

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC

SUPERIOR COURT
«Commercial Division»

Division No.: 01-Montreal
Court No.: 500-11-058645-207
CCA No.: 0000475

**IN THE MATTER OF THE PLAN OF ARRANGEMENT AND
COMPROMISE OF:**

FLIGHTHUB GROUP INC.

- and -

FLIGHTHUB SERVICE INC.

- and -

SSFP CORP.

- and -

JUSTFLY INC

- and -

JUSTFLY CORP.

- and -

11644670 CANADA INC.

Company / Debtors/ Applicants

and

MNP LTD

Monitor

MONITOR'S FOURTH REPORT TO THE COURT
IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED

INTRODUCTION AND PROCEDURAL CONTEXT

1. On May 8, 2020, further to an Application for the Issuance of an Initial Order filed by FlightHub Group Inc. ("**FlightHub**"), FlightHub Service Inc. ("**Service**"), SSFP Corp ("**SSFP**"), JustFly Inc. ("**JustFly**"), JustFly Corp. ("**JustFly USA**") and 11644670 Canada Inc. ("**11644670**", and collectively with FlightHub, Service, SSFP, JustFly, JustFly USA and 11644670, the "**Applicants**" or the "**Debtors**" or the "**Company**" or the "**FlightHub Group**"), the Superior Court of Quebec issued a temporary and limited initial Order (as amended and restated, the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36 (the "**CCAA**").
2. This Fourth Report of the Monitor (the "**Report**") aims to address and provide the following:
 - I. Background and procedural context;
 - II. An overview of the Company's restructuring efforts to date;
 - III. Information on the affairs and finances of the Company;
 - IV. Monitor's recommendations in respect of the Company's Application for Stay Extension (as defined below).

TERMS OF REFERENCE AND DISCLAIMERS

3. In preparing this report and making comments herein, the Monitor has been provided with, and has relied upon, certain unaudited, draft or internal financial information, including the Debtors' books and records, discussions with management and directors of the Company (the "**Management**") and its counsel, and information from other third-party sources (collectively, the "**Information**"). MNP has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, MNP has not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards ("**GAAS**") or other standards established by the Chartered Professional Accountants of Canada (the "**Standards**"), and, accordingly, the Monitor expresses no opinion or other form of assurance in respect of the Information. Additionally, none of the Monitor's procedures were intended to disclose defalcations or other irregularities. If the Monitor were to perform additional procedures or to undertake an audit examination of the Information in accordance with the Standards,

additional matters may come to the Monitor's attention. Accordingly, the Monitor does not express an opinion, nor does it provide any other form of assurance on the financial or other information presented herein. The Monitor may refine or alter its observations as further information is obtained or brought to its attention after the date of this report.

4. Some of the information referred to in this Report consists of forecasts and projections. An examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been performed.
5. Future oriented financial information referred to in this Report was prepared based on Management's estimates and assumptions. Readers are cautioned that since projections are based upon assumptions about future events and conditions that are not ascertainable, the actual results will vary from the projections, even if the assumptions materialize, and the variations could be significant.
6. The information contained in this Report is not intended to be relied upon by any prospective purchaser or investor in any transaction with the Applicants.
7. The Monitor assumes no responsibility or liability for any loss or damage suffered by any party as a result of the use of this Report. Any use, which any party makes of this Report, or any reliance or decision to be made based on this Report, is the sole responsibility of such party.
8. All amounts included herein are in Canadian dollars unless otherwise stated.

I. BACKGROUND AND PROCEDURAL CONTEXT

9. On May 19, 2020, the Initial Order was restated and amended in order to, *inter alia*:
 - a. Extend the Stay Period to July 31, 2020;
 - b. Grant an administration charge as well as a directors' and officers' charge; and
 - c. Authorize the Company to make certain remittances in respect of insurance premiums collected which may qualify as pre-filing monetary obligations of the Applicants.

