Grant Howard (00:00:15):

Welcome, everyone. I'm Grant Howard. And today, at the head of the table is Ed Wegel, the CEO of Global Crossing Airlines. And to his right is Ryan Goepel, the chief financial officer. What you're going to hear today is a recap on the fourth quarter, which was outstanding based on the booking hours, significant rise over the third quarter and a bit of a forward-looking update from management as we are now early into the first quarter of 2022. Congratulations, gentlemen. That was a superb growth in the fourth quarter. And based on what was in this morning's news release, looks like 2022 could be one heck of a year. So, with that, I'm going to turn it over to Ed Wegel and please start the presentation.

Ed Wegel (00:01:08):

Thanks, Grant, for the introduction. Good afternoon, everyone. This presentation today continues our commitment to provide monthly updates on our business in terms of growth and number of aircraft, our block hours sold, staffing, training, and other key areas of our business that will impact us as we move forward.

Ed Wegel (00:01:28):

I'll make some general comments now before we get into the presentation. Fourth quarter of 2021 was exceptionally busy for us with our fleet effectively doubling in size to six aircraft now on our operating certificate and all six aircraft are out flying as of today. This growth to six aircraft corresponded to the demand for our services, and then expansion in both the breadth and depth of our client's charter requests. We also significantly ramped up our recruiting and training as you will see during the presentation. And we initiated several very important projects to reduce both maintenance and training costs as we move forward.

Ed Wegel (00:02:11):

We increase the number of cargo aircraft, our A321 freighter plan with the number of A321s under firm lease or lease commitments to 11. And we now have deliveries of A321 freighters in 2022, '23 and '24 of this aircraft, which is very much a part of our go forward business plan.

Ed Wegel (00:02:32):

We will submit our first documents to the FAA but the cargo certification about one week from now. And we'll get into this in more detail, but we expect delivery of our first 321 freighter in August of this year. First aircraft is finishing up its heavy maintenance cycle and will be inducted in for the start of the conversion to cargo here in the next few weeks.

Ed Wegel (00:02:59):

We'll take two aircraft in Q1, one A319 and one A320 and we'll give you some details on that. That brings us to eight active aircraft we're projecting at the end of Q1. This is subject to final DOT approval for the increase. We expect to take at least two more passenger A320s during 2022, which would bring us to 10 aircraft by the end of the year.

Ed Wegel (00:03:24):

We expect our S-1 at the SEC to be effective any day now. Ryan will get into the details of that during his portion of the presentation. And we are looking at various options now to increase our capital base, to support all of the growth that we project at the airline over the next few years.

Ed Wegel (00:03:42):

With that, let's get into our formal presentation. I want to run through a couple of slides. Many of you have seen and heard this before. We have a number of new investors on this call. It's always good to go back and take a look at what we decided we wanted to be and where we are now in that timeline.

Ed Wegel (00:04:02):

So, we are high growth, low cost charter airline. We are domestic and flag supplemental carriers certified by the US FAA, full 121 certification. We have full DOT international authority now, and we have permits to operate Canada, Mexico, and Brazil. And that list will continue to expand in terms of the jurisdictions where we can fly our aircraft. We will serve both the passenger charter and cargo sectors, passenger now, cargo beginning later this year after we take our first cargo aircraft in August. Sometime in September, we expect to be in revenue cargo service.

Ed Wegel (00:04:39):

We're a differentiated low-cost model. We are very flexible the way we have designed our business and we can flex capacity to meet market demand. We have the ability to quickly adapt in any environment that's presented to us, which we've already shown with our operations to Afghanistan. And as we operate through this pandemic, which continues here in our main base in Florida and throughout the US, but we are operating effectively through that even as we are impacted. And we'll talk about that during the presentation.

Ed Wegel (00:05:11):

So, our current status. Five A320s, one A321, all six in passenger service. One A319 will be delivered in February, one A320 near the mid to end of March, 11 A321 freighters on lease or firm LOIs with deposit. This gives us a very scalable business in cargo that we can offer to the various package carriers here in the US who operate throughout North America and into Latin America.

Ed Wegel (00:05:41):

Our team is now 47 pilots, including 24 currently in training. And they will come out of training over the next few weeks. Some of them are coming out of the sims. Some of them are going onto the airplane for their operating experience, but we'll have 47 pilots here within the next few weeks. 91 flight attendants, including 26 currently in training. That is so that we can maintain our bases in Miami and Atlantic City, both of which are now operating and Las Vegas, which will be operational by mid-January. We'll have our Las Vegas first class of flight attendants graduating here in the Miami headquarters this Friday. They'll start their operating experience and then they'll be back in their Las Vegas space within the next two weeks or so. We have a number of West Coast charters that we have been bidding on and have been winning that business because of our ability to have crews based out west. So, that strategy is starting to pay off for us both in Atlantic City and in Las Vegas.

Ed Wegel (00:06:45):

So again, we're multi-flight contract-based business. We look for clients where we can get a series of contracts from them. And, in the case of both Cuba, where we have Havana Air that we operate for, we are providing 10 flights a week. This will be growing to 15 to 20 flights, and then eventually 40 flights a week as all of the provinces open as well to Santa Domingo, to Dominican Republic, we're now flying three flights a week, and that will grow to five or six flights a week over the next few months. Later on, in the spring, we will start Punta Cana service for a number of tour operators. And there we will have multi-flight contracts with as many as three or four flights a day into Punta Cana. So, we're looking forward to the expansion of all of that business. It gives us predictability of our revenue streams, allows us to get our cost down because of the repetitive nature of where we are flying. And so, it's better, easier for us to manage and to plan around that flight activity.

Ed Wegel (00:07:47):

We pass through the major costs, fuel, and other costs, which in the rising fuel environment that we're in is very advantageous for us. We are in high growth mode. We've got good margins. And the sectors that we provide our charters to, casinos, VIPs, tour operator flying, and other tours under multi-year contracts are largely shielded from the economic cycles that we typically see over the course of a few years. We are insulated from that to a large extent. We also will be working with the US military and sport teams that typically are insulated from that in the sense that they have to fly and they will fly. And the cargo operations that we will start later this year gives us a diversity of revenue streams and a hedge against the black swan events such as COVID.

