



FTG CORPORATION



**Aerospace & Defence Electronic
Products & Subsystems**

FTG: TSX

October 2024

Disclaimer

This presentation contains certain forward-looking statements. These forward-looking statements are related to, but not limited to, FTG's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such statements are based on the current expectations of management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and the Company's industry, generally. The preceding list is not exhaustive of all possible factors. Such forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company. The reader is cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking statements. Other than as may be required by law, FTG disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.



FTG Today: Pioneering Aerospace & Defence Solutions

A Global Force, Crafting Cutting-Edge Electronic Products and Subsystems that Propel the Industry Forward

Markets



Aerospace & Defence

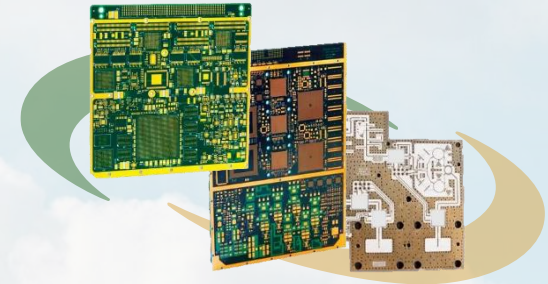
Products

Cockpit Products



FTG Aerospace

Printed Circuit Boards



FTG Circuits

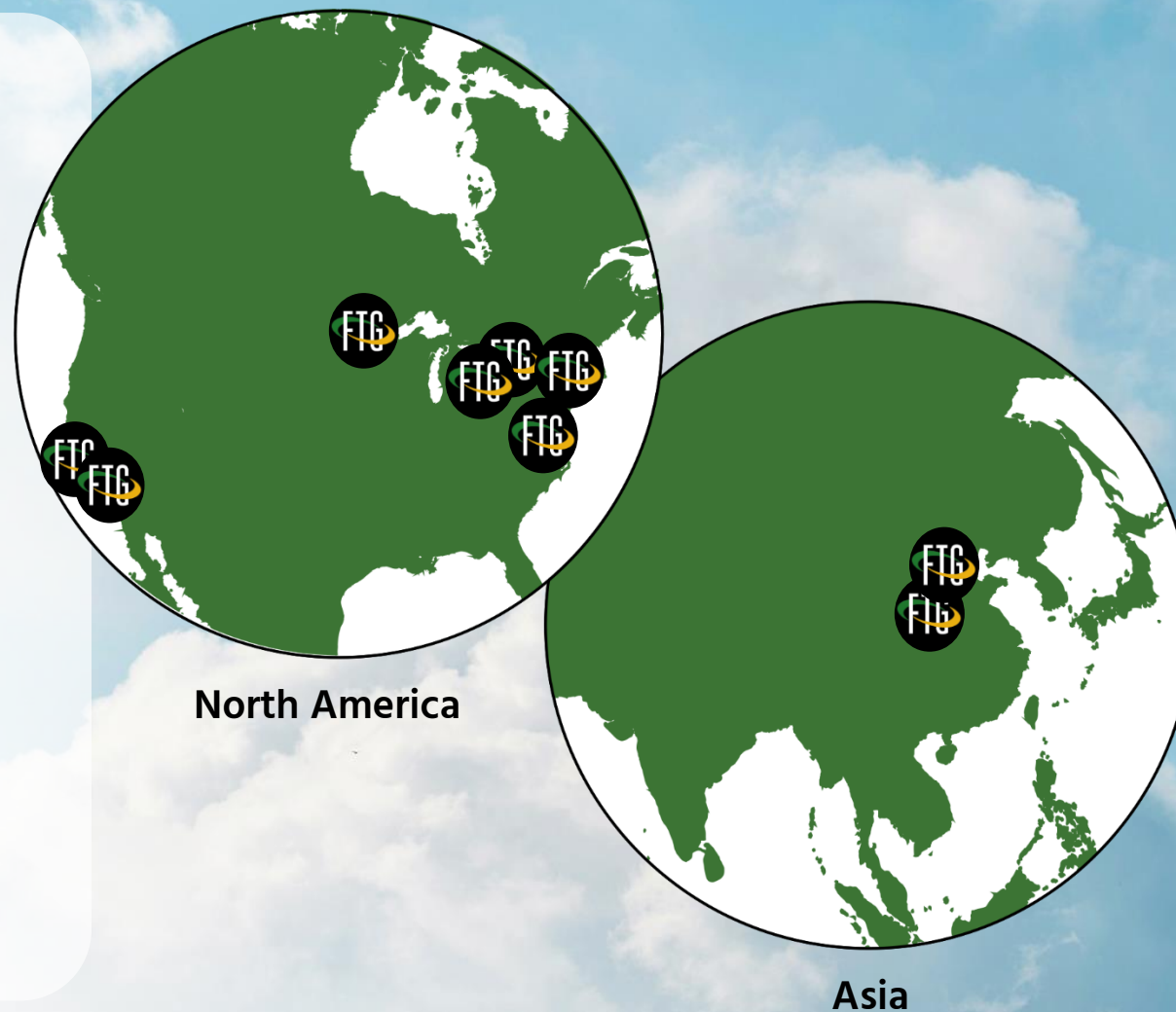


TSX: FTG

FTG at a Glance

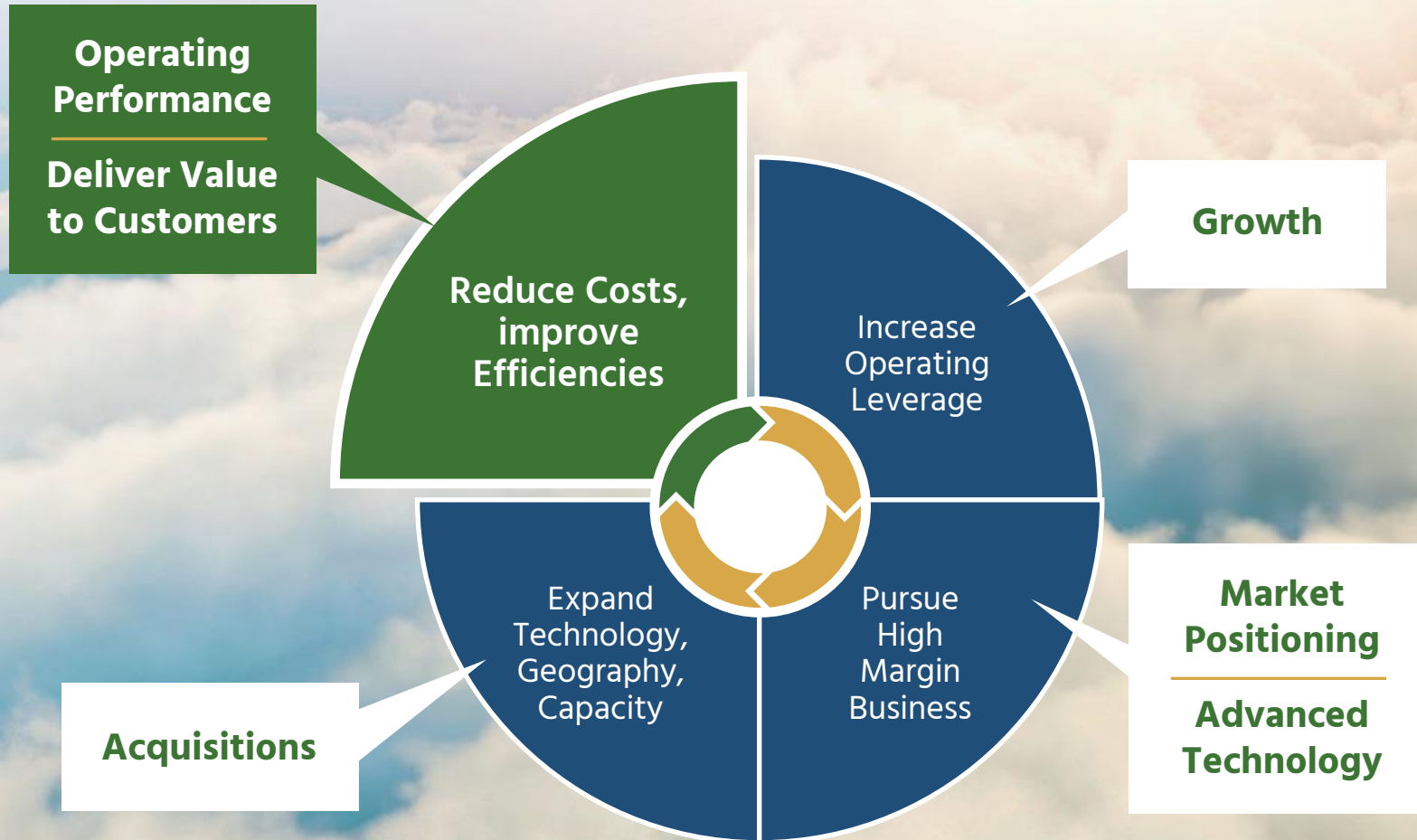
Financial And Operational Snapshot

- ✓ **TSX: FTG**
- ✓ **50% Growth in Sales (2022-2023) Driven by Acquisitions & Organic Growth:**
 - ✓ \$90M Sales in 2022
 - ✓ \$135M Sales in 2023
- ✓ **9 Sites Globally:**
 - ✓ 5 in USA
 - ✓ 2 in Canada
 - ✓ 2 in China
- ✓ **23.9M Common Shares, approximately:**
 - ✓ 4.8M owned by Oakwest Ltd
 - ✓ 2.7M owned by Brad Bourne – CEO
 - ✓ 2.4M owned by TD Asset Management
 - ✓ 0.5M owned by other Mgmt/Directors
- ✓ **690 Employees Globally**



TSX: FTG

FTG Strategic Initiatives



TSX: FTG

FTG Operating System

Solidifying Leadership Team –

Laying The Groundwork To Scale Effectively, Without Compromising Performance

- **Build/Strengthen the team**
- **Standardize FTG operating system across the company:**
 - Leverage best practices from inside and outside FTG
 - Ensure consistent performance across all sites
 - Ensure standard reporting across the company
- **Drive Efficiencies**
 - Understand key metrics
 - Streamline processes
 - Automate

