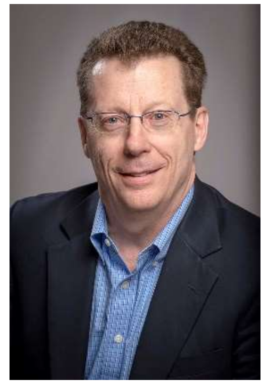
FIRAN TECHNOLOGY GROUP CORPORATION

2025 ANNUAL REPORT

CEO MESSAGE



FTG has another successful year in 2025. We started the year with the acquisition of FLYHT which accelerated our penetration of the aftermarket business. And we continued to grow our business organically with the strong demand we are seeing across the Aerospace and Defence markets.

During the year, global defence activity increased due to growing geopolitical tensions. Canada announced plans to grow its defence spending to 2% of GDP immediately and 5% over the next number of years. Defence budgets in the U.S. and in NATO also increased, with further increases expected. FTG will benefit from this increased spending and will further benefit from some successful defence program qualification efforts during the year.

At the same time increased isolationism created uncertainty for cross border sales, particularly into the United States. The uncertainty, often around tariffs is a risk to FTG's operations outside of the U.S. FTG's prior acquisitions in the U.S., in Fredericksburg, Haverhill and Minnetonka along with FTG's sites in Chatsworth reduce this risk as FTG has more manufacturing capacity in the U.S. The FLYHT acquisition at the start of 2025 also reduced this risk as FLYHT's operations and sales are primarily outside the U.S. In addition, during the year FTG further increased international sales, for its non-U.S. sites, with new program wins for DeHavilland on their CL515 water bomber aircraft and a ramp up in production of the C919 in China. And finally, FTG continued to make progress towards opening an Aerospace facility in Hyderabad, India, which will also help mitigate risks around possible tariffs. But on the cost side of our business, as the year ended, we are seeing cost increases in our input costs, often as results of U.S. tariffs. We are working to pass these through to the end customer wherever possible.

Significant and positive progress was achieved in integrating FLYHT into FTG and towards achieving a return on our investment. Costs in the business have been reduced. For their wireless quick access recorder (WQAR) product all key supplemental type certificates (STCs) were achieved including for the Boeing 737 and the Airbus A320 in key market regions. And the first sale of this 5G WQAR product was achieved. The Satcom radio product saw a return of licensing revenues in the year which should be a constant going forward. FTG's plans to insource the production of all FLYHT products were finalized with some production going to Tianjin, China and some to Chatsworth, California. FLYHT was profitable in 2025.

The year also saw FTG strengthen its management team and the Board of Directors. Two new Board members were added, bringing strong industry knowledge and experience. The management team was strengthened with a new segment leadership in both Circuits and Aerospace, a new CFO and stronger site leaders in several locations. The strengthening of the team creates the platform for FTG to continue to grow and succeed going forward.

FTG achieved record sales of $191 million in 2025, an 18% increase from prior year driven by strong demand, and the actions noted above. In 2025, we grew our Adjusted EBITDA by 27% and our adjusted net earnings by 31%.

We remain focused on operational excellence. We continue to develop an FTG Operating System, based on best practices, to ensure consistent operating performance at all sites. This multi-year initiative will be a strategic strength for FTG and one that is critical to the success of existing and future FTG sites.

FTG has always had a focus on environmental, social and governance (ESG) risks and opportunities. We continue to drive improvements across all these areas. On the environmental front, FTG has strived, with good success, to reduce our impact on the environment through investments in areas such as water recycling and higher efficiency equipment, and we have committed further investments. We have an ongoing initiative in our Aerospace business to move from solvent-based paints to water-based ones. On social issues, FTG is committed to having a safe, secure and diverse workforce. We proactively review and improve all aspects of safety at our sites.

We remain committed to our strategy of participating in all segments of the aerospace market including air transport, business jets, general aviation, helicopters and simulators. We remain focused on the defence market segments as well. By addressing all market segments, each with its own unique business cycle, FTG benefits from a more stable revenue stream as these business cycles occur.

FTG is committed to generating positive returns for our shareholders. Our great team is ready for future challenges and successes.