Ed Wegel (00:08:42):

We noticed early on through the pandemic that those airlines that had the cargo capability and capacity were able to better get through the COVID pandemic because of that additional revenue stream that they had. And it proved to be a boon for many of them. We want to make sure that we are completely diversified so that we can adapt to anything that's thrown at us by the economic cycles.

Ed Wegel (00:09:10):

This is the right business to be in. And I'll let Ryan talk a bit about this.

Ryan Goepel (00:09:14):

Yeah. The charter flight market, and I think for many of our investors, maybe in Canada, might not appreciate the shear size of the charter flight market in the US. It has been growing faster than US economy over the last five years, growing at a 2.7% CAGR since 2017. And it's approximately an estimated $27 billion market in 2022. So, it's a significant market, it's a growing market, and it's a relatively insulated market from some of the economic impacts, as Ed alluded to, because most people who charter need to fly and they need to fly so they need to find a lift and that's the demand we're meeting.

Ed Wegel (00:09:50):

Want to run this one [inaudible 00:09:51]? There.

Ryan Goepel (00:09:52):

Yeah. So, again, we are reinforcing, it's unique diversified business model with experienced leadership. You see we're taking charter and cargo effectively. The way we look at it, whether we're flying passengers or boxes, it's effectively the same business, different customer base, but we feel using our standard fleet of A320s, standard group of pilots, and leveraging our overhead, it allows us to create what we believe is a very profitable business and a high-growth business.

Ed Wegel (00:10:21):

You take this one.

Ryan Goepel (00:10:21):

Yeah. Good.

Ed Wegel (00:10:25):

[inaudible 00:10:25].

Ryan Goepel (00:10:24):

And then combining for long-term success, you sort of look at where is the passenger traffic. As you can see COVID has impacted on the passenger side. You look at Asia, Africa, and the Middle East, and Europe, domestically, it is recovered much faster. We believe we've seen that. If you go to US airports, you'll see, it's incredibly crowded.

Ryan Goepel (00:10:44):

On the flip side, we see the growth in the cargo business. The biggest areas being North America. The overall industry is up 9.4%, but both are areas where we're well-positioned to participate. Both are areas where we are well-positioned to take advantage of the increasing demand.

Ed Wegel (00:11:01):

You just take this one.

Ryan Goepel (00:11:02):

Sure. So, again, we believe this is a recipe for success. The sum is the greater than the parts. I think, if you look at other operators who do have a combined cargo/passenger model, Atlas Air Worldwide and ATSG are trading at all-time highs. Sun Country with its mix of scheduled passenger and ACMI with Amazon. We use this metric a lot. They have a market cap of around 1.65 billion on 43 aircraft, which translates to an estimated 42 million of equity value per aircraft. With six aircraft currently operating, GlobalX will be worth around 250 million using that comp. We're obviously not at that number today. This also doesn't factor in the two planes coming in Q1 and the additional five planes coming by the end of the year. So, we believe the market is valuing airlines such as ours at a certain rate. We're not getting that valuation as of yet, but at some point we believe we will. [crosstalk 00:11:55]-

Ed Wegel (00:11:54):

So, just to elaborate a bit on the fleet plan and we presented this slide in our last presentation in December, but I think it's worth revisiting given the growth. So, we still have a target of 50 aircraft, 25 passenger, 25 cargo by the year end of 2025. We are effectively a little over 40% of the way there. So, we have eight passenger aircraft now on the certificate or about to be on the certificate in the first quarter with two additional aircraft at least coming during the course of 2022. We have 11 freighter aircraft under LOI or actually under lease agreements. And so that brings us to 21 aircraft, 21 out of 50. So, we've made significant progress on that since August of last year, when we received our certificate. We're at 21 aircraft currently scheduled to come into the fleet.

Ed Wegel (00:12:53):

So, about 40% of the way there. And we've got about three, almost four years to go to complete our target. We are focusing on the low-cost lease of A320 family aircraft. We continued to be offered aircraft at tremendously favorable lease rates and terms to us from multiple lessors. The 320, 321 is favored by the market, we believe. Passenger feedback to us on the 320 and 321 from charter clients who have flown the 737-800 and the 400 indicate to us that this is a better aircraft in terms of customer service, customer comfort. And so, it's the right airplane for the market. And this COVID continues to create unique opportunities for us to obtain these aircraft at very good rates. We have no order book for airplanes and our increase in growth in aircraft is based purely on demand. So, we can ramp up more quickly if need be, depending upon the opportunities. We can stay flat if we enter a period of flat growth in the economy or in charter markets. We don't anticipate that, but we have the flexibility to tailor our aircraft acquisitions to the specific economic environment that we're in.

Ed Wegel (00:14:25):

In our training pipeline, which is absolutely critical to us, which goes hand in hand with acquiring aircraft is our training pipeline. We've opened up some new pipelines. We have been very successful in recruiting pilots. We have 24 currently in training over three different classes. We have another class that will start in two weeks and that class is filling up fast. We're now recruiting under a special program with the US government in Australia for Australian pilots who come here, but we can meet our needs with US pilots who are flying overseas right now, flying in the Middle East, flying in Asia. They want to come home and we filled our classes with those pilots who, in most cases, and most likely will never go to one of the major US carriers because of their age and so forth.

