FIRAN TECHNOLOGY GROUP CORPORATION

First Quarter Report
For the period ended
February 28, 2025

April 9, 2025

April 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(dollar amounts stated in thousands of Canadian dollars unless otherwise specified)

This Management's Discussion and Analysis ("MD&A") for the three months ended February 28, 2025 (first quarter of fiscal 2025 or Q1 2025) is as of April 9, 2025 and provides information on the operating activities, performance and financial position of Firan Technology Group Corporation ("FTG" or the "Corporation") and should be read in conjunction with the interim condensed consolidated financial statements of the Corporation for the first quarter of fiscal 2025, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The Corporation assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements prepared in accordance with IFRS and MD&A of the Corporation for the year ended November 30, 2024 (Fiscal 2024) and, accordingly, the purpose of this document is to provide a first quarter update to the information contained in the fiscal 2024 MD&A. Additional information is contained in the Corporation's filings with Canadian securities regulators, including its Annual Information Form dated February 18, 2025, found on SEDAR+ at www.sedarplus.ca and on the Corporation's website at www.ftgcorp.com.

CORE BUSINESS AND STRATEGY

FTG is a leading global supplier of aerospace and defence electronic products and subsystems, with facilities in Canada, the United States and China. It is a publicly traded corporation on the Toronto Stock Exchange listed under the trading symbol "FTG".

FTG has two operating segments: FTG Circuits and FTG Aerospace.

FTG Circuits manufactures high-tech, high-reliability printed circuit boards. FTG Circuits' customers are leaders in the aviation, defence, and high-tech industries. FTG Circuits has operations in the following locations:

- Toronto, Ontario, Canada
- Minnetonka, Minnesota, USA
- Chatsworth, California, USA
- Fredericksburg, Virginia, USA
- Haverhill, Massachusetts, USA
- Tianjin, China (Joint venture)

FTG Aerospace designs, certifies, manufactures and provides in-service support for illuminated cockpit products and electronic assemblies for original equipment manufacturers and operators of aerospace and defence equipment. FTG Aerospace has operations in the following locations:

- Toronto, Ontario, Canada
- Calgary, Alberta, Canada
- Chatsworth, California, USA
- Tianjin, China
- Hyderabad, India (under construction)

With these facilities in place in North America and China, FTG has completed some key strategic goals including expanding its presence in the large U.S. aerospace and defence market, penetrating the rapidly growing Asian aerospace market, and becoming a more strategic supplier to many of its customers. FTG has become a truly global company with revenues coming from all geographic regions of the world and its current strategy is to increase the utilization and operational leverage of these facilities and realize margin expansion opportunities as fixed costs are already in place. A key element of FTG’s strategy has been its continued focus on Operational Excellence. By weaving Operational Excellence into its day-to-day operations, FTG continues to create a corporate culture where quality products, on time delivery and customer service are the paramount forces that can drive the Corporation forward.

FTG continues to increase its technical skills in both segments to support the demands from customers for more complex, challenging solutions on new programs and opportunities.

The FTG management team is focused on and committed to running a healthy business, offering stability to its customers, suppliers and employees while delivering long-term value to all of its stakeholders.

FTG continues to strive to balance its sales between commercial aerospace and defence customers. This should help maintain a stable revenue stream as each market goes through its normal cycles.

FTG remains clearly positioned as an aerospace and defence electronics company. FTG is now engaged with most of the top aerospace and defence prime contractors in North America and is making significant progress penetrating markets beyond this continent. FTG’s focus on these markets is based on a belief that it can provide a unique solution to its customers and attain a sustainable competitive advantage.

Going forward, the Corporation’s focus and initiatives will continue to revolve around controlling the Corporation’s infrastructure, material and labour costs while increasing the utilization of its facilities realizing significant operational leverage and margin expansion. Simultaneously, management continues to look for accretive business combinations that can add to FTG’s strengths and offerings.

RESULTS OF OPERATIONS FOR THE FIRST QUARTER OF FISCAL 2025

	First Quarter	
(in thousands of dollars except per share amounts)	**2025**	2024
	$	$
Sales	**42,874**	34,975
Gross margin	**13,326**	8,929
Net earnings attributable to equity holders of FTG	**3,167**	1,050
Adjusted net earnings[1]	**3,294**	1,050
Weighted average number of common shares	**24,919,318**	23,874,802
Earnings per share:		
Basic	**0.13**	0.04
Diluted	**0.13**	0.04
Adjusted earnings per share:		
Basic	**0.13**	0.04
Diluted	**0.13**	0.04
EBITDA[1]	**7,951**	4,306
Adjusted EBITDA[1]	**8,375**	4,554
Total assets	**168,329**	123,035
Net cash (debt) position[1]	**(8,304)**	(7,239)

[1] Non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section for definitions and reconciliations to the most comparable IFRS measures.

Sales

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Circuits	**28,679**	25,896	2,783	10.7
Aerospace	**15,183**	9,935	5,248	52.8
Inter-segment sales	**(988)**	(856)	(132)	NM
Net sales	**42,874**	34,975	7,899	22.6

Sales in Q1 2025 increased by approximately $7.9 million or 22.6% from Q1 2024:

- Sales for the Circuits segment increased by $2.8 million or 10.7% as compared to Q1 2024, favourable foreign exchange rate contributed $1.7 million, and organic growth added $1.1 million.
- Sales for the Aerospace segment increased by $5.2 million or 52.8% as compared to Q1 2024. The acquisition of FLYHT Aerospace Solutions Ltd. ("FLHYT") in Q1 2025 contributed $3.8 million. Q1 2024 was also negatively impacted by $3.0 million due to a strike at the Aerospace Toronto facility. Favourable foreign exchange rate contributed $0.7 million.

The Corporation's consolidated net sales by location of its customers are as follows:

	First Quarter					
	2025		2024		Change	
	$	**%**	$	%	$	%
Canada	**2,249**	**5.2**	2,015	5.8	234	11.6
United States	**30,945**	**72.2**	28,161	80.5	2,784	9.9
Asia	**5,928**	**13.8**	3,244	9.3	2,684	82.7
Europe	**3,324**	**7.8**	1,452	4.2	1,872	128.9
Other	**428**	**1.0**	103	0.2	325	315.5
Total	**42,874**	**100.0**	34,975	100.0	7,899	22.6

In Q1 2025, sales increased in all regions compared to Q1 2024. The sales increase in the United States is mainly due to increased shipment to existing customers. Asia sales increased primarily due to China's C919 narrow-body airliner entering its commercial production phase. FTG is a supplier to the C919 platform. The sales increase in Europe and Other regions are mainly attributable to the FLYHT acquisition.

The following table summarizes the percentages of net sales of the Corporation's largest customers:

	First Quarter	
	2025	2024
	%	%
Largest customer	**15.8**	18.4
Second largest customer	**10.6**	16.4
Third to fifth largest customers	**25.7**	31.7
Largest five customers	**52.1**	66.5

Gross Margin

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Gross margin	**13,326**	8,929	4,397	49.2
% of net sales	**31.1%**	25.5%		

The FLYHT acquisition contributed $1.1 million to the increase in gross margin dollars. Excluding the impact of acquisition, gross margin dollars improved by $3.3 million on incremental sales of $4.1 million mainly due to favourable exchange rates and operational improvements. Cost of sales in first quarter of 2025 was also reduced by $0.6 million, following a realized gain on the Corporation's existing gold forward contracts.

Selling, General and Administrative Expenses

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Selling, general and administrative expenses	**6,713**	4,799	1,914	39.9
% of net sales	**15.7%**	13.7%		

The increase in selling, general and administrative expenses of $1,914 or 39.9% during the first quarter of 2025 as compared to the prior year includes $1,042 from the newly acquired site, acquisition expenses of $107, Hyderabad start-up expenses of $63, and higher performance compensation expense.

Research and Development

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Research and development costs	**1,625**	1,363	262	19.2
Recovery of investment tax credits	**(228)**	(166)	(62)	NM

Research and development ("R&D") costs include the cost of direct labour, materials and an allocation of overhead specifically incurred in activities regarding technical uncertainties in production processes, product development and upgrading. Generally, these costs represent specific activities regarding the technical uncertainty of production processes and exotic materials. R&D costs were focused on new product development and process and product improvements.

The Corporation records the tax benefit of investment tax credits ("ITCs") when there is reasonable assurance that such credits will be realized. During the first quarter of fiscal 2025, ITCs were earned from qualifying research and development expenditures.

Depreciation and Amortization

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Depreciation of plant and equipment	**1,485**	1,302	183	14.1
Depreciation of right-of-use assets	**825**	719	106	14.7
Amortization of intangible assets	**308**	58	250	431.0
Amortization, other	**(43)**	(39)	(4)	10.3
Total	**2,575**	2,040	535	26.2

The increase in depreciation of plant and equipment is mainly due to the timing of fixed assets entering services.

The increase in depreciation of right-of-use assets is mainly due to the impact of acquired site, which incurred $62 of depreciation of right-of-use assets during the first quarter of fiscal 2025.

The increase in amortization of intangible assets is mainly due to intangible assets from the acquired business.

Interest and Accretion Expense (Income)

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Interest (income) expenses, net	**(6)**	87	(93)	(106.9)
Accretion on lease liabilities	**427**	362	65	18.0
Notional interest expense on government loans	**197**	78	119	152.6
Interest and accretion expenses	**618**	527	91	17.3

Increases in accretion on lease liabilities and interest expense on government loans are primarily incurred by the acquired business.

