FLYHT Aerospace Solutions Ltd.

TSX.V: FLY
OTCQX: FLYLF
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This discussion includes certain statements that may be deemed “forward-looking statements” that are subject to risks and uncertainty. All statements, other than statements of historical facts included in this discussion, including, without limitation, those regarding the Company’s financial position, business strategy, projected costs, future plans, projected revenues, objectives of management for future operations, the Company’s ability to meet any repayment obligations, the use of non-GAAP financial measures, trends in the airline industry, the global financial outlook, expanding markets, research and development of next generation products and any government assistance in financing such developments, foreign exchange rate outlooks, new revenue streams and sales projections, cost increases as related to marketing, research and development (including AFIRS 228), administration expenses, and litigation matters, may be or include forward-looking statements. Although the Company believes the expectations expressed in such forward-looking statements are based on a number of reasonable assumptions regarding the Canadian, U.S., and global economic environments, local and foreign government policies/regulations and actions and assumptions made based upon discussions to date with the Company’s customers and advisers, such statements are not guarantees of future performance and actual results or developments may differ materially from those in the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include production rates, timing for product deliveries and installations, Canadian, U.S., and foreign government activities, volatility of the aviation market for the Company’s products and services, factors that result in significant and prolonged disruption of air travel worldwide, U.S. military activity, market prices, foreign exchange rates, continued availability of capital and financing and general economic, market, or business conditions in the aviation industry, worldwide political stability or any effect those may have on our customer base. Investors are cautioned that any such statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

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**FLYHT** - Our customers understand not only *where* their aircraft is, but *how* it is.

- **Our solutions**
  - Save Aircraft Operators Money
  - Streamline Their Operations
  - Enhance Operational Safety

- **Strong Regulatory Tailwinds**
  - > $50 Million Backlog

- **Accelerating SaaS revenues**
  - ~$21 Million TTM Revenue
  - ~70% gross margins

- **>40% total TTM revenues from SaaS**
FLYHT: Leading Provider of Real-Time Aircraft Data Streaming Technology

The Automated Flight Information Reporting System (AFIRS™)

- Iridium-based SATCOM device installed on the aircraft
- AFIRS connects to numerous aircraft systems
- AFIRS software acquires and transmits aircraft data in real time
- Data is processed and distributed to the customer using FLYHT’s ground server network called UpTime™

HOW WE DO IT
Commercial Aircraft Growing ~5% annually

- Doubling of fleet size in 20 years
- New carriers in developing regions: China, India, AsiaPac, Eurasia
- Largest market by 2037 with 450 airports
- Strength of single-aisle aircraft and city to city routes
- Aircraft innovation

Expansion of Satellite Communications in Aircraft

- Regulatory requirements*
- 1.5 Million oceanic flights/yr.
- More aircraft that travel beyond VHF coverage
- Industry taking first steps toward satcom replacement of HF
- No longer necessary to invest in terrestrial infrastructure

Connected Aircraft Creates Opportunity for Operational Improvements

- Real-time connection via higher bandwidth systems
- Revolutionizing Air Traffic Control
- AOC efficiencies & environmental benefits
- SaaS services continue to emerge as benefits are established
- Digitally enabled aircraft in 2018: 4%
- Digitally enabled aircraft in 2037: 80%

*Regulations
CCAR 121 R5 – December 2019 China
Airline Operations Center: aircraft within 4 minutes
UN: ICAO’s Annex 6: Operation of Aircraft
Amendment 40 – January 2021
Autonomous Distress Tracking: 1-minute intervals
Timely Access to Flight Recorder Data: recovered & available
Core Products

Where FLYHT Competes
Basic product offering

**Unique, Value-Added Services FLYHT Upsells (SaaS)**
- Saves aircraft operators money
- Streamlines their operations
- Enhances operational safety
"A 1% increase in on-time performance equates to several hundreds of thousands of dollars per year in savings for a 50 aircraft operation"
## Customer Successes: Flexible Solution

<table>
<thead>
<tr>
<th>Value Proposition</th>
<th>Solution</th>
<th>Savings</th>
</tr>
</thead>
</table>
| **Disaster Avoidance**             | FLYHTHealth alerted customer about engine exceedance  
  • Customer was able to proactively remove the aircraft from service, diagnose and fix | Replacement cost for the engine: $5.2 million  
  Repair cost based on AFIRS-driven data: $780k  
  Net Savings > $4+ million |
| **Reduction in maintenance costs**  | AFIRS captured Fan Blade data  
  • Rolls Royce enabled a more trusted engine profile based on engine data captured by AFIRS and shared with Rolls Royce. | The savings associated with more beneficial profiles allowed for an additional 2 years of in-service engine usage before taking plane out of service for mandatory fan blade replacement. |
| **Lease agreement penalty avoidance** | Monitor relevant aircraft operations  
  • Lease requires 10% of takeoffs at reduced thrust. Customers able to monitor the parameters of operations with real-time reports. | Hundreds of thousands of dollars in lease penalties saved |
Total Addressable Market