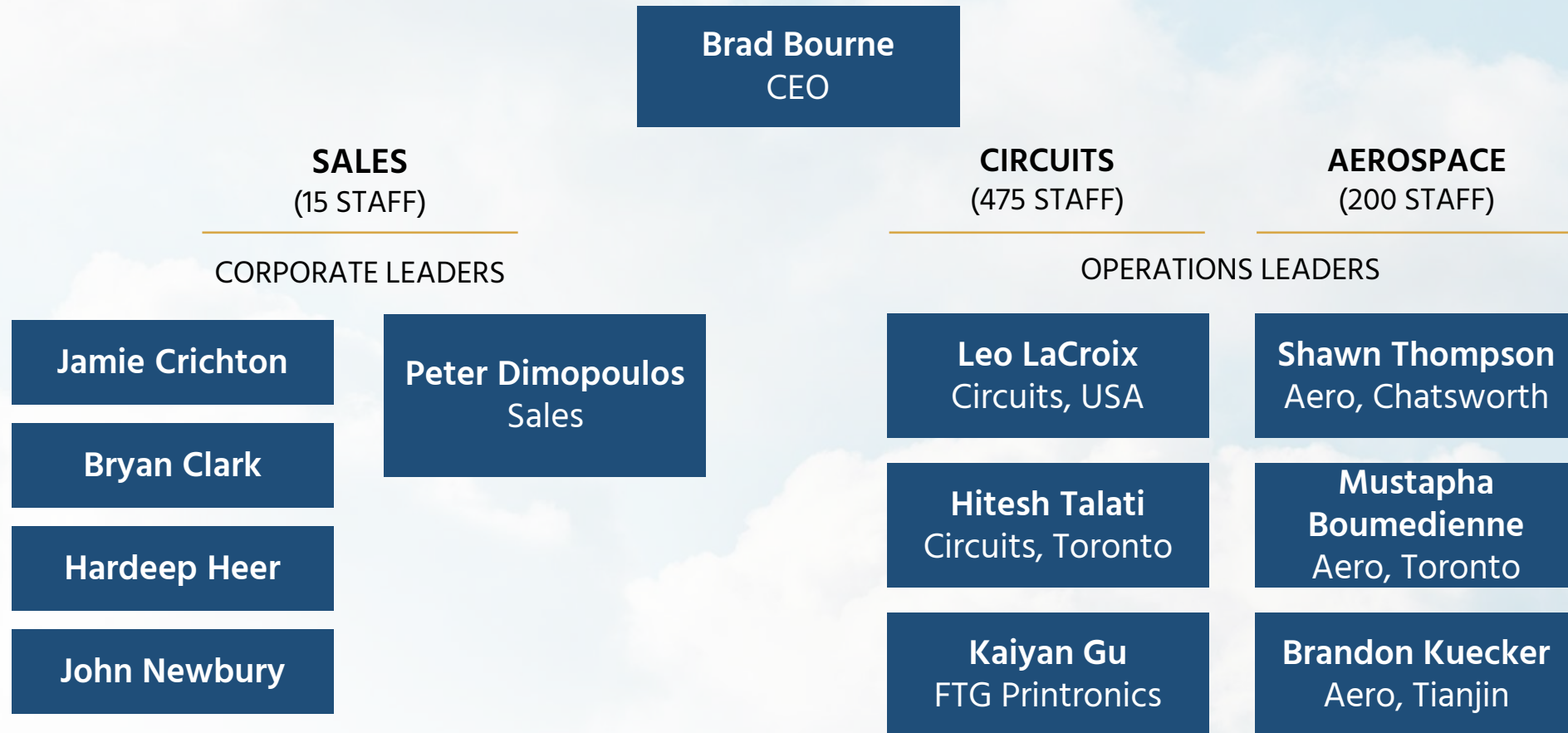


TSX: FTG

FTG - Strong Leadership Team

Operational Excellence –

Proven Success in Scaling and Optimizing Manufacturing and Assembly Processes



TSX: FTG

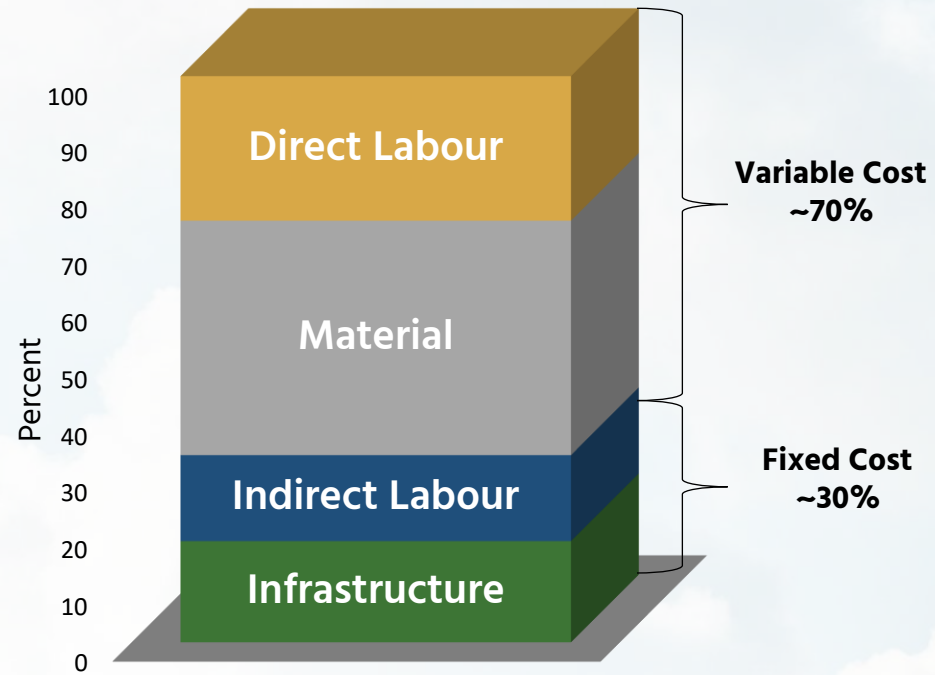
FTG Strategic Initiatives



TSX: FTG

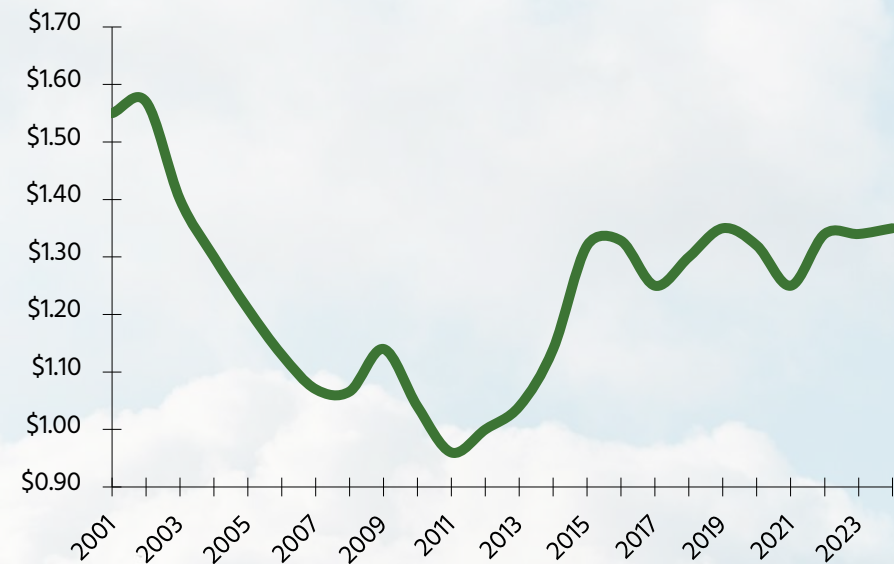
FTG Scalable Economics

Top Line Drives Bottom Line



Contribution Margin of ~30% on incremental revenue

CAD/USD Exchange Rate

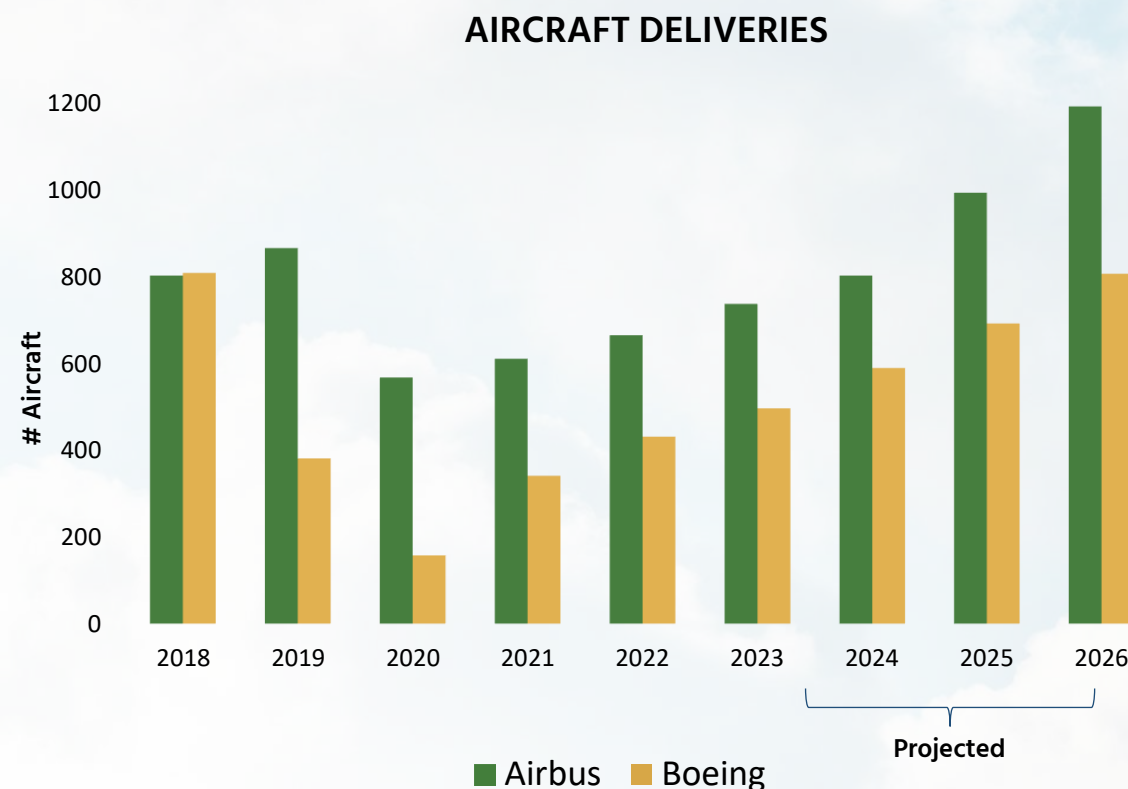


Over 90% of FTG's revenue denominated in USD



TSX: FTG

Commercial Aircraft Deliveries



Airbus total backlog

8,014
AIRCRAFT

Boeing total backlog

5,866
AIRCRAFT

Airbus

- Ramping from **50** to **75** A320s per month by **2026**
- Ramping A350 from **5** to **10** per month by **2026**
- Ramping from **5** to **14** A220 per month by **2026**

Boeing

- Ramping from **36** to **50** 737s per month by **2026**
- Ramping from **5** to **10** 787s per month by **2025**