Foreign Exchange

The Canadian dollar spot rate, as compared to the U.S. dollar has (appreciated) depreciated as follows during the first quarter of 2025 as compared to the first quarter of 2024:

First Quarter	2025				2024			
	February 28, 2025	**November 30, 2024**	**Change**		March 1, 2024	November 30, 2023	Change	
	$	**$**	**$**	**%**	$	$	$	%
CAD/USD	**1.4438**	**1.4010**	**0.04**	**3.1**	1.3564	1.3582	(0.00)	(0.1)

The Corporation has recorded foreign exchange (gain) loss as follows:

	First Quarter		
	2025	2024	Change
	$	$	$
Foreign exchange (gain) loss	**(875)**	229	(1,104)

The foreign exchange gain for the first quarter of fiscal 2025 was mainly on the re-valuation of the U.S. dollar assets and liabilities on the respective balance sheets. These foreign exchange fluctuations are due to the variance in U.S. dollar balances held by the Corporation, the changes in average and quarter-end Canadian dollar versus U.S. dollar exchange rates and the foreign exchange hedging contracts that the Corporation has in place.

The table below shows the effect of the net realized gain (loss) on foreign exchange forward contracts on net sales:

	First Quarter	
	2025	2024
	$	$
Sales before adjustment for net realized gain (loss) on f/x forward contracts designed as cash flow hedges	**43,551**	35,509
Add (deduct): adjustment for net realized gain (loss) on hedged f/x forward contracts designed as cash flow hedges	**(677)**	(534)
Net sales	**42,874**	34,975
Cost of sales	**27,310**	24,084
Depreciation of plant and equipment and right-of-use assets	**2,238**	1,962
Total cost of sales	**29,548**	26,046
Gross margin	**13,326**	8,929
Gross margin %	**31.1%**	25.5%
Gross margin before f/x gain (loss)	**14,003**	9,463
Gross margin % before f/x gain (loss)	**32.2%**	26.6%

Income Tax Expense

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Current income tax expense	**1,551**	656	895	136.4
Deferred income tax expense	**40**	33	7	21.2

Income tax expenses recorded during the first quarter of 2025 included current income tax on earnings in the Canadian and Chinese entities, and certain withholding taxes.

The Corporation's tax expense is calculated by using the rates applicable in each of the tax jurisdictions in which the Corporation operates. The Corporation's consolidated effective tax rate differs from the statutory rates mainly as a result of tax benefits not recognized.

RECONCILIATION OF NET INCOME TO NON-IFRS EARNING MEASURES

The following table reconciles adjusted net earnings to net earnings in accordance with IFRS:

		First Quarter
	2025	2024
	$	$
Net earnings to equity holders of FTG	**3,167**	1,050
Add back (subtract):		
Acquisition expenses	**107**	-
Startup expenses	**63**	-
Income taxes related to the above items[1]	**(43)**	-
Adjusted net earnings[2]	**3,294**	1,050

[1] *Standard income tax rate of 25% applied to applicable items.*
[2] *Non-IFRS financial measure.*

The following table reconciles EBITDA and adjusted EBITDA to net earnings in accordance with IFRS:

		First Quarter
	2025	2024
	$	$
Net earnings to equity holders of FTG	**3,167**	1,050
Add back:		
Interest expense	**618**	527
Income tax expense	**1,591**	689
Depreciation and amortization	**2,575**	2,040
EBITDA	**7,951**	4,306
% of net sales	**18.5%**	12.3%
Add back:		
Stock based compensation	**254**	248
Acquisition expenses	**107**	-
Startup cost	**63**	-
Adjusted EBITDA[1]	**8,375**	4,554
% of net sales	**19.5%**	13.0%

[1] *Non-IFRS financial measure.*

OVERVIEW OF HISTORICAL QUARTERLY RESULTS
(thousands of dollars except per share amounts and exchange rates)

	Q2-23	Q3-23	Q4-23	Q1-24	Q2-24	Q3-24	Q4-24	**Q1-25**
Circuit Segment Sales	$21,200	$27,230	$27,812	$25,896	$29,634	$30,848	$31,604	**$28,479**
Aerospace Segment Sales	13,766	10,014	12,813	9,935	10,138	13,443	14,689	**15,183**
Inter-Segment Sales	(1,007)	(633)	(634)	(856)	(983)	(1,203)	(1,049)	**(988)**
Total Net Sales	33,959	36,611	39,991	34,975	38,789	43,088	45,244	**42,874**
Earnings before income taxes	3,438	2,338	3,410	1,812	3,737	4,270	5,354	**4,839**
Net Earnings Attributable to Equity holders of FTG	2,403	1,320	3,826	1,050	2,553	2,764	4,448	**3,167**
Earnings per share:								
Basic	$0.10	$0.06	$0.16	$0.04	$0.11	$0.12	$0.18	**$0.13**
Diluted	$0.10	$0.05	$0.16	$0.04	$0.11	$0.11	$0.18	**$0.13**
Quarterly average CDN$ US$ exchange rates	$1.3562	$1.3333	$1.3656	$1.3453	$1.3632	$1.3690	$1.3762	**$1.4313**

The Corporation is exposed to foreign exchange fluctuations as the vast majority of sales are earned in U.S. dollars, while a significant amount of operating expenses are incurred in Canadian dollars. The Corporation regularly enters into foreign exchange forward contracts to sell excess U.S. dollars generated from its Canadian operations.

LIQUIDITY AND CAPITAL RESOURCES

	February 28, 2025 $	November 30, 2024 $
Total liquidity (cash, accounts receivable, contract assets and inventory)	**85,903**	79,965
Unused credit facilities[1]	**23,730**	24,768
Working capital	**42,877**	49,851

[1] *U.S. $16.4 million (2024 – U.S. $17.7 million)*

	Q1 2025 $	Q4 2024 $
Accounts receivables days outstanding	**64**	59
Inventory days outstanding	**119**	104
Accounts payable days outstanding	**80**	63

All of the Corporation's credit facilities with its primary lender are secured by a first charge on all of the Corporation's assets.

The Corporation was in compliance with all of its financial loan covenants as at February 28, 2025.

Management believes the Corporation has sufficient liquidity and capital resources to meet its obligations for the foreseeable future.

The following table outlines the contractual obligations of the Corporation as at February 28, 2025.

	Less than 1 year $	1 to 2 years $	2 to 5 years $	More than 5 years $	Amount $
Bank debt principal repayments	1,384	1,384	2,286	-	**5,054**
Bank debt interest payments	232	226	166	-	**624**
Accounts payable and accrued liabilities, and provisions	28,039	-	-	-	**28,039**
Contract liabilities	7,698	-	-	-	**7,698**
Income tax payable	1,200	-	-	-	**1,200**
Lease liabilities (undiscounted contractual cash flows)	4,410	4,384	8,024	486	**17,304**
Government loans	3,518	3,136	7,510	117	**14,281**
Government loans interest payments	-	39	53	-	**92**
	46,481	**9,169**	**18,039**	**603**	**74,292**

The Corporation does not have any off consolidated statements of financial position arrangements that have or reasonably are likely to have a material effect on its financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources. As a result, the Corporation is not exposed materially to any financing, liquidity, market or credit risk that could arise if it had engaged in these arrangements.

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation follows hedge accounting on its derivative financial instruments and as a result, has designated certain derivative financial instruments as cash flow hedges. The fair value of the Corporation's foreign exchange forward contracts, gold forward contracts and interest rate swap is based on the current market values of similar contracts with similar remaining durations as if the contract had been entered into on February 28, 2025. The table below summarizes the unrealized gains (losses) included in the fair values:

	February 28, 2025 $	November 30, 2024 $
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	**(4,071)**	(2,393)
Gold forward contracts	**79**	581
Net unrealized gains of derivative instruments	**(3,992)**	(1,812)
Tax effect	**998**	453
Included in accumulated other comprehensive income	**(2,994)**	(1,359)

CAPITAL INVESTMENTS

	First Quarter	
	2025 $	2024 $
Additions to plant and equipment	**879**	3,437
Increase (decrease) in non-current deposits	**44**	(321)
Additions to (recovery from) deferred development costs	**183**	(5)

Net capital expenditures for the first quarter of fiscal 2025 included minor new equipment investments primarily for the Circuits sites in Toronto and Chatsworth. Equipment investments are driven by in-sourcing of certain manufacturing and test processes, productivity improvements and replacement of aged equipment.

Additions to deferred development costs for the first quarter of fiscal 2025 included certification and development costs of new products at the newly acquired Aerospace Calgary site (FLYHT).

CASH FLOW

	First Quarter			
	2025	2024	Change	Change
	$	$	$	%
Operating activities	**10,340**	1,079	9,261	858.3
Investing activities	**(6,567)**	(3,111)	(3,456)	NM
Financing activities	**(3,771)**	(313)	(3,458)	NM

Cash flow from operations in the first quarter of 2025 increased from the same period last year due higher net earnings and cash-positive change in non-cash operating working capital.

Investing activities in the first quarter of Fiscal 2025 included $3.9 million of net cash proceeds paid for the FLYHT acquisition and a $1.5 million contingent consideration payment related to the Holaday Circuits acquisition in 2023.

