



TAX INSTRUCTION LETTER

**FOR FORMER SHAREHOLDERS OF FLYHT AEROSPACE SOLUTIONS
LTD. WHO ARE RESIDENT HOLDERS AND**

**WANT TO FILE A SECTION 85
ELECTION**

**In connection with
the plan of arrangement involving**

**Firan Technology Group
Corporation**

with

FLYHT Aerospace Solutions Ltd.

TO: Former Shareholders of FLYHT Aerospace Solutions Ltd. (“**FLYHT**”) who are Resident Holders and wish to file a Section 85 Election

FROM: Firan Technology Group Corporation (“**FTG**”)

RE: Obtaining a Section 85 Election in connection with the acquisition by FTG of all of the issued and outstanding common shares (“**FLYHT Shares**”) of FLYHT pursuant to the Plan of Arrangement (the “**Arrangement**”)

This tax instruction letter is provided to beneficial owners of FLYHT Shares who, at all relevant times, for purposes of the Tax Act, are, or are deemed to be, resident in Canada (each, a “**Resident Holder**”) that will receive FTG Shares as partial consideration for their FLYHT Shares and that wish to make a Section 85 Election for Canadian federal income tax purposes in respect of FLYHT Shares disposed of under the Arrangement for consideration that included FTG Shares.

This tax instruction letter outlines how a Resident Holder may make the Section 85 Election jointly with FTG. If you are not a Resident Holder or you are a Resident Holder who has decided not to file a Section 85 Election, this tax instruction letter is not relevant to you.

The comments made in this tax instruction letter with respect to the income tax consequences of making a Section 85 Election are of a general nature only and are not intended to be, nor should they be construed to be, legal or tax advice to any particular Resident Holder. Furthermore, apart from providing this tax instruction letter and enclosures to Resident Holders for their convenience, neither FTG nor FLYHT will provide Resident Holders with any advice on making the Section 85 Election. Accordingly, Resident Holders should consult with their own tax advisors for specific advice in respect of whether or not to make a Section 85 Election, and how to comply with the requirements for making such an election having regard to their own particular circumstances.

Please review this tax instruction letter very carefully and consult your tax advisor as to the proper completion and delivery of the relevant tax election information to FTG (or its representatives), and the applicable filing deadlines. You are referred to CRA Information Circular 76-19R3 for further information respecting the Section 85 Election under the *Income Tax Act* (Canada) (the “Tax Act**”). The comments in this tax instruction letter with respect to such tax elections are provided for general assistance only. The law in this area is complex and contains numerous technical requirements not addressed in this summary.**

Resident Holders are referred to the Management Information Circular of FLYHT dated November 12, 2024 (the “**Circular**”) for further information. Capitalized terms used but not defined in this tax instruction letter have the meanings set out in the Circular. Resident Holders are encouraged to read the Circular in its entirety.

The Arrangement

Pursuant to the Arrangement, holders of FLYHT Shares (“**FLYHT Shareholders**”) elected to receive, for each FLYHT Share held, (i) CAD\$0.1103 in cash and 0.0333 common shares of FTG (“**FTG Shares**”)(the “**Combination Consideration**”); (ii) CAD\$0.3379 in cash; or (iii) 0.0495 FTG Shares (the “**All Share Consideration**”), in each case subject to pro-rata as set out in the Circular. The total consideration was subject to maximum aggregate cash consideration of CAD\$4.3 million and 1,300,000 FTG Shares.

As a result of the elections made by FLYHT Shareholders, all FLYHT Shareholders who made an election received the following pro-ration:

- FLYHT Shareholders who elected to receive the All-Cash Consideration received approximately CAD\$0.3379 in cash and nil FTG Shares per FLYHT Share;
- FLYHT Shareholders who elected to receive the All-Share Consideration received approximately CAD\$0.0588 in cash and 0.0409 FTG Shares per FLYHT Share.

On the Effective Date, the fair market value per 1 share of FTG was CAD\$7.46. **As such, the fair market value of the consideration received for FLYHT Shareholders receiving the Combination Consideration was, for each FLYHT Share held, CAD\$0.3587, being the sum of CAD\$0.1103 in cash and CAD\$0.2484, the fair market value per 0.0333 FTG Share and the fair market value of the consideration received for FLYHT Shareholders receiving the All Share Consideration was CAD\$0.3639, being the sum of CAD\$0.0588 in cash and CAD\$0.3051, the fair market value per 0.0409 FTG Share.**

Resident Holders and the Section 85 Election

A “Resident Holder” is defined in the Circular. In general, a Resident Holder is a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be resident in Canada. A Holder is defined in the Circular to be a FLYHT Shareholder who beneficially owns FLYHT Shares and who, at all relevant times, for purposes of the Tax Act, deals at arm’s length with FLYHT and FTG, is not affiliated with FLYHT or FTG, and held the FLYHT Shares and holds the FTG Shares received pursuant to the Arrangement as capital property.

