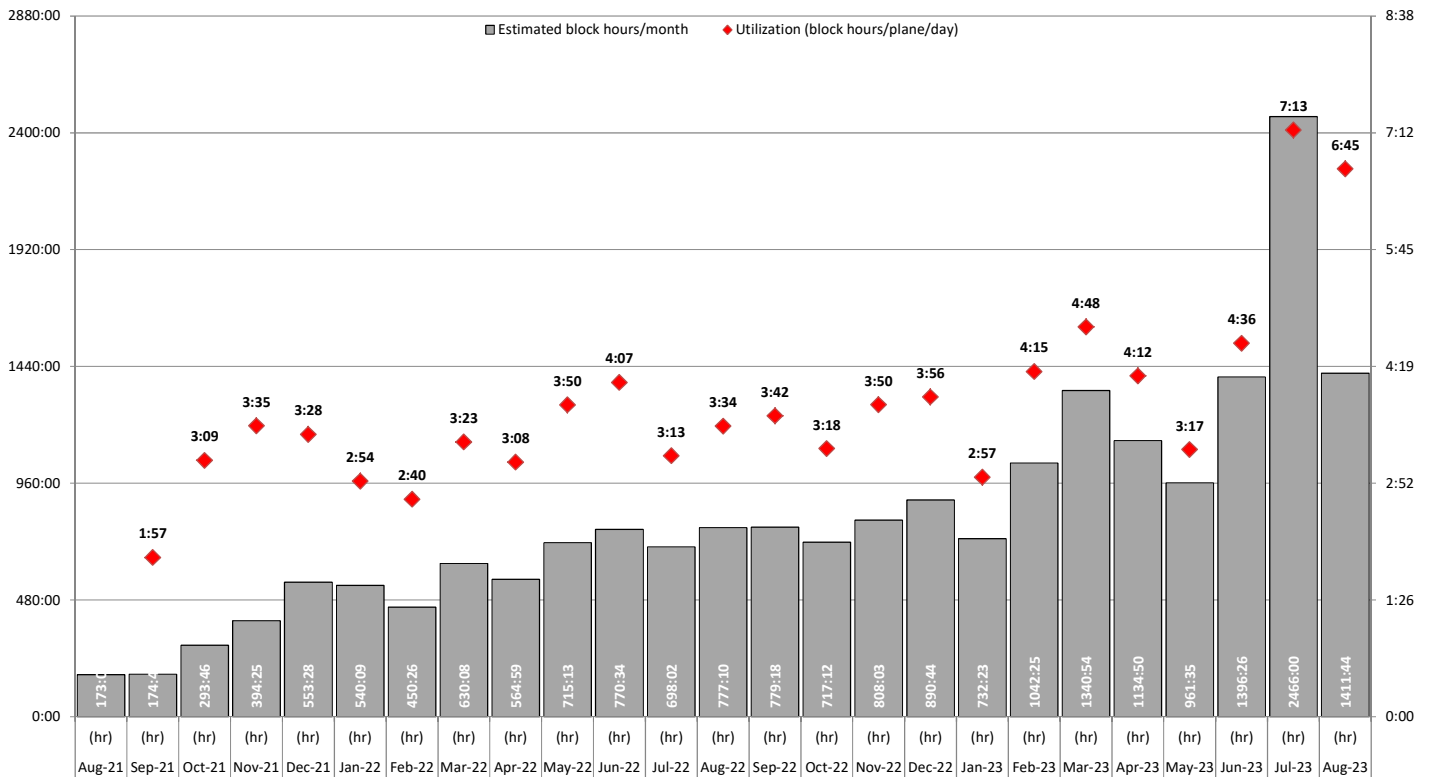
Figure 5: GlobalX Key Metrics



Source: Company Reports

Flight data to August 19th indicates that August will be another month of strong utilizations.

Figure 6: Estimated Block Hours and Utilizations (to Aug. 19, 2023)



Source: Flightaware.com, Bancroft Capital Corp.

With its Q2/23 results, management guided that Q3/23 block hours will exceed 6,000 hr (vs our original estimate of 4,250 hr) but also stressed that the mix of ACMI (Aircraft, Crew, Maintenance and Insurance) and full charter revenues would be significantly different than in Q1, Q2 and Q4.

Management’s forecasts include a mix of ACMI and full charter revenues. Current ACMI rates are generally around \$4,000/hr and current full charter rates are generally around \$11,500/hr. The difference between the two rates (\$7,500/hr) incorporates fuel, ground handling, travel and other costs that are collected from clients and paid out to vendors.

There will always be some variance in the split between ACMI and full charter revenues but as a general rule, management indicated that Q1, Q2 and Q4 should be approximately 30% ACMI/70% full charter and Q3 should be approximately 70% ACMI/30% full charter. In other words, although GlobalX is flying a lot more hours in Q3, the rates that it is paid will be much lower.