10. On June 5, 2020, the Monitor filed an Application for Directions in Respect of the Treatment of Certain Pre-Filing Obligations of the Debtors (the "**Monitor's Application for Directions**"), in which the Monitor made recommendations and sought directions and advice from this Court with respect to the treatment of certain pre-filing chargebacks processed by credit card payment processing services. The Monitor filed its Second Report to the Court in conjunction with the Monitor's Application for Directions.
11. On June 5, 2020, the Company filed an *Application for the Issuance of a Claims Process Order* (the "**Claims Procedure Application**"), in view of a establishing a formal process for the filing of all claims against the FlightHub Group and its directors and officers (the "**Claims Process**").
12. On June 19, 2020, the Court granted (i) the relief sought in the Monitor's Application for Directions; and (ii) the relief sought by the FlightHub Group in its Claims Procedure Application (the "**Claims Procedure Order**"), though in the latter case, under reserve of the rights of the Commissioner of Competition (for the Competition Bureau of Canada, hereinafter the "**Commissioner**") to file an application that would seek the exclusion, from the Claims Procedure Order, of its potential claims against the directors and officers of the Company.
13. Pursuant to the Claims Procedure Order, anyone wishing to assert a claim against the Company or any of its directors and officers has until July 30, 2020 (the "**Claims Bar Date**"), after which all claims will be deemed to be statute-barred.
14. On July 13, 2020, as appears from the Court record, further to an *Application of the Commissioner the Amendment of the Definition of [the term] "Claim against the Directors or Officers" of the Claims Procedure Order*, (the "**Commissioner's Application**"), further to a contestation filed in respect thereto by the Company, and further to exchanges between the Monitor, the Commissioner and the Company, the Commissioner's Application was discontinued, under reserve of the Commissioner's right to contest any potential releases that may subsequently be sought in favour of the directors or officers of the Company in the context of the CCAA Proceedings.

15. In parallel to the CCAA Proceedings before this Court, proceedings were initiated before the United States Bankruptcy Court for the District of Delaware (the “**US Court**”) in order to recognize the CCAA proceedings in respect of the Applicants in the United States of America under Chapter 15 of the United States Bankruptcy Code.
16. Further to a hearing held on June 17, 2020, Justice John T. Dorsey of the US Court granted the order sought by the Company, as appears from the proceedings and the order filed in support of the Applicants’ Contestation, in the Court record, all of which is also available on the Monitor’s website.
17. On July 23, 2020, the Company served an Application for the Issuance of an Order Extending the Stay Period until September 30, 2020 (the “**Application for Stay Extension**”). The said application has been granted by the Court on July 27, 2020 and the Stay has been extended to September 30, 2020.

II. RESTRUCTURING EFFORTS TO DATE

18. Since our last report to the Court, the Company, with the assistance of the Monitor, has resolved various issues which arose with certain suppliers, and has otherwise endeavoured to diligently address ongoing or newly arising issues with suppliers and regulatory authorities.
19. With respect to matters which arose since the last report of the Monitor to the Court or which are otherwise worth noting, the Monitor reports the following:
 - a. **Ongoing restructuring:** The Company continued its ongoing restructuring efforts to improve and streamline its operations. Among other things, the Company reviewed its internal processes and some specific contracts in relation to these operational processes. The ongoing review of the Company’s operation has resulted in the:
 - i. Disclaimer of two contracts;
 - ii. Lay-off of (82) employees in two different rounds;
 - iii. Signing of four new contracts;
 - iv. Review and improvement of the transactional websites.

