
Lynx Air Holdings Corporation

CCAA Communications Package
General CCAA Overview & Suppliers

On February 22, 2024, Lynx Air Holdings Corporation and 1263343 Alberta Inc. dba Lynx Air (collectively the “**Applicant**” or “**Lynx Air**”) sought and obtained an initial order (the “**Initial Order**”) from the Court of the King's Bench of Alberta (the “**Court**”) under the Companies' Creditors Arrangement Act R.S.C. 1985, c. C-36, as amended (“**CCAA**”). The Initial Order provides, among other things, a stay of proceedings which may be extended from time to time. Pursuant to the Initial Order, FTI Consulting Canada Inc. was appointed monitor (the “**Monitor**”) of the Applicant.

General Overview

1. What is the CCAA?

- The CCAA is a federal law in Canada that provides insolvent companies with debts in excess of \$5 million an orderly and Court supervised means to restructure their business and financial affairs.
- Once the Applicant has been granted protection under the CCAA, the Court enters an Initial Order establishing what is known as a stay of proceedings (the “**Stay**”), which prevents Lynx Air’s creditors from taking action against Lynx Air, its directors and officers, or its assets for an initial period of 10 days (which can be further extended as the Court deems appropriate) allowing Lynx Air to continue to manage the day-to-day operations of the business while it addresses its restructuring objectives in an orderly and efficient manner. A subsequent appearance in court often occurs within the first 10 days (the “**Comeback Hearing**”). In this case, the Comeback Hearing is scheduled for February 28, 2024.

2. Is a company that files for protection under CCAA considered to be bankrupt?

- No. While a company filing for CCAA is insolvent, meaning that it has insufficient liquidity to continue to fund its obligations as they become due and/or its liabilities are greater than the assets that are available to satisfy those liabilities, the company is not considered to be bankrupt. Under Canadian insolvency and restructuring laws, “bankruptcy” is a specific type of proceeding under which an insolvent company’s operations are terminated and its assets are sold or “liquidated” by a licensed insolvency trustee.
- In fact, the Stay under the CCAA, amongst other things, prevents creditors from forcing the Applicant into bankruptcy. For this reason, CCAA is sometimes referred to as “bankruptcy protection”.

3. What is the Monitor?

- The Monitor is appointed by the Court to oversee the restructuring and report periodically to the Court.
- The Monitor is an independent third party officer of the Court whose responsibilities are prescribed by the CCAA and by Court order, and include monitoring the company’s

restructuring initiatives, assisting the company with the preparation of cash flow statements and other financial reporting, and liaising with stakeholders.

- The Monitor is required to report to the Court from time to time on the progress of the CCAA proceedings and, ultimately, provide a recommendation on any plan of arrangement or proposed transaction that may result from the CCAA proceeding.
- In Lynx Air’s case, FTI Consulting Canada Inc. (“FTI”) has been appointed as the Monitor.
- Professionals from FTI will be working with the Applicant throughout the CCAA process.
- Copies of the Monitor’s reports are publicly available on a website being maintained by the Monitor at www.cfcanada.fticonsulting.com/lynxair

4. Why did Lynx Air file for CCAA?

- Lynx Air, a low-cost airline, is highly sensitive to market fluctuations in operating costs, high fuel prices, exchange rates, increasing airport charges and other factors within Canada’s competitive aviation landscape.
- The compounding financial pressures associated with inflation, fuel costs, exchange rates, cost of capital, regulatory costs and competitive tension in the Canadian market provided significant financial challenges that Lynx Air ultimately could not overcome.
- Lynx Air faces ongoing liquidity pressures that prevent it from continuing its restructuring efforts outside of a CCAA proceeding.

5. What is Lynx Air’s plan?

- Lynx Air will continue to operate under the protection of the CCAA until the end of day Sunday, February 25, 2024. This will allow crews to return home and airplanes to be secured in preferred locations.
- Lynx Air is continuing to evaluate options and transactions that may include a sale of their assets and/or aircraft fleet. More will be reported to Court in due course.

6. Once the Company is granted protection under CCAA, who is in charge?

- The Applicant’s Board of Directors and executive management team remain in control of the day-to-day operations of the business, subject to the specific requirements of the Initial Order made in the CCAA proceedings.