A Resident Holder whose FLYHT Shares were exchanged for FTG Shares pursuant to the Arrangement is entitled to make a Section 85 Election jointly with FTG and may thereby defer all or a portion of any gain that might otherwise arise on the disposition of FLYHT Shares as a consequence of the Arrangement. The effect and procedure for making a Section 85 Election is set out herein and is generally described in the Circular.

Under the terms of the Arrangement, FTG has agreed to execute the necessary joint tax election form(s) for making the Section 85 Election for a Resident Holder from whom a correct and complete tax election (the “**Section 85 Election**”) is received by FTG (or an appointed representative) within 60 days after the Effective Date on December 20, 2024 (the “**Tax Election Deadline**”) and to deliver a copy of the signed Section 85 Election by email to the Resident Holder to the email address provided within 60 days after receiving the completed Section 85 Election.

Summary of what a Resident Holder needs to do to file a Section 85 Election

1. Submit your completed Section 85 Election to FTG so that it is received on or before the Tax Election Deadline. Your information should be submitted by e-mail. For help in submitting the required information, please refer to the following pages of this tax instruction letter. It is your responsibility to ensure the information provided in the Section 85 Election is in compliance with the requirements imposed under the Tax Act to make a valid joint election.
2. Subject to your Section 85 Election being correct and complete and in compliance with requirements imposed under the Tax Act, FTG will send one signed electronic copy of the completed Section 85 Election(s) to you by email within 60 days after

receiving the completed Section 85 Election. If you do not receive a signed copy of your Section 85 Election, it is your responsibility to contact the email noted below.

3. If you and your tax advisor are satisfied that the Section 85 Election form(s) is accurate and complete, sign and date both copies of the Section 85 Election form(s) in the area marked "Signature of Transferor, of Authorized Officer or Authorized Person" at the bottom of page 3 of the Section 85 Election form (form T2057 or T2058).
4. File one copy of the signed Section 85 Election(s) with the tax authorities immediately. Page 6 of this tax instruction letter provides details on where to file your Section 85 Election(s). Retain one copy of the Section 85 Election(s) for your records.
5. Report the disposition of your FLYHT Shares on your income tax return for your taxation year in which the disposition took place. The proceeds of disposition should be equal to the "agreed amount" on page 3 of the Section 85 Election form. For future reference, the tax cost of the FTG Shares acquired on the exchange is generally this "elected amount" subject to certain provisions in the Tax Act.

If you require further assistance, please email Info@ftg.com for questions regarding the tax election process.

We recommend you consult with your tax advisor for specific tax advice in respect of the Section 85 Election and related tax matters.

How to Submit the Section 85 Election to FTG

Each Resident Holder that wishes to make a Section 85 Election must submit their Section 85 Election by emailing a copy of the completed Section 85 Election to Info@ftg.com.

FTG must receive a copy of the Section 85 Election on or before the Tax Election Deadline. FTG will not verify the accuracy of any information provided by or on behalf of any Resident Holder.

Deadline for Submitting Section 85 Election Information to FTG

The Section 85 Election process is time sensitive. FTG has agreed to make a Section 85 Election with a Resident Holder from whom correct and complete Section 85 Election Information is received by FTG by the Tax Election Deadline. The Tax Election Deadline is 60 days after the Effective Date.

If the Section 85 Election for a Resident Holder is not received by FTG by the Tax Election Deadline and in accordance with the procedures set out in this tax instruction letter, FTG will have no obligation to make a Section 85 Election with such Resident Holder and therefore such Resident Holder may not benefit from a full or partial deferral pursuant to the provisions of section 85 of the Tax Act.

In its sole discretion, FTG or any successor corporation may choose to make a Section 85 Election with a Resident Holder from whom it receives a Section 85 Election after the Tax Election Deadline, but will have no obligation to do so.

Execution and Delivery of a Section 85 Election by FTG

In order to make a valid Section 85 Election, the applicable Section 85 Election form(s) must be signed and properly completed with the necessary information, including the number of FLYHT Shares exchanged and the number of FTG Shares received by the Resident Holder, and the applicable “agreed amount” for the purposes of such tax election. FTG will only sign a Section 85 Election form that is completed, reflects accurate information, and has been submitted by a Resident Holder within the time and manner specified herein. FTG has no responsibility to verify the information provided. FTG will not execute a Section 85 Election form that does not comply with the provisions of the Tax Act (or any applicable provincial income tax law). FTG will review the tax elections for completeness and in no way will they provide any tax advice.

FTG will forward one copy of the executed Section 85 Election form(s) by email to the Resident Holder to the email address provided on or before the Tax Election Return Deadline.

None of FLYHT, FTG, the Depositary, nor any successor corporation will be responsible for the proper completion of any Section 85 Election form nor, except for FTG’s obligation to sign and deliver a Section 85 Election form completed by the Resident Holder on or before the Tax Election Return Deadline, for any taxes, interest or penalties arising as a result of the failure of a Resident Holder to complete and file such Section 85 Election form properly or timely in the form and manner prescribed by the Tax Act.