Using management guidance, we calculate average rates for Q1, Q2 and Q4 at \$9,250/hr and Q3 average rates at \$6,250/hr based on:

Q1, Q2 & Q4

- ACMI @ \$4,000/hr x 30% = \$1,200/hr
- full charter @ \$11,500/hr x 70% = \$8,050/hr

Q3

- ACMI @ \$4,000/hr x 70% = \$2,800/hr
- full charter @ \$11,500/hr x 30% = \$3,450/hr

We use these rates for PAX only and have maintained the \$11,000/hr cargo rates in our model (although we expect to update cargo rates as the fleet grows and the client base varies).

Another change we have made to our model is to increase the PAX utilizations. We were previously using a maximum of 117 BH/month (3.8 BH/plane/day) for PAX. We have increased the maximum by 8.3 BH/month in Q1/24, Q4/24, Q1/25 and Q4/25 which results in:

- PAX flying a maximum of 125 BH/month (4.1 BH/plane/day) in Q1 and Q2/24
- PAX flying a maximum of 133 BH/month (4.4 BH/plane/day) in Q4/24
- PAX flying a maximum of 142 BH/month (4.7 BH/plane/day) in Q1 and Q2/25
- PAX flying a maximum of 150 BH/month (4.9 block hours/plane/day) in Q4/25+

Q3 estimates for 2024+ mimic on our estimates for Q3/23. Our revised base and upside case forecasts are presented in Figures 7 and 8.