- b. Nuvei Technologies Corp. (Nuvei):** Nuvei provides credit card payment processing services to the Company. On July 3, 2020, Nuvei sent a notice by which it purported to terminate the agreement between the Company and Nuvei, and announced that it would be maintaining a rolling holdback reserve of \$2,4M in order to guarantee potential liabilities that could arise from chargebacks. The Company has contested this position. Nuvei has not implemented its purported termination. On August 25, 2020 the parties have reached an agreement to resolve the pending issues and convened on a payment schedule from the reserve account to the Company.
- c. US Department of Transportation ("USDOT"):** The USDOT has filed a proof of claim with the Monitor. The parties have made progress towards an agreement that would resolve all outstanding pecuniary and regulatory issues in a manner that would provide requisite certainty to the Company as it prepares to emerge from the CCAA process. The Monitor understands that the resolution of regulatory issues raised by the USDOT will potentially require the issuance of a consent order by a court in the United States.
- d. The Commissioner:** The Company and its counsel have been liaising with the Commissioner and its counsel, further to the filing by the Commissioner of its proof of claim. As for the other regulatory bodies in cause in this file, the parties have engaged in exchanges with a view to resolve the Company's compliance issues and to allow it to emerge from the CCAA process. A consensual resolution or adjudication of the issues with the Commissioner are deemed necessary to achieve the Company's restructuring objectives and long-term viability. The parties, the Monitor, and their respective lawyers have exchanged extensively throughout the past weeks, and since the filing of the Commissioner's proof of claim, to determine whether a resolution can be reached without seeking the assistance of the Court. These discussions are ongoing.
- e. City Attorney of San Francisco:** The City of San Francisco (the "City") has filed a proof of claim to the Monitor. The Monitor is analysing the information provided and has requested legal advice from its US attorneys on some specific issues raised by the City. The Monitor should soon be in a position to convey its conclusions with respect to the City's claim.

20. **Claim Process:** As contemplated in the Claims Procedure Order, the Monitor has received ninety-seven (97) proof of claims. The Monitor, with the assistance of the Company, reviewed and admitted seventy-seven (77) claims, representing 79% of claims in number, and disallowed or revaluated six (6) claims, representing 6% in number. There are fourteen (14) claims that are still under review by the Monitor. The claims under review include the claims filed by the USDOT, the Commissioner and the City. It should be noted that, by way of information and as a means of assisting the parties as they delineate the determinative issues at play, the Monitor has communicated its preliminary position to the Commissioner and the Company, by way of a draft notice of review or disallowance.
21. Since the Issuance of the Initial Order and pursuant to the terms thereof and of the CCAA, the Monitor has fulfilled its statutory obligations arising to date, including the notice and service requirements described in the prior Monitor's reports. Since the issuance of the Third Monitor's Report to the Court, the Monitor, with the cooperation of the Company, as the case may be, has, *inter alia*:
- a. Monitored the receipts and disbursements of the Company, as well as the current and ongoing operations of the Company;
 - b. Monitored the situation of the Company as it pertains to the processing of transactions with credit card payment processing service providers (the "**Payment Processors**"). This includes, generally, monitoring or projecting the flow of chargebacks and refunds processed through them, and updating projections pertaining to chargebacks and how these may affect cash flows and cash flow projections;
 - c. Performed and/or reviewed a periodic analysis of the variance between actual cash flow results as compared to projections established with the Company;
 - d. Assisted in the preparation of an updated weekly cash flow forecast, namely in respect of the extension sought by the Company;
 - e. Oversaw the process pertaining to the disclaimer of agreements deemed onerous or uneconomic;
 - f. Oversaw the process pertaining to the formal termination of certain employees;
 - g. Assisted, and continues to assist, the Company in negotiations and interactions with various suppliers, including Nuvei;

- h. Engaged with the Company, its counsel, the Commissioner and its counsel, in view of advancing or resolving the issues pertaining to the ongoing investigation of the Commissioner;
- i. Liaised with the Company, its Canadian counsel and US Counsel in respect of US regulatory matters (i.e.: with the City Attorney of San Francisco and the US Department of Transportation), especially as it pertains to the Claims filed by these creditors and the resolution of any potential compliance issues;
- j. Oversaw or otherwise assisted the Company and its counsel in respect of the enforcement of the stay of proceedings homologated in the US through the Chapter 15 USC proceedings, including as it pertains to a lawsuit in Texas;
- k. Responded to queries from various creditors or stakeholders;
- l. Attended or held (as the case may be) various meetings, conference calls, and court hearings;
- m. Assisted the Company's management with respect to the CCCAA process generally;
- n. Updated the Monitor's website as per the Initial Order regarding the CCAA process.

III. INFORMATION ON THE AFFAIRS AND FINANCES OF THE COMPANY

A. ACTUAL RECEIPTS AND DISBURSEMENTS FOR THE 9-WEEK PERIOD FROM JULY 18, 2020 TO SEPTEMBER 18, 2020

22. As instructed by the Court and pursuant to the CCAA, the Monitor has monitored and reviewed the Company's statement of receipts and disbursements for the 9-week period from July 18, 2020 to September 18, 2020 ("9-week Period"), in relation with the weekly cash flow projections contained in the Monitor's Third Report to the Court summarized below.