Ed Wegel (00:15:21):

They make excellent pilots for us. And we anticipate the vast majority of them will be with us until they retire from active flying at the age of 65. We have a new class starting every 14 days to fuel our growth and fill up these airplanes. And we've got a robust plan, a recruiting plan with conference schedules, meetings with pilot groups and so forth to prove all of the aircraft that we are scheduled to take through the end of this year. Flight attendants, not as difficult to obtain as pilots, but we do a very rigorous screening process, 26 currently in training and graduating this month. That will allow us to increase the size of our Atlantic City flight attendant operating base, as well as launch Las Vegas operating base with 15 flight attendants starting about a week from now. We've got one new class a month of 15 to 20 flight attendants every month scheduled now through the end of 2022. The State of New Jersey continues to subsidize the salaries of our flight attendants in Atlantic City. And the State of Nevada has indicated to us a strong interest in doing that as well and seeing our flight attendant base grow in Las Vegas, and they're working with us on paying a significant portion of the flight attendant salaries based in Las Vegas for the next three to six months while they are going through their operating training.

Ed Wegel (00:16:52):

So, we have a very robust training pipeline so far. We have not seen any difficulties in recruiting, in training our pilots and our flight attendants. We are not anticipating any issues, but we know that we'll be competing with the majors. We believe our salaries are competitive, our benefits are competitive, and advantages of working with us, working out of South Florida or Las Vegas or Atlantic City is very attractive to many of the pilots that we have recruited to the company.

Ed Wegel (00:17:28):

Along with the training plan, we've working on creating our own training center here in Miami. This is to help us reduce our costs. Training is very expensive. It costs about 25,000 US to train a pilot, get them through the training, the simulator time, and then their initial operating experience on board the airplane.

Ed Wegel (00:17:51):

So, our first initiative is a flat panel trainer, which is level five flight training device. Almost half of the simulator hours that we have to put a pilot through in our training program can be done in the level five trainer. This saves about 50% on our SIM costs. Full flight simulator costs about $400 an hour. This level five costs us a little under $200 an hour to operate. So, we will see an immediate reduction in costs when this FTD or flight training device is delivered to us in April of this year, fully operational in May.

Ed Wegel (00:18:29):

We received almost a hundred percent financing on this flight training device based on our business plan and our current capital structure and our balance sheet. So, we're very happy and pleased that this equipment will be online with us sometime in the second quarter of this year. As well, we developed and built a couple of in-house use door trainers and exit wing trainers for our A320 and A321 fleet. These are being shipped to us now. They're fully built. They'll be located in one of the training centers here in Miami, alongside of the flat panel trainers. So, all of our flight attendants will go through a standardized door trainer that'll be located here in Miami. This will reduce our costs by about a hundred to $150,000 a year by having this capability in-house.

Ed Wegel (00:19:21):

Seems like small dollars, but small dollars add up. And the more we train, the more cost savings that we will have, and we anticipate we'll need a second level flat panel trainer, a flight training device probably by the end of this year. And we may need a second in-house door trainer because of the flow of flight attendants to our training center.

Ed Wegel (00:19:42):

On the maintenance side, we continue with the development of our Fort Lauderdale hangar facility. Our major partner is Oaktree Capital. They had now gone out right after the first of the year with the RFP, for the design and build of the facility. We have strong interest from six major construction companies in the US to build this for us. This facility is fully financed for us by Oaktree Capital. We anticipate it'll be open in about 18 months and we will be able to do all of our maintenance in one centralized location, all the way up to C checks out of this facility, which will save us a tremendous amount of money as we go forward. We're also looking at co-locating some offices and some training facilities there at the site. This is still under development and we're going back and forth with the architects and the financing source for the facility. But this will be a tremendous asset for us as we move forward, to be able to perform most of our major maintenance at this facility.

Ed Wegel (00:20:50):

As well, we've signed a deal with GA Telesis, one of the premier MRO and parts and component suppliers to the aviation industry. They're located, the main location here in South Florida, but we are embarking on a program with them to buy A320 airframes that are at their useful end of life. We buy them very cheaply for a million dollars or so with GA Telesis. We harvest all the parts and components that we can with repairs. The entire program for one airframe costs us about three million, and we reap about $6 million worth of parts, components, landing gear, APU, and so forth out of that airframe.

Ed Wegel (00:21:34):

So, this is the first one. It has been identified as an ex-Air New Zealand airframe. It will start to be disassembled here in the next week or so. And we'll start to receive those parts here at our Miami headquarters facility within the next few weeks. Those parts are available for us to use onboard our airplanes. This will assuming that we can get two or three of these airframes and get those parts located on our shelf. This will save us tremendously. We believe each airframe will end up net saving us about a million and a half to $2 million for each airframe in terms of parts and components. So, obviously we'd like to do a number of those to continue to drive our maintenance costs slower.

Ed Wegel (00:22:22):

Why now? Warren, why don't you take this?

Ryan Goepel (00:22:24):

Sure. So, is one of the questions of investors will ask myself and Ed pretty much all the time is, "Your story sounds great. Why should we invest in you now?" I think a couple points need to be made. Both the passenger and cargo volumes do have long-growth runways. I think we've demonstrated that. As we see a legacy carrier struggle with cancellations and filling their schedule, we're seeing more and more customers turns towards operators like GlobalX to fill their flight needs. The S-1 has been filed publicly. We filed an amendment to the S-1 on Tuesday of last week. There were three questions as it relates to our exhibits, which we've addressed in that response. That's the last item. It's three exhibits out of 36, which implies the other 29 are fine. We will hope to get an answer for them any day.

Ryan Goepel (00:23:09):

And once they do sign off in the exhibits, we can apply for effectiveness within 48 hours, and then explore an up-list to the NASDAQ in 2022. I think if you look at the valuation of other cargo passenger carriers, Global is likely underpriced. And I kind of go back to when we started in June of '20, people when they approached, looked at investing in Global, the first bet they were making was, "Could we get certified? Does this team have the capability to get certified?" And that was really the investment thesis. And I think we addressed that. And then it became, "Can you get planes?" I think we've addressed that with the six planes we own on the certificate. And then it was, "Can you get the pilots to fly the planes?" As you can see, we have 47 of which half are in training right now.