7. What happens in a CCAA Filing?

- The Court will grant a Stay (as in this case), which can be renewed upon further application to the Court. The Stay prevents creditors and contractual counterparties from taking actions that could destabilize the Applicant or force it into bankruptcy.

8. How long will the CCAA proceeding take to complete?

- At this time, it is not possible to determine how long Lynx Air's CCAA proceeding will take to complete. The factors that determine the length of the process include the complexity of the business, the level of support and cooperation of the various stakeholder groups and the quantum of measures necessary to restructure the Applicant.
- The Court has granted an initial Stay for six days. Lynx Air intends to return to Court on February 28, 2024 to seek approval for an extension of the Stay for a longer term.
- Lynx Air is entitled to request extensions of the Stay from time to time and these extensions are generally granted as long as Lynx Air continues to work in good faith and with due diligence towards completing a sale or restructuring.

9. What does the filing mean for Lynx Air's operations?

- Lynx Air has obtained a commitment for interim financing that allow for the completion of near term flights through to the end of day on February 25, 2024.

10. Does Lynx Air have sufficient financing to continue operations?

- Lynx has sufficient funds to fund Lynx Air's operations until the ceasing of operations on February 25, 2024, at that time no further flights will occur.

11. Is there a public filing or disclosure required as part of filing for protection under the CCAA?

- Yes. Among other public documents filed with the Court, the Applicant files an affidavit that includes, but is not limited to, the following information: a brief history of the Applicant and an overview of its business; a description of the nature of its assets and liabilities; the reasons for its financial difficulties; and support for the relief being sought from the Court.
- Once the CCAA Initial Order is issued, the Monitor is required to notify known creditors and publish a public notice in local newspapers of the CCAA proceedings. The Monitor is also required to establish a website where materials relating to the CCAA proceedings will be posted: **www.cfcanada.fticonsulting.com/lynxair**
- In addition to the affidavit and the notice of application for a CCAA Initial Order, there will be motions filed with the Court throughout the CCAA proceedings, as well as reports submitted to Court by the Monitor that will provide the Court and stakeholders with updates as to the progress of the CCAA proceedings. These documents will be matters of public record and will be made available by the Monitor on its website: **www.cfcanada.fticonsulting.com/lynxair**

12. Where can public Court documents and other information related to the CCAA proceedings be accessed?

- Court materials, including reports prepared by the Monitor, will be available on the Monitor's website, **www.cfcanada.fticonsulting.com/lynxair**

13. What do I do if I have other questions?

- For questions regarding ordinary course business, you should continue to speak to your regular contact person at Lynx Air.
- For questions relating to the CCAA proceedings, the Monitor can be contacted toll free at **1-833-738-7742** or **403-454-0766** or by email at: LynxAir@fticonsulting.com. Additional information is also available on the Monitor's website at: www.cfcanada.fticonsulting.com/lynxair

Suppliers Frequently Asked Questions

14. I have unpaid invoices for products / services delivered prior to the CCAA filing. Will these amounts be paid?

- Because of the CCAA filing, Lynx Air is unable to make payment of amounts relating to goods/services supplied prior to the CCAA filing date.
- There is no need to file a claim at this time. You will be provided prior notice of any requirement to file a claim.

15. How do I file a claim for amounts outstanding?

- You will be notified of the claims procedure if it is necessary and once a claims process has been approved by the Court.

16. Do I continue dealing with my existing contacts?

- Yes. Your contacts remain in effect and you should continue to deal with your regular contacts at Lynx Air.

17. Do I have to continue to provide goods/services to Lynx Air?

- Yes. The Initial Order provides that anyone having a written or oral agreement to provide goods or services to Lynx Air is prohibited from terminating or modifying such arrangements, provided that Lynx Air pays the normal prices or charges for such goods or services provided after the commencement of the CCAA proceeding. Credit terms may be amended as suitable between the parties, there is no requirement to abide by previously negotiated credit terms.

18. I understand that I can recover goods that I delivered in the last 30 days, is that correct?

- No. The rights to which you refer arise only in bankruptcy or receivership proceedings. This right does not arise under the CCAA.