Flight Hub Group

Cash Flow Statement

For the Period from July 18 to September 18, 2020

(Unaudited - in '000 CAN \$)

	Actual	Forecast	Variance
Receipts			
Revenues	\$ 8,696	\$ 5,760	\$ 2,936
Other	21	-	21
	<u>8,717</u>	<u>5,760</u>	<u>2,957</u>
Disbursements			
Operations & Administrative	4,951	8,010	3,059
Financial	340	344	4
Foreign exchange impact	36	-	(36)
	<u>5,326</u>	<u>8,354</u>	<u>3,028</u>
Cash flow	<u>3,391</u>	<u>(2,594)</u>	<u>5,985</u>
Indebtedness - Beginning	(28,595)	(28,441)	(154)
Indebtedness - End	<u>\$ (25,204)</u>	<u>\$ (31,035)</u>	<u>\$ 5,831</u>

23. During the 9-week Period, the Company generated a positive cash flow of \$6M which is explained hereafter:

Receipts

24. The receipts were \$2,957M higher than expected. The positive variance is mainly explained by:
- The receipts from the settlement reached with Nuvei that allowed the Company to recover an initial amount of \$1.5M from the holding rollback reserves Nuvei maintained.
 - The average daily bookings were in line with the forecast at 2,006 average bookings per day compared to a forecasted 2,025 bookings per day. Higher ancillary revenues resulted in a permanent positive variance of \$700K.
 - Lower than forecasted Refunds, rebate and chargebacks explains the remainder of the positive variance in receipts.

Disbursements

25. Disbursements were \$3,028M lower than forecasted. The positive variance is mainly explained by:
- A settlement reserve of \$1.2M that was forecasted to settle potential wholesaler chargebacks. Because of a generally lower wholesaler chargebacks level, the Company will not have to disburse that reserve.

- b. The average acquisition costs remained lower than forecasted. The Company reviewed its marketing strategies and optimized its marketing expenses by, among other things, ending unprofitable marketing campaigns. The rationalisation process of advertising and marketing costs resulted in a positive variance of \$930K.
- c. Finally, the Company benefited from existing prepaid software expenses. The ending of certain software and web hosting contracts during the CCAA period combined with the lower volume of transactions processed allowed the Company to implement new and less costly solutions, generating a positive variance of \$650K.

B. UPDATE ON THE CHARGEBACKS

26. The value of the chargebacks initiated since the last report to the Court is higher than forecasted, mainly due to the second wave of the COVID19 pandemic which had a negative impact on travel. However, the cash impact of the chargebacks was lower than forecasted, mainly due by a combination of higher than expected win rates with the payment processors chargebacks and a low resolution rate with the wholesalers chargebacks.
27. The wholesalers open chargebacks slightly decreased during the period, as the uncertainty surrounding the applicable policies and regulations for the treatment of chargebacks were mostly resolved, allowing for a better resolution rate and win rate of outstanding chargebacks. The Company continues to have ongoing discussions with wholesalers and airlines companies to find satisfactory solutions for the chargebacks issues.

C. UPDATED CASH FLOW FOR THE 13-WEEK PERIOD FROM SEPTEMBER 19, 2020 TO DECEMBER 18, 2020

28. The Company presents to this Court its cash flow forecasts (the “Cash Flow” or “Forecast”) for the thirteen-week period from September 19, 2020 to December 18, 2020 (the “Period”) (Appendix A).

29. The Company's Cash flow for the Period is based on assumptions provided by Management and based on financial and other operating information available as at September 24, 2020. The Cash Flow was prepared using probable assumptions supported and consistent with the plans of the Company for the Period and took into consideration the economic conditions that are considered most probable by Management.

