FLYHT Aerospace Solutions Ltd.

TSX.V: FLY
OTCQX: FLYLF
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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

<table>
<thead>
<tr>
<th>~$21 Million TTM Revenue</th>
<th>$50 Million Backlog</th>
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<tbody>
<tr>
<td>Strong Regulatory Tailwinds</td>
<td>&gt;40% total TTM revenues from SaaS</td>
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</table>

~70% gross margins
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 world fleet size in 20 years
- New carriers in developing regions: China, India, AsiaPac, Eurasia
- China 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%

Industry Drivers:

*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
Unique, Value-Added Services FLYHT Upsells (SaaS)

- Saves aircraft operators money
- Streamlines their operations
- Enhances operational safety
**Customer Specific Reporting (FLYHTHealth)**

“A 1% increase in on-time performance equates to several hundreds of thousands of dollars per year in savings for a 50 aircraft operation”

- Battery Status Report
- APU Usage Report
- Real-time Engine Fault Code Report
- Hydraulic Pressure Report
- Oil Pressure Report
- Cabin Pressurization and Door Status Report
- Gate Door State Reports
- Fuel Door State Report
- Fuel Door Warning Reports
- Landing Gear Warning Report
- Customized Out, Off, On, In Reports incl. FOB
- Electrical Warning Report
# Customer Successes: Flexible Solution

<table>
<thead>
<tr>
<th>Value Proposition</th>
<th>Solution</th>
<th>Savings</th>
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</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 (~2,700)
- 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

Streaming Black Box Data in Real-time via Inmarsat and Iridium

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

### Solutions

<table>
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<tr>
<th>FLYHT Competitive Advantages</th>
<th>SatCom</th>
<th>SaaS</th>
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<tbody>
<tr>
<td>✓ Only current supplier for Airbus A320, A220 and A330 aircraft with Iridium systems through L3Harris partnership</td>
<td>✓ Clear leader in communication of real-time aircraft performance data including engine trends, exceedances, and diagnostics</td>
<td></td>
</tr>
<tr>
<td>✓ Inaugural TSO C159b voice AND data - first vendor with Technical Standard Order issued minimum performance standard</td>
<td>✓ Holds patent for triggered streaming of Flight Data Recorder</td>
<td></td>
</tr>
<tr>
<td>✓ Broadest aftermarket capabilities - STCs to install systems in the broadest number of regions and aircraft; far more than competitors</td>
<td>✓ Delivers health data that is far more comprehensive and configurable than legacy solutions</td>
<td></td>
</tr>
<tr>
<td>✓ Highest quality voice performance</td>
<td>✓ Broadest service offering including aircraft tracking, health monitoring, “black box” streaming, fuel management, and real-time weather</td>
<td></td>
</tr>
<tr>
<td>✓ Highly proven, robust and reliable system</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>✓ Deep Iridium integration</td>
<td>✓</td>
<td></td>
</tr>
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### Competition

- Thales
- Collins Aerospace
- SITA
- flightAware
- Aireon
Capital Market Profile

Share Price
As of Feb 5, 2020 (all dollar figures are in Canadian dollars)

- Share Price: $1.63
- Market Capitalization: $43.5M
- 52-week low: $1.12
- 52-week high: $1.90
- Average Daily Volume: 31,505

Share Structure
As of December 31, 2019

- Shares: 26,645,328
- Warrants Outstanding: 3,807,278
- Stock Options Outstanding (weighted avg. exercise price ($1.94)): 1,117,907
- 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.

Annual Revenues plus Other Income

FLYHT Quarterly Revenue

Q4 2017 Q1 2018 Q2 2018 Q3 2018 Q4 2018 Q1 2019 Q2 2019 Q3 2019
SaaS Quarterly Revenue

Tech Services
License/Parts Sales
HW sales
SaaS
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

- Revenue + Other Income
- Expenses (D, A, R&D)
- Income

Currently:

~ 2,700 units shipped and/or installed

~ 2.6 million flights and
~ 4 million hours of voice and data services generating SaaS revenues from Uptime Server

2018 Geographical Revenue

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
<th>Revenue</th>
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<tbody>
<tr>
<td>North America</td>
<td>43.7%</td>
<td>$5,935,692</td>
</tr>
<tr>
<td>Central &amp; South America</td>
<td>4.9%</td>
<td>$588,473</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>Australasia</td>
<td>4.8%</td>
<td>$646,989</td>
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2018 Revenue* $13,590,516

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
<table>
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<th>Investment Highlights</th>
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<tr>
<td>Robust SaaS recurring revenue gross margins of <strong>70-85%</strong></td>
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<tr>
<td>• Five-year customer contracts</td>
</tr>
<tr>
<td>• 100% retention for going concerns</td>
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<tr>
<td>20-year proven track record</td>
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<tr>
<td>• ~ 4 million flight hours and ~2.6 million flights using AFIRS</td>
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<tr>
<td>• 80+ customers...and growing</td>
</tr>
<tr>
<td>• ~ 2,700 shipments and growing rapidly</td>
</tr>
<tr>
<td>Major growth of sales in China</td>
</tr>
<tr>
<td>• 23 airline customers</td>
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<tr>
<td>• 2016: launched real-time data services in China</td>
</tr>
<tr>
<td>• Significant remaining opportunity in sales funnel; significant backlog</td>
</tr>
<tr>
<td>Sustaining ~ <strong>$50M</strong> sales backlog</td>
</tr>
<tr>
<td>Hardware sales with gross margin of ~ <strong>30%</strong></td>
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<td>Supplemental Type Certificates (~ 100 STC)</td>
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<tr>
<td>• World’s most extensive Satcom catalogue</td>
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<tr>
<td>• Qualified on 95% of commercial aircraft types</td>
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<tr>
<td>• Significant barrier to entry for competitors</td>
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<tr>
<td>Licensing arrangement with OEM ~ <strong>90%</strong> margin</td>
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<tr>
<td>Factory option on Airbus A320, A330 &amp; A220</td>
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<tr>
<td>Well poised for accelerated growth</td>
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<tr>
<td>Regulatory tailwinds, International Growth, Market Leading Offerings, New products and channel expansion</td>
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Leadership Team
Industry Veterans

Tom Schmutz
CEO

Derek Graham
CTO

Alana Forbes
CFO

Matieu Plamondon
COO

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