

# LETTER TO SHAREHOLDERS

## Q1 2022



The past year was one of tremendous strategic and operational progress for FLYHT as we navigated another challenging year for both FLYHT and the aviation industry. We advanced our efforts to build one of the industry's premier platforms for Actionable Intelligence, creating multiple, durable revenue streams and positioning the company and our customers to be ready to take on the changes that seem to be accelerating in the marketplace. We expanded our capabilities and geography with strategic acquisitions in weather and maintenance systems which provide our customers with a more expansive solution set to meet their evolving needs into the future and we assembled a world class team to help take us there. Now, as we navigate through a new year in 2022, we are finally beginning to move past the tumultuous pandemic and can more clearly see the bright future for FLYHT as a leader in the aviation industry.

Climate change is on everyone's mind and our investments in our weather-related products will help the industry, the regulators and the planet as a whole better understand what is changing and where. The move to Sustainable Aviation Fuel ("SAF") is going to require close monitoring and the products we have will help monitor and report the effects this major shift is going to have as we move forward.

FLYHT is focused on being the premier supplier of products and services to assist our customers in their endeavors to meet or exceed Net Zero targets. We are working with our customers on ways to reduce unnecessary fuel burn on the ground and recently announced a joint development effort with Swoop airlines to monitor and minimize use of the APU while the aircraft is on the ground or in the air. We have unique capabilities to track and report these activities and have the systems in place to provide feedback to the airline so that they can take action rather than just hearing after the fact how much fuel was consumed. The reconfiguration of their fleets to smaller, more fuel-efficient aircraft gives us a rare opportunity as the scale is enormous and the opportunities equally available.

The climate is not the only thing changing. Communications continue to change and evolve. The Iridium Certus network is up and running and, although not yet certified for Safety Services, it does create the opportunity to get more data more often. We are seeing a lot of life in the AFIRS product line as the modems we use, while not capable of the full speed offered by Certus, are certified and will be in service and in demand for a long time to come. The newest member of the product family, the AFIRS Edge, is Certus capable as well as having 3G, 4G and 5G onboard to meet all of the requirements for the industry for years to come. A combination of the Edge and our weather tools gives an unmatched capability to the industry and the Edge on its own stands as a ready replacement for the 2G and 3G products already in the field as well as in service aircraft yet to be equipped for wireless data harvesting. Including those affected by cellular networks switching off over the next few years, there are 20,000+ aircraft that may require retrofit with new or replacement systems representing an up to \$1 Billion+ opportunity. We anticipate that the investments we made last year in that technology will pay dividends this year and for years to come. The original AFIRS 220 units that were installed more than 15 years ago, continue to provide reliable support for our clients and recurring SaaS revenue to FLYHT.

Although we did not make the all-time record revenue, we did have a very good quarter. Our EBITDA was negative \$938K but if you take out one-time expenses related to the CrossConsense acquisition, bad debt reserve which should not repeat with the recovery happening, the Edge development, and exchange losses from a strengthening Canadian dollar, our EBITDA would be a negative

As always, I want to thank our shareholders for their patience, our staff for their loyalty and dedication and our board for their unwavering support.

Yours Truly,

A handwritten signature in blue ink, appearing to read "W. Tempany".

William T. Tempany  
Interim Chief Executive Officer