TSX: FTG

Business Jet Forecast - Global

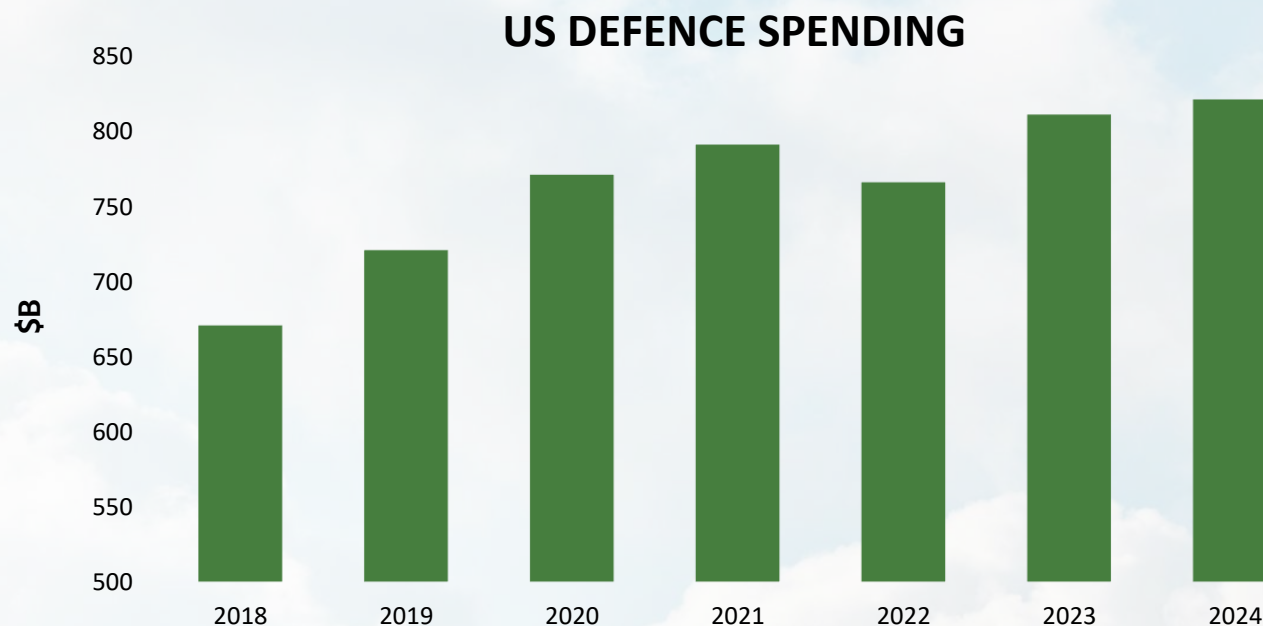


Business Jet deliveries are ramping in 2023 to 2026 to above pre-pandemic levels



TSX: FTG

US Defence Spending



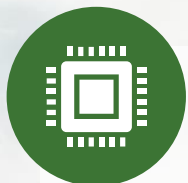
Defence spending is increasing as geopolitical tensions increase around the globe

FTG's Multiple Levers For Continued Growth



TSX: FTG

Capacity and Plant Utilization



Circuits

Toronto
70-80%

- Can add staff on afternoon/night/ weekend shifts
- Can offload lower tech work to free up capacity for higher value product

Chatsworth
50-60%

- Currently running day shift, with minimal afternoon shift

Fredericksburg
50-60%

- Running day shift, with small afternoon crew in select areas

Haverhill
40-50%

- Running day shift only

Minnetonka
60-70%

- Has similar capacity to Toronto plant



Aerospace

Toronto
60-70%

- Running day shift, and small afternoon shift

Chatsworth
50-60%

- Running day shift only

Tianjin
40-50%

- Running day shift, with few people on afternoon



FTG Printronics

Overall
N/M

- JV partner has large capacity available



FTG Overall
55-65%

- Total overall available capacity is over \$200M
- Staff additions are required to ramp utilization



TSX: FTG

FTG Strategic Initiatives



TSX: FTG

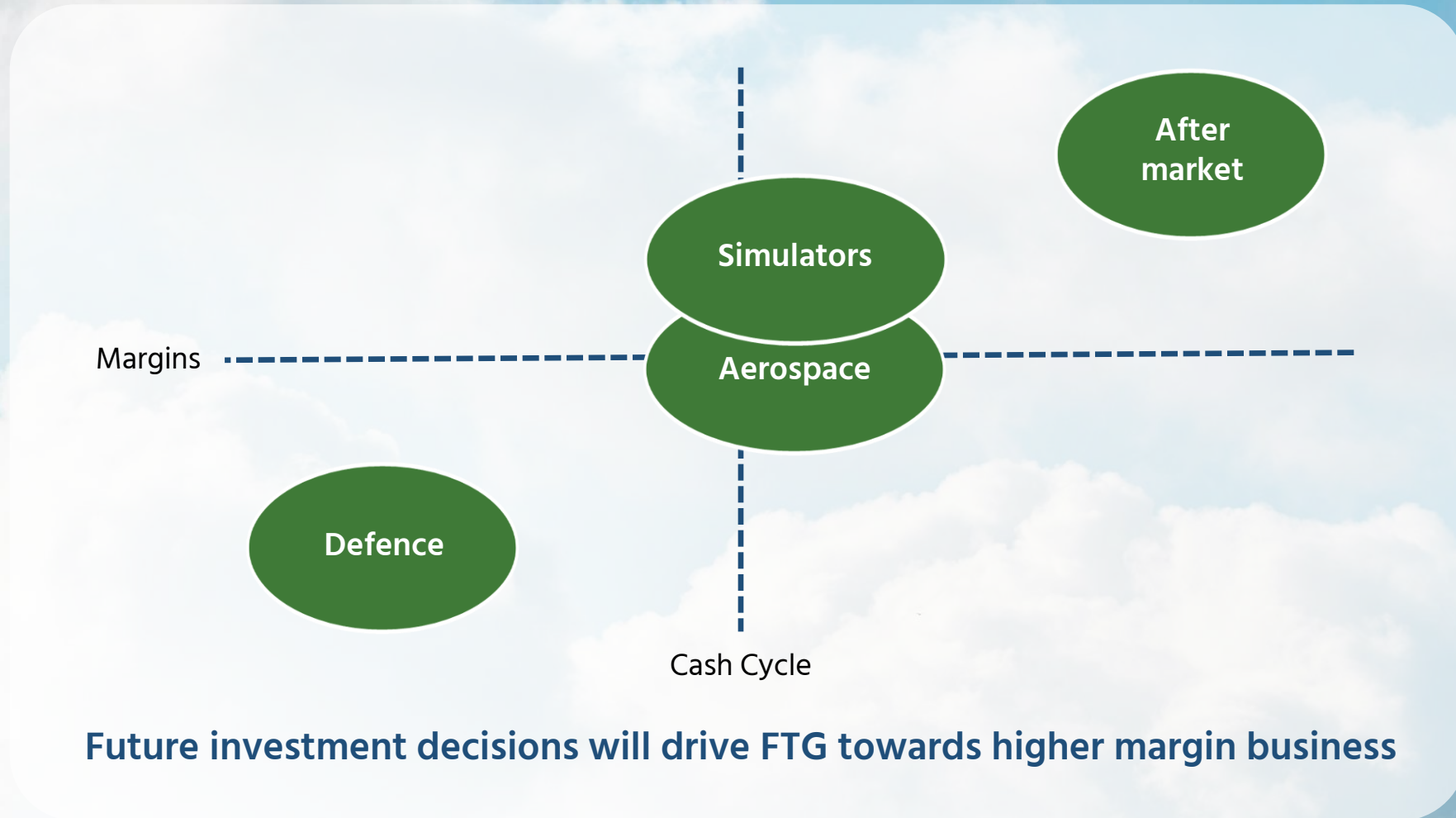
Barriers to Entry

-  Technology/Capabilities
-  Government certifications
-  Customer certifications and approvals
-  Customer Relationships
-  Operational Performance
-  Financial Strength
-  Global Footprint



Market Positioning

Benchmarking Process Used To Assess Financial Attractiveness Of Various Market Segments



TSX: FTG

Aerospace Technology Growth

Technology Growth Drives Higher Content Per Aircraft And Accelerates Revenue Growth