Figure 7: Base Case Forecasts

Quarter	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24	3Q24	4Q24	FY24
Quarter End Date	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24	31-Dec-24
Days in Quarter	90	91	92	92	365	90	91	92	92	365	91	91	92	92	366
Estimates or Actual (E/A)	A	A	A	A	A	A	A	E	E	E	E	E	E	E	E
Estimated Passenger BH	1,621	2,051	2,255	2,462	8,388	2,962	2,823	5,175	3,150	14,111	3,563	3,938	6,613	4,800	18,914
Estimated Cargo BH	0	0	0	0	0	153	669	875	1,025	2,723	1,500	2,150	2,600	2,825	9,075
Total Estimated BH	1,621	2,051	2,255	2,462	8,388	3,116	3,492	6,050	4,175	16,833	5,063	6,088	9,213	7,625	27,989
Passenger Airplanes	6.0	6.1	7.0	7.1	6.5	8.0	8.5	9.0	9.0	8.6	10.0	11.0	12.0	12.0	11.3
Cargo Airplanes	0.0	0.0	0.0	0.0	0.0	0.6	1.1	2.0	2.0	1.4	4.0	5.0	6.0	6.0	5.0
Actual Block Hours Operated	1,729	2,132	2,395	2,470	8,726	3,134	3,585								
Actual Block Hours Sold	1,729	2,418	3,951	2,463	10,561	3,134	3,585								
Passenger Block Hours/Plane/Day	3.00	3.71	3.50	3.77	3.51	4.11	3.66	6.25	3.80	4.48	3.92	3.93	5.99	4.35	4.59
Cargo Block Hours/Plane/Day	-	-	-	-	-	2.95	6.63	4.76	5.57	5.25	4.12	4.73	4.71	5.12	4.96
Passenger Rate	\$ 9.47	\$ 7.21	\$ 7.79	\$ 13.19	\$ 9.42	\$ 10.13	\$ 8.38	\$ 6.25	\$ 9.25	\$ 8.50	\$ 9.25	\$ 9.25	\$ 6.25	\$ 9.25	\$ 8.50
Cargo Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Revenue															
Total ACMI and Charter Income	\$ 16,380	\$ 17,442	\$ 30,790	\$ 32,498	\$ 97,110	\$ 32,151	\$ 32,151	\$ 41,969	\$ 40,413	\$ 146,007	\$ 49,458	\$ 60,077	\$ 69,928	\$ 75,475	\$ 254,937
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451	\$ 451	\$ 902	\$ 446	\$ 446	\$ 451	\$ 451	\$ 1,793
Operating Revenue	\$ 16,380	\$ 17,442	\$ 30,790	\$ 32,498	\$ 97,110	\$ 32,151	\$ 31,475	\$ 42,420	\$ 40,863	\$ 146,908	\$ 49,904	\$ 60,522	\$ 70,379	\$ 75,926	\$ 256,731
Expenses															
Salaries, Wages and Benefits	\$ (5,865)	\$ (7,252)	\$ (7,713)	\$ (9,800)	\$ (30,629)	\$ (11,168)	\$ (12,140)	\$ (12,868)	\$ (13,126)	\$ (49,302)	\$ (14,438)	\$ (15,882)	\$ (17,470)	\$ (19,217)	\$ (67,008)
Aircraft Fuel	\$ (3,251)	\$ (4,387)	\$ (7,765)	\$ (7,633)	\$ (23,035)	\$ (7,949)	\$ (6,087)	\$ (5,456)	\$ (7,678)	\$ (27,171)	\$ (9,397)	\$ (11,415)	\$ (9,091)	\$ (14,340)	\$ (44,242)
Maintenance, materials and repairs	\$ (1,191)	\$ (964)	\$ (1,218)	\$ (1,004)	\$ (4,377)	\$ (1,559)	\$ (1,767)	\$ (1,679)	\$ (1,617)	\$ (6,621)	\$ (1,978)	\$ (2,403)	\$ (2,797)	\$ (3,019)	\$ (10,197)
Contracted ground and aviation services	\$ (2,956)	\$ (3,082)	\$ (4,637)	\$ (4,934)	\$ (15,608)	\$ (4,853)	\$ (5,201)	\$ (5,876)	\$ (6,062)	\$ (21,991)	\$ (7,419)	\$ (9,011)	\$ (9,790)	\$ (11,321)	\$ (37,541)
Depreciation	\$ (23)	\$ (80)	\$ (194)	\$ (313)	\$ (609)	\$ (443)	\$ (443)	\$ (591)	\$ (569)	\$ (2,046)	\$ (696)	\$ (846)	\$ (984)	\$ (1,062)	\$ (3,588)
Travel, meals and entertainment	\$ (1,295)	\$ (830)	\$ (1,079)	\$ (1,821)	\$ (5,025)	\$ (2,254)	\$ (1,347)	\$ (1,259)	\$ (1,617)	\$ (6,476)	\$ (1,978)	\$ (2,403)	\$ (2,098)	\$ (2,264)	\$ (8,743)
Insurance	\$ (857)	\$ (909)	\$ (947)	\$ (867)	\$ (3,580)	\$ (949)	\$ (1,245)	\$ (1,573)	\$ (1,573)	\$ (5,340)	\$ (2,002)	\$ (2,288)	\$ (2,574)	\$ (2,574)	\$ (9,438)
Aircraft Rent	\$ (3,360)	\$ (3,834)	\$ (3,958)	\$ (4,463)	\$ (15,614)	\$ (5,644)	\$ (6,830)	\$ (6,930)	\$ (6,930)	\$ (26,334)	\$ (8,202)	\$ (10,080)	\$ (11,340)	\$ (11,340)	\$ (41,580)
Other	\$ (2,346)	\$ (2,635)	\$ (2,484)	\$ (2,403)	\$ (9,868)	\$ (2,863)	\$ (3,191)	\$ (3,350)	\$ (3,518)	\$ (12,921)	\$ (3,518)	\$ (3,869)	\$ (4,256)	\$ (4,682)	\$ (16,325)
Total Operating Expenses	\$ (21,143)	\$ (23,973)	\$ (29,994)	\$ (33,236)	\$ (108,347)	\$ (37,681)	\$ (38,252)	\$ (39,581)	\$ (42,688)	\$ (158,202)	\$ (50,246)	\$ (58,197)	\$ (60,400)	\$ (69,820)	\$ (238,664)
Operating Income (Loss)	\$ (4,763)	\$ (6,531)	\$ 796	\$ (738)	\$ (11,237)	\$ (5,530)	\$ (6,776)	\$ 2,838	\$ (1,825)	\$ (11,293)	\$ (343)	\$ 2,325	\$ 9,979	\$ 6,106	\$ 18,067
Other Costs	\$ (16)	\$ (234)	\$ (632)	\$ (3,701)	\$ (4,584)	\$ (542)	\$ (695)	\$ (844)	\$ -	\$ (2,080)	\$ (2,168)	\$ -	\$ -	\$ -	\$ (2,168)
Net Income/(Loss) From Continuing Operations	\$ (4,780)	\$ (6,766)	\$ 164	\$ (4,439)	\$ (15,821)	\$ (6,072)	\$ (7,471)	\$ 1,994	\$ (1,825)	\$ (13,374)	\$ (2,511)	\$ 2,325	\$ 9,979	\$ 6,106	\$ 15,898
Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (681)	\$ -	\$ (681)	\$ -	\$ (558)	\$ (2,395)	\$ (1,465)	\$ (4,418)
Net Income/(Loss)	\$ (4,780)	\$ (6,766)	\$ 164	\$ (4,439)	\$ (15,821)	\$ (6,072)	\$ (7,471)	\$ 1,313	\$ (1,825)	\$ (14,055)	\$ (2,511)	\$ 1,767	\$ 7,584	\$ 4,640	\$ 11,480
EBITDA	\$ (4,740)	\$ (6,451)	\$ 990	\$ (425)	\$ (10,627)	\$ (5,087)	\$ (6,333)	\$ 3,429	\$ (1,256)	\$ (9,248)	\$ 354	\$ 3,171	\$ 10,963	\$ 7,168	\$ 21,655
EBITDAR	\$ (1,380)	\$ (2,617)	\$ 4,947	\$ 4,037	\$ 4,987	\$ 557	\$ 497	\$ 10,359	\$ 5,674	\$ 17,087	\$ 9,174	\$ 13,251	\$ 22,303	\$ 18,508	\$ 63,235

Source: Company Reports, Planespotters.net, Bancroft Capital Corp.