Cash used in financing activities in the first quarter of fiscal 2025 included $3.3 million net repayment on the Corporation's bank debt, partly offset by $1.7 million of proceeds received from government loans.

BACKLOG

	First Quarter	
	2025	2024
	$	$
Backlog[1], beginning of the period	**122,369**	96,963
Bookings[1]	**51,506**	37,460
Adjustments to backlog	**11,462**	(106)
Less: Sales	**(42,874)**	(34,975)
Backlog[1], end of period	**142,463**	99,342
Book-to-Bill ratio[1]	**1.20**	1.07

[1] Non-IFRS financial measure. Refer to the Non-IFRS Financial Measures section for definitions and reconciliations to the most comparable IFRS measures.

As of February 28, 2025, backlog is $142.5 million, of which approximately 89% is estimated to be converted to revenue by the end of Q1 2026, with the remaining 11% being converted to revenue in subsequent years.

Adjustments to backlog relate primarily to the revaluation of outstanding customer purchase orders denominated in foreign currency, primarily U.S. dollars, into Canadian dollars at period end rates. In Q1 2025 the Corporation recorded an increase to backlog of $8.2 million, following the closing of the acquisition of FLYHT.

RELATED PARTY TRANSACTIONS

There were no related party transactions during the first quarter of fiscal 2025 and 2024.

FINANCIAL RISK MANAGEMENT

Disclosures regarding the nature and extent of the Corporation's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk and how the Corporation manages those risks can be found under the heading "Financial Instruments" in *Note 6* of the consolidated financial statements as at February 28, 2025 and are designed to meet the requirements set out by the International Accounting Standards Board (IASB) in IFRS 7 *Financial Instruments: Disclosures.*

OUTSTANDING SHARES

The authorized capital of the Corporation consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preference shares. The outstanding common shares at the year ended February 28, 2025 were 25,173,390 (November 30, 2024 – 23,874,802).

During the first quarter of 2025, the Corporation granted 90,000 performance share units ("PSU's") (2024 – 90,000). PSU's vest based on the achievement of non-market performance conditions. PSUs vest at the end of their respective terms, generally three years, to the extent that the applicable performance conditions have been met.

As at February 28, 2025, nil of the 266,625 (November 30, 2024 – nil of the 257,875) outstanding PSU's had vested or were exercisable.

During the first quarter of 2025, the Corporation granted nil restricted share units ("RSU's") (2024 – 100,000). RSU's vest based on the achievement of a non-market performance condition. RSUs vest at the end of their respective terms, generally three years, to the extent that the applicable performance conditions have been met.

As at February 28, 2025, nil of the nil (November 30, 2025 – nil of nil) outstanding RSU's had vested or were exercisable.

Effective November 1, 2021, non-management directors of the Corporation were entitled to the Directors' Deferred Share Unit ("DSUs") Plan. The Corporation accounted for the DSU plan as cash-settled share-based payment transactions. The cost of DSU is recognized as compensation expense in the consolidated statement of earnings, with a corresponding charge to accrued liabilities in the consolidated statements of financial position. In February 2025, the Corporate cancelled its Directors' Deferred Share Unit ("DSU's") Plan and $817 of outstanding DSU liabilities were settled in cash.

RISK FACTORS

FTG operates in a dynamic and rapidly changing environment and industry, which exposes the Corporation to numerous risk factors. Additional information about the Corporation, including risks and uncertainties about FTG's business, is provided in the Corporation's Annual Information Form dated February 6, 2025 which is available on SEDAR+ at www.sedarplus.ca.

ETHICAL BUSINESS CONDUCT

The Corporation has a written code of conduct for Directors, Officers and employees (the "Policy of Business Conduct") and a "Whistle Blowing Policy", which are each available on www.sedarplus.ca. The Board monitors compliance with the Policy of Business Conduct through an annual review and sign off procedure from all of its Directors, Officers and employees.

OUTLOOK

As publicly available industry reports suggest, all sectors of the Aerospace and Defence market are seeing strong demand and growth. In the commercial aerospace market this is driven by increasing air travel, and a drive for more energy efficient aircraft. In the defence market it is the result of increasing geopolitical tensions and conflicts.
Company reporting indicates that air transport deliveries were over 1,100 aircraft in 2024, with Airbus having a 65-70% market share. Both Boeing and Airbus are reporting plans to implement production increases over the next few years. Airbus has over 8,000 orders in backlog and Boeing has over 5,000. The bulk of the orders at both companies is for single aisle aircraft. The Federal Aviation Administration ("FAA") has placed conditions on increases to Boeing's commercial aircraft production rates above certain thresholds, pending resolution of certain quality control concerns at Boeing. The Corporation does not expect that the events at Boeing will materially impact FTG's order backlog or longer-term growth prospects.

In 2023, COMAC announced the C919 aircraft entered service in China, representing a new entry into the single aisle aircraft market. In 2024 FTG reported a production order of approximately $17 million CAD for cockpit assemblies for the C919 aircraft.

As international air travel rebounds, the production rates on twin aisle aircraft are also expected to grow in the coming years.

Industry reports show business jet activity has recovered rapidly and is now near pre-pandemic levels. In Canada, Bombardier has divested programs and repositioned itself as a pure-play business jet manufacturer. FTG continues to maintain a solid relationship with Bombardier.

The helicopter market was less impacted by the pandemic. Production rates are impacted by overall economic conditions and the business cycles of key industries that are heavy users of helicopters, such as resource extraction and public safety. In recent years, the helicopter market has seen moderate growth. The conflict in Ukraine is causing many NATO member states to relook at their defence spending with expectations that spending will increase in the coming years. Similarly, the conflict in the Middle East is causing increased defence spending.

FTG's backlog, resulting from increased customer demand, new program wins and acquisitions, has grown to over $140 million at the end of Q1 2025, which is up approximately $20 million from one year ago.

Tariffs remain a significant uncertainty within the global aerospace and defence sector, although the products manufactured by the Corporation for shipment from Canada to U.S. based customers and/or from the U.S. to Canada, generally fall under the provisions of the Canada-United States-Mexico ("CUSMA") trade agreement.

CONTROLS AND PROCEDURES

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Corporation.

Internal control over financial reporting

Management, including the CEO and CFO, does not expect that the Corporation's disclosure controls or internal controls over financial reporting will prevent or detect all errors and all fraud or will be effective under all potential future conditions. A control system is subject to inherent limitations and, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control systems objectives will be met.

During the first quarter of 2025, there have been no changes in the Corporation's internal controls over financial reporting, that may have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of FTG. These statements include without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of FTG, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "considers", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could". Forward-looking statements are provided for the purpose of conveying information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes.

Forward-looking information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including FTG's perception of historical trends, current conditions and expected future developments as well as other factors FTG believes are appropriate in the circumstances.

By its nature, forward-looking information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of material factors, many of which are beyond FTG's control, affect the operations, performance and results of FTG and its business, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: impact or unanticipated impact of general economic, political and market factors in North America and internationally; intense business competition and uncertain demand for products; technological change; customer concentration; foreign currency exchange rates; dependence on key personnel; ability to retain and develop sufficient labour and management resources; ability to complete strategic transactions, integrate acquisitions and implement other growth strategies; litigation and product liability proceedings; increased demand from competitors with lower production costs; reliance on suppliers; credit risk of customers; compliance with environmental laws; possibility of damage to manufacturing facilities as a result of unforeseeable events, such as natural disasters or fires; fluctuations in operating results; possibility of intellectual property infringement claims; demand for the products of FTG's customers; ability to obtain continued debt and equity financing on acceptable terms; ability of a significant shareholder to influence matters requiring shareholder approval; historic volatility in the market price of the Corporation's common shares and risk of price decreases; production warranty and casualty claim losses; conducting business in foreign jurisdictions; income and other taxes; and government regulation and legislation and FTG's ability to successfully anticipate and manage the foregoing risks.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of FTG's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements.

Other than as specifically required by law, FTG undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results otherwise.

NON-IFRS FINANCIAL MEASURES

The MD&A presents certain non-IFRS financial measures to assist readers in understanding the Corporation's performance. Non-IFRS financial measures are measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with Generally Accepted Accounting Principles ("GAAP"). Accordingly, the measures should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS. We use non-IFRS measures, including EBITDA, Adjusted EBITDA, Adjusted Net Earnings, Adjusted Earnings per Share, Bookings, Backlog and Net Debt to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS measures.

The Corporation calculates *EBITDA* as net earnings attributable to equity holders of FTG before interest expenses (income) net, income tax expense (recovery), depreciation, and amortization.

The Corporation calculates *Adjusted EBITDA* by adding to and deducting from EBITDA, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including stock-based compensation, certain government subsidies and acquisition and divestiture expenses.

The Corporation calculates *Adjusted Net Earnings* and *Adjusted Net Earnings per share* by adding to and deducting from net earnings attributable to equity holders of FTG, as applicable, certain expenses, costs, charges or benefits incurred in such period which in management's view are either not indicative of underlying business performance or impact the ability to assess the operating performance of our business, including certain government subsidies and acquisition and divestiture expenses and acquisition related adjustments to income tax expense (recovery).

The Corporation calculates *Backlog* as the total value of outstanding firm purchase orders, as of the end of the fiscal period. Backlog is a leading indicator of future revenue; however, it does not provide a guarantee of future net earnings and provides no information about the timing of future revenue.