Ryan Goepel (00:23:55):

And then finally is, "Could you get the customers to fill the planes you have?" And I think, when we look at our results, and we'll go through that over the next couple slides, we've demonstrated a capability to do that as well.

Ryan Goepel (00:24:06):

So, as we continue to add planes, I think the psychology will be, at some point, people will believe we can do this. And if you believe we can do this, and I think we've demonstrated an ability to do it. I believe our stock is well undervalued. And I would just look at the comps of the other carriers we mentioned and see how they're priced. And again, once we get to fundamentals, we're pretty comfortable in how people will look at our stock price. I think going into, this is kind of the fleet.

Ed Wegel (00:24:31):

So, we never miss an opportunity to show pictures of our airplanes. And we showed these the last time. We'll show them again. So, 276 was our first aircraft, A320, 277, A321. It's doing yeoman's work on flying to Cuba and to some other locations. The passengers love the A321 because of the number of seats and the amount of cargo and personal baggage that we can take on board that airplane. Our clients love the airplane, and we're looking at at least one additional A321 in passenger configuration that we would fly until it gets converted to cargo. 278, that came to us in late November and was put on the certificate in December.

Ed Wegel (00:25:15):

279, it's sister aircraft, is doing extremely well for us, has a great interior, a great pedigree and heritage where that airplane came from and has been flying a lot of hours for us. 281 and 282, both ex-Alaska Virgin America aircraft. Well maintained, both have the latest Wi-Fi capability on board, and those airplanes have been flying since mid-December. And because of the Wi-Fi, we're getting a number of clients who are coming to us because they need the Wi-Fi capability. So, both these airplanes are effectively sold out for the next quarter.

Ed Wegel (00:25:56):

Two N280GX will be here in February. It's an 8319. That's for a very specific government client that we are working with. And this client has asked us to look at acquiring another five A319s for them. That would be six A319s in a government contract that has not been not been signed. All the details have not been worked out, but this first aircraft will be flying for that government client starting soon as it's on the certificate. And N283GX, another ex-Alaska A320 with full Wi-Fi capabilities should be delivered to us in March of this year.

Ed Wegel (00:26:39):

So, that rounds out the current fleet at eight aircraft. We have demand for a lot more aircraft at this point, what's holding us back at this point in terms of additional aircraft is the infrastructure that required here at the company to be able to bring those additional airplanes on. We need more maintenance technicians, we need more maintenance staff, more sales and marketing people, and so forth. As well, we have to satisfy the US DOT requirements for the amount of capital that we have in the company to support those airplanes. And we'll talk about our efforts in that regard in a moment, and the clients that work with have expanded, even since we first showed these slides in December, whole swath of college teams, we're flying fans to the national championship game tonight in Indianapolis, the football championship. We have flown universities and colleges from the West Coast of the US to the East Coast and all in between. And this, the program we have now extends into basketball and baseball for them. And the list of clients continues to expand as well.

Ed Wegel (00:27:58):

On the tour and travel side, of course, we have Havana Air. We will eventually get to about 40 flights per week with them, Turpial, we're at three flights going to five flights a week, and Agua Caliente, as an example of one of the casinos that we are working with, we're starting to increase the number of flights for them to their three or four different locations over the next six months. We're working with the top brokers who provide broker charter aircraft to a whole swath of customers and clients throughout the US, everyone from JPS, ACC, Hunt & Palmer, and so forth. We have worked with each one of these. We have provided great service. All of them keep coming back to us with additional requests for aircraft for their clients. So, we feel very good about where we are in terms of our client base and how that has been expanding over the last several months.

Ed Wegel (00:28:55):

So, let's talk about what you really came to hear today, which is our growth trajectory and how we did in Q3 versus Q4 and what we're looking at in Q1. So, Ryan, why don't you take [crosstalk 00:29:08]?

Ryan Goepel (00:29:08):

Yeah, and I would think about that previous slide. We've only been flying effectively for about four months. So, that's a client list we've developed, with most of those clients being brought on board in the last 45 days.

Ryan Goepel (00:29:19):

In Q3, when we had effectively about one-and-a-half aircraft, we flew 378 block hours. We had over 1,400 block hours sold in Q4 with half of them in December. We are continuing to sell about 85% of our available capacity in Q4 and expect that trend to continue going forward in 2022. And by capacity, we talk about how many hours we can fly given the amount of planes we have, the amount of pilots we have and the schedule we're working with. We expect Q1 capacity to grow by 41% versus Q4. And we expect by the end of 2022 to grow capacity by two-and-a-half times what we flew in Q4 of last year.

Ryan Goepel (00:29:54):

So across the board, we're talking about multiples of growth, not percentages in most cases. We believe we can, as we work with customers, again, we are a relatively new airline. The more we fly with them, the more comfortable they get with us, the more likely they are. And we're seeing it in the contract negotiations, looking to secure longer-term contracts to ensure they can get our service. And I think with every customer we fly that's new, they're coming back, which is a fantastic testament to what we're doing. And I believe in a demonstration of the market as we saw it when we went to go start it.

Ed Wegel (00:30:25):

We just talk about that 85% number for a moment. Some of you may be thinking that there's more that we can sell. There's a theoretical limit to how much we can sell. We calculate available capacity by taking the airplane and effectively it can fly 200 hours a month, but because of our clients in the way that we have to schedule our airplanes to meet their demands and their requirements, often that airplane may be out of position for additional sales or because of pilot and crew rest and other issues. We're unable to move that airplane as quickly as we could to pick up other possibilities for clients and trips.

Ed Wegel (00:31:06):

85 to 90% is about where we can get to in terms of selling out available capacity, just again, because of the types of clients we fly and the availability of crew and other factors that may limit our ability to move that airplane, to pick up other work.

Ed Wegel (00:31:26):

So, we feel very, very good about that number as we add more airplanes. And so, one airplane could take a client to their destination, a second could come and pick them up and bring them back. The more opportunities and options we have to be able to do that will allow us to slowly increase that 85 to 90% number over time. But 85% is a very, very good number given where we are in terms of where we are as a company. And Ryan mentioned that we've really only been flying for four months. And so, to be able to do this and present these sorts of performance numbers is really extraordinary and testament here to the team on the maintenance side, flight op side, in our operations control center and dispatch to be able to do this.