Electronic Assembly



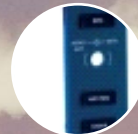
Power Supply



Electro-mech Assembly



Switch Panel



Panel



Keyboard

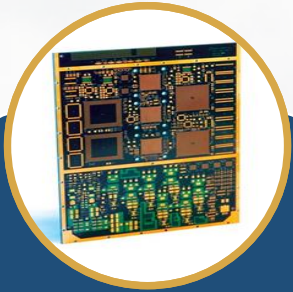


40%
of 2023 sales
are assemblies

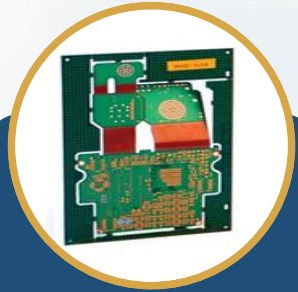


TSX: FTG

Circuits – Technology Growth



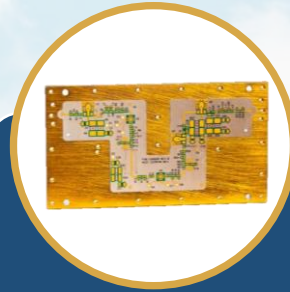
HDI
Micro Vias
Sequential
Lamination
Filled Vias



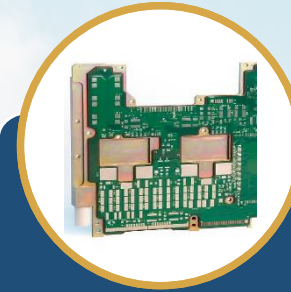
Rigid Flex
Assembly



High Frequency
RF Circuitry



Hybrid Materials
RF Circuitry
Digital Circuitry



Thermal
Management



Semi / Fully
Additive Process
(Averatek)
UHDI