30. The Monitor reports as follows with respect to the Forecast:

- a. The Monitor's review consists of inquiries, analytical procedures and discussions related to information supplied by Management and selected employees of the Company. Since hypothetical assumptions need not be supported, the Monitor's procedures with respect thereto were limited to evaluating whether they were consistent with the purpose of the Forecast. We have also reviewed the support provided by Management for said probable assumptions and the preparation and presentation of the Forecast.
- b. Based on its review, nothing has come to the attention of the Monitor that causes it to believe that, in all material respects:
 - i. The hypothetical assumptions are not consistent with the purpose of the Forecast;
 - ii. As of the date of this report, the probable assumptions developed by Management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Forecast, given the hypothetical assumptions;
 - iii. Since the Forecast is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, the Monitor expresses no assurance as to whether the Forecast will materialize. The Monitor further expresses no opinion or other form of assurance with respect to the accuracy of any financial information reported with respect to the Forecast or relied upon by it in reporting on the Forecast.

31. The cash flow from operation is expected to be negative by an amount of approximately \$1.9M over the Period. The required cash flow will be funded from the cash on hand.
32. The decrease in cash flow is mainly explained by the following elements:
 - a. The Company expects that the ongoing second wave of the COVID19 pandemic will have a negative impact on the fragile travel market. Consequently, the Company forecasted an increase in refunds which will negatively impact cash by approximately \$1M.
 - b. The ongoing negotiations with the regulatory bodies, both in Canada and in the US, requires significant time from the Company and the professionals involved. An increase of \$450K in professional fees is forecasted to help the Company reach agreements that will support a successful restructuring;
 - c. The Company adopted a conservative approach towards acquisition costs which will result in a negative cash flow of \$735K.

IV. CONCLUSIONS AND RECOMMENDATIONS

33. The Monitor is of the view that the Company has acted diligently and in good faith since the issuance of the Initial Order. The Company, its directors and officers have acted with diligence and dispatch in responding to the Monitor's queries, and in addressing inquiries, requests, correspondence and proceedings from other stakeholders.
34. The Company is compliant with its statutory obligations under the CCAA.
35. The Company and the Monitor have maintained ongoing discussions and demonstrated meaningful cooperation with key stakeholders, including the Commissioner, the US Department of Transportation, and certain suppliers, including payment processors.
36. The Company and its principals continue to focus on restructuring initiatives, including the advancement of the Claims Process, the development of a viable proposal to the creditors and working towards emerging from the CCAA process.

36. During the Stay Period, it is expected that:

- a. The Monitor will continue to monitor the receipts and disbursements, including the processing of chargebacks;
- b. The Monitor, with the cooperation of the Company and assistance of counsel, will complete the review of claims;
- c. The Company, with the assistance of the Monitor, will engage with various stakeholders and regulatory authorities in view of resolving, to the extent possible, any issues or disputes, or otherwise assessing the appropriate means of dealing with same. This includes, specifically, cooperating with the USDOT, the City and the Commissioner in the context of their ongoing investigation and of the Claims Process;
- d. Take measures and perform actions necessary or useful in view of advancing towards an efficient emergence from the CCAA process, including the filing of a plan of arrangement.

37. In light of the foregoing, the Monitor is of the view that the extension of the Stay Period as sought by the Applicants in the Application for Stay Extension is reasonable and that is in the best interests of the stakeholders as a whole, and of the Company, that the relief sought be granted.

All of which is respectfully submitted to this Honourable Court at Montreal, this 26th day of September 2020.

MNP LTD, in its capacity of
Monitor
and not in its personal or corporate capacity



Pierre Marchand, M.Sc, CMA, CPA, CIRP, LIT
Senior Vice-President

APPENDIX A

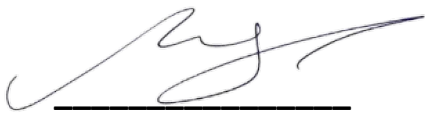
**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OF COMPROMISE
OR ARRANGEMENT OF FLIGHTHUBGROUP INC, FLIGHTHUB SERVICE INC, SSFP CORP,
JUSTFLY INC., JUSTFLY CORP. AND 11644670 CANADA INC
(THE "APPLICANT")
MANAGEMENT'S REPORT ON CASH FLOW STATEMENT
(paragraph 10(2)(b) of the CCAA)**

The Debtor have developed the assumptions and prepared the attached Projected Statement of Cash Flow as of the 24th day of July 2020 for the period from September 19, 2020 to December 18, 2020 ("**Cash Flow**"). All such assumptions are disclosed in the Notes to Projected Statement of Cash Flow hereafter.