Brad Bourne
President and CEO

February 17, 2026

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 year ended November 30, 2025 (fiscal 2025) is as of February 17, 2026 and provides information on the operating activities, performance and financial position of Firan Technology Group Corporation ("FTG" or the "Corporation"). This should be read in conjunction with the audited consolidated financial statements of the Corporation for fiscal 2025 and 2024, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. Additional information is contained in the Corporation's filings with Canadian securities regulators, including its Annual Information Form dated February 17, 2026, 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 is a leading manufacturer of high technology/high reliability printed circuit boards within the Global marketplace. Currently, FTG Circuits has manufacturing operations in the following locations:

- Toronto, Ontario, Canada
- Minnetonka, Minnesota, USA
- Chatsworth, California, USA
- Fredericksburg, Virginia, USA
- Haverhill, Massachusetts, USA
- Tianjin, China (Joint venture and sourcing arrangement with operating facilities)

FTG Circuits' customers are technological and market leaders in the aviation, defence and other high technology industries.

FTG Aerospace designs, certifies, manufactures, and provides in-service support for cockpit products and electronic sub-assemblies for original equipment manufacturers ("OEMs") 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

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 in Europe and Asia. 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 be increasing the utilization of its facilities to realize significant operational leverage and margin expansion while providing excellent customer service that delivers the right product at the right time. Simultaneously, management continues to look for accretive business combinations that can add to FTG's strengths and offerings.

BUSINESS HIGHLIGHTS

Business highlights in 2025 include the following:

- FTG revenues increased by 18% to $191 million as a result of organic growth, acquisitions and favourable foreign exchange rates.
- FTG revenues included nearly twelve months of contribution from the FTG Aerospace Calgary (formerly FLYHT) acquired on December 20, 2024. FTG Aerospace Calgary also contributed a small profit for 2025.
- As of November 30, 2025, FTG had total backlog[1] at $148.5 million, which is a 21% increase over the prior year end amount of $122.4 million.
- Customer purchase orders received in 2025 totalled $209.9 million, representing a book-to-bill ratio[1] of 1.10:1 (2024 – 1.14:1).
- FTG ended the year with net debt[1] of $8.3 million, which includes $8.1 million of loans from the Federal and Provincial Governments in Canada. Net debt is approximately 0.25X of Trailing 12 Months Adjusted EBITDA.
- For Q4 2025, FTG revenue increased $6.4 million or 14.2% year-over-year to $51.7 million and Adjusted net earnings decreased by $0.2 million to $3.7 million, due to a $0.3 million increase in intangible amortization related to the FLYHT acquisition and $0.8 million unfavourable change in foreign exchange loss.

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

RESULTS OF OPERATIONS FOR THE FOURTH QUARTER OF 2025

The following table provides the operating results for the fourth quarter of fiscal years 2025 and 2024:

(in thousands of Canadian dollars)	November 30, 2025	November 30, 2024
Sales	$ 51,656	$ 45,244
Cost of sales		
Cost of sales	33,635	30,404
Depreciation	2,289	2,024
Total cost of sales	35,924	32,428
Gross margin	15,732	12,816
Expenses		
Selling, general and administrative	6,826	5,731
Research and development costs	3,118	2,353
Recovery of investment tax credits	(225)	(254)
Depreciation	63	74
Amortization of intangible assets	303	29
Finance costs	628	529
Stock based compensation	126	106
Foreign exchange (gain) loss	507	(277)
Change in fair value of contingent consideration	-	(829)
Total expenses	11,346	7,462
Earnings before income taxes	4,386	5,354
Current income tax expense	543	1,250
Deferred income tax expense	162	(414)
Total income tax expense	705	836
Net earnings	$ 3,681	$ 4,518
Attributable to:		
Non-controlling interest	$ 19	$ 70
Equity holders of FTG	$ 3,662	$ 4,448

Supplementary Information for the fourth quarter of fiscal years 2025 and 2024:

(in thousands of dollars except per share amounts)	**2025** **$**	2024 $
Adjusted net earnings[1]	**3,689**	3,939
Weighted average number of common shares	**25,173,390**	23,874,802
Earnings per share:		
Basic	**0.15**	0.18
Diluted	**0.14**	0.18
Adjusted earnings per share[1]		
Basic	**0.15**	0.16
Diluted	**0.14**	0.16
EBITDA[1]	**7,755**	7,873
Adjusted EBITDA[1]	**7,917**	7,577
Total assets	**172,812**	134,978
Net cash (debt) position[1]	**(8,103)**	(667)