The Corporation calculates *Bookings* as the net change in Backlog between the start of a fiscal period and the end of a fiscal period, excluding any change in *Backlog* directly attributable to an acquired or divested business as of the acquisition/divestiture date, and the impact of foreign exchange fluctuations. Bookings is a leading indicator of future revenue; however, it does not provide a guarantee of future net earnings and provides no information about the timing of future revenue.

The Corporation calculates *Book-to-Bill Ratio* as Bookings for a fiscal period divided by Sales for the same fiscal period. The Book-to-Bill ratio is a leading indicator of future revenue; however, it does not provide a guarantee of future net earnings and provides no information about the timing of future revenue.

The Corporation calculates *Net (Cash) Debt* as cash less current and long-term bank debt less current and long-term government loans. Net cash (debt) is a liquidity metric used to determine how well the Corporation can pay its debt obligations if they were due immediately.

These non-IFRS financial measures are not generally accepted measures and should not be considered as alternatives to IFRS measures. As there is no standardized method of calculating these measures, these non-IFRS financial measures may not be directly comparable with similarly titled measures used by other companies. Management believes these non-IFRS financial measures are important to many of the Corporation's shareholders, creditors and other stakeholders. The risks, uncertainties and other factors that could influence actual results are described in this MD&A based on information available as of April 9, 2025 and the Corporation's Annual Information Form (including documents incorporated by reference) dated February 18, 2025 which is available on SEDAR+ at www.sedarplus.ca.

FIRAN TECHNOLOGY GROUP CORPORATION

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

The accompanying unaudited interim condensed consolidated financial statements of the Corporation have been prepared by management and approved by the Audit Committee and Board of Directors of the Corporation.

The Corporation's independent auditors have not performed a review of these interim condensed consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim condensed consolidated financial statements by an entity's auditors.

Interim Condensed Consolidated Statements of Financial Position

	As at	
(Unaudited) (in thousands of Canadian dollars)	**February 28, 2024**	November 30, 2024
ASSETS		
Current assets		
Cash and cash equivalents	**$ 9,977**	$ 9,956
Accounts receivable	**32,403**	33,671
Contract assets	**2,361**	1,909
Inventories	**41,162**	34,429
Income tax recoverable	**-**	83
Prepaid expenses and other	**2,449**	2,125
	88,352	82,173
Non-current assets		
Property, Plant and equipment, net	**18,408**	18,155
Non-current deposits	**173**	130
Right-of-use assets	**24,541**	22,689
Intangible assets	**14,196**	1,569
Deferred tax assets	**1,383**	869
Deferred development costs	**304**	120
Goodwill	**20,972**	9,273
Total assets	**$ 168,329**	$ 134,978
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 28,039**	$ 23,577
Provision for product warranties	**923**	762
Contract liabilities	**7,698**	1,021
Current portion of bank debt, net of deferred financing costs	**1,384**	707
Current portion of government loans	**2,287**	937
Current portion of lease liabilities	**3,944**	3,847
Income tax payable	**1,200**	-
Current portion of contingent consideration	**-**	1,471
	45,475	32,322
Non-current liabilities		
Bank debt, net of deferred financing costs	**3,297**	2,161
Government loans	**11,313**	6,818
Lease liabilities	**22,817**	20,840
Total liabilities	**82,902**	62,141
Equity		
Retained earnings	**$ 45,017**	$ 41,850
Accumulated other comprehensive income	**848**	417
	45,865	42,267
Share capital		
Common Shares *(Note 3.1)*	**30,124**	21,150
Contributed surplus	**8,664**	8,735
Total equity attributable to FTG's shareholders	**84,653**	72,152
Non-controlling interest	**774**	685
Total equity	**85,427**	72,837
Total liabilities and equity	**$ 168,329**	$ 134,978

See accompanying notes.

Interim Condensed Consolidated Statements of Earnings

	Three months ended	
(Unaudited)	**February 28**	March 1,
(in thousands of Canadian dollars, except per share amounts)	**2025**	2024
Sales	**$ 42,874**	$ 34,975
Cost of sales		
Cost of sales	**27,310**	24,084
Depreciation of plant and equipment	**1,432**	1,260
Depreciation of right-of-use assets	**806**	702
Total cost of sales	**29,548**	26,046
Gross margin	**13,326**	8,929
Expenses		
Selling, general and administrative	**6,713**	4,799
Research and development costs	**1,625**	1,363
Recovery of investment tax credits	**(228)**	(166)
Depreciation of property, plant and equipment	**53**	42
Depreciation of right-of-use assets	**19**	17
Amortization of intangible assets	**308**	58
Interest expense (income) on bank debt, net	**(6)**	87
Notional interest expense on government loan	**197**	78
Accretion on lease liabilities	**427**	362
Stock based compensation	**254**	248
Foreign exchange (gain) loss *(Note 7.2)*	**(875)**	229
Total expenses	**8,487**	7,117
Earnings before income taxes	**4,839**	1,812
Current income tax expense	**1,551**	656
Deferred income tax expense	**40**	33
Total income tax expense	**1,591**	689
Net earnings	**$ 3,248**	$ 1,123
Attributable to:		
Non-controlling interest	**$ 81**	$ 73
Equity holders of FTG	**$ 3,167**	$ 1,050
Earnings per share, attributable to the equity holders of FTG		
Basic *(Note 3.2)*	**$ 0.13**	$ 0.04
Diluted *(Note 3.2)*	**$ 0.13**	$ 0.04

See accompanying notes.

Interim Condensed Consolidated Statements of Comprehensive Income

	Three months ended	
(Unaudited) (in thousands of Canadian dollars)	**February 28 2025**	March 1, 2024
Net earnings	**$ 3,248**	$ 1,123
Other comprehensive earnings (loss) to be reclassified to net earnings (loss) in subsequent periods:		
Change in foreign currency translation adjustments	**2,073**	(198)
Net gain (loss) on valuation of derivative financial instruments designated as cash flow hedges *(Note 7.3)*	**(2,179)**	274
Deferred income taxes on change in valuation of derivative financial instruments designated as cash flow hedges	**545**	(68)
	439	8
Total comprehensive income	**$ 3,687**	$ 1,131
Attributable to:		
Equity holders of FTG	**$ 3,598**	$ 1,066
Non-controlling interest	**$ 89**	$ 65

See accompanying notes.

Interim Condensed Consolidated Statements of Changes in Equity

Three months ended February 28, 2025	**Attributed to the equity holders of FTG**						
(Unaudited) (in thousands of Canadian dollars)	**Common shares**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Total**	**Non-controlling interest**	**Total equity**
Balance, November 30, 2024	**$ 21,150**	**$ 41,850**	**$ 8,735**	**$ 417**	**$ 72,152**	**$ 685**	**$ 72,837**
Net earnings	**-**	**3,167**	**-**	**-**	**3,167**	**81**	**3,248**
Issue of common shares	**9,429**	**-**	**-**	**-**	**9,429**	**-**	**9,429**
Equity-settled stock-based compensation	**-**	**-**	**120**	**-**	**120**	**-**	**120**
Transfer from contributed surplus to share capital for PSUs excercised	**191**	**-**	**(191)**	**-**	**-**	**-**	**-**
Repurchase of common shares on exercise of PSUs	**(646)**	**-**		**-**	**(646)**	**-**	**(646)**
Repurchase and cancellation of shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income (loss)	**-**	**-**	**-**	**431**	**431**	**8**	**439**
Balance, February 28, 2025	**$ 30,124**	**$ 45,017**	**$ 8,664**	**$ 848**	**$ 84,653**	**$ 774**	**$ 85,427**

Three months ended March 1, 2024	Attributed to the equity holders of FTG						
(Unaudited) (in thousands of Canadian dollars)	Common shares	Retained earnings	Contributed surplus	Accumulated other comprehensive income	Total	Non-controlling interest	Total equity
Balance, November 30, 2023	$ 21,310	$ 31,035	$ 8,539	$ (1,349)	$ 59,535	$ 788	$ 60,323
Net earnings	-	10,815	-	-	10,815	265	11,080
Equity-settled stock-based compensation	-	-	294	-	294		294
Transfer from contributed surplus to share capital for PSUs excercised	98	-	(98)	-	-	-	-
Repurchase of common shares on exercise of PSUs	(258)	-	-	-	(258)	-	(258)
Return of capital to non-controlling interest	-	-	-	-	-	(385)	(385)
Other comprehensive income	-	-	-	1,766	1,766	17	1,783
Balance, March 1, 2024	$ 21,150	$ 41,850	$ 8,735	$ 417	$ 72,152	$ 685	$ 72,837

See accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

	Three months ended	
(Unaudited) (in thousands of Canadian dollars)	**February 28 2025**	March 1, 2024
Net inflow (outflow) of cash related to the following:		
Operating activities		
Net earnings	**$ 3,248**	$ 1,123
Items not affecting cash and cash equivalents:		
Equity-settled stock-based compensation	**120**	107
Effect of exchange rates on U.S. dollar bank debt	**138**	(8)
Depreciation of property, plant and equipment	**1,485**	1,302
Depreciation of right-of-use assets	**825**	719
Amortization of intangible assets	**308**	58
Amortization, other	**(43)**	(39)
Notional interest expense on government loan	**197**	78
Deferred income taxes	**40**	33
Accretion on lease liabilities	**427**	362
Net change in non-cash operating working capital *(Note 6)*	**3,595**	(2,656)
Net operating cash flow	**10,340**	1,079
Investing activities		
Acquisition of FLYHT Aerospace Solutions Ltd. *(Note 4)*	**(3,951)**	-
Payment of contingent consideration for the acquisition of Holaday Circuits, LLC	**(1,510)**	-
Additions to property, plant and equipment	**(879)**	(3,437)
Decrease (increase) in non-current deposits	**(44)**	321
Recovery from (additions to) deferred development costs	**(183)**	5
Net investing cash flow	**(6,567)**	(3,111)
Net cash flow from operating and investing activities	**3,773**	(2,032)
Financing activities		
Proceeds from government loans	**1,680**	1,153
Proceeds from bank debt	**9,542**	-
Repayments of government loans	**(45)**	-
Repayments of bank debt	**(12,885)**	(275)
Additions to deferred financing costs	**(343)**	(12)
Lease liability payments	**(1,074)**	(921)
Repurchase of common shares on exercise of PSU's	**(646)**	(258)
Net financing cash flow	**(3,771)**	(313)
Effects of foreign exchange rate changes on cash flow	**19**	(385)
Net increase (decrease) in cash flow		(2,730)
Cash and cash equivalents, beginning of the period	**9,956**	6,616
Cash and cash equivalents, end of period	**$ 9,977**	$ 3,886
Disclosure of cash payments		
Payment for interest	**$ (6)**	$ 87
Payments for income taxes	**$ 158**	$ 2,278

See accompanying notes.

1. NATURE OF OPERATIONS

Firan Technology Group Corporation ("FTG") was formed as a result of the amalgamation between Circuit World Corporation and Firan Technology Group Inc. on August 30, 2003, pursuant to articles of amalgamation under the *Canada Business Corporations Act*. Prior to this, FTG was established as Helix Circuits Inc. on April 18, 1983 by articles of amalgamation pursuant to the provisions of the *Canada Business Corporations Act*. FTG, its subsidiaries and its joint venture (together referred to as the "Corporation" or the "Group") are primarily suppliers of aerospace and defence electronic products and sub-systems.

The address of the Corporation's registered office is 250 Finchdene Square, Toronto, Ontario, M1X 1A5.

The interim condensed consolidated financial statements of the Corporation as at and for the three months ended February 28, 2025 comprise FTG, its subsidiaries and its joint venture.

These interim condensed consolidated financial statements were approved for issuance by the Board of Directors on April 9, 2025.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Corporation for the year ended November 30, 2024, which are available on SEDAR at www.sedar.com and on the Corporation's website at www.ftgcorp.com.

With the exceptions of the accounting policies specified below, the same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the audited consolidated financial statements for the year ended November 30, 2024.

Certain comparative figures have been reclassified to conform to the current period's presentation.

2.1 Inventories

Inventories are measured at the lower of cost and net realizable value ("NRV"). Cost is determined on the first-in, first-out or weighted average basis. Direct labour and an allocation of fixed and variable overheads are included in the determination of work-in-progress and finished goods amounts. NRV is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs to make the sale. Inventories are written down to NRV at the time carrying value exceeds the NRV. Reversals of previous write-downs to NRV are recognized when there is a subsequent increase in the value of inventories.

2.2 Intangible assets

An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Corporation. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized on a straight-line basis over their useful life. The amortization period and the amortization method are reviewed at least annually.

The useful lives applicable to each class of asset during the current and comparative year are as follows:

Assets	**in years**
Technology	8.5
Customer relationship	5 – 15
Tradename	10

2.3 Revenue

The Corporation's revenue recognition methodology is determined on a contract-by-contract basis under IFRS 15, *Revenue from Contracts with Customers*.

Sale of goods

Revenue related to delivery of product is recognized at a point in time once control passes to the customer (defined by contractual terms).

The sale of consignment products is recognized at a point in time on notification that the product has been used, at which point the performance obligation associated with those products is considered to be satisfied and control of the goods is transferred to the customer.

Services

Revenue from data services is recognized over time as these services are provided. Invoices are generated monthly and typically are payable within 30 days. The Corporation uses the practical expedient to recognize revenue at the amount to which it has a right to invoice, which corresponds directly to the value to the customer of the entity's performance completed to date.

Revenue from engineering and technical services is recognized over time using the input method, which recognizes revenue as performance of the contract progresses. Input methods recognize revenue on the basis of an entity's efforts or inputs toward satisfying a performance obligation (for example, resources consumed, labour hours expended, costs incurred, time lapsed, or machine hours used) relative to the total expected inputs to satisfy the performance obligation. The estimation of revenue and costs-to-complete is complex, subject to variables and requires significant judgement. The contract value may include fixed amounts, variable amounts or both.

Contract Balances (related to revenue from engineering services)

Contract assets include unbilled amounts typically resulting from sales under long-term contracts when the over time method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are generally classified as current.

Contract liabilities consist of advance payments and billings in excess of revenue recognized and deferred revenue. Contract assets and liabilities are reported in a net position on a contract by-contract basis at the end of each reporting period. Advance payments and billings in excess of revenue recognized are classified as current or non-current based on the timing of when revenue is expected to be recognized.

The Corporation disaggregated revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Refer to *Note 9* on segmented information for the disclosure on disaggregated revenue.

2.4 Use of estimates, judgements and assumptions

The preparation of interim condensed consolidated financial statements requires the use of certain critical accounting estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities at the end of the reporting period. It also requires management to exercise judgement in applying the Corporation's accounting policies. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The Corporation based its assumptions and estimates on parameters available when the interim condensed consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Corporation.

3. SHARE CAPITAL

3.1 Authorized

Authorized share capital consists of an unlimited number of Common Shares with no par value and an unlimited number of Preferred Shares with no par value, issuable in series, with the attributes of each series to be fixed by the Board of Directors. Each Common and Preferred Share carries the right to one vote. The outstanding common shares as at February 28, 2025 were 25,173,390 (November 30, 2024 – 23,874,802).

During the three months ended February 28, 2025, the Corporation granted 90,000 performance share units ("PSUs") (2024 – 90,000). PSUs vest at the end of their respective terms, generally three years, to the extent that the applicable performance conditions have been met. The fair value of the non-market performance based PSUs is determined by the market value of the Corporation's Common Shares at the time of grant and may be adjusted in subsequent years to reflect the estimated level of achievement related to the applicable performance condition. The Corporation expects to settle these awards with Common Shares issued from the treasury or by purchasing from the open market.

As at February 28, 2025, nil of the 266,625 (November 30, 2024 – nil of the 257,875) outstanding PSUs had vested or were exercisable.

During the three months ended February 28, 2025, the Corporation granted nil restricted share units ("RSUs") (2024 – 100,000). RSUs vest at the end of their respective terms, generally three years, to the extent that the applicable performance conditions have been met. The fair value of the non-market performance based RSUs is determined by the market value of the Corporation's Common Shares at the time of grant and may be adjusted in subsequent years to reflect the estimated level of achievement related to the applicable performance condition. The Corporation expects to settle these awards with Common Shares issued from the treasury or by purchasing from the open market.

(in thousands of Canadian dollars, except where noted and per share amounts)

As at February 28, 2025, nil of the nil (November 30, 2024 – nil of the 100,000) outstanding RSUs had vested or were exercisable.

Effective November 1, 2021, non-management directors of the Corporation were entitled to the Directors' Deferred Share Unit ("DSUs") Plan. The Corporation accounted for the DSU plan as cash-settled share-based payment transactions. The cost of DSU is recognized as compensation expense in the consolidated statement of earnings, with a corresponding charge to accrued liabilities in the consolidated statements of financial position. In February 2025, the Corporate cancelled its Directors' Deferred Share Unit ("DSU's") Plan. As a result, $817 of outstanding DSU liabilities were settled in cash.

3.2 Earnings per share

	Three months ended	
	March 1, 2024	March 3, 2023
Numerator		
Net earnings attributable to non-controlling interests	**$ 3,248**	$ 1,123
Net earnings attributable to non-controlling interests	**81**	73
Net earnings attributable to equity holders of FTG	**$ 3,167**	$ 1,050
Numerator for basic earnings per share - net earnings applicable to Common Shares	**$ 3,167**	$ 1,050
Numerator for diluted earnings per share - net earnings applicable to Common Shares	**$ 3,167**	$ 1,050
Denominator		
Denominator for basic earnings per share - weighted average number of Common Shares outstanding	**24,919,318**	23,874,802
Effect of dilutive securities		
Weighted average number of PSU's	**262,073**	238,587
Weighted average number of RSU's	**13,043**	10,870
Denominator for diluted earnings per share - weighted average number of Common Shares outstanding and assumed conversions	**25,194,434**	24,124,259
Earnings per share data attributable to the equity holders of FTG		
Basic earnings per share	**$ 0.13**	$ 0.04
Diluted earnings per share	**$ 0.13**	$ 0.04

The weighted average numbers of PSUs and RSUs were included in the calculation of diluted earnings per share for the three months ended February 28, 2025 and March 1, 2024 as the Corporation had net earnings.

