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Zacks Small-Cap Research

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New Horizon Aircraft Ltd (NASDAQ: HOVR)

HOVR: Is liftoff on the horizon? Initiating coverage of an early-stage eVTOL manufacturer.

Horizon Aircraft's valuation relies on our DCF model with a steep 20% discount rate applied to cash flow. We are currently assuming that the Cavorite X7 enters the market by 2030, but as the company achieves development milestones, we will adjust the commercialization timeline. Our 12-month target valuation is $1.25.

Current Price (05/16/25)	$0.68
Valuation	**$1.25**

OUTLOOK

Horizon Aircraft (NASDAQ: HOVR) is an early-stage aerospace OEM that is developing a hybrid electric vertical takeoff and landing ("eVTOL") aircraft for the regional air mobility market.

The company's fan-in-wing design is unique in the eVTOL market and will allow its vehicles to take off and land vertically like a helicopter but fly horizontally like a standard fixed-wing aircraft once airborne. The aircraft will be capable of traveling further, faster, and more efficiently than any other pure eVTOL aircraft currently in development.

Delivering a new aircraft to the regional air mobility market represents a significant opportunity for Horizon Aircraft. The company will require additional financing to reach commercialization, and several technical and regulatory hurdles remain, but we believe the risk/reward balance is attractive today.

SUMMARY DATA

52-Week High	**$2.48**
52-Week Low	**$0.26**
One-Year Return (%)	**-54%**
Beta	**0.76**
Average Daily Volume (sh)	**177,617**
Shares Outstanding (mil)	**31**
Market Capitalization ($mil)	**$21**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**26**
Insider Ownership (%)	**9.4**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2025 Estimate	**N/A**
P/E using 2026 Estimate	**N/A**

Risk Level	**High, Speculative**
Type of Stock	**Growth**
Industry	**Aerospace**

ZACKS ESTIMATES

Revenue
(in millions USD)

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2023	0 A	0 A	0 A	0 A	0 A
2024	0 A	0 A	0 A	0 A	0 A
2025	0 A	0 A	0 A	0 E	0 E
2026	0 E	0 E	0 E	0 E	0 E

EPS / Loss Per Share

	Q1 (Aug)	Q2 (Nov)	Q3 (Feb)	Q4 (May)	Year (May)
2023					
2024					-$0.56 A
2025	-$0.11 A	$0.58 A	-$0.12 A	-$0.08 E	$0.24E
2026	-$0.08 E	-$0.09E	-$0.11E	-$0.11E	-$0.41E

Quarterly EPS may not equal annual EPS due to rounding or dilution.
Reported in USD

KEY POINTS

We are initiating coverage of New Horizon Aircraft Ltd (NASDAQ: HOVR) with a 12-month valuation target of $1.25 per share. New Horizon Aircraft (also referred to as "Horizon Aircraft" or "Horizon" throughout this report) is an early-stage aircraft OEM that is still developing its first commercial aircraft, the Cavorite X7.

The Cavorite X7 will be a 7-seat vehicle (6 passengers and one pilot) that will be capable of vertical takeoffs and landings like a helicopter, but once airborne, the aircraft will fly the majority of its miles as a traditional fixed-wing aircraft with a propeller powered by aviation fuel. Based on initial testing and modeling conducted by the company, it is expected to have the capacity to travel at a speed of up to 250 miles per hour with a range of over 500 miles.

The company expects to target the regional air mobility market with the Cavorite X7 and anticipates that demand will come from emergency service providers (medical and disaster response), intercity travelers, and the military.

Key reasons to own Horizon Aircraft shares:

➢ The Cavorite X7 is a unique approach to solving the problem of regional air mobility by offering a hybrid approach that utilizes electricity to power vertical takeoff and landing while using existing technologies (conventional fuel and fixed-wing design) to achieve horizontal flight. By combining these approaches, it is expected that the Cavorite X7 will offer the ability to travel further and faster than existing options in the vertical takeoff world (principally helicopters). Also, by utilizing traditional fuel and a propeller, the Cavorite X7 will significantly exceed the range capacity of nearly all proposed eVTOLs we've reviewed while expanding the landing possibilities of fixed-wing aircraft to more remote locations not currently served by regional airports.

➢ We believe the team at Horizon Air has carefully analyzed the market to build a product that will find demand in the market. Rather than building a product for a potential market that has yet to develop (like the "air taxis" envisioned by many eVTOL players), Horizon's team is building a product to address the greatest weakness of helicopters and small aircraft markets. While any new aircraft design will inherently face challenges, building an aircraft with a clear end-market in mind is a sensible approach.

➢ We believe that the company's current valuation accurately reflects the substantial risks of bringing a new aircraft to the market. As the company achieves certain milestones on its path toward certification of the Cavorite X7, investors should reevaluate that risk discount. We think the valuation should improve if the company stays on track to commercialization by 2030. On balance, we believe the risk-reward is attractive at the current levels for investors willing to speculate on a high-risk venture.

Most investor attention in the emerging market for new aircraft is focused on the high-profile, fully electric vehicles that plan to offer vertical takeoff and landing, targeting the intracity "air taxi" market. These companies have raised substantial amounts of venture capital, private equity, strategic investments, and public financing as they pursue certification for their vehicles. Horizon's possible use cases are well-established since regional aircraft and helicopters have a long history of operating safely and successfully, so the company is not attempting to create a market that does not currently exist. The high-profile eVTOL companies have significant advantages in terms of both engineering prowess and financial resources, but in an emerging market like eVTOLs, we do not expect it to be a "winner-take-all" as many different models may succeed. We will discuss the competitive landscape in greater detail later in the report.

Today, the vertical takeoff and landing (VTOL) market for passengers is dominated by traditional helicopters, as none of the emerging eVTOL concepts have received certification in North America. The fixed-wing aircraft market targeting a 500-mile range is dominated by aircraft from Cessna and Beechcraft (both owned by Textron), Piper Aircraft, and others.

There appears to be a gap in the market that could be filled by an aircraft that flies like a conventional small passenger plane but can also land or take off anywhere like a helicopter. Horizon Aircraft is building the Cavorite X7 to address this gap.

The pathway from Horizon Aircraft's current position as a manufacturer with a half-scale prototype to complete certification of the aircraft is likely to require a great deal of human and financial capital that substantially exceeds the current company's structure. We have noted the recent additions of new engineering talent as the company begins to ramp up its development. Today, the company is similar to an early-stage venture capital-backed startup because the challenges are significant, and the commercialization of the project is not assured. However, if the company is successful, the rewards for investors at this stage could mimic those offered by early-stage private investments.

In this report, we review the eVTOL market and Horizon Aircraft's positioning in that market, and thoroughly review the development milestones to watch for. We follow with an in-depth description of ideal use cases and the potential competitive advantages of the Horizon Cavorite X7. The report reviews the current solutions in the regional air and the various solutions currently in development. In closing, we discuss some of the high-profile failures in the industry, and we conclude the report with our valuation. We discuss that meaningful revenues will not likely be recognized until the beginning of the next decade, and our initial assumptions on pricing for the Cavitation X7. Based on these assumptions and our DCF analysis, we have established a target valuation of $1.25 per share.

There remains a great deal of uncertainty surrounding the prospects for eVTOLs, but that uncertainty is somewhat mitigated by the Cavorite X7's fixed-wing flight design, management's decision to be only a manufacturer as opposed to manufacturer and operator, and the markets targeted by Horizon. However, financing the substantial cost of certification and the long path to revenues will be significant challenges the company must overcome.

OVERVIEW - HORIZON'S CAVORITE X7

Horizon Aircraft is taking an interesting approach to the market for regional air travel by building a hybrid vehicle, unlike the pure electric alternatives proposed by many of the industry's first-movers, which are targeting intracity travel.