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

Operational Analysis

The following tables provide the operating results for the Corporation's segments for the fourth quarter of fiscal years 2025 and 2024:

	Fourth Quarter		**Year-to-Date**	
	2025 **$**	2024 $	**2025** **$**	2024 $
Revenue:				
Circuits	**30,918**	31,604	**125,422**	117,982
Aerospace	**21,578**	14,689	**69,366**	48,205
Corporate and eliminations	**(840)**	(1,049)	**(3,792)**	(4,091)
Total revenue	**51,656**	45,244	**190,996**	162,096
Adjusted EBITDA:				
Circuits	**5,972**	6,396	**23,410**	18,706
Aerospace	**3,694**	1,384	**10,239**	7,247
Corporate and eliminations	**(1,749)**	(203)	**(971)**	(153)
Total Adjusted EBITDA	**7,917**	7,577	**32,678**	25,800
Adjusted Net Earnings:				
Circuits	**2,808**	2,928	**10,481**	6,354
Aerospace	**2,389**	1,051	**5,249**	5,159
Corporate and eliminations	**(1,508)**	(40)	**(2,260)**	(1,207)
Total Adjusted Net Earnings	**3,689**	3,939	**13,470**	10,306

FTG Circuits

FTG Circuits is a manufacturer of high-technology, high-reliability printed circuit boards standard rigid products, High-density interconnect (HDI), RF circuitry, Thermal management, Rigid flex and assembly.

FTG produces boards utilizing traditional PCB manufacturing processes and a licensed Averatek's A-SAPTM Semi-additive process. FTG Circuits customers are in the aviation, defense and space industries.

Revenue for Q4 2025 was $30.9 million, a decrease of $0.7 million or 2.2% due to timing of deliveries around the quarter end. Excluding this event, revenue increased nearly 3% year-over-year. Favourable foreign exchange rates added $0.4 million to Circuits sales. Adjusted net earnings for Q4 2025 was $2.8 million and decrease $0.1 million year-over-year mainly due to a $0.5 million increase in foreign exchange loss.

Revenue for 2025 was $125.4 million, an increase of $7.4 million or 6.3% as compared to 2024. Organic growth contributed $4.2 million and favourable foreign exchange rates added $3.2 million to Circuits sales.

FTG Aerospace

FTG Aerospace designs and manufactures high-reliability, high-quality Avionic sub-system hardware including backlit control panels and assembly, integrated switch panels, MCDU keyboards, primary display bezels, cursor control devices and advanced control panel assembly LRUs. FTG Aerospace also designs Avionics including wireless WQAR, weather sensors and SATCOM radios. FTG Aerospace products are utilized in flight and simulated devices in commercial aero and defense platforms.

For Q4 2025, Aerospace revenue were $21.5 million, an increase of $6.9 million or 47%. The acquisition of FLYHT Aerospace Solutions Ltd. and its subsidiaries ("FLYHT") in 2025 contributed $4.5 million and favourable foreign exchange rates contributed $0.3 million. Organic growth added $2.1 million, the most significant contribution was sales related to China's C919 airliner commercial production. Adjusted net earnings were $2.4 million, an increase of $1.3 million year-over-year despite an increase of $0.3 million in amortization of intangible assets related to the FLYHT acquisition and an increase of $0.4 million in foreign exchange loss.

Revenue for 2025 was $69.4 million, an increase of $21.2 million or 43.9% as compared to 2024. The acquisition of FLYHT in 2025 contributed $18.7 million to Aerospace sales. Organic growth contributed $1.1 million and favourable foreign exchange rates contributed $1.4 million.

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

	2025		2024		Change	
	$	**%**	$	%	$	%
Canada	**11,823**	**6.2**	8,753	5.4	1,179	13.5
United States	**133,467**	**69.9**	126,892	78.3	8,466	6.7
Asia	**27,382**	**14.3**	18,699	11.5	8,683	46.4
Europe	**15,998**	**8.4**	6,663	4.1	9,335	140.1
Other	**2,326**	**1.2**	1089	0.7	1,237	113.6
Total	**190,996**	**100.0**	162,096	100.0	28,900	17.8

On a geographical basis, sales in 2025 increased in all regions. Diversification efforts continued as Asia and Europe increased share total sales. The sales increases in Asia are mainly due to increased shipments to existing customers related to China's C919 airliner. Europe's sales increases are due to the FLYHT acquisition adding new customers and existing customers' organic growth.