Figure 8: Upside Case Forecasts

Quarter	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	2Q23	3Q23	4Q23	FY23	1Q24	2Q24	3Q24	4Q24	FY24
Quarter End Date	31-Mar-22	30-Jun-22	30-Sep-22	31-Dec-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23	31-Dec-23	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24	31-Dec-24
Days in Quarter	90	91	92	92	365	90	91	92	92	365	91	91	92	92	366
Estimates or Actual (E/A)	A	A	A	A	A	A	E	E	E	E	E	E	E	E	E
Estimated Passenger BH	1,621	2,051	2,255	2,462	8,388	2,962	2,823	5,304	3,736	14,826	4,688	5,250	8,913	6,800	25,650
Estimated Cargo BH	0	0	0	0	0	153	669	948	1,930	3,701	3,050	3,725	4,400	5,075	16,250
Total Estimated BH	1,621	2,051	2,255	2,462	8,388	3,116	3,492	6,252	5,666	18,526	7,738	8,975	13,313	11,875	41,900
Passenger Airplanes	6.0	6.1	7.0	7.1	6.5	8.0	8.5	10.0	12.0	9.6	13.0	15.0	16.0	18.0	15.5
Cargo Airplanes	0.0	0.0	0.0	0.0	0.0	0.6	1.1	3.0	6.0	2.7	7.0	9.0	10.0	12.0	8.7
Actual Block Hours Operated	1,729	2,132	2,395	2,470	8,726	3,134									
Actual Block Hours Sold	1,729	2,418	3,951	2,463	10,561	3,134									
Passenger Block Hours/Plane/Day	3.00	3.71	3.50	3.77	3.51	4.11	3.66	5.77	3.38	4.22	3.96	3.85	6.05	4.11	4.52
Cargo Block Hours/Plane/Day	-	-	-	-	-	2.95	6.63	3.43	3.50	3.79	4.79	4.55	4.78	4.60	5.12
Passenger Rate	\$ 9.47	\$ 7.21	\$ 7.79	\$ 13.19	\$ 9.42	\$ 10.13	\$ 8.38	\$ 6.25	\$ 9.25	\$ 8.50	\$ 9.25	\$ 9.25	\$ 6.25	\$ 9.25	\$ 8.50
Cargo Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00	\$ 11.00
Revenue															
Total ACMI and Charter Income	\$ 16,380	\$ 17,442	\$ 30,790	\$ 32,498	\$ 97,110	\$ 32,151	\$ 31,475	\$ 43,578	\$ 55,788	\$ 162,992	\$ 76,909	\$ 89,538	\$ 104,103	\$ 118,725	\$ 389,275
Other Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 451	\$ 451	\$ 902	\$ 446	\$ 446	\$ 451	\$ 451	\$ 1,793
Operating Revenue	\$ 16,380	\$ 17,442	\$ 30,790	\$ 32,498	\$ 97,110	\$ 32,151	\$ 31,475	\$ 44,029	\$ 56,239	\$ 163,893	\$ 77,355	\$ 89,983	\$ 104,554	\$ 119,176	\$ 391,068
Expenses															
Salaries, Wages and Benefits	\$ (5,865)	\$ (7,252)	\$ (7,713)	\$ (9,800)	\$ (30,629)	\$ (11,168)	\$ (12,140)	\$ (13,354)	\$ (15,357)	\$ (52,019)	\$ (17,661)	\$ (20,310)	\$ (23,356)	\$ (26,860)	\$ (88,186)
Aircraft Fuel	\$ (3,251)	\$ (4,387)	\$ (7,765)	\$ (7,633)	\$ (23,035)	\$ (7,949)	\$ (6,087)	\$ (5,665)	\$ (10,600)	\$ (30,301)	\$ (14,613)	\$ (17,012)	\$ (13,533)	\$ (22,558)	\$ (67,716)
Maintenance, materials and repairs	\$ (1,191)	\$ (964)	\$ (1,218)	\$ (1,004)	\$ (4,377)	\$ (1,559)	\$ (1,767)	\$ (1,743)	\$ (2,232)	\$ (7,300)	\$ (3,076)	\$ (3,582)	\$ (4,164)	\$ (4,749)	\$ (15,571)