Horizon Aircraft aims to offer an aircraft that incorporates a hybrid electric Vertical Takeoff and Landing system for flights of up to 500 miles carrying up to 6 passengers (with one pilot). The ability to take off and land vertically will enable the Cavorite X7 to serve communities that a traditional regional airport does not currently serve or to rapidly reach emergencies (natural disaster or medical emergencies).

The unique design of the Horizon Air "fan-in-wing" technology allows the company's vehicle (at least in early tests) to achieve vertical lift, but then, when the fan covers are closed, the aircraft takes on a more standard configuration of a fixed-wing aircraft for horizontal flight powered by a rear propeller. The company will use lithium-ion batteries to power isolated motors and a more traditional internal combustion engine to power an on-board generator. This hybrid approach has allowed the company to design a system that will utilize smaller batteries than most other eVTOL designs (reducing the total weight of the aircraft) and which enables inflight recharging of the batteries.

The ability to offer inflight recharging of its batteries is one of the key differentiators that we think can separate the Cavorite X7 from other proposed vehicles. We believe this addresses the greatest concern customers have expressed with eVTOLs – the ability to make multiple takeoffs and landings without requiring downtime to recharge. Inflight recharging will mean that vertical takeoff and landing for the Cavorite X7 is not constrained by access to charging infrastructure. While an eVTOL flying a consistent route (for example, from a Manhattan helipad to one of the region's three major airports) would likely have charging infrastructure in place at its key docking locations, a vehicle flying to an emergency location to enable paramedics to treat injuries or access remote locations in combat scenarios is almost always going to have a different flight path that includes multiple points of departure and arrival.

Like most eVTOLs, Horizon Air anticipates that the total cost of operation of its vehicle will be substantially lower than the cost of operating a comparable helicopter. While the reality is that these cost savings are theoretical at this time, many industry observers have arrived at similar estimates forecasting that the cost of operation could be up to 40% below that of comparable helicopters. We will discuss this later in the report.

Figure 1: Horizon Aircraft's 50% scale prototype from above

Source: Company's YouTube channel

Figure 2: 50% scale prototype in flight

Source: Company's YouTube Channel

The company anticipates that the full-size version of the Cavorite X7 will be capable of carrying seven people (6 passengers and one pilot) and have a cargo capacity of 1,500 pounds, which exceeds most of the other eVTOL concepts we have reviewed, but it is still short of the useful load of a comparable helicopter. The company envisions that the target markets for its vehicle will be those customers who value a combination of speed, capacity, efficiency, and increased operating range.

Thus far, the company has built and begun testing a half-scale prototype of the Cavorite X7, which has a 22-foot wingspan, is 15 feet long, and weighs approximately 550 pounds. The company has a "Special Flight Operations Certificate" from Transport Canada Civil Aviation (TCCA) through August 1, 2025. The

company will seek an extension of this certificate so that it may continue testing. We review the certification process and the potential timeline for type certification below.

The company maintains a fairly active YouTube channel with various interviews with key team members, flight tests, and technical specifications about the half-scale prototype of the Cavorite X-7. From these videos and comments from management, we have been able to gain some additional insight into where the company stands today, including:

➢ The half-scale prototype flight controls use Ardupilot with additional customized code. The full-scale aircraft will require a pilot and commercial-grade avionics.

➢ Several observers noted the flex in the wings on the prototype. The company indicated that to speed up production of the half-scale version, it elected not to add additional struts to the wings, which caused the apparent excessive vibration. The company indicated that due to some adjustments in the motor control system, the wing vibrations have been eliminated to a large degree. It is expected that the full-scale vehicle will have stiffer wings than the current prototype.

➢ The company's ducted fans in the wings produce lift both directly from the fans and from the induction of low pressure over the duct. While this scientific principle is widely known, it appears that in testing, a significant portion of lift is a result of this action of low pressure over the duct.

We will continue to monitor this channel as it is a good source of real-time testing progress.

eVTOL and REGIONAL AIR MARKET

To date, the eVTOL market has focused on the concept of short-distance, urban vehicles that can serve as "air taxis" shuttling people above the congestion of large cities. However, the path from the drawing board to commercialization has been very lumpy. The emergence of the eVTOL concept was tied to improved electric propulsion systems, improved battery technology, advances in structural materials, and a great deal of early-stage venture capital funding seeking the "next big thing". One of the sharpest criticisms of this space is that it is attempting to solve a problem that does not exist today, with a variety of new vehicles simply because money is available to be invested in the space. The companies building products for this market are targeting:

➢ The "air taxi" market like the way Blade Air Mobility (NASDAQ: BLDE) operates in metropolitan areas.
➢ The cargo delivery market for remote areas where traditional airlines don't operate.
➢ Military applications
➢ The personal use market for a quick trip to the Hamptons or a second home in the mountains.
➢ The emergency service market for disaster relief, rescues, and medical flights.

We will discuss the leading players in this market in greater detail below in our competitive analysis section, but most investors are aware of prominent names like Joby Aviation and Archer Aviation, as well as some smaller players like EHang from China or Vertical Aerospace.

Like the eVTOL market, the regional air market also aims to serve those traveling short distances or cargo flights to remote destinations. However, unlike the eVTOL market, which is now approaching commercialization, the regional air markets are some of the most mature markets in the US and Canada. The regional air market consists of short-distance flights of typically 250-1000 miles to small airports or local heliports. Turboprops, small jets, small aircraft from manufacturers like Cessna, Beechcraft, or Piper, and various helicopter models all meet this market's needs today.

Where these two markets overlap, there could be a sizeable opportunity. The vertical take-off and landing features open up many markets that do not have regional airports for landing, and a horizontal fixed-wing solution would allow a vehicle to travel far enough to be of interest to some segments of that market that need a vehicle that can travel farther and faster than a helicopter.

HORIZON'S CAVORITE X7: REMEMBER THAT A PRIUS WALKED SO TESLA COULD RUN

Figure 3: Cavorite X7 Design Concept

Source: Company Investor Presentation

To use the auto market as an analogy, the Toyota Prius with its hybrid engine convinced many skeptical consumers of the value of an electric motor, particularly in certain use cases like city driving. Slowly, the broad acceptance of hybrids like the Prius opened the door to US consumer acceptance of fully electric vehicles like those from Tesla, Rivian, Ford, and Hyundai.

Oddly, the air transportation market seems to have skipped the hybrid iteration and jumped straight from fossil fuel-powered flight to the assumption that all-electric powered takeoff and flight is the best approach for short-duration trips.

If the Cavorite X7 can be the Prius of the eVTOL market, perhaps it can bridge the gap to a day when an all-electric flight is more likely to become a reality in the regional air market.

The most apparent advantage of the hybrid electric power system of the Cavorite X7 is that takeoff and landing zones are not restricted to locations with existing charging infrastructure. The dream of eVTOLs is to use them like a car in the air but the realities of the battery technology today and the substantial difference in the amount of power needed to achieve horizontal flight versus moving a car forward on the road, mean that these fully electric vehicles will be virtually tethered to their charging infrastructure. While the small plane market is limited in reach by the number of accessible airports, the reach of eVTOLs will be limited by the locations where charging infrastructure can be installed. A hybrid electric power system with inflight charging like that envisioned by Horizon Aircraft could remove these limitations and significantly expand the useful operating range of the aircraft.

The company's hybrid electric power system uses two sources of electrical power during takeoff and landing and recharges the batteries in flight. The ability to have unlimited landing options and vertical takeoff incorporates many of the key features that drive the rescue and emergency medevac helicopter market, so the Cavorite X7 could prove to be a popular solution in this market.

Other unique features of the Cavorite X7
Perhaps the most significant design difference between the Horizon Air Cavorite X7 and other design concepts is the placement of the 14 fans built into the wings (5 fans in each wing) and forward canards (2 on each side) that enable the vertical takeoff and the sliding covers that cover the fans during horizontal flight. Having a closed fixed wing during this portion of the flight will make the aircraft more efficient and reach speeds that cannot be attained by like-sized helicopters. It should be noted that in the 50% scale prototype, the company had 16 fans – 6 in each wing and 2 in each forward canard – but the mockups of the full-scale prototype show a change to 5 fans in each wing (14 fans in total).