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

	2025	2024
	%	%
Largest customer	**15.0**	16.8
Second largest customer	**10.8**	14.7
Third to fifth largest customers	**24.9**	26.9
Largest five customers	**51.7**	58.4

Gross Margin

	2025	2024	Change	Change
	$	$	$	%
Gross margin	**60,532**	44,176	16,356	37.0
% of net sales	**31.7%**	27.3%		

In 2025, the FLYHT acquisition contributed $8.9 million to the increase in gross margin dollars. Excluding the impact of acquisition, gross margin improved by $7.5 million on incremental sales of $10.2 million mainly due to favourable exchange rates, operational improvements and the impact of the Aerospace Toronto strike in 2024.

Selling, General and Administrative Expenses

	2025	2024	Change	Change
	$	$	$	%
Selling, general and administrative expenses	**26,683**	20,350	6,333	31.1
% of net sales	**14.0%**	12.6%		

The increase in selling, general and administrative expenses includes $4.7 million from the newly acquired site, restructuring cost of $212, Hyderabad start-up expenses of $205 and acquisition expenses of $107.

Research and Development

	2025	2024	Change	Change
	$	$	$	%
Research and development costs	**10,887**	7,044	3,843	54.6
Recovery of investment tax credits	**(1,129)**	(743)	(386)	51.9

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 remains focused on R&D and continuous improvements and the new Aerospace Calgary division (formerly FLYHT) continued to increase R&D in 2025.

The Corporation records the tax benefit of investment tax credits ("ITCs") when there is reasonable assurance that such credits will be realized. During the year ended November 30, 2025, ITCs were earned from qualifying research and development expenditures. ITC increased 52% in 2025 and is closely related to the magnitude of R&D expenditures.

Depreciation and Amortization

	2025	2024	Change	Change
	$	$	$	%
Depreciation	**9,454**	8,285	1,169	14.1
Amortization of intangible assets	**1,242**	195	1,047	536.9
Total	**10,696**	8,480	2,216	26.1

The increase in depreciation expense includes $474 from the newly acquired site. The remaining increase in depreciation is mainly due to the timing of fixed assets entering service.

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

Foreign Exchange

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

	2025				2024			
	November 30, 2025	**November 30, 2024**	**Change**		November 30, 2024	November 30, 2023	Change	
	$	**$**	**$**	**%**	$	$	$	%
CAD/USD	**1.398**	**1.401**	**(0.003)**	**(0.2)**	1.401	1.258	0.143	11.4

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

	2025	2024	Change
	$	$	$
Foreign exchange (gain) loss	**668**	(227)	895

The foreign exchange loss for fiscal 2025 was mainly on the re-valuation of the U.S. dollar assets and liabilities on the respective consolidated statements of financial position. These foreign exchange fluctuations are due to the variance in U.S. dollar balances held by the Corporation, the changes in average and month-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:

	2025 $	2024 $
Sales before adjustment for net realized loss on f/x forward contracts designed as cash flow hedges	**192,951**	164,050
Adjustment for net realized gain (loss) on hedged f/x forward contracts designed as cash flow hedges	**(1,955)**	(1,954)
Net sales	**190,996**	162,096
Costs of sales excluding depreciation	**121,337**	109,899
Depreciation	**9,127**	8,021
Total cost of sales	**130,464**	117,920
Gross margin	**60,532**	44,176
Gross margin %	**31.7%**	27.3%
Gross margin before f/x gain (loss)	**62,487**	46,130
Gross margin % before f/x gain (loss)	**32.4%**	28.1%

Income Tax Expense

	2025 $	2024 $	Change $	Change %
Current income tax expense	**4,836**	4,409	427	9.7
Deferred income tax expense	**285**	(316)	601	(190.2)

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 for the year ended November 30, 2025 was 27.7% (2024 – 27.0%). In 2025 and 2024, the Corporation's effective tax rate is higher than the statutory rate as the benefit of tax losses in the foreign operations was not recorded.