Ed Wegel (00:32:16):

So, we see the capacity continuing to grow. Our ability to sell more available capacity will grow with more airplanes, just because of the optionality we have with more airplanes and being able to schedule those airplanes.

Ed Wegel (00:32:30):

The cargo business is a very, very important part of our business going forward. And this is why we've got 11 A321 freighters under current lease or firm LOIs. This increase from the original plan of five aircraft. We saw an opportunity with lessors coming to us saying, "Hey, we know what you're doing. We know that you can operate. We saw how you got certified. We can see how you're operating now. We think that you are one of the more viable platforms, maybe the most viable platform in the US to operate the A321 freighter."

Ed Wegel (00:33:08):

So, we've got seven or eight leasing companies continuing to talk with us and offering us airplanes to be converted. We feel very comfortable where we are right now with 11 aircraft currently under firm lease or LOI. This allows us to go out and talk to all of the package carriers and some other clients who need some scale to be able to contract with us. We have that scale now, and the certification process with the FAA will start mid-January and we'll continue through until we take delivery of the aircraft in August. And we'll do proving runs with that airplane to be able to operate it in revenue service starting and projected to be in September of this year.

Ed Wegel (00:33:54):

So, in summary, again, this is a slide that some of you have seen already. We believe we've got a very resilient and diverse business model. We got diversity in terms of passenger and cargo, diverse in terms of the clients that we have. We have both government clients, which is very important to us. We have longer-term contracts on routes where that traffic will flow even during down economic cycles or even somewhat during issues like we had with COVID. So, a good portion of our business is locked in no matter what happens in the economy or in the world in general. Where we continue to acquire assets, aircraft, even our flight training devices and other assets at post-COVID prices, which in most cases are 50% or more less than what we would have paid had COVID not occurred.

Ed Wegel (00:34:51):

We are a hundred percent equity financed to date. We have no debt. We will take on a little bit of debt, but it is secured by the airframe that we are dissembling. And we are well-positioned for high growth in this rebound, which is now occurring. Omicron has affected us. We have had crews that have contracted it. They're out for five or six days. It has forced us to be very nimble and agile in our scheduling and working with our clients. We're not immune to this pandemic in any way. And so, we've seen that in our flight crews, our flight attendants, even in our dispatch and other areas of the company, but we're working through that. We've got a deep bench in all of our positions. We've got crews that are willing to work very, very hard for us and with us. Some of them have flown as many as a hundred hours, which is the maximum that they can fly in any given month in the cockpit crews.

Ed Wegel (00:35:53):

And so, we've got a great team of people here who are working their way through the issues with the pandemic. We've become accustomed to it. We're managing around it. And it has not significantly impacted our business in terms of block hours flown or revenue to this point.

Ed Wegel (00:36:12):

So, again, we feel very, very good about where we are Q1. We'll see growth. We're seeing an increase in the number of clients or seeing increase in the number of aircraft that are being offered to us, and we are getting ready now to operate our cargo business.

Ed Wegel (00:36:27):

And so, with that, Grant, that concludes the formal presentation. And we'd love to take some questions.

Grant Howard (00:36:34):

... again, Ryan. Super job. And I'm just going from memory here, but I think in 18 months, this is now number 10 or a number 11 of the management webinars that have been hosted here, which speaks to how much this company has accomplished because 33 years we've ... And of course, webinars only started in the past few years in earnest, but we've never had a client come close to being able to do this on such a frequent basis and pass through so much new information and in development.

Grant Howard (00:37:10):

And in case folks were wondering, just as a reminder, in the third quarter, Global reported $3.1 million in revenues. So, you'll have to run some of your own numbers because the company's not going to get in the forecast today.

Grant Howard (00:37:28):

Just a reminder. I see we already have a series of questions. Use the Q&A button at the bottom of your screen, not the chat button. That were a couple of things that did come in. So, I will start there, but again, not the chat button, use the Q&A button. First question. "What is the breakeven point percentagewise for versus the hour utilization?"

Ryan Goepel (00:37:58):

Yeah, I think as we talk about the breakeven point, we're doing such growth, I think on a steady state. There's a number of planes that it makes sense. We've always discussed the six-to-eight plane range, depending on the utilization of the month, but we're also growing at such a clip. We're not in the position that ... I think when we report Q4 numbers, it'll be a lot more constructive to have that conversation.

Grant Howard (00:38:22):

Next one. "It was mentioned about NASDAQ uplift on or in 2022. When do you expect it? Q1, Q2, Q3?"

Ryan Goepel (00:38:33):

As of today, the process hasn't started. We, as a company, see the move to a more senior exchange as vital to our growth plans. The first hurdle obviously is an effective share registration statement. Once that's completed, we'll be in a position to start the process working closely with our banking partners, determine when it would make sense to make that move. In the meantime, we're just focusing on our operations. Growing the company and having a longer track record only serves to increase the probability of an uplisting and the value of an uplisting.

Grant Howard (00:39:09):

There was the question here about how do you accelerate the S-1 approval that was contained in the presentation and the draft that you answered some of the questions approximately a week ago. Is there anything you want to add to that, Ryan?

Ryan Goepel (00:39:27):

No, I think, like I said, the SEC is slammed. They're having an unprecedented number. I think the SPAC movement has created an unprecedented number of S-1s. We work closely with the legal council that's assigned to us. We're in constant contact. We do our best to respond within 24 hours of any request for information. And that's really all we can control. We can control that side of it. We're responsive. We believe they're working with us. And hopefully we'll get an answer as quick as possible.