The steps detailed by the company for a vertical takeoff and forward flight include:
➢ The 14 ducted fans in the wings and canards (10 in the wings, 4 in the canards) provide lift
➢ The aircraft's rear pusher propeller then engages and moves the vehicle forward
➢ The covers on the wings and canards close, and the aircraft flies like a traditional fixed-wing aircraft.

While many of the systems in the final production version of the Cavorite X7 are still under development, it is worth noting that the fan units are all isolated from one another to reduce the risk of a systemic failure. In early testing, the aircraft was still able to hover with 30% of its fans disabled.

The company also anticipates that the aircraft will be capable of conventional takeoffs and landings (CTOL) and short takeoffs and landings (STOL). This is a further example of how the company "thinks like an operator" and is working to build a platform that is flexible enough to operate in most use cases.

Figure 4: Cavorite X7 with wing covers closed

Source: Company Investor Presentation

At this point in the development of the Cavorite X7, the company has to use a combination of data compiled from tests of the half-scale vehicle and simulations to determine the anticipated performance metrics. The company expects the maximum cruise speed to be 250 knots, though the most efficient speed would likely be just over 200 knots. The company expects that the vehicle will have a useful load of 1,500 pounds and the ability to travel up to 500 miles.

Given the fact that the vehicle will have just one rear propeller exposed when flying horizontally and all of the in-wing fans would be covered, the company believes that it could be one of the few VTOL concepts that could be certified for "Flight Into Known Icing" (FIKI) conditions. Only a handful of helicopters are certified for those conditions and tend to be very large military vehicles. Delivering a relatively small commercial vehicle with this designation to the market would be a significant achievement for Horizon Aircraft, particularly in areas where icing can be a considerable issue.

The company has offered up the following specifications of what they anticipate will be the final full-scale version of the Cavorite X7:

Passengers	7 (6 + 1 pilot)
Wingspan	50 ft (15m)
Length	38 ft (11.6m)
Useful load	1500 lbs
Max Cruising Speed	250 knots
Range	500 miles

As with any product with a long lead time before commercialization, it is possible that some design aspects of the final vehicle may change between now and when it is finally delivered to customers.

IDEAL USE CASES

As we've discussed, we believe that there will be several markets that seem well-suited to be served by a hybrid eVTOL solution that can take off and land in almost any open space, travel at high speed, fly in inclement weather, and offer a range of up to 500 miles. The Jetson-like markets of luxury, private jet-like travel that enable the 0.01% to get to their house in Vail or shuttling four passengers to a first class seat at the airport allows one to envision a large total addressable market, but we believe practical applications for an eVTOL like the Cavorite X7 could drive substantial initial demand.

The ideal initial customers will likely be government-funded organizations (military, search and rescue, medevac) or established helicopter operations that can quickly invest in a new solution like the Cavorite X7. Given the company's Canadian headquarters, management's Canadian military background, the Canadian government's commitment to maintaining a modern search and rescue fleet, and the varied terrain of the second-largest country in the world, we believe the Canadian government would be an excellent early partner.

We believe that the current medical evacuation market (aka "Medevac") may also be early evaluators of the Cavorite X7 because of its travel speed relative to existing options like helicopters. It is estimated that there are more than 550,000 medical flights annually in the US.[1] The ability to reduce response times to reach medical emergencies and travel time to trauma centers could lead to improved patient outcomes.

Similarly, we could see a strong use case for a hybrid eVTOL in disaster relief efforts when a traditional aircraft cannot land in an impacted area. While helicopters are largely capable of handling these tasks today, when time is of the essence, an aircraft that could travel at up to twice the speed of a helicopter would be capable of making twice as many trips to restock relief supplies or evacuate people impacted during a disaster.

These early use cases would also apply to military applications where response times are critical to any operation. Additionally, we could see the Canadian and US Coast Guards utilizing an aircraft like the Cavorite X7 for rescue and patrol. The company has noted that because the wings of the aircraft fold together, the footprint of the Cavorite X7 will be small enough that two of them could be moved inside a C-17 transport plane. Finally, the company believes that the significantly lower noise signature of the Cavorite X7 will be a valuable feature that military buyers will appreciate, as the electric motors powering the fans will generally be several orders of magnitude quieter than existing helicopters in the market.

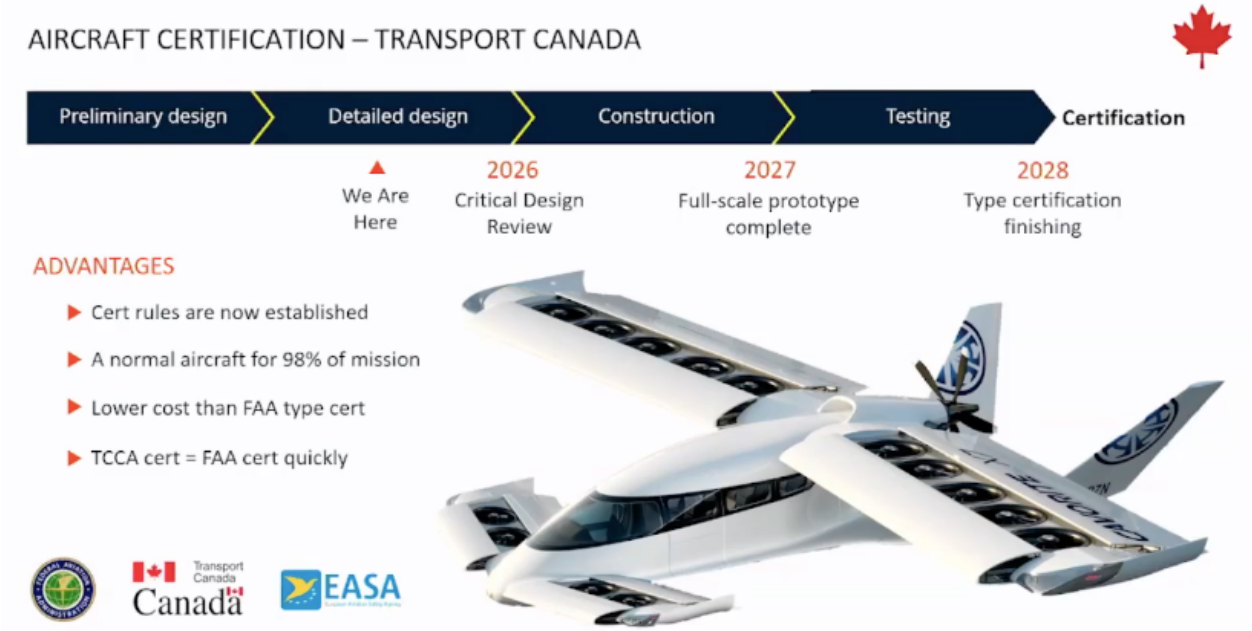
We feel the commercial market will develop for the Cavorite X7 as helicopter operators and regional air providers seek better ways to serve markets for intercity travel (imagine traveling from Montreal to Toronto or New York to Boston without needing to go to an airport). There is also likely to be a fair amount of demand for regional travel to specific destinations like southern Ontario to cottage country or from population centers in places like California to popular ski resorts. This is likely a smaller market

opportunity and likely to be more crowded, but it could still be a good opportunity for the company to increase the visibility of its aircraft.

CERTIFICATION

In addition to working on completing all of the engineering and mechanical requirements to build a full-sized aircraft, Horizon Air is currently in the beginning stages of seeking "certification" of its aircraft by Transport Canada Civil Aviation (TCCA) which should enable a smoother application process with the US Federal Aviation Administration (FAA).