RECONCILIATION OF NET INCOME TO NON-IFRS EARNING MEASURES

The following table reconciles Adjusted Net Earnings to net earnings in accordance with IFRS:

	Fourth Quarter		**Year-to-Date**	
	2025 $	2024 $	**2025** $	2024 $
Net earnings to equity holders of FTG	**3,662**	4,448	**13,077**	10,815
Add back (subtract):				
Acquisition expenses	**-**	317	**107**	317
India startup costs	**36**	110	**205**	110
Restructuring and severance costs	**-**	-	**212**	-
Income taxes related to the above items[1]	**(9)**	(107)	**(131)**	(107)
Change in fair value of contingent consideration	**-**	(829)	**-**	(829)
Adjusted net earnings[2]	**3,689**	3,939	**13,470**	10,306

[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:

	Fourth Quarter		Year-to-Date	
	2025	2024	**2025**	2024
	$	$	**$**	$
Net earnings to equity holders of FTG	**3,662**	4,448	**13,077**	10,815
Add back:				
Finance costs	**628**	529	**2,738**	2,210
Income tax expense	**705**	836	**5,121**	4,093
Depreciation and amortization	**2,760**	2,060	**10,559**	8,345
EBITDA[1]	**7,755**	7,873	**31,495**	25,463
% of net sales	**15.0%**	17.4%	**16.5%**	15.7%
Add back:				
Stock based compensation	**126**	106	**659**	739
Acquisition expenses	**-**	317	**107**	317
India startup expenses	**36**	110	**205**	110
Restructuring costs	**-**	-	**212**	-
Change in fair value of contingent consideration	**-**	(829)	**-**	(829)
Adjusted EBITDA[1]	**7,917**	7,577	**32,678**	25,800
% of net sales	**15.4%**	16.7%	**17.1%**	15.9%

[1] *Non-IFRS financial measure.*

OVERVIEW OF HISTORICAL QUARTERLY RESULTS

(thousands of dollars except per share amounts and exchange rates)

	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	**Q4-25**
Circuit segment sales	$25,896	$29,634	$30,848	$31,604	$28,479	$33,673	$32,149	**$30,918**
Aerospace segment sales	9,935	10,138	13,443	14,689	15,183	15,824	16,781	**21,578**
Inter-segment sales	(856)	(983)	(1,203)	(1,049)	(988)	(768)	(1,193)	**(840)**
Total Net Sales	34,975	38,789	43,088	45,244	42,874	48,729	47,737	**51,656**
Earnings before income taxes	1,812	3,737	4,270	5,354	4,839	5,174	4,058	**4,386**
Net earnings attributable to equity holders of FTG	1,050	2,553	2,764	4,448	3,167	3,480	2,768	**3,662**
Earnings per share:								
Basic	$0.04	$0.11	$0.12	$0.18	$0.13	$0.14	$0.11	$0.15
Diluted	$0.04	$0.11	$0.11	$0.18	$0.13	$0.13	$0.11	$0.14
Quarterly average CAD/USD exchange rates	$1.3453	$1.3632	$1.3690	$1.3762	$1.4313	$1.4069	$1.3720	**$1.3960**

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

The following table reconciles net cash to the statements of financial position in accordance with IFRS:

	November 30, 2025	November 30, 2024
	$	$
Cash and cash equivalents	**10,254**	9,956
Less:		
Current portion of bank debt	**1,295**	707
Current portion of government loans	**3,177**	937
Bank debt	**6,057**	2,161
Government loans	**7,828**	6,818
Total debt	**18,357**	10,623
Net cash (debt)[1]	**(8,103)**	(667)

[1] *Non-IFRS financial measure.*

The following table outlines the liquidity metrics of the Corporation:

	November 30, 2025	November 30, 2024
	$	$
Working capital	**57,837**	49,851
Unused credit facilities[1]	**20,352**	24,768

[1] *US$14.6M (2024 – $17.7M)*

The following table outlines the cash cycle of the Corporation:

	Q4 2025	Q4 2024
Accounts receivables days outstanding	**55**	70
Inventories days outstanding	**105**	96
Accounts payable days outstanding	**58**	68

Management believes the Corporation has sufficient liquidity and capital resources to meet its obligations for the foreseeable future. The Corporation was in compliance with all of its financial loan covenants as at November 30, 2025.

The following table outlines the contractual obligations of the Corporation as at November 30, 2025.