Contracted ground and aviation services	\$ (2,956)	\$ (3,082)	\$ (4,637)	\$ (4,934)	\$ (15,608)	\$ (4,853)	\$ (5,201)	\$ (6,101)	\$ (8,368)	\$ (24,523)	\$ (11,536)	\$ (13,431)	\$ (14,574)	\$ (17,809)	\$ (57,530)
Depreciation	\$ (23)	\$ (80)	\$ (194)	\$ (313)	\$ (609)	\$ (443)	\$ (443)	\$ (613)	\$ (785)	\$ (2,285)	\$ (1,083)	\$ (1,260)	\$ (1,465)	\$ (1,671)	\$ (5,479)
Travel, meals and entertainment	\$ (1,295)	\$ (830)	\$ (1,079)	\$ (1,821)	\$ (5,025)	\$ (2,254)	\$ (1,347)	\$ (1,307)	\$ (2,232)	\$ (7,140)	\$ (3,076)	\$ (3,582)	\$ (3,123)	\$ (3,562)	\$ (13,343)
Insurance	\$ (857)	\$ (909)	\$ (947)	\$ (867)	\$ (3,580)	\$ (949)	\$ (1,245)	\$ (1,859)	\$ (2,574)	\$ (6,627)	\$ (2,860)	\$ (3,432)	\$ (3,718)	\$ (4,290)	\$ (14,300)
Aircraft Rent	\$ (3,360)	\$ (3,834)	\$ (3,958)	\$ (4,463)	\$ (15,614)	\$ (5,644)	\$ (6,830)	\$ (8,190)	\$ (11,340)	\$ (32,004)	\$ (12,600)	\$ (15,120)	\$ (16,380)	\$ (18,900)	\$ (63,000)
Other	\$ (2,346)	\$ (2,635)	\$ (2,484)	\$ (2,403)	\$ (9,868)	\$ (2,863)	\$ (3,191)	\$ (3,350)	\$ (3,518)	\$ (12,921)	\$ (3,518)	\$ (3,869)	\$ (4,256)	\$ (4,682)	\$ (16,325)
Total Operating Expenses	\$ (21,143)	\$ (23,973)	\$ (29,994)	\$ (33,236)	\$ (108,347)	\$ (37,681)	\$ (38,252)	\$ (42,183)	\$ (57,005)	\$ (175,120)	\$ (70,023)	\$ (81,597)	\$ (84,571)	\$ (105,080)	\$ (341,270)
Operating Income (Loss)	\$ (4,763)	\$ (6,531)	\$ 796	\$ (738)	\$ (11,237)	\$ (5,530)	\$ (6,776)	\$ 1,846	\$ (766)	\$ (11,226)	\$ 7,333	\$ 8,386	\$ 19,983	\$ 14,096	\$ 49,798
Other Costs	\$ (16)	\$ (234)	\$ (632)	\$ (3,701)	\$ (4,584)	\$ (542)	\$ (695)	\$ (443)	\$ -	\$ (1,679)	\$ (2,950)	\$ (3,202)	\$ (5,986)	\$ (4,573)	\$ (16,711)
Net Income/(Loss) From Continuing Operations	\$ (4,780)	\$ (6,766)	\$ 164	\$ (4,439)	\$ (15,821)	\$ (6,072)	\$ (7,471)	\$ 1,403	\$ (766)	\$ (12,906)	\$ 4,383	\$ 5,184	\$ 13,998	\$ 9,523	\$ 33,088
Income Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (443)	\$ -	\$ (443)	\$ (1,760)	\$ (2,013)	\$ (4,796)	\$ (3,383)	\$ (11,952)
Net Income/(Loss)	\$ (4,780)	\$ (6,766)	\$ 164	\$ (4,439)	\$ (15,821)	\$ (6,072)	\$ (7,471)	\$ 1,403	\$ (766)	\$ (12,906)	\$ 4,383	\$ 5,184	\$ 13,998	\$ 9,523	\$ 33,088
EBITDA	\$ (4,740)	\$ (6,451)	\$ 990	\$ (425)	\$ (10,627)	\$ (5,087)	\$ (6,333)	\$ 2,459	\$ 19	\$ (8,942)	\$ 8,415	\$ 9,647	\$ 21,449	\$ 15,767	\$ 55,278
EBITDAR	\$ (1,380)	\$ (2,617)	\$ 4,947	\$ 4,037	\$ 4,987	\$ 557	\$ 497	\$ 10,649	\$ 11,359	\$ 23,063	\$ 21,015	\$ 24,767	\$ 37,829	\$ 34,667	\$ 118,278