Grant Howard (00:39:54):

Question about investor relations and increasing exposure to the buy side. And on the buy side, we would be talking about investment advisors with, say, big book, like small institutions or boutique funds, just so people are aware of what that term means. Obviously, this is very important. These events are recorded, broadly distributed. And if you go on YouTube, you'll see five, six, seven, 800, 900, a thousand views of these webinars, chat online about it. But gentlemen, is there anything further you would like to say about, let's say, the public marketing of the company?

Ryan Goepel (00:40:33):

Again, we're not a B2C kind of product. So, we have to be pretty careful with how we spend our marketing dollars. We work directly with our customers, so we don't have that tie. Some people mistake public marketing for the company as investor relations marketing. We have a robust contact list. We have a robust list of conversations we have. I probably do 10 to 15 conversations a week explaining the story, getting people caught up to the story. And so, we don't just want to throw money at this because we want to make sure it's money well spent. We want to make sure when we're spending money, we're spending it on operations. And I think, again, you always could talk to more people. I think there's a lot of trade shows are coming back. We participated in a number. We will continue to participate in them going forward. We'll continue to do webinars as we're doing here. We have a mailing list with over 10,000 investors on it.

Ryan Goepel (00:41:30):

So, I think just spending $200,000 on a media campaign probably won't be necessarily worth the funding that we see it right now, but we'll continue to work with the investor group. I take, like I said, 10 to 15 meetings a week, walk you through the storm.

Grant Howard (00:41:48):

Margin question. "What is the higher margin, passenger or cargo?"

Ed Wegel (00:41:55):

Hmm. Well, it really depends on a number of factors. So, on the passenger side, margins vary a bit from anywhere from 8% up to over 20%. It depends upon the number of flights we get out of a particular contract. So, the more flights in a particular contract, the margins tend to be smaller. Ad hoc or last minute charters tend to be very, very high.

Ed Wegel (00:42:26):

So, we look to average out around 15% margin. We anticipate that the cargo side will be slightly higher than that. Even with the fact that the cargo operations will be on a multi flight contract basis, we're not talking months, we're probably talking years out of some of those contracts. So, overall, cargo, slightly higher than passenger, but passenger, again, largely dependent upon the type of client and the number of flights that they're contracting for.

Grant Howard (00:43:03):

Talking about your headquarters. "When are you planning to move in?"

Ed Wegel (00:43:10):

We are looking at a number of different options. We're very, very cheap, and I will underline very, very twice, cheap space here at the Miami airport. That's the way we like to operate. I think we pay, what? A dollar a square foot per month.

Ryan Goepel (00:43:28):

Yeah. It's a third lower than anything else in Miami.

Ed Wegel (00:43:31):

Yeah. We're about one third the cost of anything else in Miami being here at the airport and in this space. So, I'm not ... But having said that, this building is slated to be demolished within two years. So, we have to find another home. It could be that we will co-locate with the maintenance facility and build on top of that hanger or alongside, or we might co-locate or co-terminus, so we'll have an operation here in Miami, because Miami is a very, very important part of our whole network. And we have a lot of flights from here. So, we may have the sales and marketing and the senior management here and locate all of our maintenance activities up the road in Fort Lauderdale, which is only about a 20, 25 minute drive from here. So, we haven't started to thinking about real detailed planning on that. We do like office space that's cheap. We have it now. And we don't intend to give this up until the very last moment, until we have to move.

Grant Howard (00:44:37):

Next question, and I am not attesting to the validity of these numbers. I'm just going to read the question. "If we look at the average daily airplane utilizations of your competitors, Sun Country, Spirit, Frontier, over 2/3/21, they range from seven to 10.6 hours. Your target is from four to 4.9 hours at 120 and 150 hours per plane per month." First part, "What are your plans to increase your utilizations over time to something in the range of your competitors?" And second part, "Given your cost structure, do you believe that you can be equally as profitable as your competitors with lower utilization?"

Ed Wegel (00:45:26):

Well, let's take that first part of that question. Those are not really competitors to us. So, when you talk about Spirit, Jet Blue, Frontier, those are scheduled airlines. Those are scheduled airlines that have, for the most part, brand new airplanes, or very, very young aircraft fleet that they're paying anywhere from 250 to $300,000 a month for each airplane, which means that they have to get utilization of 12 to 13 hours a day to have any shot at making money. We are in the charter business, which is completely different from the scheduled business. So, we don't have to fly our airplanes, which are around a hundred thousand dollars a month for as many hours as they fly them. And remember, they're putting out fares that are 40 to 50% lower than the major US airlines.

Ed Wegel (00:46:19):

So, they have to get the utilization up very, very high. They have to sell a lot of tickets and they have a expense on that aircraft, the operating expense on that aircraft because of the capital cost, that is two to two-and-a-half times higher than ours. We can't fly charters for 12, 13 hours a day. Charters fly mostly during the day. We fly a group out to California. We may have to sit and wait for them to fly them back, or we have to bring that airplane back to Miami. Now we may get paid for that, but not as much as when the aircraft is live with the client.

Ed Wegel (00:46:54):

So, we'll never get to 12, 13 hours a day on our airplanes. So, we certainly don't have to make the expenses that the low-cost carriers have with those aircraft. So, we're looking at five to six hours a day. In some cases during the peak, we're looking for seven hours a day, but if we can get five to six hours a day out of that airplane, consistently 150 to 160 hours a month per airplane over a fleet of aircraft, given our cost structure, we will make good money.

Grant Howard (00:47:31):

Okay. And the second part of that was, perhaps it's been answered now, "Given your cost structure, do you believe that you can be equally as profitable, lower utilizations?" I think you've covered all of that off at the same time, unless there's anything else you wanted to add on that.

Ed Wegel (00:47:49):

Well, I think that's it. They fly from 6:00 a.m. until 10:00 p.m. Most of our charter clients, of course, want to fly from a little later in the day until sort of early evening time. So, there are number of hours in the day that are automatically cut off effectively from us flying because of the way our clients want to fly. Now, we increase the cost to them on an hourly basis based on the demand and based on what they want to do and where they want to fly.