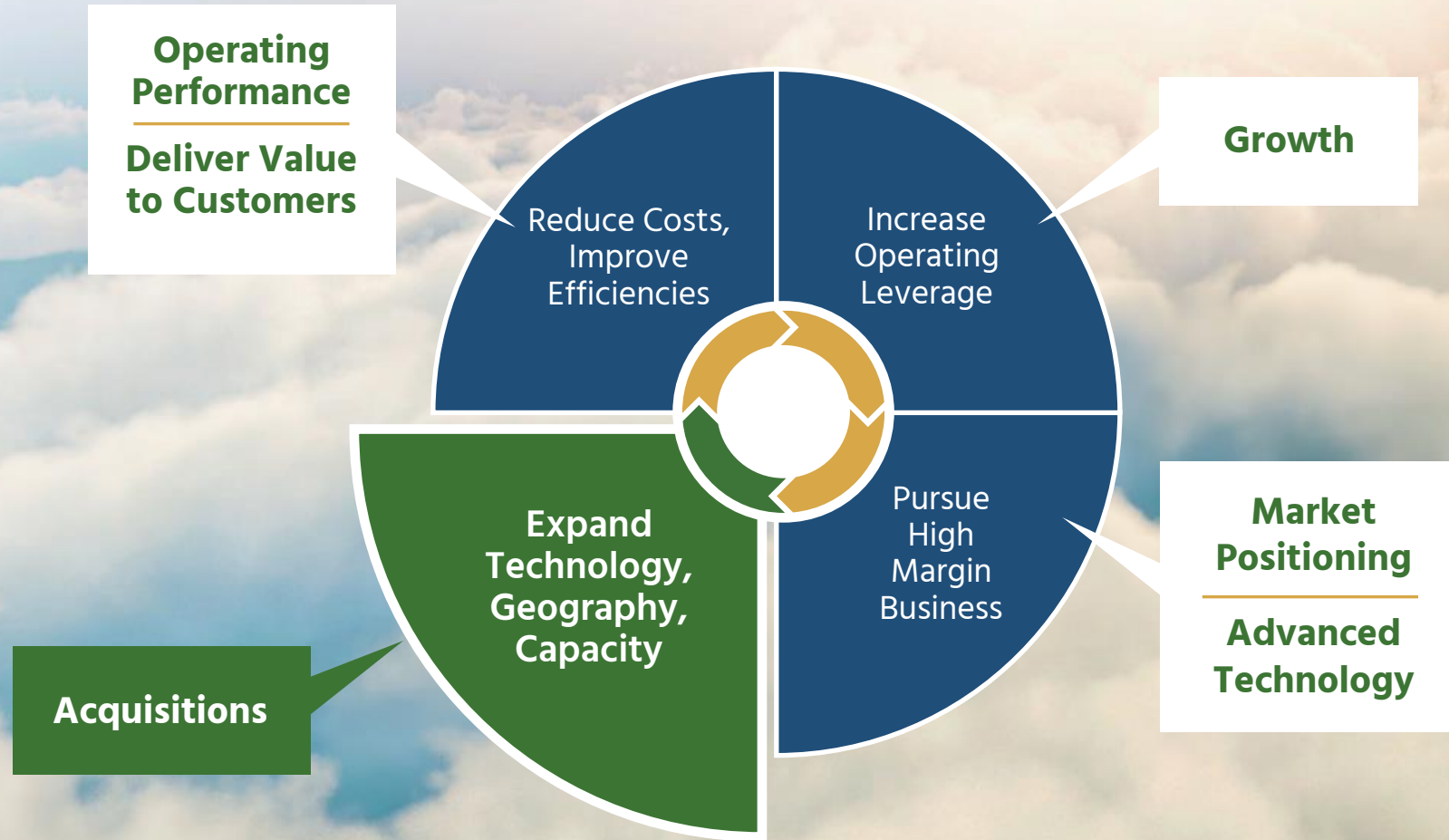


Over 50% of sales are high technology or specialty products



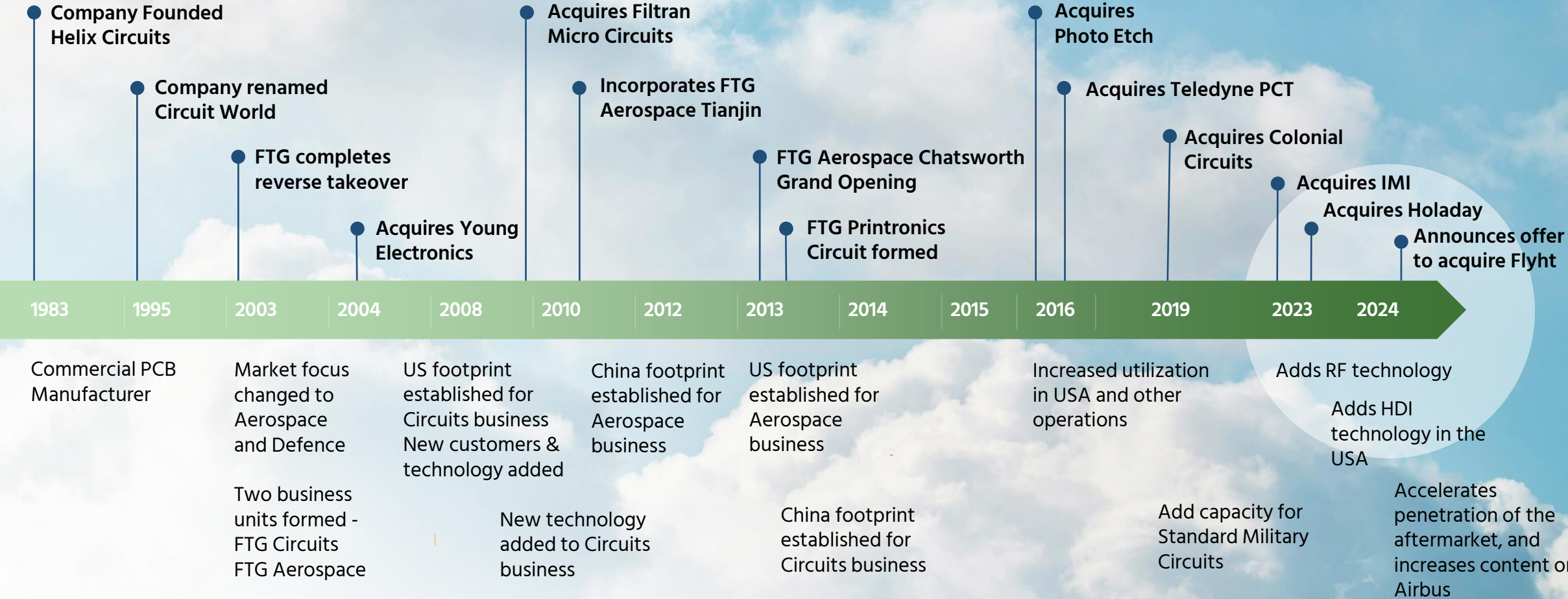
TSX: FTG

FTG Strategic Initiatives



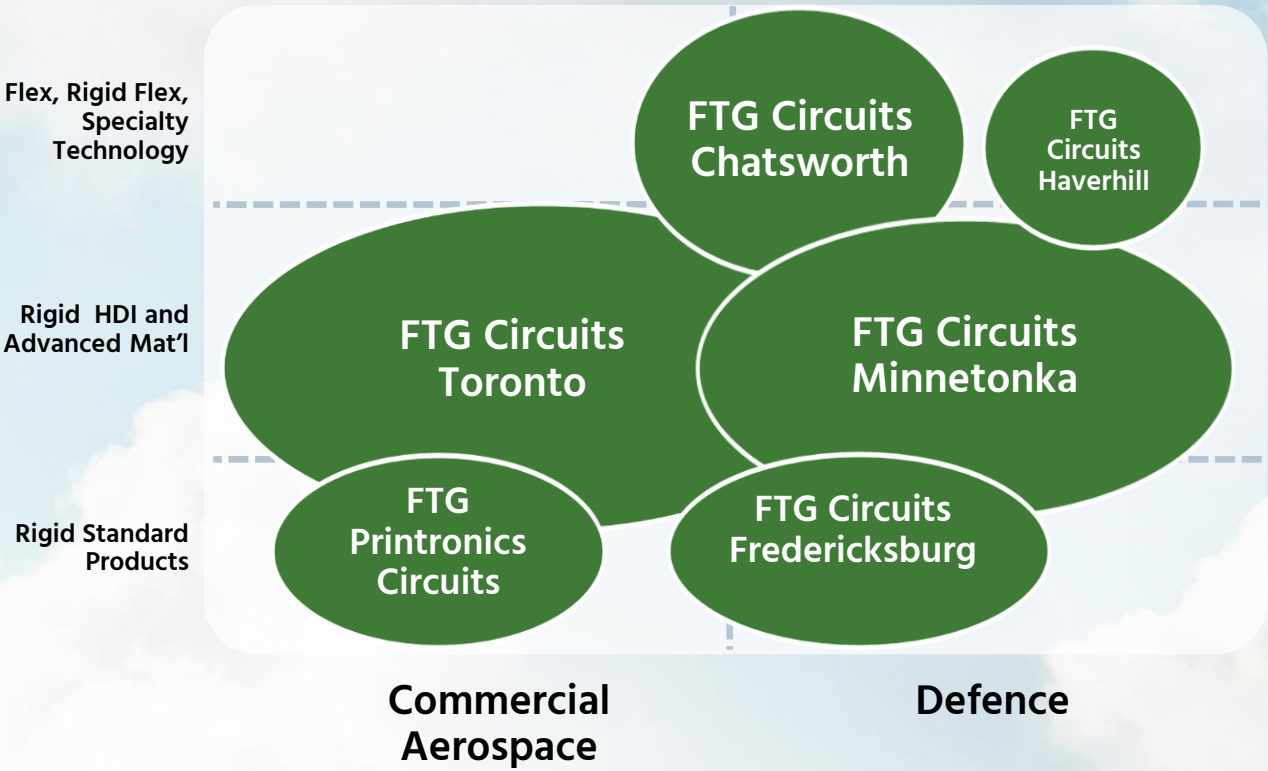
TSX: FTG

Corporate Development Milestones

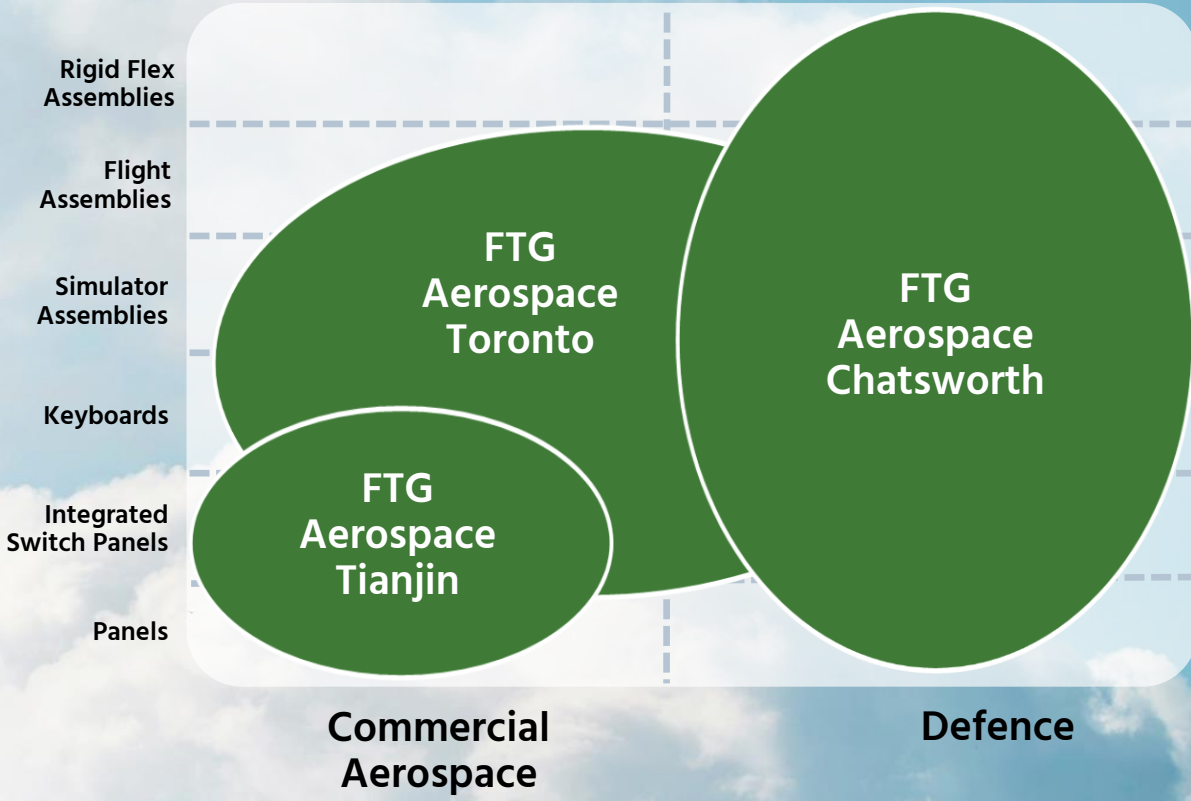


FTG Site Positioning

Circuits



Aerospace




TSX: FTG

FTG Circuits Minnetonka

OVERVIEW

- Focused on high tech circuit boards
- Focused on aerospace/defence
- 110,000 sq ft facility
- Operate as is, where is
- Leverage FTG's 8 person sales team
- FTG's USA tax losses to shield future earnings