Source: Company Reports, Planespotters.net, Bancroft Capital Corp.

Peer Comparison

The peers listed below both own and rent aircraft while GlobalX rents all of its aircraft. In order to have a metric that allows us to compare these airlines using different mixes of operating and finance leases, we need to add back rent expense on operating leases to EBITDA so that we're comparing "apples to apples". Correspondingly, we have included operating leases in the EV calculations for our comp table such that we are consistent in how we treat the numerator and denominator for our EV/EBITDAR valuation multiple. Given our inclusion of operating leases in the EV calculation, we do not present an EV/EBITDA valuation multiple.

Figure 9: Peer Comparables

Ticker	Company	Price (\$)	Diluted* MC (\$MM)	EV** (\$MM)	Sales			NOI			EBITDA			EBITDAR			Net Margin		EBITDAR Margin		EV/EBITDAR		Net Debt/EBITDA	
					2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2022A	2023E	2024E	2023E	2024E	2023E	2024E	YE22 w/ lease obligations
SNCY-US	Sun Country Airlines	\$ 15.29	\$ 899	\$ 1,380	\$ 894	\$ 1,055	\$ 1,171	\$ 92	\$ 122	\$ 166	\$ 126	\$ 235	\$ 279	\$ 135	\$ 238	\$ 274	12%	14%	23%	23%	5.8x	5.1x	2.6x	2.4x
ATSG-US	Air Transport Services Group	\$ 21.75	\$ 1,568	\$ 3,263	\$ 2,045	\$ 2,095	\$ 2,306	\$ 143	\$ 159	\$ 157	\$ 641	\$ 614	\$ 670	\$ 671	\$ 650	\$ 702	8%	7%	31%	30%	5.0x	4.7x	2.1x	2.1x
ALGT-US	Allegiant Travel Company	\$ 94.10	\$ 1,736	\$ 2,942	\$ 2,302	\$ 2,545	\$ 2,748	\$ 186	\$ 212	\$ 274	\$ 339	\$ 549	\$ 616	\$ 362	\$ 580	\$ 667	8%	10%	23%	24%	5.1x	4.4x	5.0x	4.7x
CJT-CAN	Cargojet Inc.	\$ 72.96	\$ 1,256	\$ 2,054	\$ 720	\$ 665	\$ 723	\$ 73	\$ 61	\$ 74	\$ 242	\$ 229	\$ 253	\$ 242	\$ 227	\$ 257	9%	10%	34%	35%	9.0x	8.0x	2.7x	2.3x
Median																	9%	10%	27%	27%	5.4x	4.9x	2.6x	2.4x
Average																	9%	10%	28%	28%	6.2x	5.5x	3.1x	2.9x
JET-CAN	Base Case - GlobalX	\$ 0.90	\$ 56	\$ 145	\$ 97	\$ 147	\$ 257	\$ (16)	\$ (14)	\$ 11	\$ (11)	\$ (9)	\$ 22	\$ 5	\$ 17	\$ 63	-10%	4%	12%	25%	8.5x	2.3x	n/a	n/a
JET-CAN	Upside Case - GlobalX	\$ 0.90	\$ 56	\$ 145	\$ 97	\$ 164	\$ 391	\$ (16)	\$ (13)	\$ 33	\$ (11)	\$ (9)	\$ 55	\$ 5	\$ 23	\$ 118	-8%	8%	14%	30%	6.3x	1.2x	n/a	n/a

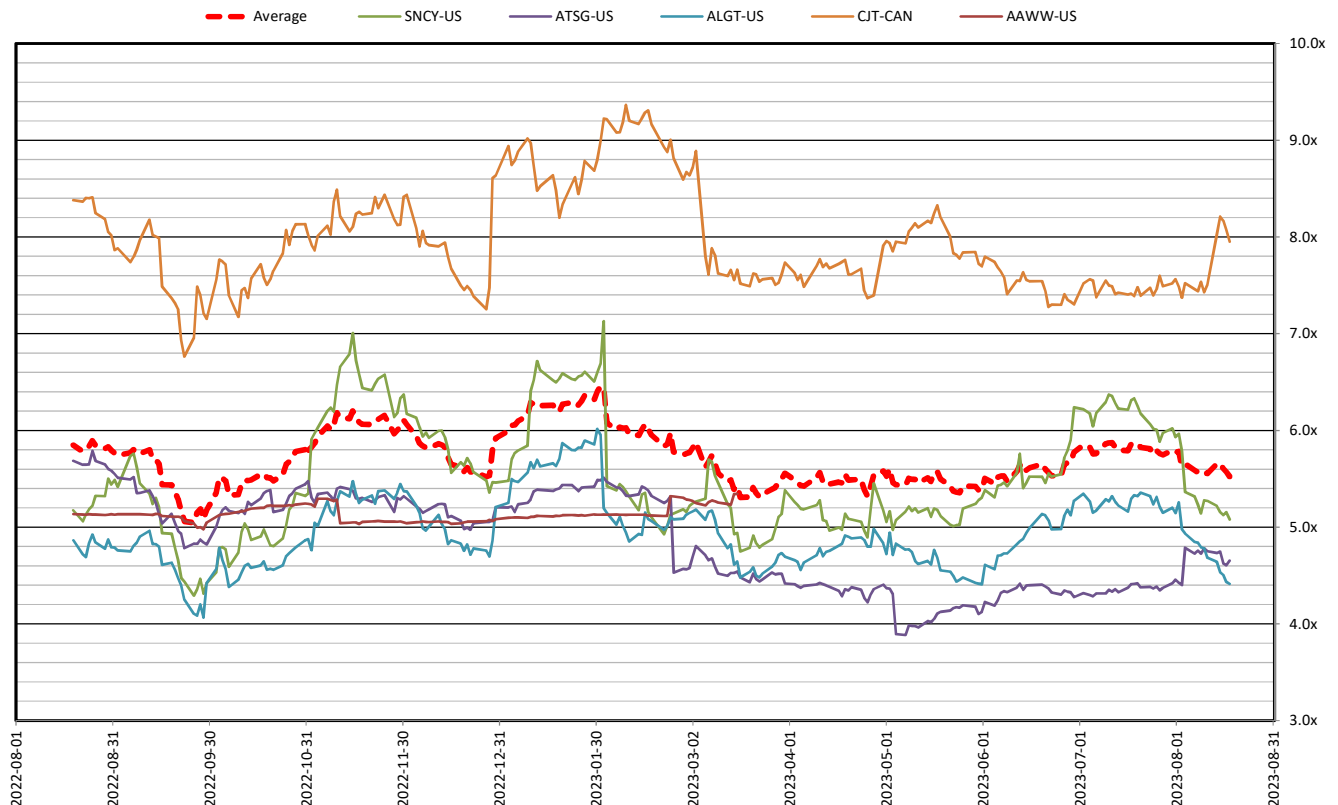
* Only includes in the money dilutives
** Includes operating lease liabilities

Source: Company Reports, FactSet, Bancroft Capital Corp.