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Amount**
	$	**$**	**$**	**$**	**$**
Bank loans	**1,340**	**1,340**	**4,927**	**-**	**7,607**
Bank loans interest payments	**196**	**117**	**39**	**-**	**352**
Accounts payable and accrued liabilities, and provisions	**26,431**	**-**	**-**	**-**	**26,431**
Contract liabilities	**4,421**	**-**	**-**	**-**	**4,421**
Lease liabilities	**4,018**	**4,310**	**7,833**	**1,838**	**17,999**
Government loans	**2,936**	**2,984**	**5,541**	**-**	**11,461**
Government loans interest payments	**-**	**7**	**81**	**-**	**88**
	39,342	**8,758**	**18,421**	**1,838**	**68,359**

The Corporation does not have any off consolidated statements of financial position arrangements that have or are reasonably 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 swaps is based on the current market values of similar contracts with similar remaining durations as if the contract had been entered into on November 30, 2025. The table below summarizes the unrealized gains (losses) included in the fair values:

	November 30, 2025 $	November 30, 2024 $
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	**(1,288)**	(2,393)
Gold forward contracts	**1,439**	581
Net unrealized gains (losses) of derivative instruments	**151**	(1,812)
Tax effect	**(38)**	453
Included in accumulated other comprehensive income	**113**	(1,359)

CAPITAL EXPENDITURES

	2025 $	2024 $
Additions to plant and equipment	**4,602**	7,248
Increase (decrease) in non-current deposits	**(129)**	(373)
Additions to (recovery from) deferred development costs	**577**	(43)

Net capital expenditures during fiscal 2024 included new equipment investments primarily for the Circuits segment. Equipment investments are driven by in-sourcing of certain manufacturing and test processes, productivity improvements and replacement of aged equipment.

Deferred development costs increased in 2025 as the new Aerospace Calgary (formerly FLYHT) division certified new products globally.

CASH FLOW

	Fourth Quarter				**Year-to-Date**			
	2025 $	2024 $	Change $	Change %	**2025 $**	2024 $	Change $	Change %
Operating activities	**3,096**	4,131	(1,035)	(25.1)	**17,840**	14,483	3,357	23.2
Investing activities	**(1,331)**	(1,877)	546	(29.1)	**(10,488)**	(7,243)	(3,245)	44.8
Financing activities	**(1,888)**	(1,297)	(591)	45.6	**(7,278)**	(4,689)	(2,589)	55.2

Cash flow from operations in the fourth quarter of 2025 decreased from Q4 2024 primarily due to net change in non-cash operating working capital impacted by higher accounts receivable due to the increased shipments late in Q4 2025. Cash flow from operations for 2025 increased over 2024 as a result higher net income and higher non-cash depreciation and amortization expenses, partially offset by a decrease in non-cash operating working capital.

Cash used in investing activities in the fourth quarter of 2025 decreased from Q4 2024 primarily due to lower capital expenditures. Investing activities in 2025 included $5,461 for acquisitions (2024 – $411) and $4,602 for investment in plants and equipment (2024 – $7,248).

Cash used in financing activities in the fourth quarter of 2025 increased from Q4 2024 primarily due to repayments of bank and government loans which were absent in the same period of 2024. Financing activities in 2025 included lease liability payments of $4,324 (2024 – $3,734), net repayment of bank loans of $770 (2024 – net repayment of $1,760) and net repayment of government loans of $688 (2024 – net receipt of $1,856).

RESULTS OF OPERATIONS FOR THE 2025 FISCAL YEAR

(in thousands of dollars except per share amounts)	**2025** **$**	2024 $
Sales	**190,996**	162,096
Gross margin	**60,532**	44,176
Net earnings to equity holders of FTG	**13,077**	10,815
Adjusted net earnings[1]	**13,470**	10,306
Weighted average number of common shares	**25,109,525**	23,874,802
Earnings per share:		
Basic	**0.52**	0.45
Diluted	**0.52**	0.45
Adjusted earnings per share[1]		
Basic	**0.54**	0.43
Diluted	**0.53**	0.43
EBITDA[1]	**31,495**	25,463
Adjusted EBITDA[1]	**32,678**	25,800
Total assets	**172,812**	134,978
Net cash (debt) position[1]	**(8,103)**	(667)

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

BACKLOG

	2025 **$**	2024 $
Backlog[1], beginning of the period	**122,369**	96,963
Bookings[1]	**209,891**	184,494
Adjustments to backlog	**7,199**	3,008
Less: Sales	**(190,996)**	(162,096)
Backlog[1], end of period	**148,463**	122,369
Book-to-Bill ratio[1]	**1.10**	1.14

[1] *Non-IFRS financial measure.*

As of November 30, 2025 backlog is $148.5 million, of which approximately 80% is estimated to be converted to revenue within the next twelve months, with the remaining 20% being converted to revenue in fiscal 2027.