Figure 5: Aircraft Certification



Source: Company investor presentation

Several certifications will be required:

➢ A type certification: certifying a new aircraft for commercial flight
➢ A production certification: certifying the production of the aircraft
➢ An Air Operations Certificate: issued to use the aircraft for commercial purposes

Horizon Aircraft has engaged the Flight Test Centre of Excellence to represent them in the certification process, as they have experience developing and filing certification plans for aircraft.

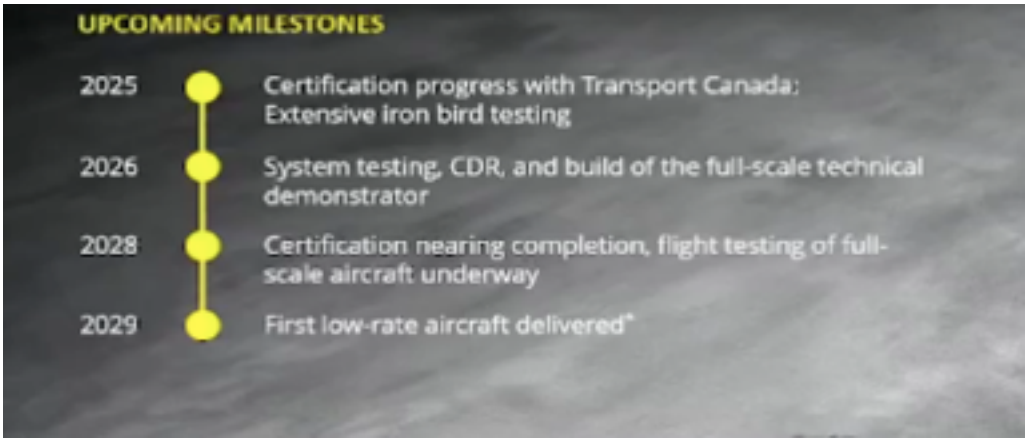
While many factors are at play, the process from start to type and production certification will likely take until at least 2028.

The company is currently in the Design and Development stage of the certification process, which will likely be one of the most expensive and challenging phases, lasting into 2026 and costing millions of dollars. The company will build the full-scale prototype and create operating manuals for the aircraft during this stage. After completing this stage, the company will engage in structural, ground, and flight testing that can take another 1-2 years and is also expected to be one of the more expensive steps in the certification process. The company will also have to create flight manuals and maintenance plans to satisfy the documentation requirements, but this can be completed concurrently with the testing stage.

As you can see in the slide above, the company is targeting type certification approval in 2028. We think that is an aggressive timeline, and we are building more flexibility in our assumptions. We are slightly more conservative in our expectations and are forecasting the type certification in late 2028. We will have to closely monitor the company's progress toward its goals through the balance of 2025 and 2026 and adjust our expectations as milestones are achieved.

MILESTONES

Figure 6: Milestones



Source: Company Presentation

In the company's most recent investor presentation, management discussed milestones to be achieved throughout the decade that will lead to type certification in 2028 and delivery of its first vehicles in 2029.

Based on the milestones of other companies in the industry, we believe that targets over the next four years could include.:

First flight test of full-scale prototype
First tethered outdoor flight test of full-scale prototype
Untethered flight of full-scale prototype
The wing-born transition of the full-scale prototype
Transition flight at 75 mph
Pilot training

Transition to Forward Flight Achieved
On May 15, the company released a YouTube video and a press release announcing that its large-scale prototype had achieved full wing transition to forward flight. In the YouTube video, the remotely piloted aircraft utilizes fan-in-wing technology to vertically liftoff, the wing covers close, and the aircraft flies forward as a conventional fixed-wing aircraft. This is a significant milestone for the company, as it is the only company to have achieved this transition utilizing fan-in-wing technology.

While a significant step forward, we would note that Joby achieved transition with its full-scale remotely piloted prototype in 2017, but only achieved piloted transition in 2025. However, the press release and associated video has had a material impact on the share price. The stock has traded up 50% in two days on 12x and 6x normal volume, as the ticker has become a favorite in day trading forums. We will discuss the trading of the stock further in our valuation section.

COMPETITIVE LANDSCAPE

When attempting to review the potential competitive landscape for regional air mobility over the next 5 – 10 years, we must consider both the current solutions in the market and the many new concepts at various stages of development.

Current solutions:
Today, the markets that Horizon Aircraft will initially target—medical transport, emergency response, military applications, and intercity / personal travel—are primarily served by a collection of small fixed-wing aircraft and helicopter manufacturers.

The most popular helicopters in the medevac market include models from Airbus (AIR.DE, $122 billion market cap) and Bell Helicopters (a division of Textron, TXT, NYSE, $14 billion market cap). Short-range aircraft like these helicopters are popular because of the long operating histories of their manufacturers, the large number of pilots familiar with the platforms, and their ability to land in remote or urban areas when there is limited room for takeoffs and landings.

The base price of the Airbus H135 is around $6 million, while the most popular Bell helicopter for this market, the 429, is around $7.5 million. The specifications of both the Bell 429 and the Airbus H135 are similar: they have an average speed of around 160 mph, a range of about 350 nautical miles, and a useful load of about 2,500-3,000 lbs.

Based on information from various sources, the direct operating cost per nautical mile for both helicopters is estimated to be around $6.30 [2]. However, when variable costs are considered, the costs can climb to nearly $8 per mile.

The Cavorite X7 is expected to be priced around $10 million USD, but with various discounts and credits, the cost could fall into the $6-7 million range, which would put it roughly in line with these helicopters. However, with a maximum cruising speed of 250 mph (though 200 mph is predicted to be a normal operating speed) and a range of up to 500 miles, the Cavorite X7 could provide a sharply lower operating cost per nautical mile, primarily because it can cover more ground in the same amount of time. We believe the company could offer up to a 25% to 40% savings in operating costs per nautical mile, but these calculations are hypothetical.

For longer medevac or disaster relief flights, fixed-wing aircraft from manufacturers like Beechcraft (owned by Textron), Pilatus, or Lear Jets (a subsidiary of Bombardier) are the most popular in the market. However, the reality is that the list of planes that can serve in this capacity is probably longer than this entire report. Broadly speaking, these aircraft will have significantly greater range than the helicopters serving the market (often over 2,000 nautical miles of range) and the ability to travel at significantly higher speeds (up to 600 mph+). Yet, where the leading helicopters can land in a space roughly the size of a baseball diamond (100 ft x 100 ft), these fixed-wing aircraft require runways that are often a kilometer long. Since every medevac scenario or disaster relief flight will likely have unique characteristics related to the location, it is essential to have different solutions to address these challenges.

In conversations with EMTs in the US, we've learned that medevac transportation decisions are often made on the fly based on a location and a type of injury. If a serious injury requires an immediate flight, that is within the range of a helicopter, that is usually the first option. If a patient can be stabilized and a treatment team is located further away, the solution may include an ambulance to a regional airport where an airplane can meet the ambulance. This patchwork solution could theoretically be eliminated by a single aircraft like the Cavorite X7, which offers the speed and range of an airplane with the ability to take off and land like a helicopter.

In the intracity market, there are two primary players: the service providers offering the flights and the manufacturers of the helicopters used for these flights. New York City is a good example of where this market has stabilized, with service providers like Blade Air Mobility (NASDAQ: BLDE, $280 million market cap) and private companies like HeliFlite. Blade advertises a 5-minute flight to Newark Airport or John F. Kennedy Airport in New York for $195 per passenger (base fare). Blade flies Airbus, Bell, and Sikorsky helicopters on its routes. While we do not cover Blade Air, we believe that the company's struggles (the stock is trading near historical lows) are tied to concerns about the air taxi model, potential regulations limiting helicopter flights in New York, and questions about its ability to grow the business beyond its core user base. The intracity market will be the first market targeted by the leading eVTOL companies like Joby and Archer Aviation but is not likely to be a focus for Horizon Aircraft.

