

LETTER TO SHAREHOLDERS

Q2 2023



Halfway through 2023, FLYHT's future is looking brighter than ever. After persevering through the pandemic and the loss in December last year of FLYHT's former CEO, Bill Tempany, our team remains deeply committed and focused, while the demand for our solutions continues to expand. The entire organization is energized as we are once again a growing company on the cusp of delivering on two of our most promising incremental initiatives – the AFIRS Edge™ and our weather opportunities.

This quarter we reached a major milestone – over 5 million cumulative flight hours with our AFIRS hardware onboard our customers' aircraft. It's a simple measure of the longevity our solutions have amassed from over 20 years of supporting the global aviation industry. Yet as impressive as this statistic is, what is even more telling is that FLYHT's long-term customers with the AFIRS 228 onboard continue to renew with us for multiyear commitments, and they are increasingly doing so with expanded fleets and additional software services. Our licensing business remains strong, as we received an additional order from our long-term OEM partner in Q2. This represents the fifth order from this customer over the past three years with an aggregate value of over \$11 million USD. Meanwhile, our pipeline of potential business continues to remain strong at near record levels.

We see a bright future ahead for our existing solutions, including the AFIRS 228, at the same time as we make meaningful progress on our emerging AFIRS Edge and weather opportunities. Recently, we received a Supplemental Type Certificate ("STC") revision from the U.S. Federal Aviation Administration for the TSO version of the AFIRS 228 on the Airbus A319, A320 and A321 aircraft. This STC amendment allows FLYHT to fulfill its commitment to equip a significant customer with our Air Traffic Control ("ATC") compliant satcom solution.

FLYHT continues to make progress toward the commercialization of the AFIRS Edge, our 5G-enabled Wireless Quick Access Recorder ("WQAR"). During the quarter, we received our first order to install the AFIRS Edge on a Boeing 737 Max fleet. With the commercialization of the AFIRS Edge product, we believe the Total Addressable Market ("TAM") to be 25,000 aircraft. FLYHT is extremely well positioned to capture a meaningful share of the TAM in upfront hardware sales and recurring software services and data revenue.

FLYHT's weather solutions are another driver of growth that is heating up as we leverage our FLYHT-WVSS-II water vapor sensor system in conjunction with the AFIRS Edge to address critical environmental imperatives for both the aviation industry and the broader weather community. Real-time aircraft-based observations, containing relative humidity data from the FLYHT-WVSS-II sensor, provide critical data for weather forecasting models. This presents us with a unique opportunity to support airlines and the world's major national meteorological agencies in their efforts to enhance weather forecasting, improve airline operations, and reduce aviation's impact on the environment. Our conversations with UK Met continue to advance in a positive direction, and we continue to look for ways to further scale the business and accelerate these new and exciting opportunities.

Financially, we delivered strong results in Q2 2023, with revenue increasing 24% year-over-year. All four revenue categories, SaaS, Hardware, Licensing, and Technical Services increased compared to Q2 2022. Our gross margins remain robust at over 59% with a positive EBITDA of \$168,045.

I'm extremely excited about the outlook for FLYHT in 2023 and beyond, and I'm proud to be supported by an incredible team at FLYHT. I would like to thank our customers for the opportunity to continue serving them, and to thank our shareholders for their loyal support.

Yours truly,

A handwritten signature in black ink, appearing to read "Bill Tempany".