The hypothetical assumptions are reasonable and consistent with the purpose of the Cash Flow as described in the Notes to the Forecasted Cash Flow, and the probable assumptions are suitably supported and consistent with the plans of the Applicant and provide a reasonable basis for the Cash Flow. Since the Cash Flow is based on assumptions regarding future events, actual results will vary from the information presented and the variations may be material.

The Cash Flow has been prepared solely for the purpose outlined in Note 1 using a set of hypothetical and probable assumptions set out therein. Consequently, readers are cautioned that the Cash Flow may not be appropriate for other purposes.



Marc Ghobriel
CFO, duly authorized

Flight Hub Group

Forecasted Cash Flow Statement

For the Period from September 19, 2020 to December 18, 2020

(Unaudited - in '000 CAN \$)

Week ending	Weekly Cash Flow													Total
	25-Sep-20	2-Oct-20	9-Oct-20	16-Oct-20	23-Oct-20	30-Oct-20	6-Nov-20	13-Nov-20	20-Nov-20	27-Nov-20	4-Dec-20	11-Dec-20	18-Dec-20	
Receipts														
Revenues	\$ 361	\$ 467	\$ 625	\$ 625	\$ 625	\$ 625	\$ 608	\$ 608	\$ 608	\$ 608	\$ 569	\$ 559	\$ 559	\$ 7,447
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	361	467	625	625	625	625	608	608	608	608	569	559	559	7,447
Disbursements														
Operations	993	572	934	644	934	553	815	525	815	425	780	466	659	9,113
Financial	-	92	-	-	-	92	-	-	-	-	92	-	-	276
	993	664	934	644	934	645	815	525	815	425	872	466	659	9,389
Cash flow	(632)	(198)	(309)	(19)	(309)	(20)	(206)	84	(206)	184	(303)	94	(100)	(1,941)
Cash position - Beginning	(25,206)	(25,838)	(26,036)	(26,345)	(26,364)	(26,673)	(26,693)	(26,900)	(26,816)	(27,022)	(26,839)	(27,142)	(27,048)	(25,206)
Cash position - Ending	<u>\$ (25,838)</u>	<u>\$ (26,036)</u>	<u>\$ (26,345)</u>	<u>\$ (26,364)</u>	<u>\$ (26,673)</u>	<u>\$ (26,693)</u>	<u>\$ (26,900)</u>	<u>\$ (26,816)</u>	<u>\$ (27,022)</u>	<u>\$ (26,839)</u>	<u>\$ (27,142)</u>	<u>\$ (27,048)</u>	<u>\$ (27,148)</u>	<u>\$ (27,148)</u>

This cash flow forecast was prepared in accordance with sections 10(2) and 23 of the *Companies' Creditors Arrangement Act* (CCAA) and should be read along with the Monitor's report on the state of the company's business and financial affairs.

Prepared on September 25, 2020.

FLIGHTHUB GROUP

DRAFT - For discussion purposes only

Notes to the Forecasted Cash Flow Statement

From September 19, 2020 to December 18, 2020 ("Forecast Period")
(Unaudited)

1. DISCLAIMER

In preparing the Cash Flow Statement, FlightHub Group Inc. and its subsidiaries (collectively the "**Applicant**") have relied upon unaudited financial information, since the Cash Flow Statement is based on assumptions about future events and conditions that are not ascertainable. The actual results achieved during the Forecast Period will vary from the Cash Flow Statement, even if the assumptions materialize, and such assumptions may be material.

2. OVERVIEW

The Cash Flow Statement includes the receipts and disbursements of the Applicant during the Forecast period. The Applicant, with the assistance of MNP Ltd., in its capacity as Monitor has prepared the Cash Flow Statement based primarily on estimated receipts and disbursements related to the CCAA proceedings.