3.3 Management of capital

The Corporation's objective in managing capital is to ensure sufficient liquidity to pursue its organic growth strategy and undertake selective acquisitions, while at the same time taking a conservative approach towards financial leverage and management of financial risk.

(in thousands of Canadian dollars, except where noted and per share amounts)

For the purpose of the Corporation's capital management, capital includes government financing, bank debt and total equity attributable to FTG's shareholders. The Corporation's primary uses of capital are to finance increases in non-cash working capital, capital expenditures and acquisitions. The Corporation currently funds these requirements from internally generated cash flows, cash, bank debt and government financing.

The Corporation's managed capital is as follows:

	February 28, 2025	November 30, 2024
	$	$
Total equity attributable to FTG's shareholders	**84,653**	72,152
Bank debt	**4,681**	2,868
Government loans	**13,600**	7,755
Managed capital	**102,934**	82,775

The Corporation manages its capital structure and makes adjustments to it as necessary, taking into account the economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. In order to maintain or adjust its capital structure, the Corporation, may increase or repay long-term debt, issue shares, or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors review and approve any material transactions out of the ordinary course of business, including proposals on acquisitions or other major investments or divestitures, as well as capital and operating budgets. There were no changes in the Corporation's approach to capital management during the period.

The Corporation does not currently have a policy to pay a dividend. The credit facilities are secured by a first charge on all assets of the Corporation.

3.4 Normal course issuer bid program

The Toronto Stock Exchange (the "TSX") accepted the Corporation's notice of intention to establish the following normal course issuer bid programs (together the "NCIB programs").

NCIB Program	**Start Date**	**End Date**	**Maximum Number of Common Shares Permitted to be Purchased**
NCIB-2024	June 5, 2023	June 4, 2024	1,195,550
NCIB-2025	August 26, 2024	August 25, 2025	1,197,740

Purchases were made by the Corporation in accordance with the requirements of the TSX and the price paid for any repurchased Common Shares was the market price of such Common Shares at the time of acquisition.

During the three months ended February 28, 2025, the Corporation did not purchase Common Shares. During the three months ended March 1, 2024, the Corporation did not purchase Common Shares.

4. BUSINESS COMBINATIONS

On December 19, 2024, the Corporation's Aerospace segment acquired all of the outstanding shares of FLYHT Aerospace Solutions Ltd. ("FLYHT"), a provider of technology and solutions to the aviation industry, for a total purchase consideration of $13,760.

The total purchase consideration consists of:

(i) $9,454 paid in shares, consists of 1,298,588 of the Corporations' shares at the closing date price of $7.28 per share; and

(ii) $4,306 paid in cash.

The FLYHT acquisition was accounted for by the Corporation as business combinations under IFRS 3. Under this method, the identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. Any excess of the acquisition date fair value of the consideration paid over the net of the acquisition date fair value of the identifiable assets acquired and liabilities assumed is recognized as goodwill and any deficiency is recognized as a bargain purchase gain. Acquisition costs associated with the business combination are expensed in the year incurred. The results of the operations have been consolidated from the acquisition date.

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed as at December 19, 2024, based on management's provisional estimates of fair value. If new information obtained within one year of the date of acquisition identifies adjustments to the below amounts, adjustments are recognized in the period in which the adjustment amount is determined and adjustments to fair values and allocations are retrospectively adjusted.

(in thousands of Canadian dollars, except where noted and per share amounts)

	FLYHT $
Fair value of consideration	
Shares issued	**9,454**
Cash paid	**4,306**
Gross consideration	**13,760**
Less: Cash Acquired	**(354)**
Net consideration	**13,406**
Assets Acquired	
Accounts receivable	**2,805**
Contract assets	**393**
Inventories	**2,246**
Prepaid expenses and other current assets	**354**
Property, plant and equipment	**546**
Right-of-use assets	**2,137**
Technology	**6,514**
Customer relationship	**6,101**
Tradename	**232**
	21,328
Liabilities Assumed	
Accounts payable and accrued liabilities	**4,263**
Provisions	**73**
Contract liabilities	**3,397**
Income tax payable	**122**
Lease liabilities	**2,137**
Government loans	**4,088**
Bank debt	**5,333**
	19,413
Net identifiable assets acquired net of cash	**1,915**
Goodwill	**11,491**
Net assets acquired	**13,406**

The fair value of acquired accounts receivables is $2,805. The gross contractual amount for accounts receivable is $2,836, with expected credit loss allowance of $31 recognized on acquisition.

Acquired identifiable intangible assets include technology, customer relationships, and tradename. The fair value of technology and tradename was determined using the relief-from-royalty method and discount rates of 14.4% and 14.2% respectively. The fair value of customer relationships was determined using the multiple-period excess earnings method and a discount rate of 14.2%. Goodwill recognized is attributable to the workforce of the acquired business and FLYHT's access to the commercial aerospace aftermarket.

FLYHT contributed revenue of $3,801 and net loss of $103 to the Corporation for the period from December 19, 2024 to February 28, 2025. If the acquisition had occurred on December 1, 2024, consolidated pro-forma revenue and profit for the three months ended February 28, 2025 would have been $43,544 and $1,763 respectively.

(in thousands of Canadian dollars, except where noted and per share amounts)

In connection with the FLYHT acquisitions, during the three months ended February 28, 2025, the Corporation recognized $107 in acquisition-related costs which were expensed as incurred. These costs are included in selling, general and administrative expenses such as fees for professional services.

5. INCOME TAX EXPENSE

The Corporation's tax expense is calculated based on the best estimate of the weighted average annual income tax rate expected for the full financial year by using the rates applicable in each of the tax jurisdictions in which the Corporation operates.

6. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

Changes in non-cash operating working capital comprise of the following:

	Three months ended	
	February 28, 2025	March 1, 2024
	$	$
Accounts receivable, contract assets	**3,991**	3,173
Inventories	**(4,099)**	(1,139)
Prepaid expenses	**(2,146)**	256
Contract liabilities	**3,280**	(329)
Accounts payable and accrued liabilities, and provisions	**1,409**	(2,569)
Income tax payable	**1,160**	(2,048)
	3,595	(2,656)

7. FINANCIAL INSTRUMENTS

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments carried at fair value:

Level 1: Quoted (Unadjusted) Prices in Active Markets for Identical Assets or Liabilities: This level includes equity securities traded on an active market and quoted corporate and government-backed debt instruments. The Corporation did not have any Level 1 financial instruments carried at fair value as at February 28, 2025 and November 30, 2024.

Level 2: Valuation Techniques with Observable Parameters: The financial instruments held by the Corporation in this level included cash, accounts receivable, contract assets, accounts payable and accrued liabilities and provisions, contract liabilities, bank debt, foreign exchange forward contracts, gold forward contracts and interest rate swaps as at February 28, 2025 and November 30, 2024.

Level 3: Valuation Techniques with Significant Unobservable Parameters: Instruments classified in this category have a parameter input or inputs that are unobservable and have more than insignificant impact on either the fair value of the instrument or the profit or loss of the instrument. The Corporation did not have any Level 3 financial instruments carried at fair value as at February 28, 2025 and November 30, 2024.

There were no transfers between levels during the period. The estimated fair value amounts approximate the amounts at which financial instruments could be exchanged in a current transaction between willing parties who are under no compulsion to act. For financial instruments that lack an available trading market, the Corporation applies present value and valuation techniques that use observable or unobservable market inputs. Because of the estimation process and the need to use judgement, the aggregate fair value amounts should not be interpreted as being necessarily realizable in an immediate settlement of the instruments.

(in thousands of Canadian dollars, except where noted and per share amounts)

The methods and assumptions used to estimate the fair value of financial instruments are described as follows:

7.1 Cash, accounts receivable, contract assets, accounts payable and accrued liabilities, and contract liabilities

The Corporation determined that the fair value of its short-term financial assets and liabilities approximates their respective carrying value as at the consolidated statements of financial position dates because of the short-term maturity of those instruments.

7.2 Bank debt

The fair value of bank debt bearing interest at variable rates approximates its carrying value as interest rate charges fluctuate with changes in the bank's prime rate.

