

LETTER TO SHAREHOLDERS

Q3 2023



FLYHT's third quarter was marked by significant progress as we execute on our AFIRS Edge™ and weather strategies – two of the largest opportunities in our 25 year history. We have now established solid beachheads for these two global markets and are poised for an exciting year of installations and revenue in 2024. With a contracted backlog that has increased to \$38 million, our AFIRS Edge in production, and SaaS offerings that leverage our new 5G capabilities, we have successfully positioned ourselves to implement our vision established some 18 months ago.

Commercialization of the AFIRS Edge is well underway. Recent contract signings with Flair Airlines and Canada Jetlines are providing installation access for the Edge on both the B737 Max and A320 aircraft types. With engineering tests completed on the A320, we are preparing for formal testing and the activation STC submission to Transport Canada Civil Aviation. Initial hardware production runs of the AFIRS Edge have been completed, and following STC approvals we will begin installations on our customers' schedules. With both Flair Airlines and Canada Jetlines contracting for a full suite of hardware and recurring SaaS products, we are excited to have our customers using the ClearPort, FuelSense, and GateWay applications.

Continued success in our weather business has secured multi-year contracts with two of the largest national meteorological agencies. Both the UK Met and NOAA have signed contracts with FLYHT to equip partner airlines with our AFIRS Edge, the FLYHT-WVSS-II relative humidity sensor, and Iridium Certus-100 connectivity. Both national agencies are looking to FLYHT to help improve the accuracy of weather forecasts and to aid in the prediction of localized severe weather events. We expect to begin generating meaningful upfront hardware sales in 2024 and thereafter realize the recurring revenues associated with the Aircraft Based Observations ("ABOs") that will be generated for these weather agencies. Our strategic approach to engage directly with the government agencies has not only provided the means to secure these contracts, but it also provides our partner airlines the opportunity to benefit from significantly reduced capital costs for their AFIRS Edge and satcom connectivity. With the signing of both contracts, FLYHT's purchase of the WVSS-II sensor two years ago for \$500,000 and our strategy to directly target government meteorological agencies has been validated.

Our Maintenance, Repair, and Overhaul ("MRO") solutions business, CrossConsense, continues to land new contracts. During the third quarter of 2023 FLYHT landed our largest new MRO solutions contract since CrossConsense was acquired a year and a half ago. CrossConsense has been engaged by a leading management consultancy with a deep European heritage and strong international footprint to manage an aircraft data migration project for one of its airline clients, a large flag carrier in Europe.

Financially, our revenue continues to grow strongly when excluding last year's large OEM licensing order which benefited 2H. This includes our sixth consecutive quarter of double-digit SaaS growth driven by the ongoing recovery of customer flight activity, higher demand for soundings from our weather data partner, and greater adoption of our Actionable Intelligence suite from renewing customers. As we do not yet have consistent positive EBITDA, we are working within our means by being disciplined on controllable operating expenses. I am very pleased that these efforts contributed to FLYHT successfully increasing our cash balance during the quarter.

FLYHT's strategic planning and tactical management is bringing a coordinated effort into focus. R&D activities, while continuing, are now starting to make way for production of AFIRS Edge units and sellable SaaS solutions. As we build our product offerings around the Edge and our 5G capabilities, we are seeing hardware sales start to grow. STC activities and installations are underway on the two most popular commercial aircraft types in the world, and we are confident these installations will lead to SaaS revenues in both the Actionable Intelligence and Weather markets.

Heading into the final months of the year, I am extremely confident in FLYHT's prospects. 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 "Kent Jacobs".

Kent Jacobs
President and Interim CEO