3. DESCRIPTION OF THE BUSINESS AND NATURE OF OPERATIONS

The Cash Flow Statement represents the operations of FlightHub Group Inc. and its wholly owned subsidiaries which are composed of the following entities:

- a. FlightHub Group Inc. (Formerly 7513283 Canada Inc., 11365649 Canada Inc.)
- b. FlightHub Service Inc. (Formerly Summit Services Intl Inc.)
- c. SSFP Corp. (Delaware)
- d. Justfly Inc. (Formerly FLIGHTHUB Inc., 8982937 Canada Inc.)
- e. Justfly Corp. (Delaware)
- f. 11644670 Canada Inc.

collectively defined as "**FlightHub Group**" or the "**Company**".

The Company is engaged in the business of creating and maintaining travel software, operates an Online Travel Agency and call center for travel services, in addition to providing management services.

The U.S. based companies are wholly owned subsidiaries who operate Justfly, the U.S. based OTA platform. There are frequent interactions between the Canadian and the U.S. companies, and as a result, the Cash Flow has been completed on a combined basis for all entities. The Cash Flow Statement includes 13-weeks of the Company's operations and includes the DIP funding.

4. GENERAL ASSUMPTIONS

The projected Cash Flow Statement was prepared based on the following assumptions:

a. Revenue

Revenue consists of airline commissions, ancillary revenue such as seat request, cabin upgrade, travel insurance with cancellation protection, service fees for modifications to bookings, and other revenue including advertising, commission on car rentals, hotel reservations and other air travel related revenue.

b. Collection of accounts receivable

Collection terms of accounts receivable vary based on the source of the revenue. Standard collection terms for revenue derived directly from customers through payment processors on the OTA platform is usually between 1 to 2 days after the transaction is completed. Categories of revenue processed directly through payment processors includes airline commissions, ancillary revenue and service fees.

Collection terms for revenue processed with partner airlines, hotel and car rental aggregators and banner advertising revenue are usually within the current month.

c. Sales tax refunds

The Company files monthly sales tax reports for all its Canadian entities. The Company is structured so that only the Canadian portion of its sales is subject to GST- QST, whereas the majority of its expenses are incurred in Canada and are subject to sales tax. Sales tax estimates reflect recent changes in the Company's cost structure, with a significant drop of taxable revenue and equivalent cost reductions.

d. Cost of Goods Sold / Supplier Payment terms

Cost of Goods Sold consist of the following:

- i. Payments to search engine and travel meta sites are based on costs per click, payable each month, in advance for the following month.
- ii. Payments to social media sites are based on costs per click, payable at the end of each month

e. Wages and benefits

Payroll is forecasted from the most recent payroll information headcount. The Company has proceeded with permanent lay-offs in recent weeks due to the Covid situation. The Company forecasts its wages and benefits to remain constant over the Forecast Period.

f. Payroll subsidies

The Company has applied for the Canada Emergency Wage Subsidy, for periods 1 to 4 (from March 15, 2020 to July 4, 2020) and forecasts to apply for periods 5 to 9 (up to November 21, 2020). An average subsidy amount was included in the forecast and is lower than the amounts the company is eligible for. For periods 5 and 6 (up to August 29, 2020), the Company is eligible to 85% of eligible earnings, up to a maximum of \$960 per employee. The subsidy is declining thereafter.

g. Professional fees – Restructuring

The professional fees for the restructuring are forecasted based on the anticipated fees to be incurred during the process and payable during the month they are incurred.

h. Rent & Utilities

The Company's main office space is leased in Ville St-Laurent, Quebec. The Company intends to continue its main lease through the restructuring process.

i. Software and Web Hosting expenses

The Company has reduced the scope and breadth of software and web hosting services it requires and has renegotiated amenable terms for the restructuring process.

j. DIP fees and repayment

DIP fees are estimated based on the details of the DIP Facility. Payment of interests for May and June 2020 is included in July 2020.

k. Interest on debt

Interest debt will be paid or accrued as per existing contract terms.

l. Opening Cash position

The Company uses multiple CAD and US bank accounts for the legal entities comprised in the FlightHub Group. The opening cash balance is composed of the combined bank statements of the Company and the short-term indebtedness owing to the secured lender.