

LETTER TO SHAREHOLDERS

Q4 2023



FLYHT has been a 25-year journey of progress, and no year has better exemplified this than 2023. While at times it feels like the aviation industry moves at a glacial speed, it is also remarkable how, collectively – our company, airlines, the meteorological agencies – have advanced over the past year. I know that my dear friend Bill Tempny and former FLYHT CEO would be proud of how the entire FLYHT team has carried on the mission, and he would be thrilled that FLYHT's 5G aviation solutions are taking to the skies in 2024.

Thank you for supporting us throughout this journey. I'm excited to report that our progress is accelerating, with increasingly rapid results.

- **We are now in the process of installing the AFIRS Edge™ with our first customer in the commercial airline industry.** Less than two months after being issued a Supplemental Type Certificate ("STC") for the flange version on Airbus A320 aircraft, the Edge is now being installed on our customer's fleet, where we will operate WQAR functions through the 5G network. This is a significant milestone achievement in our multi-year effort to bring to market the industry's first 5G wireless data communication device. Additionally, we are underway with efforts to familiarize this STC into other jurisdictions, including Europe and the US.
- **AFIRS Edge+ (4MCU version) in the field.** We received the first Edge+ units from our manufacturing partner last month, and along with having the flange version Transport Canada A320 STC in hand, we have accelerated our Edge+ commercialization efforts. Whereas in January/February our enthusiastic team could talk about the Edge+, we now are in the field, presenting physical Edge+ units to prospective airlines and demonstrating installation in their aircraft with live data transmission capability. This is making all the difference, as for the first time in the history of WQARs, there is credible competition for the long-time incumbent 2G/3G/LTE WQAR market.
- **Continued interest in AFIRS 228.** The request by our long-term OEM partner to undertake engineering and design work on the technology that it licenses from us as part of its Airbus line fit satcom program is the surest indicator that this program remains strong, and that this high margin licensing revenue will continue well into the future. To date this program has resulted in shipment of more than 3,200 units over a 12-year span.
- **More budget received for U.S. weather.** We remain on track to deploy the FLYHT-WVSS-II sensor, Edge, and Certus-100 satcom solution with a North American airline by the end of this year. As expected, NOAA was also allocated FY2024 budget to purchase additional FLYHT-WVSS-II, Edge and satcom systems. We are now focused on securing and increasing funding for FY2025-2028 through the U.S. National Weather Service Aircraft Based Observation Program.
- **Exciting pipeline and innovation in Europe.** I continue to be very enthusiastic about growth and innovation at CrossConsense, our wholly owned European division. Their work and reputation have expanded the pipeline to include significant data migration projects and new development opportunities. Meanwhile, we have begun to roll out several exciting new extensions to their popular Aircraft Fleet View app, which is already in use by more than 3,000 users. The latest enhancement is to replace the need for unofficial communication channels like WhatsApp. The team already has multiple new customers lined up, who are participating in feature development.

Financially, we finished 2023 with performance in-line with our expectations. We reported over \$20 million in revenue for the full year driven by record SaaS revenue of nearly \$10.7 million, or a 31% increase as compared to 2022. This included an all-time quarterly high of over \$2.8 million in SaaS revenue for the fourth quarter of 2023. As expected, we did not report positive EBITDA in 2023 due to the absence of the large, high margin OEM licensing order that did not repeat this year, but also because we are reinvesting the positive cashflow from our self-sustaining businesses, built on previous generations of hardware with long useful lives, to fund the R&D and commercialization of our emerging businesses. From a balance sheet perspective, we enter 2024 with a higher cash plus GIC balance on December 31, 2023 as compared to our ending cash balance at Q3 2023, and we are poised to capitalize on our 2023 investments in the year ahead.

We're now headed into springtime with multiple opportunities for growth across our 5G aviation solutions and weather businesses, including opportunities to provide services in the emerging field of contrail detection and avoidance. I look forward to updating you on our continued progress throughout the year, and as always, I would like to thank all our loyal shareholders for their continued support.

Yours truly,

Kent Jacobs
President and Interim CEO