Ed Wegel (00:48:21):

So, our ability to generate revenue per block hour is greater than the low cost carriers, because they're operating 10 to 12, 13 hours a day. That sounds great, but they've got to fill all of those seats. To fill all of those seats, they drop their fares considerably and they're looking to squeeze out the margin. So, their whole plan is predicated on very, very high utilization of a very, very costly asset, which is an almost brand new A320 or 737 MAX. We don't have that problem.

Grant Howard (00:48:57):

Right. Here's something that I'm sure more than a few people have wondered. "Why do you have aircraft with different color schemes and logo configurations? And is that more expensive to do that?"

Ed Wegel (00:49:12):

It's not more expensive. Let me take the configuration part first. So, we have clients who have lots of different needs. Some of them need a first class or a business class product. Some of them want all coach because of the type of group that they're moving. So, we like to have a couple of different configurations in the fleet. We have a couple with first class, the ex-Alaska airplanes and the A321. We have a couple which are all coach.

Ed Wegel (00:49:44):

So, we're able to offer the type of configuration that our clients want. And we're now moving to the capability where we can quickly change the configuration. So, we now have a configuration we can offer to clients with 68 all first class seats onboard the airplane. It takes about eight hours to swap out the seats, but we get a very, very high premium for that type product.

Ed Wegel (00:50:07):

We are also looking at even lower density in terms of number of seats with live flat seats and other configurations that we can offer to the market. If we had the same flavor of aircraft in terms of configuration across the entire fleet, we would not have anything different that we could offer to our customers. And that would be a problem.

Ed Wegel (00:50:29):

In terms of deliveries or how we paint the outside of the airplane. I've been doing this a lot of years. I'm always amazed that an airline will paint the first hundred or 150 airplanes exactly the same. And then someone wakes up one day and says, "Hey, why don't we do something a little different?"

Ed Wegel (00:50:47):

So, I decided after two airplanes, "Hey, why don't we do something a little different?" And so, we have a couple of different liveries. One is all blue. One is white with the blue lettering.

Ed Wegel (00:50:59):

We're not sure what the next couple of airplanes will be. But the important thing is to get people talking about our airplanes, which obviously the person who asked this question had noticed that we have a different livery and noticed our airline. And that's what we're looking to do.

Ed Wegel (00:51:14):

Back in the 70s, there was an airline down here in the US called Braniff that operated a fleet of a hundred or so 727s and 747s. And every one of their airplanes was painted in a different color. And their campaign slogan was, "The end of the plain," P-L-A-I-N, "Plane," P-L-A-N-E. And it got coverage worldwide because no one had ever thought of this before. "Let's paint each airplane a different color instead of the same old drab color and the same paint scheme and you can't tell one airplane different from another."

Ed Wegel (00:51:47):

So, you know what? We started this airline in the midst of a pandemic. We then spun out another airline out of the first airline in the middle of a pandemic. So, we like to think that we do things differently. This is just one more way that we do things differently.

Grant Howard (00:52:05):

Well said. But do you plan to convert the non Wi-Fi passenger planes and the cargo carriers to maximize the passenger fleet with Wi-Fi capacity?

Ed Wegel (00:52:16):

Well, that's an interesting question we ask ourselves almost daily. Here are the considerations for that. The ex-Alaska airplanes were a gift to us almost because they came with the latest Wi-Fi. That Wi-Fi onboard that airplane costs about $700,000 to buy and install and takes about nine months of waiting time to be able to get that system and get it installed.

Ed Wegel (00:52:46):

So, when we were offered these airplanes with no increase in rent with the Wi-Fi on board, it became a huge advantage to us. And so, now every A320 we are looking for in 2022 is coming out of Alaska and it's got this Wi-Fi on board. Some of our clients absolutely don't need Wi-Fi. Our flights to Cuba, if it's a 35-minute flight, no need for Wi-Fi. Flights to Santo Domingo, and some other points in the Caribbean. Absolutely no need to put Wi-Fi on board.

Ed Wegel (00:53:18):

So, we will have a fleet that has Wi-Fi, five or six ex-Alaska A320s with Wi-Fi on board, huge advantage for us in the marketplace. We can offer that to the clients who need Wi-Fi. The rest of our fleet will be non-Wi-Fi. We won't wait nine months and we won't spend seven or $800,000 to put that on board our airplane, because we don't think that we would get that back, the return on investment and that would be minimal. And we have clients who just don't need Wi-Fi. So, we're not going to put it on board those airplanes.

Grant Howard (00:53:55):

Right. I'm going to bypass some of these things. Questions about profitability, timing on a NASDAQ uplisting and that has all been a addressed. Quick question about who's currently running the social media platform for Global. "You're doing that in-house?"

Ed Wegel (00:54:11):

We are doing that in-house. We had an outside group do it for us. And I found that to be fairly inefficient. I'd much rather grab my chief marketing officer and say, "Put this on LinkedIn. Put this on

Instagram. Put this on our website." And we're in here at 7:00 in the morning. So, it's very easy to take a few minutes and do that. Is it maybe as professional as it should be? I don't know, but it saves us $25,000 a month to do it ourself. And so, we will do it ourself. Sometimes I do it, sometimes Ryan does it. Sometimes the chief marketing officer does it. Just one more thing that we do, and it helps us save money. But I think that we have a very good presence on LinkedIn. We've got a great presence on Instagram and some of the other media sites. Our current website is constantly under revision and renovation. And we'll continue to do that.

Ed Wegel (00:55:06):

So, for what we spend on it, which is basically I buy my chief marketing officer a cup of coffee and he goes and does it, it's well worth that investment.

Ryan Goepel (00:55:16):

A Keurig cup.

Ed Wegel (00:55:17):

Yeah.

Grant Howard (00:55:20):

Question from our friend in New York, Helaine Becker. "How many of the aircraft you want to have by 2025 have you identified? I asked because ALGP mentioned last week, they have placeholders for 22 A320s, and they noted how difficult it can be to acquire high-quality used aircraft."