Future Solutions:
In the back half of the last decade, a confluence of factors came together to lead to an explosive boom in eVTOL aircraft designs and investment. Improved battery designs, primarily driven by the rapid adoption of electric vehicles in the auto industry, made electric flight possible and potentially a better alternative in some cases to flight powered by traditional fuel. New advances in material sciences have also made it possible to create light enough vehicles to be flown for distance using electric power, where this wouldn't have been possible in the past.

The technical improvements that have enhanced the feasibility of eVTOLs arrived at the same moment as a financing mania was taking hold in the venture capital and the Special Purpose Acquisition Corp (SPAC) markets. Billions of dollars came flooding into the market from venture capital firms, strategic partners, and early-stage investors hoping to catch lightning in a bottle a second time as the EV market matured and the eVTOL market emerged.

The aviation industry's impact on total global emissions of greenhouse gases became a hot-button issue around this time, and many saw the potential rise of eVTOLs as a way to reduce the industry's contribution to global emissions. The combination of these factors resulted in incredible sums of money being invested in this industry in a very short time frame, and we'll review some of the most prominent players that have survived the recent shakeout in the industry.

Joby Aviation (NYSE: JOBY, $5.8 billion market cap) – Likely the most recognizable name in the eVTOL industry, Joby has raised a great deal of capital (over $2 billion) to bring its aircraft to the market. Joby's initial plans have shifted a bit as it intends to use the vehicle for its air taxi service before selling it to the broader market. Joby (along with Archer) appears to be the closest to commencing commercial operations in the US.

The Joby S4 is a tilt-rotor aircraft similar to the V-22 Osprey used by the US military. The company has indicated that it expects the range to be 150 miles with a top cruising speed of about 200 mph. The company has begun pilot production and announced plans to scale up production when full certification is received. Joby has indicated that it has entered the final stages of certification and hopes to begin commercial operations by the end of 2025 or early 2026. In April 2025, Joby announced that it had completed a significant milestone by completing a test flight with vertical takeoff, transitioning to cruise flight, and back again with a pilot on board for the first time. Since the initial test flight in late April, the company has completed multiple transition flights with three different test pilots and recently flew two vehicles side by side, which garnered additional media attention.

It is worth noting that Joby launched its subscale demonstrator in 2015 but has not yet begun commercial operations nearly a decade later.

Archer Aviation (NYSE: ARCH, $7.2 billion market cap): Archer has raised over a billion dollars in recent years to bring its unique eVTOL to the market. The Archer Midnight has six tilting rotors on the front and six fixed rotors on the rear of the aircraft. Archer also envisions operating a network of air taxis initially connecting customers with Manhattan and surrounding airports by utilizing the aircraft for short trips between airports. Like Joby, Archer intends to be both a manufacturer and operator of aircraft.

Archer has a strong partnership with United Airlines and hopes to receive its certificate to commence commercial operations in 2025. The Archer Midnight has a range of about 100 miles and can carry four passengers and a pilot.

Archer's stock has performed very well over the past year, increasing more than 175% as it moves closer to certification and flight operations. The company recently reiterated that it expects to commence operations in the UAE in 2025 and that it has been selected as the official air taxi provider for the 2028 Olympic Games in Los Angeles.

Vertical Aerospace (NYSE: EVTL, $488 mil market cap). Vertical has raised over $500 million and hopes to receive certification of its VX4 tilt-wing aircraft in 2026. The design of the VX4 is very similar to the Archer Midnight, but has four tilt rotors on the front of the aircraft and four fixed rotors on the rear of the wings. The VX4 will also have a range of about 100 miles, and given the company's presence in the UK, the company appears to be targeting that market first.

Interestingly, Vertical recently announced a new hybrid-electric variant that sounds very similar to the Horizon Aircraft Cavorite X7, which has been in development for 18 months and is expected to begin flight testing in the second quarter of 2026. The company indicated that the hybrid-electric version of its VX4 will have a range of up to 1,000 miles with a payload capacity of more than 2,000 pounds and the ability to fly with or without a crew. Given the competitive positioning of this new vehicle relative to the Cavorite X7, we will have to follow developments from Vertical Aerospace closely.

EHang (NASDAQ: EH, $1.4 billion market cap). EHang remains one of the more interesting companies in the space as it is based in China and has been working with a different set of regulators, which appears to have resulted in a faster path to commercialization. EHang completed a debut flight of the EH216-S in Shanghai in January, which was notable because the company's aircraft is an autonomous vehicle requiring no pilot. With just two seats and a capacity of 600 pounds, this is targeting a very different market from what the larger eVTOL companies are aiming for, but, notably, they are currently flying people without a pilot. The company indicated they believe they are the first to receive a type certificate, an airworthiness certificate, and a production certificate for a pilotless eVTOL capable of carrying passengers. EHang sold over 200 vehicles in 2024, with the majority of the vehicles sold to the low-altitude tourism market.

Eve Holding (NYSE: EVEX, $1.45 billion market cap) is a publicly traded eVTOL company that was started as part of Embraer, the Brazilian aerospace company, and has raised over $500 million. Eve is developing a fairly small aircraft with a range of just 60 miles but anticipates offering an autonomous mode similar to EHang. The company is targeting 2026 or 2027 to receive its certification.

Beta Technologies (Private). Beta Technologies has raised over a billion dollars for two electric vehicles—an eVTOL with four two-blade lift propellers, one five-blade fixed-pitch propeller, and a conventional takeoff and landing aircraft with just one five-blade fixed-pitch propeller. To enhance its reach, the company is also building out a fairly extensive charging network of 47 sites in 22 states. The company received an airworthiness certificate from the FAA in 2024.

Wisk Aero (Subsidiary of Boeing) Wisk Aero is a Boeing subsidiary that has received nearly $500 million in funding to date. Wisk is attempting to bring a fully autonomous air taxi to the market, and given the complexity of that goal, it is not expected to be commercially available until the end of the decade. However, given the engineering might of Boeing, it is worth keeping an eye on this project.

Despite the massive amounts of financing poured into this market and the major aerospace firms involved, most eVTOLs remain in late-stage testing without a clear indication that the market will support the "air taxi" business model today. While battery technology has improved significantly in recent years, the weight associated with the batteries in an eVTOL aircraft is a challenging hurdle to overcome. As a traditional plane flies and burns fuel, it becomes slightly more energy efficient because it becomes lighter with less fuel onboard. In the case of fully electric eVTOLs, though, since flight is powered by the energy

stored in the batteries, the batteries still weigh the same regardless of whether they are fully charged or 20% charged, and, thus, the vehicles gain no added efficiency in flight.

In summary, at least seven companies in the eVTOL space have raised $500 million to $2 billion a piece to bring their vision for air travel to the market, and many of them have been working on their vehicles for close to 10 years.

POTENTIAL COMPETITIVE ADVANTAGES FOR HORIZON AIR

In light of this industry backdrop that consists of:

➢ Large multinational players in the legacy business of helicopters and regional aircraft

➢ Venture-backed companies with access to billions in capital, large engineering teams, and support from major airlines and aerospace manufacturers

It seems like a worthwhile exercise to ask: how will Horizon Aircraft compete with these companies?

This is where we return to our original comparison: Horizon Aircraft is like an early-stage technology company. The company has been targeted in its approach to developing a product for an already established market. They intend to bring a solution to the market that is better than the current alternatives and offers the flexibility of a helicopter with the range and speed of a small plane for an already established market.

In contrast, most eVTOL companies that have raised billions in capital hope to build a market for air taxis. As Blade Air Mobility has demonstrated, there is clearly some demand for a faster way to get to local airports, but is there enough demand for short air taxi trips to support all companies targeting this market?

While having a corporate structure that numbers in the hundreds has obvious advantages, we feel that at this stage in Horizon Aircraft's development, the ability to nimbly shift its design or test, break, and test various ideas again allows the company to think outside the box. This is likely a qualitative advantage, but we have seen many examples recently where small teams can creatively solve problems that have stumped much larger organizations.