7.3 Derivative instruments

The fair value of the Corporation's foreign exchange forward contracts, gold forward contracts and interest rate swap is based on the current market values of similar contracts with similar remaining durations as if the contract had been entered into on February 28, 2025. The table below summarizes the unrealized gains (losses) included in the fair values:

	February 28, 2025 **$**	November 30, 2024 $
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	**(4,071)**	(2,393)
Gold forward contracts	**79**	581
Net unrealized gains (losses) of derivative instruments	**(3,992)**	(1,812)
Tax effect	**998**	453
Included in accumulated other comprehensive income	**(2,994)**	(1,359)

a) Foreign exchange forward contracts

Foreign exchange forward contracts are transacted with a financial institution to hedge part of a foreign currency denominated anticipated sale of products. The following table summarizes the Corporation's outstanding commitments to buy and sell foreign currency under foreign exchange forward contracts, all of which have a maturity date of no more than thirty six months as at February 28, 2025 and November 30, 2024:

As at	**Currency sold**	**Currency bought**	**Notional value**	**Forward value at transaction date**	**Forward current value**	**Unrealized loss**
February 28, 2025	**USD**	**CAD**	**US$49,900**	**$66,654**	**$70,725**	**($4,071)**
November 30, 2024	USD	CAD	US$40,900	$53,934	$56,327	($2,393)

(in thousands of Canadian dollars, except where noted and per share amounts)

As at February 28, 2025 and November 30, 2024, the foreign exchange forward contracts (contracts to sell foreign currency) are designated as cash flow hedges, all of which was recognized in other comprehensive income (loss) and accounts payable and accrued liabilities. This net unrealized loss in other comprehensive income (loss) is expected to be realized through net earnings (loss) on the interim condensed consolidated statements of earnings (loss) over the next thirty-six months when the sales are recorded.

b) Gold forward contracts

As at February 28, 2025, in addition to the foreign exchange forward contracts per above, the Corporation had an outstanding commitment to buy 1,050 ounces of gold (November 30, 2024 – 900 ounces of gold) under gold forward contracts at a contract price of approximately \$4.15 per ounce (November 30, 2024 – \$3.17) expiring quarterly from March 2024. These gold forward contracts qualify for hedge accounting. The table below summarizes the outstanding commitments under these gold forward contracts, all of which have a maturity date of less than one year:

As at	Nature of contract	Quantity	Forward value at transaction date	Forward current value	Unrealized gain
February 28, 2025	**Gold forward contract**	**1,050 ounces**	**\$4,352**	**\$4,431**	**\$79**
November 30, 2024	Gold forward contract	900 ounces	\$2,855	\$3,436	\$581

As at February 28, 2025 and November 30, 2024, the gold forward contracts are designated as cash flow hedges, all of which was recognized in other comprehensive income (loss), accounts payable and accrued liabilities. This unrealized gain (loss) in other comprehensive loss is expected to be reclassified to the interim condensed consolidated statements of earnings over the next six months when the cost of sales are recorded.

The terms of the foreign currency and gold forward contracts match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through earnings or loss. The amounts as at February 28, 2025 retained in other comprehensive income related to these contracts are expected to be recognized through net earnings on the interim condensed consolidated statement of loss in fiscals 2025 and 2026.

8. FINANCIAL RISKS

8.1 Interest rate risk

Interest rate risk arises because of the fluctuation in interest rates. The Corporation's interest rate and cash flow risks are primarily related to the Corporation's revolving credit facilities, for which amounts drawn are subject to varying rates at the time of borrowing. The interest rates on amounts currently drawn on the revolving facility and on any future borrowings will vary and are unpredictable. The Corporation monitors its exposure to interest rates and has entered into derivative contracts to mitigate this risk (see *Note 7.3*).

8.2 Currency risk

Currency risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies, primarily in U.S. dollars. The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. The Corporation's bank debt and most of the manufacturing materials are sourced in U.S. dollars, and also a significant portion of the headcount and operations are located in the United States, providing a natural economic hedge for a portion of the Corporation's currency exposure. The Corporation also has operations in the People's Republic of China and Europe, these operations may conduct business activities in Chinese Renminbi ("RMB") and Euro ("EUR"), respectively.

(in thousands of Canadian dollars, except where noted and per share amounts)

During the three months ended February 28, 2025, net realized loss of $677 (2024 – loss of $354), from settlements of foreign exchange forward contracts designated as cash flow hedges was included in sales in the interim condensed consolidated statements of loss.

The foreign exchange exposure for the reporting periods, covering the period-end balances of foreign currency denominated financial instruments, is set out in the table below and expressed in Canadian dollar:

As at February 28, 2025	**USD denominated financial instruments expressed in Canadian dollar $**	**RMB denominated financial instruments expressed in Canadian dollar $**	**EUR denominated financial instruments expressed in Canadian dollar $**
Cash	**4,286**	**2,301**	**1,319**
Accounts receivable, contract assets	**31,378**	**154**	**1,139**
Accounts payable and accrued liabilities, and contract liabilities	**(15,580)**	**(152)**	**(2,375)**
Total bank borrowings	**(5,036)**	**-**	**-**
Balance sheet exposure, excluding financial derivatives	**15,048**	**2,303**	**83**

As at November 30, 2024	USD denominated financial instruments expressed in Canadian dollar $	RMB denominated financial instruments expressed in Canadian dollar $	EUR denominated financial instruments expressed in Canadian dollar $
Cash	2,488	1,607	-
Accounts receivable, contract assets	33,515	98	-
Accounts payable and accrued liabilities, and contract liabilities	(13,986)	(282)	-
Total bank borrowings	(4,018)	-	-
Balance sheet exposure, excluding financial derivatives	17,999	1,423	-

(in thousands of Canadian dollars, except where noted and per share amounts)

The foreign exchange exposure for the reporting periods, covering foreign currency denominated transactions during the periods, is set out in the table below and expressed in Canadian dollar. The exchange rate exposure to RMB denominated transactions is not material to the Corporation.

Three months ended February 28, 2025	**USD denominated transactions expressed in Canadian dollar $**	**EUR denominated transactions expressed in Canadian dollar $**
Sales	**40,543**	**1,460**
Cost of sales and expenses	**(26,313)**	**(1,304)**
Income statement exposure	**14,230**	**156**

Three months ended March 1, 2024	USD denominated transactions expressed in Canadian dollar $	EUR denominated transactions expressed in Canadian dollar $
Sales	33,710	-
Cost of sales and expenses	(23,496)	-
Income statement exposure	10,214	-

With all variables remaining constant, assuming a 1% strengthening of the Canadian dollar versus the below foreign currencies, net earnings before tax for the three months ended February 28, 2025 and March 1, 2024 would decrease as follows in the tables below. An assumed 1% weakening of the Canadian dollar would have had an equal but opposite effect on the amounts shown below.

	Three months ended	
Effect of 1% strengthening of Canadian dollar	**February 28, 2025 $**	March 1, 2024 $
USD	**(293)**	(129)
RMB	**(23)**	(17)
EUR	**(2)**	-

8.3 Credit risk

The Corporation considers that there has been a significant increase in credit risk when contractual payments are more than 120 days past due. The Corporation considers a receivable to be in default when contractual payments are 180 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation.

Credit risk arises from the potential that the counterparty will fail to fulfil its obligations. The Corporation is exposed to credit risk from its customers. However, the Corporation has a significant number of customers, which minimizes concentration of credit risk, and the majority of the Corporation's customers are large, multi-national, stable organizations. Please see *Note 9* for sales to the Corporation's largest customers. The Corporation may also have credit risk relating to cash and foreign exchange forward contracts, which it manages by dealing with its current bank, a major financial institution that the Corporation anticipates will satisfy its obligations under the contracts.

(in thousands of Canadian dollars, except where noted and per share amounts)

Historically, losses under trade receivables have been insignificant. To minimize the risk of loss from trade receivables, extension of credit terms to customers requires review and approval by senior management even though the customers have generally been dealing with the Corporation for several years, and the losses have been historically minimal.

Although the Corporation's credit control processes have been effective in mitigating credit risk, these controls cannot eliminate credit risk and there can be no assurance that these controls will continue to be effective or that the Corporation's low credit loss experience will continue. Most sales are invoiced with payment terms in the range of 30 to 90 days in accordance with industry practice. Customers do not provide collateral in exchange for credit. The Corporation reviews its trade receivable accounts regularly and to determine whether an adjustment to the provision for expected credit loss. The expected credit loss is charged against earnings. Shortfalls in collections are applied against this provision. Estimates for expected credit loss are determined on a portfolio basis taking into account any available relevant information on the portfolio's liquidity and market factors.

8.4 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due. The Corporation manages liquidity risk through the management of its capital structure and financial leverage, as outlined in *Note 3.3*. It also manages liquidity risk by continuously monitoring actual and projected cash flows, taking into account sales, receipts, expenditures and matching the maturity profile of financial assets and liabilities. The Board of Directors review and approve the Corporation's operating and capital budgets, as well as any material transactions out of the ordinary course of business, including proposals on mergers, acquisitions or other major investments or divestitures. The Corporation currently finances its operations through internally generated cash flows and the use of its credit facility.

The following is the summary of contractual maturities of financial liabilities and obligations, excluding notional interest expense on government loans, accrued to February 28, 2025 and November 30, 2024:

					February 28, 2025	November 30, 2024
	Less than 1 year $	**1 to 2 years $**	**2 to 5 years $**	**More than 5 years $**	**Amount $**	Amount $
Bank debt[1] principal repayments	1,384	1,384	2,286	-	**5,054**	2,908
Bank debt interest payments	232	226	166	-	**624**	340
Accounts payable and accrued liabilities, and provisions	28,039	-	-	-	**28,039**	24,339
Contract liabilities	7,698	-	-	-	**7,698**	1,021
Income tax payable	1,200	-	-	-	**1,200**	0
Lease liabilities (undiscounted contractual cash flows)	4,410	4,384	8,024	486	**17,304**	14,622
Government loans	3,518	3,136	7,510	117	**14,281**	7,549
Government loans interest payments	-	39	53	-	**92**	92
Contingent consideration	-	-	-	-	**-**	1,471
	46,481	**9,169**	**18,039**	**603**	**74,292**	52,342

1. Bank debt as at February 28, 2025 is offset by $356 of deferred financing charge ($39 as at November 30, 2024).

a) <u>Government loans</u>

(in thousands of Canadian dollars, except where noted and per share amounts)

The Corporation was awarded up to $7,027 of funding from FedDev Ontario, an agency of the Government of Canada, pursuant to the Aerospace Regional Recovery Initiative (ARRI) program in Canada. This funding will be in the format of a repayable contribution against qualifying investments made by FTG during a three-year period ending March 31, 2024. The funding is repayable, without interest, commencing in 2025 over a period of 5 years.