GlobalX currently trades at a 2024 EV/EBITDAR multiple (one year forward) of 2.3x for the base case and 1.2x for the upside case vs. the peer group at an average of 5.5x.

Individual EV/EBITDAR multiples over the last 12 months for SNCY, ATSG, ALGT, CJT and AAWW along with the peer average are shown in Figure 10.

Figure 10: One Year Forward EV/EBITDAR Multiples for SNCY, ATSG, ALGT, CJT and AAWW



Source: FactSet, Bancroft Capital Corp.

Valuation

With the \$35MM debt financing that GlobalX closed on August 2, management was able to significantly diminish a key risk to the company's future. Shareholders have been critical of the financing terms but we believe that the additional capital on the balance sheet is essential for management to continue its growth profile. Equity financing would surely have been more dilutive so we see the deal with Axar Capital Management LP and its affiliates (Axar) as an attractive alternative.

In our model we had assumed a \$15MM financing @ \$1/sh and another \$20MM financing @ \$2.50/sh, even after incorporating the 10MM warrants, 13MM fewer shares will be issued. The Axar deal reduces dilution risk and provides necessary financial flexibility which we consider to be a big win for the company and its shareholders.

The June 30 diluted (in the money) share count is 62.6MM shares (see Appendix A for a capitalization table using the current share price and the balance sheet effective June 30, 2023). Including 22.4MM warrants (which are currently out of the money) the diluted share count would increase to 84.9MM.

Using the peer average 2024 EV/EBITDAR multiple of 5.5x (Figures 9 and 10) and our updated EBITDAR estimates to determine a reasonable trading range for the company results in a range of C\$3.23/sh to C\$7.45/sh (Figure 11) for the base and upside case respectively (\$2.38/sh to \$5.49/sh). We believe the share price should trend towards the midpoint of the range as management continues to execute its growth strategy.

Figure 11: Base and Upside Case Valuations at Peer Average 5.5x EV/EBITDAR

Base Case		Upside Case	
Valuation period	2024	Valuation period	2024
2024 EBITDAR (\$MM)	\$ 63	2024 EBITDAR (\$MM)	\$ 118
2024 EBITDAR multiple	5.5x	2024 EBITDAR multiple	5.5x
Enterprise Value (\$MM)	\$ 350	Enterprise Value (\$MM)	\$ 655
- dilutive proceeds (\$MM)	\$ 31	- dilutive proceeds (\$MM)	\$ 31
Enterprise Value (\$MM)	\$ 319	Enterprise Value (\$MM)	\$ 624
2024 Net Debt* (\$MM)	\$ 28	2024 Net Debt* (\$MM)	\$ 9
2024 LT Operating Lease Liabilities (\$MM)	\$ 89	2024 LT Operating Lease Liabilities (\$MM)	\$ 149
EV-Net Debt-Operating Leases	\$ 202	EV-Net Debt-Operating Leases	\$ 466
Diluted shares outstanding (MM)	84.9	Diluted shares outstanding (MM)	84.9
Equity Value (\$/sh)	\$ 2.38	Equity Value (\$/sh)	\$ 5.49
Equity Value (\$C/sh)	\$ 3.23	Equity Value (\$C/sh)	\$ 7.45

*Including Current Operating Lease Liabilities

*Including Current Operating Lease Liabilities

Source: FactSet, Company Reports, Bancroft Capital Corp.

Risks

Downside risks include:

- Continued delays to aircraft deliveries.
- Overall economic conditions: Air cargo volumes are highly dependent on retail sales and e-commerce volumes. A slowing economy could result in lower air cargo and PAX volumes and lower demand for ACMI and charter services.
- Concentration risks in the cargo business: Management indicated that N410GX has thus far had 100% dispatch reliability. GlobalX currently has only one backup cargo aircraft (N411GX) but will be in a better position to change out aircraft requiring maintenance as it grows its cargo fleet. Revenues and potentially customer relations could be compromised if there were mechanical issues with the cargo planes. This risk will decrease as the company grows its cargo fleet.
- Personnel: GlobalX requires many highly skilled employees in order to operate successfully. The current industry shortage of skilled airline employees may lead to turnover or difficulty in obtaining the required staff.
- Regulatory: The airline industry is highly regulated and GlobalX has worked to maximize its certifications and accreditations. Changes to regulations could interrupt business flow.