If all of the companies in the industry were at the same stage of development with their aircraft, we would argue that Horizon Aircraft's dual approach to powering take-off, the ability to fly horizontally as a traditional airplane, the anticipated range of the Cavorite X7, and higher average speed would all be significant competitive advantages for the company. Yet, since the company is potentially years behind many of the other eVTOL companies on their way to achieving type certification, we don't feel we can assume those advantages today. However, it is also true that if the company were near commercialization, the valuation of Horizon Aircraft would likely be many times greater than it is today. The execution risk at Horizon Aircraft is reflected in the current valuation. It offers investors willing to accept this higher risk profile a potential for a greater reward in the long run.

Another competitive advantage for Horizon Aircraft and the Cavorite X7 is that it does not rely exclusively on battery power to support the aircraft in flight. After the aircraft takes off and begins forward movement, and the in-wing fans are covered, the aircraft becomes conventionally powered using aviation fuel and a single propeller. The substantially higher energy density of fuel (up to 12,000 watt-hours/kg vs 500 watt-hours/kg for a lithium battery) should enable the Cavorite X7 to be significantly more cost-effective than the all-electric alternatives. While the company thinks its direct operating cost per nautical mile could be nearly 50% below some eVTOL competitors, we are assuming that the cost savings will be closer to 30-40%, which is still significant over the aircraft's lifetime.

Figure 7: Capabilities of eVTOLs

	Horizon Cavorite X-7	Joby S4	Archer Midnight	Ehang 216	Wisk Gen 6	Eve eVTOL	Vertical VX4	Beta Tech Alia A250
Passengers	7 (6 + 1 pilot)	5	5	2	4	5	5	6
Range (miles)	500	100	100	22	90	60	100	250
Speed (mph)	250	200	150	62	130		150	170
Useful Load (lbs)	1500	1000	1000	485				

Sources:
horizonaircraft.com vertical-aerospace.com
evtol.news archer.com
inyerself.com wisk.aero

The company has also indicated that it intends to have the Cavorite X7 certified for both Visual Flight Rules (VFR) and Instrument Flight Rules (IFR), which will allow it to operate in a wide variety of weather conditions, including known icing conditions. This will be a further point of differentiation versus the other eVTOL companies, which are mostly focused on short urban flights operating under VFR.

Finally, Horizon intends to simply be a manufacturer of aircraft instead of a manufacturer and an operator of a transportation network (like Joby or Archer). Traditionally, the aviation industry has been broken into two distinct components – manufacturers and operators. Companies like Boeing, Airbus, and Textron manufacture aircraft to be sold to the airlines or helicopter operators. As the business models of the eVTOLs emerged, several of the early leaders in the market decided that being a manufacturer would not create a total addressable market that would be large enough to command the high valuations they were seeking. Thus, their models shifted to become manufacturers and operators of “air taxis”. We think the manufacturing model is less complex in the long run and provides a potential competitive advantage for Horizon Aircraft versus the eVTOL companies pursuing a business model where they manufacture aircraft and operate as a service provider.

ADDRESSING THE FAILURES AND CHALLENGES FACING eVTOLs

The elephant in the room of the eVTOL market is the spectacular failures of well-funded companies in recent months. Lilium, which raised over $1 billion, and Volocopter, which raised roughly $600 million, have both entered into agreements with creditors that effectively constitute bankruptcy proceedings.

Each of these companies was stuck in a market where money could not solve all of the technical and legal hurdles in front of them. Faced with increased competition in a market where the leading aerospace manufacturers and airlines are selecting partners, when rumors began swirling around both Volocopter and Lilium, it became impossible for them to secure the necessary financing to continue their operations.

It seems possible that Chinese automaker Geely will take a stake in Volocopter because it has invested heavily in the company and appears to have an interest in bringing the technology to China. Lilium is still seeking funding to restart its operations, but there has not been a recent update on those efforts. Horizon Aircraft has been a beneficiary of Lilium's struggles, adding two significant technical hires recently and a third advisor from Lilium.

Broadly, the eVTOL market is still facing several challenges that are not company-specific and are slowing the path to commercialization. Since almost all eVTOLs intend to power the entire flight system

with electric power supplied by batteries, it is important to note the limitations of batteries, given the lower energy density of batteries relative to conventional fuels. Until new battery technology can be discovered to increase a battery's energy density, eVTOLs will be a competitive disadvantage to traditional fixed-wing aircraft and many helicopters regarding range. As we've noted, however, Horizon Air's approach mitigates this concern by using conventional fuel to power its fixed-wing horizontal flight.

Perhaps the greatest challenge facing prospective manufacturers in the eVTOL market is whether end-user demand for operators will materialize. In recent years, we have witnessed several markets become flooded with startups raising large sums of capital to pursue space tourism or to exploit the possibilities in the Metaverse, only to see those concepts collapse before the business could launch. These businesses have struggled despite having access to capital because there was no clear path to end-user demand.

While end-user demand for many eVTOL companies is an open question, we do feel that this risk is mitigated a bit for Horizon Aircraft by targeting the rescue/disaster relief, medevac, and military markets that are well established. There is a challenge associated with selling an entirely new aircraft into an established market, but it is a different risk from companies trying to create an entirely new market, as many of the eVTOL companies appear to be doing by targeting the air taxi market.

Finally, this industry has a significant amount of risk associated with a lack of charging infrastructure today. Where the auto EV market has been able to overcome this challenge over the past decade thanks to home charging stations and Tesla's rapid charging network rollout, the eVTOL market lacks any universal charging standards today, and that infrastructure will likely need to be developed before any meaningful adoption can occur. Again, we believe the Cavorite X7's use of an onboard generator to charge the batteries in flight can be a material differentiator from the pure eVTOL companies.

RECENT NEWS

In February 2025, Horizon Aircraft announced the addition of a Technical Expert (Mr. John Wyzykowski) to support the development of its propulsion systems. Mr. Wyzykowski was previously the Head of Propulsion at Lilium and joins the company's CTO, Tom Brassington, as the second significant hire to join Horizon Aircraft from Lilium.

In May 2025, the company announced that Mr. Justin Chapman will support it in a senior advisory role. Mr. Chapman also spent almost seven years at Lilium, where his last role was as the Head of Powertrain and Advanced Systems.

In related news, we would note that the company is currently advertising seven engineering positions on its website, and we believe that is a positive sign as the company invests in engineering talent.

In January 2025, the company signed a letter of intent with Discovery Air Chile to lease five Cavorite X7s. The projected delivery of the eVTOLs is tentatively set for 2028. This would be earlier than the 2029 date the company discussed for initial production in an April 2025 presentation. We feel that the 2029 delivery date is more realistic, and the agreement allows for flexibility on the delivery date. Discovery Air Chile is a diversified helicopter company serving Chile's mining, construction, and emergency service market.

In December 2024, the company completed a financing with Canso Investment Counsel for the sale of 4.16 million common shares at $0.36/share ($1.5 million) and another 4,500 preferred shares at $1,000 per share ($4.5 million). Each preferred share is convertible into 2,222.22 common shares (roughly a $0.45/share conversion price) or approximately 10 million additional common shares. In January, the company announced that due to the exercise of 2.5 million additional warrants, the company received CAD 2.7 million in gross proceeds ($1.9 million USD).

CANADA'S INITIATIVE FOR SUSTAINABLE AVIATION TECHNOLOGY

It is worth noting that the Canadian government has made a significant commitment to support efforts to reduce the aviation industry's carbon emissions. The Initiative for Sustainable Aviation Technology (INSAT) has announced that it will offer funding for projects that "contribute to net-zero aviation" and have a path to commercialization, among other requirements. The initial grants being awarded are for up to $7 million CAD for projects lasting up to 3 years. While it is unclear if Horizon Aircraft could qualify for a grant like this, it highlights the Canadian government's willingness to support domestic innovation in the aerospace market.

There are a limited number of companies targeting the eVTOL market based in Canada, and if Horizon Aircraft were to receive an award under one of these programs, it would signal to the market that the company's path to commercialization continues as expected.