The Corporation was awarded up to $2,615 of funding from the Ontario Ministry of Economic Development, Job Creation and Trade pursuant to the Advanced Manufacturing and Innovation Competitiveness (AMIC) program in Ontario, Canada. This funding will be in the format of a conditional loan against qualifying investments made by FTG during a 33-month period ended November 30, 2024. The conditional loan was non-interest bearing through November 30, 2024, with up to $500 forgivable upon achievement of specified objectives. The residual loan amount and interest accruing from December 1, 2024 at a rate of 6.81% per annum are repayable in quarterly instalments commencing December 2025 and ending December 2028.

The Corporation signed a contribution agreement with Western Economic Diversification Canada for a Western Innovation Initiative (“WINN”) loan, to support plans for technology development in the air and ground components of the Company’s products. Under the terms of the agreement, a repayable unsecured WINN contribution of $2,350,000 was received. The amount is repayable over five years commencing January 1, 2020. Contract amendments in 2020 adjusted the payment dates, with the final payment date pushed back to September 2025; while an amendment in March 2024 reduced payments required from April 2024 – March 2025, with the resulting difference added to the amount of each payment due from April 2025 – September 2025.

The Corporation signed a second contribution agreement with Western Economic Diversification Canada for a WINN loan, to support development of the next generation of AFIRS hardware and embedded software to address parts obsolescence issues and add new market-driven features. Under the terms of this agreement, a repayable unsecured WINN contribution of $2,761,000 was received, repayable over five years commencing October 1, 2021. Contract amendments in 2021 adjusted the repayment start date to October 1, 2023 and a March 2024 amendment reduced payments required from April 2024 – September 2025, with the difference added to the amount of each payment due from October 2025 – October 1, 2028.

Both WINN loans are interest free.

Under the Strategic Aerospace and Defence Initiative (“SADI”), the Corporation received a loan of $1,967,507 which is repayable over 15 years on a stepped basis commencing April 30, 2014. The initial payment on April 30, 2014 was 3.5% of the total contribution received and the payment increases yearly by 15% until January 31, 2029 (adjusted from April 30, 2028 in response to the COVID-19 pandemic) when the final payment will be 24.5% of the total contribution received.

The carrying value of the government loans are as follows:

	February 28, 2025	November 30, 2024
	$	$
ARRI	**7,213**	7,196
AMIC	**2,264**	559
WINN	**2,560**	-
SADI	**1,563**	-
Total government loans	**13,600**	7,755

(in thousands of Canadian dollars, except where noted and per share amounts)

9. SEGMENTED INFORMATION

Management has determined that the operating segments are based on the information regularly reviewed for the purposes of decision making, allocating resources and assessing performance by the Corporation's chief operating decision maker. The chief operating decision maker of the Corporation is the President and Chief Executive Officer. The Corporation evaluates the financial performance of its operating segments primarily based on earnings before interest and income taxes.

The Corporation consists of two operating segments which operate within the Global marketplace, FTG Circuits ("Circuits") and FTG Aerospace ("Aerospace"). Circuits is a leading manufacturer of high technology/high reliability printed circuit boards. Aerospace is a manufacturer of illuminated cockpit panels, keyboard, bezels and sub-assemblies for original equipment manufacturers of avionic products and airframe manufacturers. Circuits and Aerospace financial information is shown below:

	Three months ended February 28, 2025			
	Circuits	**Aerospace**	**Corporate Office**	**Total**
	$	**$**	**$**	**$**
Gross segment sales	**28,679**	**15,183**	**-**	**43,862**
Inter-segment sales	**-**	**-**	**(988)**	**(988)**
Net sales	**28,679**	**15,183**	**(988)**	**42,874**
Cost of sales and selling, general and administrative expenses	**20,938**	**12,407**	**932**	**34,277**
Research and development costs	**1,322**	**303**	**-**	**1,625**
Recovery of investment tax credits	**(153)**	**(75)**	**-**	**(228)**
Depreciation of plant and equipment	**1,236**	**219**	**30**	**1,485**
Depreciation of right-of-use assets	**564**	**245**	**16**	**825**
Amortization of intangible assets	**30**	**278**	**-**	**308**
Foreign exchange (gain) loss	**(295)**	**(598)**	**18**	**(875)**
Earnings (loss) before interest and income taxes	**5,037**	**2,404**	**(1,984)**	**5,457**
Interest expense, net	**98**	**87**	**6**	**191**
Accretion on lease liabilities	**322**	**103**	**2**	**427**
Income tax expense	**-**	**-**	**1,591**	**1,591**
Net earnings (loss)	**4,617**	**2,214**	**(3,583)**	**3,248**
Other operating segments disclosures:				
Additions to plant and equipment	**692**	**154**	**33**	**879**

(in thousands of Canadian dollars, except where noted and per share amounts)

	Three months ended March 1, 2024			
	Circuits	Aerospace	Corporate Office	Total
	$	$	$	$
Gross segment sales	25,896	9,935	-	35,831
Inter-segment sales	-	-	(856)	(856)
Net sales	25,896	9,935	(856)	34,975
Cost of sales and selling, general and administrative expenses	20,965	7,914	252	29,131
Research and development costs	1,155	208	-	1,363
Recovery of investment tax credits	(126)	(40)	-	(166)
Depreciation of plant and equipment	1,145	130	27	1,302
Depreciation of right-of-use assets	531	177	11	719
Amortization of intangible assets	58	-	-	58
Foreign exchange (gain) loss	182	150	(103)	229
Earnings (loss) before interest and income taxes	1,986	1,396	(1,043)	2,339
Interest expense, net	67	8	90	165
Accretion on lease liabilities	285	76	1	362
Income tax expense	-	-	689	689
Net earnings (loss)	1,634	1,312	(1,823)	1,123
Other operating segments disclosures:				
Additions to plant and equipment	3,041	307	89	3,437

The following table details the total assets, intangible assets and total liabilities of the Corporation by operating segments:

	As at February 28, 2025			
	Circuits	**Aerospace**	**Corporate office**	**Total**
	$	**$**	**$**	**$**
Total segment assets	**94,517**	**72,338**	**1,474**	**168,329**
Intangible and other assets	**11,140**	**24,332**	**-**	**35,472**
Total segment liabilities	**45,949**	**27,292**	**9,661**	**82,902**

	As at November 30, 2024			
	Circuits	Aerospace	Corporate office	Total
	$	$	$	$
Total segment assets	94,804	35,330	4,844	134,978
Intangible and other assets	10,839	123	-	10,962
Total segment liabilities	41,194	12,112	8,835	62,141

The following tables detail net sales by the locations of customers:

(in thousands of Canadian dollars, except where noted and per share amounts)

	Three months ended			
	February 28, 2025		March 1, 2024	
	$	**%**	$	%
Canada	**2,249**	**5.2**	1,512	4.3
United States	**30,945**	**72.2**	28,664	82.0
Asia	**5,928**	**13.8**	3,244	9.3
Europe	**3,324**	**7.8**	1,452	4.2
Other	**428**	**1.0**	103	0.2
Total	**42,874**	**100.0**	34,975	100.0

The following tables detail the financial information of the Corporation by geographic location:

	As at February 28, 2025			
	Canada	**United States**	**Other**	**Total**
	$	**$**	**$**	**$**
Intangible assets, goodwill and other assets (by location)	18,190	11,140	6,247	**35,577**
Plant and equipment (by location)	7,945	9,543	920	**18,408**
Right-of-use assets (by location)	6,417	17,557	567	**24,541**

	As at November 30, 2024			
	Canada	United States	Other	Total
	$	$	$	$
Intangible and other assets (by location)	120	10,839	3	10,962
Plant and equipment (by location)	7,736	9,451	968	18,155
Right-of-use assets (by location)	4,770	17,610	309	22,689

The Corporation's primary sources of revenue are as follows:		**Three months ended**
	February 28, 2025	March 1, 2024
	$	$
Sale of goods	**39,898**	34,857
Services	**2,976**	118
	42,874	34,975

Timing of revenue recognition based on transfer of control is as follows:		Three months ended
	February 28, 2025	March 1, 2024
	$	$
At a point of time	**39,898**	34,857
Over time	**2,976**	118
	42,874	34,975

(in thousands of Canadian dollars, except where noted and per share amounts)

The following tables detail net sales of the Corporation's two largest customers and customers amounting to 10 per cent or more of the Corporation's revenue during each period:

For the three months ended February 28, 2025	**Location**	**Circuits Segment**	**Aerospace Segment**	**Total**	**% of FTG total net sales**
		$	**$**	**$**	
Customer A	**United States, Europe and Canada**	**5,178**	**1,617**	**6,795**	**15.8**
Customer B	**United States, Canada and Asia**	**1,885**	**2,661**	**4,547**	**10.6**

For the three months ended March 1, 2024	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		$	$	$	
Customer B	United States, Canada and Asia	1,569	4,869	6,438	18.4
Customer A	United States, Europe and Canada	4,769	952	5,721	16.4
Customer C	United States	3,982	889	4,871	13.9
Customer D	United States, Asia and Canada	4,128	249	4,377	12.5

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