- Total Addressable Market: (40,000) (Bizjet plus Commercial)
- Commercial Addressable Market: (25,000)
- FLYHT Units Shipped/Installed: (2,600)
- FLYHT Units Providing SaaS: (580)
FLYHT’s proprietary Tropospheric Airborne Meteorological Data Reporting (TAMDAR) weather sensor accurately captures:

- Wind: speed and direction
- Temperature
- Relative humidity
- Icing
- Eddy Dissipation Rate (EDR)
- Turbulence
- Position: latitude/longitude, altitude, time
The TAMDAR Difference

72 hour forecast with / without TAMDAR Data versus actual weather

US$2M/year contract with NOAA

Forecast with TAMDAR

Forecast without TAMDAR

Radar of Actual Event
2018 ECODEMONSTRATOR PROGRAM:

- Fedex B777 Freighter
- 37 different technologies tested

Boeing ecoDemonstrator - Joint Conclusion (Boeing, Embraer, FLYHT)

Whitepaper jointly presented at AEEC conference (August 2018)

“Existing, commercially available equipment and network services (FLYHT’s AFIRS and Inmarsat SwiftBroadband) are suitable for providing distress flight data streaming capabilities that support ICAO objectives”
Recreating the Pilot’s Experience: Virtual Cockpit

✓ Real-Time Flight Data
✓ Real-time Cockpit Area Microphone
✓ Flight Profile
✓ Map Location
✓ Aircraft Attitude
✓ Flight Deck Instrumentation
✓ Situational Awareness!
Competitive Advantages

**SatCom**
- Only current supplier for Airbus A320, A220 and A330 aircraft with Iridium systems through L3Harris partnership
- Inaugural TSO C159b voice AND data - first vendor with Technical Standard Order issued minimum performance standard
- Broadest aftermarket capabilities - STCs to install systems in the broadest number of regions and aircraft; far more than competitors
- Highest quality voice performance
- Highly proven, robust and reliable system
- Deep Iridium integration

**SaaS**
- Clear leader in communication of real-time aircraft performance data including engine trends, exceedances, and diagnostics
- Holds patent for triggered streaming of Flight Data Recorder
- Delivers health data that is far more comprehensive and configurable than legacy solutions
- Broadest service offering including aircraft tracking, health monitoring, “black box” streaming, fuel management, and real-time weather

FLYHT Competitive Advantages

**Competition**

- Thales
- Collins Aerospace
- SITA
- Avionica
- Honeywell Aerospace
- FlightAware
- Aireon
Capital Market Profile

Share Price
As of December 6, 2019 (all dollar figures are in Canadian dollars)

- Share Price: $1.40
- Market Capitalization: $29,846,751
- 52-week low: $0.94
- 52-week high: $1.90
- Average Daily Volume: 8,300

Share Structure
As of November 30, 2019

- Shares: 26,645,328
- Warrants Outstanding: 3,436,810
- Stock Options Outstanding (weighted avg. exercise price ($1.94)): 1,414,477
- Insider Holdings: 12.0%
- Debt (Low-interest, government debt): $3.1M
- Convertible Debt (8% coupon): $1.7M
Revenue and Gross Margins

Current Backlog of > $50M

Overall Gross Margins

2018 information reflects the adoption of IFRS15 as at January 1, 2018. Under the transition method chosen for application of IFRS15, comparative 2017 information has been restated.

FLYHT Quarterly Revenue

<table>
<thead>
<tr>
<th>Quarter</th>
<th>SaaS</th>
<th>HW sales</th>
<th>License/Parts Sales</th>
<th>Tech Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2017</td>
<td>$1,000,000</td>
<td>$1,150,000</td>
<td>$950,000</td>
<td>$750,000</td>
</tr>
<tr>
<td>Q1 2018</td>
<td>$1,200,000</td>
<td>$1,350,000</td>
<td>$1,050,000</td>
<td>$850,000</td>
</tr>
<tr>
<td>Q2 2018</td>
<td>$1,300,000</td>
<td>$1,500,000</td>
<td>$1,100,000</td>
<td>$950,000</td>
</tr>
<tr>
<td>Q3 2018</td>
<td>$1,400,000</td>
<td>$1,600,000</td>
<td>$1,150,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>$1,500,000</td>
<td>$1,700,000</td>
<td>$1,200,000</td>
<td>$1,050,000</td>
</tr>
<tr>
<td>Q1 2019</td>
<td>$1,600,000</td>
<td>$1,800,000</td>
<td>$1,250,000</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>$1,700,000</td>
<td>$1,900,000</td>
<td>$1,300,000</td>
<td>$1,150,000</td>
</tr>
<tr>
<td>Q3 2019</td>
<td>$1,800,000</td>
<td>$2,000,000</td>
<td>$1,350,000</td>
<td>$1,200,000</td>
</tr>
</tbody>
</table>