Ed Wegel (00:55:45):

Good question, Helaine. So, we could fill up all 25 passenger aircraft today by signing LOIs and that would take us out through our plan growth through 2025. We're effectively at 10 now. We have another five aircraft that we are looking at coming out of Alaska, and that would bring us to 15 and we have another 300 or so proposals on our desk from various leasing companies for additional aircraft. We are actually slowing down just a little bit because we think the price of NEOs, which is the new version of the A320, some of those NEOs are now coming up on their six to eight years with their original lessee. And they're now being offered to us at very, very interesting prices. And with the increased rise in the price of oil, we are looking at the possibility of taking used NEOs after we take on these 10 or 15 older A320s.

Ed Wegel (00:56:58):

So, we're looking at that possibility, but if we wanted to today, we could fill up our entire used aircraft order book of all 25 airplanes within a week from today. We're being offered from lessors as many as five or six aircraft in one transaction. They like our story. They see what we're doing. They see how we're able to put these airplanes on their certificate. And so, we don't see any real loss of optionality for us in terms of acquiring aircraft. Now Maury may be talking about that at Allegiant because he's looking for a certain type of A320, certain characteristics on it. And, of course, Maury likes to spend money even less than I like to spend money. So, that may reduce the number of options that he has. But as of now, we don't see any impediment to us getting to the 25 airplanes on good deals, favorable to us and locking those airplanes up over the next year.

Grant Howard (00:58:09):

Couple of questions as to whether or not part of the NASDAQ uplist that you're going to have to do a consolidation. I'll leave that with you.

Ryan Goepel (00:58:22):

I'll go back [inaudible 00:58:22]. So again, I think the timing for NASDAQ is yet to be determined. As we said earlier, we want to get our share of registration statement in place. I want to get credit for the six planes we have on our certificate today, and then I don't have a share problem. So, I think when we have eight planes, we have less of a problem. So, I think that'll all take care of itself.

Grant Howard (00:58:46):

[inaudible 00:58:46] in agreement. It would be desirable that the value starts to be reflected in the market so that the stock price says you don't have to worry about changing the share structure. Any updates on Flugy or other affinity travel program?

Ed Wegel (00:59:02):

We're very pleased with the progress on Flugy. As we announced, we've got a partnership deal with Soho House and those first flights for Soho House, they actually pushed it back a month or so because of the pandemic. They were afraid that we'd get the people to Canouan, and then there would be an issue and they'd have to stay there in Canouan for an extra 10 days or so. Canouan's a place you want to go for three or four days, not for 10 or 12 days. So, I think they made the right decision, but we are looking at additional destinations for them in their system, over their network of hotels. And so, we think that that product will continue to percolate in the market. We're talking to other types of hospitality brands, very similar to Soho House who see what we're doing there.

Ed Wegel (00:59:54):

Those discussions are ongoing. I think we'll announce some deals over the next month or so with other hospitality brands as well. We just received the provisional patent for the sort of the back of the box software and other items that constitute Flugy and how they crowdsource travel. So, that is creating more value for us in that particular platform. And then we're going to be announcing, I think a series of crowdsource flights later this year using the platform.

Ed Wegel (01:00:31):

But we're also talking to a number of venture capitalists and other funds that invest in new travel technology. It would be our intent to grow this company, but using other people's money to do that so that we can continue to focus on our core business. We think this was a very effective spinout for us. It cost us almost nothing to get it to this point. And we now have a partnership with Soho House. So, Flugy's just one of the initiatives that we think will bear a lot of fruit for us over time, no different than our spinning out Canada Jetlines and maintaining a minority stake in that airline, which we believe will grow over time.

Grant Howard (01:01:20):

Question about profitability, but that's already been answered. The range is six to eight aircraft, depending upon what ... And the question here about what's the projected passenger cargo fleet split by the time you're at 50. You answered that. It's 50/50, 25 of each. But the other part of the question is, "Do you foresee more wide body units in that mix?"

Ed Wegel (01:01:45):

In the 50, that is all narrow bodies. So, that's 25 A320, A321 passenger aircraft and 25 A321 freighters. We have been approached about operating the A330, both for passenger and for cargo. We are looking at the number of transactions. It's not something that's high on our list to get to right now. We have enough work in front of us in terms of getting the A321 freighter on our certificate, increase the number of passenger A320s on our certificate and having a stable platform for growth. But since our pilots can fly both the 320 and the 330, the 330s are available in large numbers, and we're being approached every day about operating that airplane for specific clients. It's something that we are taking a very hard look at, but those 50 airplanes that we speak about, those are all narrow body.

Grant Howard (01:02:49):

That appears to be it for the questions. Just a closing comment showed up on the chat line from one of the very first people that we ever introduced to this story in June 20 is Mike Harris and he's invested in every one of your rounds. And I like Mike because every time he hops on one of these webinars, he goes and buys more stock. He said, "Just a great job. Keep up the terrific work. Thank you for continuing these sessions."

Grant Howard (01:03:13):

And I think that's a good place to end. Well done, gentlemen and you've shed a lot of light on what's coming through 2022 and we look forward to the next webinar. Thank you-

Ed Wegel (01:03:24):

[crosstalk 01:03:24]-

Grant Howard (01:03:23):

... for all of the people who attended.

Grant Howard (01:03:26):

I'm sorry, Ed. You wanted to say something?

Ed Wegel (01:03:27):

Yeah. Just, if Mike wants to buy after every webinar, we'll hold one every day. So, we'll be on the [crosstalk 01:03:36] him. Let Mike know.

Grant Howard (01:03:39):

He's a good Canadian supporter. All right. Thank you, gentlemen.

Ryan Goepel (01:03:42):

Thanks, Grant.

Grant Howard (01:03:42):

And we will talk soon. Thank you.

Ed Wegel (01:03:45):

Thanks very much. Thanks everyone.

Grant Howard (01:03:46):
Too.