Appendix A – Capitalization Table

JET - CAPITAL STRUCTURE (June 30, 2023)							
Current (In-the-Money) Price	C\$1.22					C\$/US\$	\$0.737354
Cash & Cash Equivalents	\$ 8,426,137					(C\$)	(US\$)
Other Current Assets	\$ 9,114,634					Basic Market Cap	\$ 69,915,388 \$ 51,552,419
Total Current Assets	\$ 17,540,771					Fully Diluted Market Cap	\$ 103,611,338 \$ 76,398,276
Current Liabilities	\$ 54,834,459					Diluted (in the money) Market Cap	\$ 76,312,593 \$ 56,269,426
Working Capital	-\$ 37,293,688						
Long Term Debt	\$ 596,572						
Net Debt	\$ 37,890,260						
Net Debt Excluding Current Operating Leases Liabilities	\$ 28,742,165						
Shares	Outstanding	Price	In-the-Money	Proceeds US\$	Proceeds C\$		
Basic	57,307,695						
Warrants	Outstanding*					Expiry	Remaining Life (years)
	4,838,707	\$1.24				28-Mar-24	0.61
	7,537,313	\$1.50				29-Apr-26	2.69
	10,000,000	\$1.00				30-Jun-30	6.86
Warrants - Potential Dilution	22,376,020						
			-	\$ -	\$ -		
Options	Outstanding					Expiry	Remaining Life (years)
	420,688	C\$0.25	420,688	\$ 77,549	\$ 105,172	23-Jun-25	1.85
	50,000	C\$0.62	50,000	\$ 22,858	\$ 31,000	23-Sep-25	2.10
Options - Potential Dilution	470,688		470,688	\$ 100,407	\$ 136,172		
RSU's	Outstanding						
	4,772,923	C\$1.01	4,772,923	\$ 3,554,529	\$ 4,820,652		
RSUs - Potential Dilution	4,772,923		4,772,923	\$ 3,554,529	\$ 4,820,652		
Total Fully Diluted Shares	84,927,326		5,243,611	\$ 3,654,936	\$ 4,956,824		

*Includes 10,000,000 warrants granted as a part of the August 2023 Note Offering

Appendix B – FlightAware Aircraft Tracking Data

The status of the GlobalX fleet can be tracked at:

<https://www.planespotters.net/airline/GlobalX-Airlines>

The following web pages are used to track GlobalX's flight activity

Passenger Fleet:

https://flightaware.com/live/flight_event_history.rvt?ident=N276GX

https://flightaware.com/live/flight_event_history.rvt?ident=N277GX

https://flightaware.com/live/flight_event_history.rvt?ident=N279GX

https://flightaware.com/live/flight_event_history.rvt?ident=N627VA

https://flightaware.com/live/flight_event_history.rvt?ident=N281GX

https://flightaware.com/live/flight_event_history.rvt?ident=N278GX

https://flightaware.com/live/flight_event_history.rvt?ident=N628VA

https://flightaware.com/live/flight_event_history.rvt?ident=N966AD

<https://flightaware.com/live/flight/N837VA/history>

Cargo Fleet:

<https://flightaware.com/live/flight/N410GX/history>

https://flightaware.com/live/flight_event_history.rvt?ident=N1438

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The author owns common stock of GlobalX.

This report contains certain "forward looking statements" and "forward-looking information", as defined under applicable United States and Canadian securities laws, concerning anticipated developments and events that may occur in the future. Forward-looking statements contained in this report include, but are not limited to, statements with respect to the Company's aircraft fleet size, the destinations that the Company intends to service, the delivery and entry into service timelines for future aircraft, the Company's growth plans, future revenues and financial performance.

In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking statements contained in this report is based on certain factors and assumptions regarding, among other things, the receipt of financing to continue airline operations, the accuracy, reliability and success of GlobalX's business model; GlobalX's ability to accurately forecast demand; GlobalX will be able to successfully conclude definitive agreements for transactions subject to LOI; the timely receipt of governmental approvals; the success of airline operations of GlobalX; GlobalX's ability to successfully enter new geographic markets; the legislative and regulatory environments of the jurisdictions where GlobalX will carry on business or have operations; the Company has or will have sufficient aircraft to provide the service; the impact of competition and the competitive response to GlobalX's business strategy; the future price of fuel, and the availability of aircraft. While the Company considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include risks related to, the ability to obtain financing at acceptable terms, the impact of general economic conditions, risks related to supply chain and labor disruptions, failure to retain or obtain sufficient aircraft, domestic and international airline industry conditions, failure to conclude definitive agreements for transactions subject to LOI, the effects of increased competition from our market competitors and new market entrants, passenger demand being less than anticipated, the impact of the global uncertainty created by COVID-19, future relations with shareholders, volatility of fuel prices, increases in operating costs, terrorism, pandemics, natural disasters, currency fluctuations, interest rates, risks specific to the airline industry, risks associated with doing business in foreign countries, the ability of management to implement GlobalX's operational strategy, the ability to attract qualified management and staff, labor disputes, regulatory risks, including risks relating to the acquisition of the necessary licenses and permits; risks related to significant disruption in, or breach in security of GlobalX's information technology systems and resultant interruptions in service and any related impact on its reputation; and the additional risks identified in the "Risk Factors" section of the Company's reports and filings with applicable Canadian securities regulators and the U.S. Securities and Exchange Commission. Although the Company has attempted to identify important factors that could cause actual results to differ materially from those described in the forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements are made as of the date of this report. Except as required by applicable securities laws, the Company does not undertake any obligation to publicly update any forward-looking statements. If GlobalX does update one or more forward-looking statements, no inference should be made that it will make additional updates with respect to those or other forward-looking statements.