SaaS Quarterly Revenue

TSX.V: FLY
OTCQX: FLYLF

$750,000
$950,000
$1,150,000
$1,350,000
$1,550,000
$1,750,000
$1,950,000
$2,150,000
$2,350,000
$2,550,000
$2,750,000

Q4 2017
Q1 2018
Q2 2018
Q3 2018
Q4 2018
Q1 2019
Q2 2019
Q3 2019
Q4 2019
Revenue and Other Income, Annual Source

2018: $15,749,752

2017: $13,699,542

2016: $17,554,357

2018 information reflects the adoption of IFRS15 as at January 1, 2018. Under the transition method chosen for application of IFRS15, comparative 2017 information has been restated.
**Topline - Expenses - Bottom Line**

Holding line on Expenses while growing the Topline

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue + Other Income</th>
<th>Expenses (D, A, R&amp;D)</th>
<th>Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$5,000,000</td>
<td>$10,000,000</td>
<td>-$5,000,000</td>
</tr>
<tr>
<td>2015</td>
<td>$10,000,000</td>
<td>$15,000,000</td>
<td>-$5,000,000</td>
</tr>
<tr>
<td>2016</td>
<td>$15,000,000</td>
<td>$20,000,000</td>
<td>-$5,000,000</td>
</tr>
<tr>
<td>2017</td>
<td>$20,000,000</td>
<td>$25,000,000</td>
<td>-$5,000,000</td>
</tr>
<tr>
<td>2018</td>
<td>$25,000,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$30,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
2018 Geographical Revenue

> 2,500 units shipped and/or installed

> 2 million flights and

> 3 million hours of voice and data services generating SaaS revenues from Uptime Server

**Revenue**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>43.7%</td>
<td>$5,935,692</td>
</tr>
<tr>
<td>Europe</td>
<td>5.7%</td>
<td>$770,574</td>
</tr>
<tr>
<td>Middle East</td>
<td>13.2%</td>
<td>$1,794,439</td>
</tr>
<tr>
<td>Asia</td>
<td>23.5%</td>
<td>$3,194,342</td>
</tr>
<tr>
<td>Africa</td>
<td>4.3%</td>
<td>$588,473</td>
</tr>
<tr>
<td>Australasia</td>
<td>4.8%</td>
<td>$646,989</td>
</tr>
</tbody>
</table>

**Revenue* $13,590,516**

**Licensing**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>4.9%</td>
<td>$660,007</td>
</tr>
</tbody>
</table>

**Licensing 16.7% $2,265,262**

* EXCLUDES OTHER INCOME
FLYHT Growth Drivers

**Strong Industry Tailwinds**
- Regulations, China, New aircraft

**Continued presence as established SatCom player**
- Leadership with Airbus
- Pursuing other airframers & OEMs

**Clear leader in aircraft health/diagnostic SaaS services**
- Real-time patent
- No true competition

**New Products**
- Weather acquisition
- Nextgen SatCom
- SatCom agnostic SaaS

**Expanding sales & marketing effort**
- Investment to help educate industry of SaaS benefits
## Investment Highlights

| Robust SaaS recurring revenue gross margins of **70-85%** | **20-year proven track record**  
| • Five-year customer contracts  
| • 100% retention for going concerns  | • 3+ million flight hours and 2+ million flights using AFIRS  
| • 80+ customers...and growing  
| • 2,500+ shipments and growing rapidly  |

| Sustaining > **$50M** sales backlog | **Major growth of sales in China**  
| • 23 airline customers  
| • 2016: launched real-time data services in China  
| • Significant remaining opportunity in sales funnel; significant backlog  |

| Hardware sales with gross margin of **~30%** | **Supplemental Type Certificates (~ 100 STC)**  
| • World’s most extensive Satcom catalogue  
| • Qualified on 95% of commercial aircraft types  
| • Significant barrier to entry for competitors  |

| Licensing arrangement with OEM **~90%** margin | **Factory option on Airbus A320, A330 & A220** |

| Well poised for accelerated growth | **Regulatory tailwinds, International Growth, Market Leading Offerings, New products and channel expansion** |
Leadership Team
Industry Veterans

Tom Schmutz
CEO

Derek Graham
CTO

Alana Forbes
CFO

Matieu Plamondon
COO

Jeff Rex
VP Sales and Marketing
Board Members for 2019

Bill Tempany
Chairman of the Board
former CEO FLYHT

Nina Jonsson
Viking Fleet Advisors
Plane View Partners

Jack Olcott
former President
National Business Aviation Association

Mike Brown
Partner
Geselbracht Brown LLP

Doug Marlin
Software Entrepreneur
Marlin Ventures

Mark Rosenker
former Chairman
National Transportation Safety Board
Major General, US Air Force Reserve (retired)

Barry Eccleston
former President Airbus Americas, Inc.

Cpt. Mary McMillan
former Vice President - Inmarsat
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