RECENT FINANCIAL RESULTS

The company's financial results are limited to expenses incurred in developing the Cavorite X7. In the most recent quarter, which ended 2/28/25, the company reported total operating costs of CAD 3.55 million (roughly $2.5 million USD). We would note that the company has only spent CAD 1.1 million ($840k USD) in the first nine months on its R&D program.

We are forecasting that total R&D expenditures will increase significantly over the next two years, approaching CAD 30 million ($21 million USD) through fiscal 2027, as the testing and development of the full-scale prototype begins.

BUSINESS COMBINATION

In January 2024, the company merged Robinson Aircraft Ltd into Pono Three Merger Acquisitions Corp (a special purpose acquisition corporation or SPAC). Pono changed its name to "New Horizon Aircraft Ltd," and Robinson's business activity became the main operating business of New Horizon Aircraft. Throughout the report, we use the names "New Horizon Aircraft," "Horizon Aircraft," "Horizon Air," or "Horizon" to refer to the surviving operations post-merger.

MANAGEMENT

Mr. Brandon Robinson—Mr. Robinson is the company's co-founder and has served as the Chief Executive Officer since Horizon's inception in 2013. He received his Bachelor of Mechanical Engineering from the Royal Military College and served in the Canadian Armed Forces as a CF-18 pilot. Mr. Robinson also serves on the Board of Directors of the Ontario Aerospace Council, has co-authored several aerospace patents, and holds an Airline Transport Pilot's License.

Mr. Jason O'Neill - Mr. O'Neill has served as Chief Operating Officer of Horizon since January 2019. Mr. O'Neill previously served as the Director of Product and Strategy and Director of Product and Data for Thoughtwire for two technology firms. Mr. O'Neill attended both the University of Toronto and the University of Waterloo.

Mr. Brian Merker - Mr. Merker has served as Chief Financial Officer of New Horizon since the Business Combination in January 2024. Mr. Merker has served as a senior executive in financial management roles for over 20 years, including 10 years in the Aviation industry. Mr. Merker previously served as the CFO of Skyservice Business Aviation and, from 2013-2018, acted as VP of Finance for Discovery Air, a publicly traded aviation services company. Mr. Merker obtained a degree in Economics from Guelph University before attending Queen's University to complete his Chartered Professional Accounting academic requirements.

Mr. Brian Robinson—Mr. Robinson is the co-founder of the company and serves as its Chief Engineer. He has been a licensed pilot since the age of 17 and has had a long career in the aerospace services industry. Mr. Robinson also holds multiple aviation patents and received his degree in mechanical engineering from the University of Waterloo.

Mr. Tom Brassington – Mr. Brassington joined Horizon in August 2024 and is the company's Chief Technology Officer. Mr. Brassington has over 18 years of experience in aerospace engineering and, most recently, served as the Head of System Design Engineering at Lilium Air Mobility.

Family relationships among officers: Mr. Brian Robinson, the company's Chief Engineer, is Mr. Brandon Robinson's (CEO) father. Also, Mr. Jason O'Neill is Mr. Brandon Robinson's brother-in-law.

VALUATION

Valuing microcaps is often an exercise that involves more art than science, and when evaluating Horizon Aircraft, which is likely at least 4 years away from recognizing its first sales, that is certainly the case. The high dollar value of the company's aircraft and the limited number of potential buyers in the market also create challenges when attempting to forecast how many vehicles the company may sell in the first half of the next decade. As a point of reference, we would note that Airbus and Bell Helicopter, two of the most successful brands in the industry, which sell products that should be roughly the same price as the Cavorite X7, secure total new orders of approximately 600-650 per year. Our assumption right now is that if the company completes its certifications and can deliver the Cavorite X7 by the end of the decade, it will capture some portion of this market (below 10%) but again with units selling at a net price north of $6-$7 million the cash flow generated with even a 10% market share would be substantial.

We believe that if the company secures the financial support to commercialize the vehicle, it could roughly double its revenues every year in the early part of the next decade before plateauing when annual units sold reach roughly 10% of the market.

As shown in the comps table below (figure 8), valuations in this industry have a very wide range, with companies nearing commercialization and large total addressable markets due to their 'air taxi" plans commanding significant valuation premiums over those earlier in the development cycle. It is also worth noting that companies currently producing aircraft or flying routes (like Textron or Blade Air Mobility) trade at just 0.6-1.0x 2026 sales, while the pure eVTOL companies like Joby and Archer trade at 40-60 times 2026 sales. Given the disparity in valuations and the fact that many of the company's competitors are also pre-revenue, we have elected to use a discounted cash flow formula to determine our valuation. Our DCF target valuation is $1.25 within the next 12 months, as we used a high discount rate of 20% since the exact timing of revenues and units sold 4-8 years from now is uncertain.

The company is one of a handful of public eVTOL companies, but it trades at less than 1% of the valuation assigned to those companies that are closer to type certification, like Archer and Joby. If the company can secure financing to continue to fund its R&D program and achieve milestones on its path toward certification, we believe that this valuation gap could begin to close, which would provide significant further upside to our valuation target.

Our current model includes a substantial ramp in R&D spending over the next three years as the company works to achieve type certification of the Cavorite X7, and we are forecasting that the initial revenues will be recognized from the sale of the vehicles in fiscal 2029. If the company does not ramp up its R&D expenditures in fiscal 2026, we may have to reevaluate our timeline for commercialization. We believe the company will likely use a combination of equity, debt, or government grants to fund operations until it can generate positive cash flow.

As the company progresses toward type certification, we believe it could attract interest from larger aerospace companies looking to enter the eVTOL market. However, that will be a wild card until the company reaches significant milestones with its full-scale vehicle.

The recent press release and YouTube video detailing the large-scale prototype's transition to forward flight have been met with significant investor enthusiasm. The combination of positive news from other eVTOL companies (both Joby and Archer have moved closer to certification) and a greater level of risk-taking from active microcap traders resulted in a significant increase in both daily share volumes (up 12 times normal volume on the day of the announcement) and the share price which has appreciated nearly 50% since the market closed on the day before the announcement. We have noted that in the past year, there have been multiple days where the volume and share price have spiked as the ticker becomes an overnight sensation on various trading platforms and stock trading forums. We think long-term investors can be patient when looking to build positions in Horizon Aircraft.

Figure 8: Regional Air Manufacturers and eVTOLs

Name	Ticker	Industry focus	Market Cap (in $mil)	EV/2025 Sales	EV/2026 Sales	2025 P/E	2026 P/E
Textron	TXT	Helicopters/Aircraft/Powersports	$ 13,844	1.1	1.0	12.5	11.1
Joby Aviation	JOBY	eVTOL	$ 5,846	581.8	68.7	NM	NM
Archer Aviation	ACHR	eVTOL	$ 7,228	223.2	42.9	NM	NM
Eve Holding	EVEX	eVTOL	$ 1,455	NM	173.5	NM	NM
Vertical Aerospace	EVTL	eVTOL	$ 488	NM	NM	NM	NM
Ehang	EH	eVTOL	$ 1,353	10.0	6.3	182.8	35.1
Blade Air Mobility	BLDE	Air taxi	$ 282	0.6	0.6	NM	NM
Surf Air Mobility	SRFM	Regional flight/Electric plane	$ 49	1.1	0.8	NM	NM
New Horizon Aircraft	HOVR	eVTOL	$ 21	NM	NM	NM	NM

Source: Yahoo Finance, Zacks Small Cap Research

INSIDER TRADING AND OWNERSHIP

Figure 9: Ownership

Holder		
Brandon Robinson	**2,547,350**	**8.1%**
Jason O'Neill	**395,815**	**1.3%**
Brian Robinson	**2,541,212**	**8.1%**
Mehana Capital LLC	5,600,997	17.8%
Entities affiliated with Meteora Capital LLC	1,180,794	3.8%
Robinson Family Ventures	**2,395,634**	**7.6%**
Canso Strategic Credit Fund	1,485,228	4.7%

Source: SEC filings

The co-founders, Mr. Brandon Robinson (CEO) and Mr. Brian Robinson, control roughly 8% of the company, primarily due to their stakes in Robinson Family Ventures (RFV), which owns approximately

7.6% of the outstanding shares. Since RFV's holdings are included in the holdings of both co-founders, Mr. Brandon Robinson and Mr. Brian Robinson, it appears that the total combined holdings of the founders are just over 8%.