Filing a Section 85 Election with the Tax Authorities

Generally, in order for a Section 85 Election to be accepted by the CRA without a Resident Holder being liable for a late filing penalty, the Completed Section 85 Election must be filed with the CRA on or before the date that is the earliest of the day by which either FTG or the Resident Holder is required to file an income tax return for the taxation year in which the Arrangement occurred (“**Filing Deadline**”). FTG’s 2024 taxation year is scheduled to end on December 31, 2024. Resident Holders that wish to make the Section 85 Election are therefore urged to file such election with the CRA as soon as possible. Furthermore, each Resident Holder is urged to consult the Resident Holder’s own tax advisor as soon as possible respecting the Section 85 Election and the Resident Holder’s applicable Filing Deadline.

However, regardless of the Resident Holder’s Filing Deadline, the complete and accurate Section 85 Election must be received by FTG by the Tax Election Deadline and in accordance with the procedures set out in this tax instruction letter.

The Section 85 Election should be filed in accordance with the instructions on the Section 85 Election form (form T2057 or T2058).

None of FLYHT, FTG, the Depositary, nor any successor corporation will be responsible for the filing of any Section 85 Election by the Resident Holder’s Filing Deadline.

None of FLYHT, FTG, the Depositary, nor any successor corporation will be responsible or liable for taxes, interest, penalties, damages or expenses resulting from the failure by a Resident Holder to properly file a complete and accurate Section 85 Election within the time prescribed under the Tax Act. Resident Holders will be solely responsible for the payment of any interest, taxes, and/or late filing penalties.

Resident Holders should consult with their own tax advisors for specific advice in respect of any applicable Filing Deadline in their own particular circumstances

Frequently Asked Questions

Q1. How do I confirm the number of FTG Shares I received pursuant to the Arrangement?

A1. Your securities broker may be able to provide you with this information. Alternatively, this information should be on your brokerage statement for the period that includes the Effective Date of the Arrangement.

Q2. How do I determine how many FLYHT Shares were disposed of pursuant to the Arrangement?

A2. Your securities broker may be able to confirm the number of FLYHT Shares you disposed of. Alternatively, this information should be on your brokerage statement for the period that includes the Effective Date of the Arrangement.

Q3. Will FTG help me complete the Section 85 Election?

A3. No. The Resident Holder must prepare the Section 85 Election and share a completed and accurate copy of the Section 85 Election with FTG. FTG or its tax representatives will provide a signed copy of the Section 85 Election to the Resident Holder. Neither FTG nor its representative will provide legal or tax advice to any Resident Holder in connection with their Section 85 Election.

It is each Resident Holder's responsibility to prepare the Section 85 Election form accurately, sign it and file it with the CRA. FTG will not verify the accuracy of the information contained in the Section 85 Election.

Q4. Is there a fee for making the Section 85 Election?

A4. No, you are not required to pay any fees to FTG to make the Section 85 Election, provided the joint election form is filed by your Filing Deadline. The CRA may levy a penalty for a late filed Section 85 Election.

Q5. How do I calculate the ACB of my FLYHT Shares?

A5. The ACB of a Resident Holder's FLYHT Shares that are capital property will generally be the amount that the Resident Holder paid for the FLYHT Shares when they were originally acquired plus reasonable costs to acquire the shares such as a broker commission. The cost of particular FLYHT Shares may be different due to certain events (e.g., where a shareholder received their FLYHT Shares in a tax-deferred transaction or by way of a gift). If the Resident Holder received the FLYHT Shares as a distribution from FLYHT, the cost of those shares would generally be their fair market value at the time of the distribution. The ACB of a Resident Holder's FLYHT Shares acquired at any time will be determined by averaging the cost of such shares with the ACB of the FLYHT Shares held by the Resident Holder as capital property immediately before that time.

The rules for determining the ACB are complex. You should consult your own tax advisor to obtain assistance.

Q6. I filed the Section 85 Election to obtain a full tax-deferred rollover on the disposition of my FLYHT Shares. Do I have to report the disposition on my tax return for the period that includes the disposition of the FLYHT Shares?

A6. Yes. You must report the disposition of FLYHT Shares even though you elected to obtain a full deferral of any capital gain that might otherwise arise on the disposition of your FLYHT Shares pursuant to the Arrangement. You should consult your own tax advisor to obtain assistance in properly preparing your tax return.

Q7. I have completed and submitted the Section 85 Election to FTG. What do I do next?

A7. After receiving a properly completed Section 85 Election, FTG will execute the Section 85 Election form(s) and send a copy to you using the email address provided. If the Section 85 Election form is inaccurate or incomplete, FTG will not execute the form and the Resident Holder will be notified.

Once FTG shares the executed Section 85 Form, you can sign and file the Section 85 Election form(s) with the CRA.