INTEGRATION ACTION STATUS



Add
Strong
Leadership



Ramp
Production




ERP
Implementation



Material
Savings



Price
Increases



Expand
Customer/
Program Base



TSX: FTG



FTG Circuits Haverhill

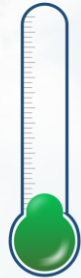
OVERVIEW

- Focused on RF circuit boards
- Focused on defence market
- 30,000 sq ft facility
- Operate as is, where is
- Leverage FTG's 8 person sales team
- FTG's USA tax losses to shield future earnings

INTEGRATION ACTION STATUS



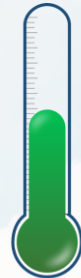
Add Select
Equipment to
Increase
Capacity



ERP
Implementation



Material
Savings



Expand
Customer
Base



TSX: FTG



Future M&A Considerations

Future Acquisitions

Key criteria for future acquisitions include:

- Aligned with FTG market and product focus
- Expand technology offering
- Expand geographic coverage
 - Europe for commercial airspace
 - Europe, India, other top ten countries outside of US for defence
- Accelerate FTG's penetration of the aftermarket segment
- Drive up plant utilization
- Attractive price, attractive multiple
- Accretive to earnings



TSX: FTG

Flyht Acquisition

- Plan of Arrangement announced October 21, 2024
- Enterprise value of approximately \$20-22M
 - ◆ ~\$13M in equity and assumption of debt (debenture and Government debt)
- Approximately \$20M in sales
 - ◆ Nearing completion of 3 new aftermarket products – ready for sale
- Subject to interim court approval, shareholder approval, and final court approval
- Targeting to complete deal by the end of December, 2024

Key Strategic Benefits

- Increase FTG's penetration of the Commercial Aerospace Aftermarket
 - ◆ High margin business
- Increase FTG's content on Airbus aircraft
 - ◆ Airbus is the leading performer in the Air Transport market
- First Avionics products for FTG
 - ◆ Next step up in technology
- Insource manufacturing of Flyht products to FTG sites
 - ◆ Capture manufacturing margin in house



Flyht Acquisition

Products



- **Satcom communications via Iridium Satellite system**
 - ◆ Backup aircraft safety communications system
 - ◆ Aircraft data transmission system for enhanced operations management
 - ◆ In service for many years
 - ◆ Factory option for all Airbus aircraft – via licencing arrangement – 200-300 installed annually
 - ◆ Hardware sales and satellite data service sales



- **Wireless Quick Access Recorder (WQAR) (Edge and Edge +)**
 - ◆ 5G wireless connection from aircraft to airline flight operations
 - ◆ Collect data in flight and transmit aircraft data while at an airport
 - ◆ Development just completing – for two versions
 - ◆ Hardware sales and wireless service sales



- **Weather - Water Vapour Sensing System (WVSS II)**
 - ◆ Systems installed on aircraft to collect high altitude weather and water vapour data
 - ◆ System update nearing completion
 - ◆ Hardware and weather data sales
 - ◆ Data sold to National weather agencies such as NOAA and UK Met

Flyht Acquisition

Path Forward Post Closing

● **Reduce operating costs**

- ◆ Reduce internal costs - Flyht restructured in Sept significantly reducing labour costs
 - Product development efforts winding down
- ◆ Eliminate public company costs
- ◆ Total savings estimated at ~\$4M annually

● **Aggressively sell all products against existing Supplemental Type Certificates (STCs)**

- ◆ STCs are required government approvals (Transport Canada, FAA, EASA, CAAC) to install equipment on specific aircraft types in their jurisdiction
- ◆ Satcom product has wide range of STCs
- ◆ New product priority STCs are Boeing 737 and Airbus A320 variants

● **Pursue new STCs for additional aircraft types and countries**

- ◆ Evaluate deferred development accounting treatment on long lived investments

● **In-source product manufacturing to FTG site(s)**

● **Shield future profits with existing tax losses at Flyht**



Capital Allocation

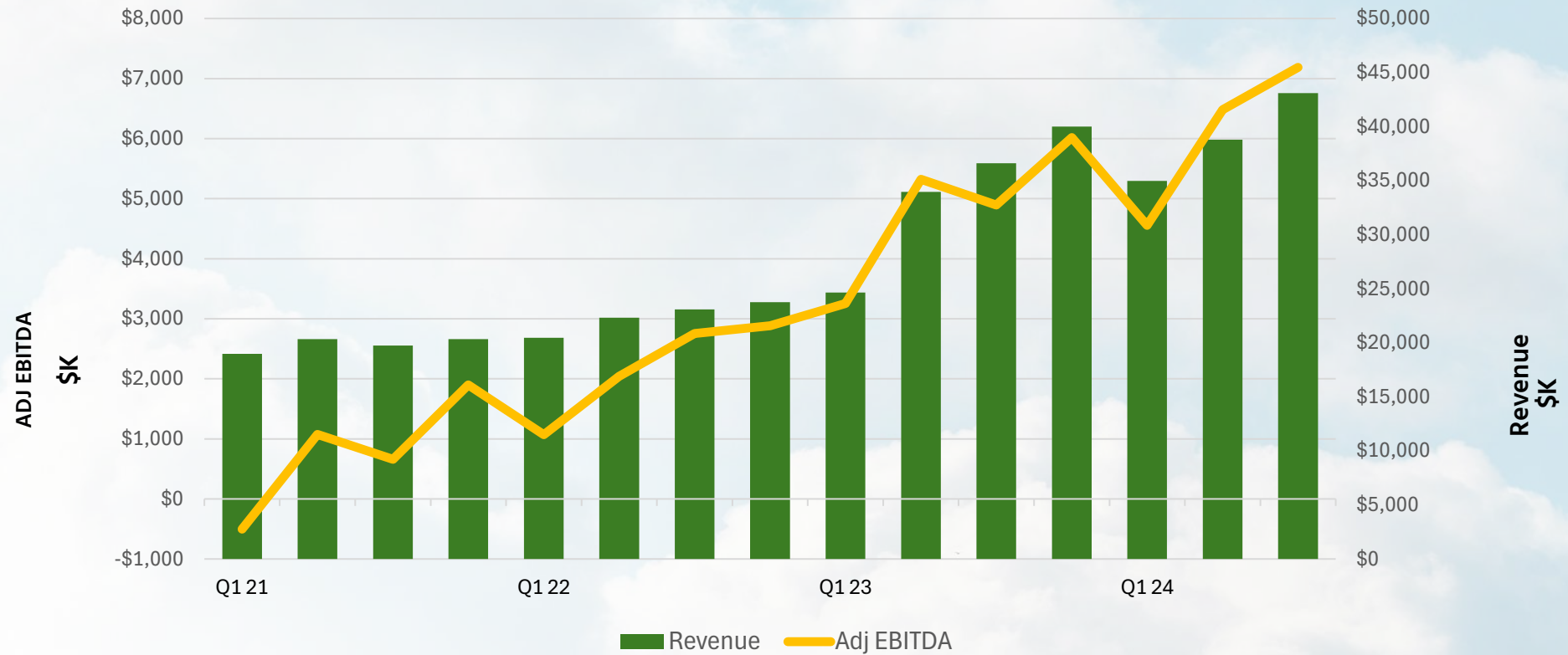
Capital allocation plans include:

1. Invest organically to ramp throughput and drive technology
2. Pursue corporate development opportunities
3. We have an NCIB to buy back up to 5% of outstanding shareholder stock
 - 616,400 shares repurchased since 2022

Deploy cash available to improve profitability and shareholder returns



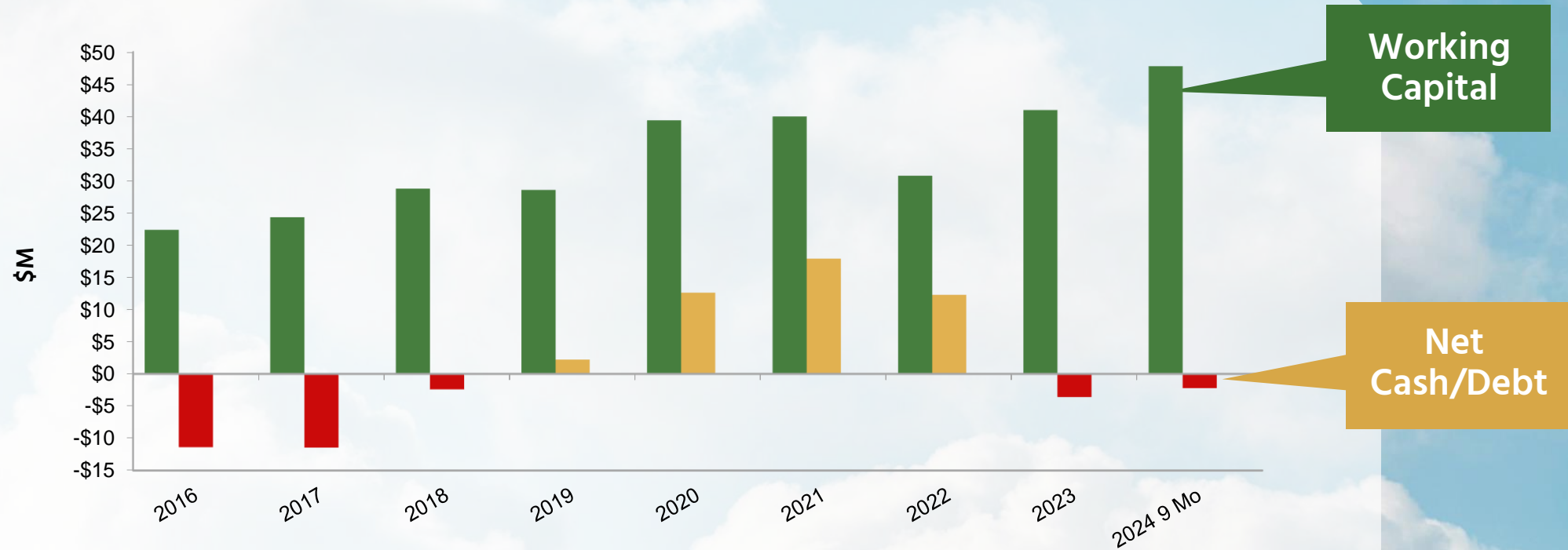
Financial Highlights – By Quarter



Revenue has doubled since pandemic lows

TSX: FTG

Balance Sheet Highlights

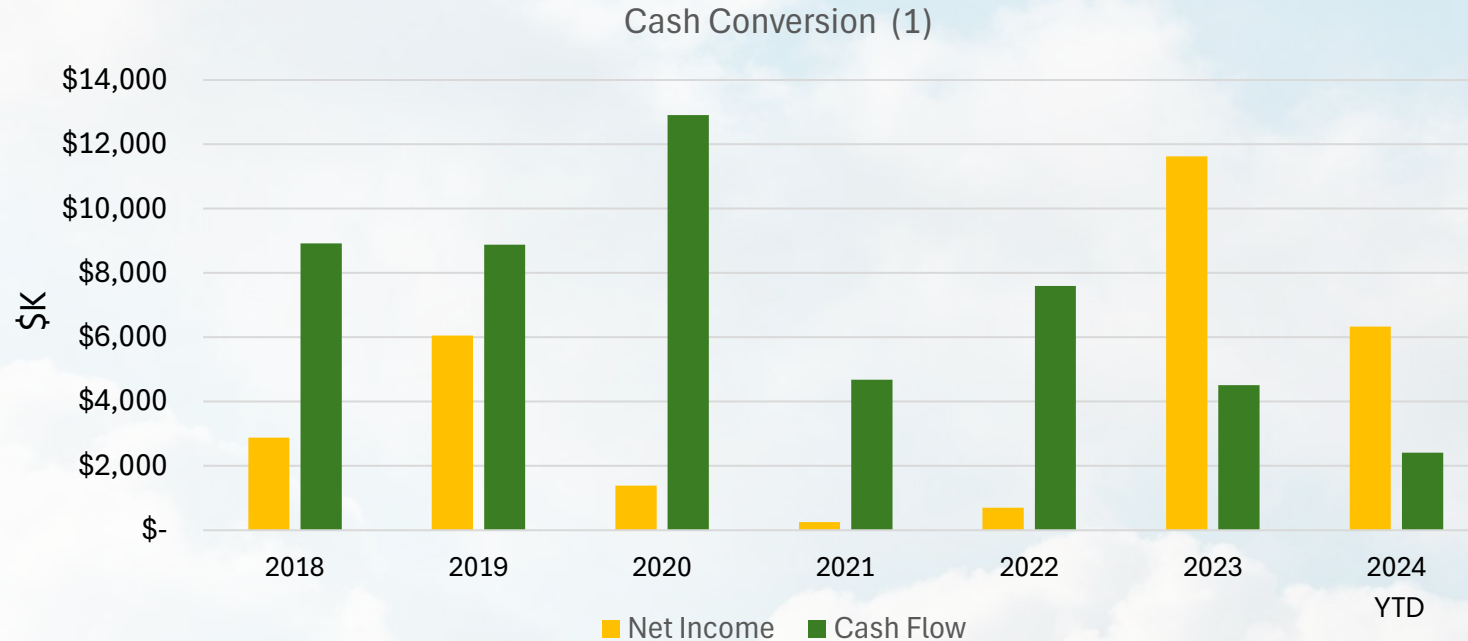


Working Capital | Working capital remains strong after the acquisitions
Net Cash | FTG has minimal debt after completing two acquisitions in 2023



TSX: FTG

Cash Flow Highlights



Cash conversion above 100% every year except 2023/24.
2023 cash conversion impacted by large ramp in production and resulting working capital growth.
Q2 and Q3 2024 cash conversion is above 100% of income.



TSX: FTG

(1) Cashflow excludes acquisition costs and building purchase/sale.

FTG's Stock Performance



Stock is up about 800% in the last decade

FTG TTM EV/EBITDA is ~7X

FTG now trades on the OTCQX market in the US – ticker FTGFF



TSX: FTG

ESG at FTG

Focus On Environmental, Social & Governance Factors Across All Operations



Environment: Reduction of impact on the environment in areas such as water recycling, higher efficiency equipment, and committed further investments, with the support of the Canadian and Ontario Governments.



Social: FTG is committed to having a safe, secure and diverse workforce. We proactively review and improve all aspects of safety at our sites.



Governance: Increased board diversity, robust business ethics policies, strong risk management practices.



FTG CORPORATION



www.ftgcorp.com | **FTG: TSX**

FTG: TSX