In August 2024, the company completed an offering that included the sale of 2.8 million class A shares, 3 million pre-funded warrants, and another 5.8 million warrants, which resulted in net proceeds to the company of $3.5 million CAD (roughly $2.5 million USD). As of February 28, 2025, all pre-funded warrants had been exercised and converted to shares. The company still has over 12 million warrants with an exercise price of $11.50/share and 3.2 million warrants with an exercise price of $0.75/share outstanding.

In December 2024, the company sold 4,500 preferred shares that are convertible into 10 million common shares at $0.45 per share. Since the company had 31.4 million shares outstanding as of April 2025, the potential addition of another 10 million common shares, or roughly 30% of the current total share count, is meaningful and should be noted by investors.

RISKS

- Execution and certification risk. The company has only flight-tested a 50%-scale prototype to date.
- There are risks associated with a completely new product. The company must build brand and product recognition among its potential customers. It will also have to price a new product competitively in the market to ensure demand materializes and adequate margins.
- The electrification of aircraft may never materialize. There are several relatively safe and effective solutions in the marketplace today that use hydrocarbons as the energy source. If policy shifts away from environmentally friendly initiatives, like aircraft electrification, the market may never develop.
- The competition in the eVTOL space has financial and human capital that vastly exceeds Horizon's. Archer Aviation and Joby Aviation spend hundreds of millions of dollars annually on research and development, while Horizon is projected to spend less than $1 million in 2025.
- Supplier risk. The aircraft will rely on various components from suppliers, including batteries, electric motors, etc., which may not meet the company's expectations and could impact the vehicle's performance.
- Delisting risk. The company's shares traded under $1 for most of 2024, and the company received a delisting notification from NASDAQ with the standard 180 days to address the issue. The company's shares traded above $1 briefly at the end of 2024 and the beginning of 2025, and the company was able to regain compliance with NASDAQ rule 5550(b). However, the company is still not compliant with the NASDAQ minimum bid rule. The company will be raising funds (equity or debt) for the foreseeable future, and investors will need to consider that the company may have to evaluate options to address its share price, like a reverse split.

[1] https://www.flyreva.com/blog/air-ambulance-statistics/

[2] https://www.scribd.com/document/699863585/air-one-comparison-H135-B429-AW109-Grand-New-Copia

PROJECTED INCOME STATEMENT

New Horizon Aircraft

5/16/25

	FY	FY	Aug	Nov	Feb	May	FY	Sep	Dec	Mar	June	FY	Sep	Dec	Mar	June	FY
	2023A	**2024A**	**2024A**	**2024A**	**2025A**	**2025E**	**2025E**	**2025E**	**2025E**	**2026E**	**2026E**	**2026E**	**2026E**	**2026E**	**2027E**	**2027E**	**2027E**
(USD in Thousands; May Year-End)																	
Revenues:																	
Total Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Revenues	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross Profit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses:																	
Research and Development	501	651	217	310	309	503	1,339	710	1,066	1,599	2,398	5,773	2,877	3,453	3,971	4,567	14,868
General and adminstrative	583	2,761	1,758	2,070	2,173	1,986	7,987	1,804	1,894	1,923	1,952	7,573	1,981	2,011	2,041	2,071	8,104
Total Operating Expenses	**1,084**	**3,411**	**1,975**	**2,380**	**2,482**	**2,488**	**9,326**	**2,515**	**2,960**	**3,521**	**4,350**	**13,346**	**4,858**	**5,464**	**6,012**	**6,638**	**22,972**
% change (yoy)							173.4%	27.3%	24.4%	41.9%	74.8%	43.1%	93.2%	84.6%	70.7%	52.6%	72.1%
Operating Income (Loss)	**(1,084)**	**(3,411)**	**(1,975)**	**(2,380)**	**(2,482)**	**(2,488)**	**(9,326)**	**(2,515)**	**(2,960)**	**(3,521)**	**(4,350)**	**(13,346)**	**(4,858)**	**(5,464)**	**(6,012)**	**(6,638)**	**(22,972)**
Other income (expense)	215	422	21	(34)	(8)	0	(21)	0	0	0	0	-	0	0	0	0	-
Interest Expense (Income)	(55)	(120)	8	9	36	0	53	0	0	0	0	-	0	0	0	0	-
Change in fair value of Warrants	0	0	0	1,480	(998)	0	482	0	0	0	0	-	0	0	0	0	-
Warrant income	0	289	(4)	0	0	0	(4)	0	0	0	0	-	0	0	0	0	-
Termination of Fwd Purchase Agreement	0	0	0	15,559	0	0	15,559	0	0	0	0	-	0	0	0	0	-
Change in fair value of Fwd Purchase Agreement	0	(3,228)	(134)	(405)	0	0	(539)	0	0	0	0	-	0	0	0	0	-
Income (loss) before Taxes	**(924)**	**(6,048)**	**(2,126)**	**14,297**	**(3,452)**	**(2,488)**	**6,204**	**(2,515)**	**(2,960)**	**(3,521)**	**(4,350)**	**(13,346)**	**(4,858)**	**(5,464)**	**(6,012)**	**(6,638)**	**(22,972)**
Income Tax Expense	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income (Loss)	**(924)**	**(6,048)**	**(2,126)**	**14,297**	**(3,452)**	**(2,488)**	**6,204**	**(2,515)**	**(2,960)**	**(3,521)**	**(4,350)**	**(13,346)**	**(4,858)**	**(5,464)**	**(6,012)**	**(6,638)**	**(22,972)**
EPS reported	**(0.13)**	**(0.56)**	**(0.11)**	**0.58**	**(0.12)**	**(0.08)**	**0.24**	**(0.08)**	**(0.09)**	**(0.11)**	**(0.13)**	**(0.41)**	**(0.15)**	**(0.16)**	**(0.18)**	**(0.19)**	**(0.68)**
Diluted Shares (weighted average)	7326.3	10717.4	19246.1	24574.0	29474.4	31385.0	**26169.9**	31698.9	32174.3	32656.9	33146.8	**32419.2**	32905.5	33399.1	33900.1	34408.6	**33653.3**

Source: Company filings, Zacks Small Cap Research, Brian Lantier

BALANCE SHEET

New Horizon Aircraft Ltd
Balance Sheet in USD (CAD 1.445 to US $1.00)
2/28/25

Assets

Current Assets	**CAD**	**USD**
Cash and Cash Equivalents	9,196	6,364
Prepaid expenses	741	513
Account receivable	149	103
Total current assets	10,087	6,981
Non-Current Assets		
Property, Plant & Equipment	205	142
Operatng lease assets	37	26
Total non-current assets	242	167
Total Assets	**10,328**	**7,147**

Liabilities

Current Liabilities		
Accounts payable	832	576
Accrued liabilities	565	391
Operating lease liabilities	21	15
Total current liabilities	1,418	981
Non-Current Liabilities		
Warrant liabilities	1,899	1,314
Operating lease liabilities	14	10
Total Liabilities	**3,331**	**2,305**

Shareholder's Equity

Class A ordinary shares	83,079	57,494
Preferred shares	6,264	4,335
Additional Paid-in capital	(79,473)	(54,999)
Accumulated deficit	(2,873)	(1,988)
Shareholder's Equity (Deficiency)	**6,997**	4,842
Total Liabilities & Shareholder's Equity	**10,328**	**7,147**

Source: Company filing

HISTORICAL STOCK PRICE

Source: Yahoofinance.com

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