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 addition, in Q1 2025 the Corporation recorded an increase to backlog of $8.2 million, following the closing of the acquisition of FLYHT.

For Q4 2025, the book-to-bill ratio was 1.18 (Q4 2024 – 0.94) as the Corporation has experienced higher sales bookings in the quarter.

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 16* of the consolidated financial statements as at November 30, 2025 and are designed to meet the requirements of the set out by the 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 issuable in series. The outstanding common shares as at February 17, 2026 were 25,173,390. The outstanding common shares at the year ended November 30, 2025 were 25,173,390 (2024 – 23,874,802).

PSUs vest at the end of their respective terms, generally three years, to the extent that the applicable business 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 purchased from the open market, though common shares could be issued from treasury.

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 17, 2026, 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 sign off procedures 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 approximately 1,400 aircrafts in 2025, with Airbus having approximately 57% 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 close to 6,000. The bulk of the orders at both companies is for single aisle aircraft.

In 2023, COMAC announced that 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 for cockpit assemblies for the C919 aircraft, deliveries have commenced and are expected to continue in 2026 and beyond. For 2025, FTG delivered $8.5 million of revenue related to the C919.

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

Industry reports show that business jet activity has recovered 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.

NATO member states, including Canada and the United States are increasing their defence spending due to global military conflicts and increasing geo-political tensions.

FTG's backlog, resulting from increased customer demand, new program wins and acquisitions, has grown to $148.5 million at the end of Q4 2025, which has increased $11.5 million from one year ago. The book-to-bill ratio was 1.18 in Q4 2025.

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. The Corporation is seeing increased input costs, due to tariffs on raw materials or components of raw materials used in the manufacturing processes. This is due to many input materials originating outside of North America and being imported into the United States, and in some cases on to Canada.

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 fourth quarter ended November 30, 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.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the 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 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.

The areas involving a higher degree of judgement or complexity, and or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

Expected credit losses

Accounts receivable are stated after evaluations of as to their collectability and an appropriate provision for expected credit losses to be incurred is made, where considered necessary.

Allowance for inventory obsolescence

Management is required to make an assessment of the net realizable value of inventory at each reporting period. Management incorporates estimates and judgements that take into account current market prices, current economic trends and past experience in the measurement of net realizable value.

Useful lives of property, plant and equipment

The Corporation estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. An increase in the estimated useful lives of the property, plant and equipment would decrease the recorded expenses and increase the non-current assets.

Useful lives of intangible assets

The Corporation estimates the useful lives of intangible assets based on the period over which the assets' value are consumed. The estimation of the useful lives of intangible assets is based on internal evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets. An increase in the estimated useful lives of the intangible assets would decrease the recorded expenses and increase the non-current assets.

Taxes and deferred taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on an assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. These balances are subject to audit by taxation authorities and as a result, maybe adjusted at some future date. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Income taxes are determined based on estimates of the Corporation's current income taxes and estimates of deferred income taxes resulting from temporary differences. Deferred tax assets are assessed to determine the likelihood that they will be realized from future taxable income before they expire.

Leases

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease. The lease term is estimated by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise the termination option. Both qualitative and quantitative assumptions are considered when deriving the value of the economic incentive.

The Corporation makes judgments in determining whether a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset, and should provide the Corporation with the right to substantially all of the economic benefits from the use of the asset.

Judgments are made by the Corporation in determining the incremental borrowing rate used to measure the lease liability for each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest rate that the Corporation would have to pay to borrow at a similar term and with a similar security.

Certain of the Corporation's leases contain extension or renewal options. At lease commencement, the Corporation assesses whether it will be reasonably certain to exercise any of the extension options based on its expected economic return from the lease. The Corporation periodically reassesses whether it will be reasonably certain to exercise the options and accounts for any changes at the date of the reassessment.

Impairment and valuation of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As part of acquisitions (if any), the Corporation may acquire product designs, process know-how and customer contracts. An intangible asset is recorded in the consolidated statements of financial position with respect to these assets. This asset is valued at fair value based on the present value of expected future cash flows. As actual valuation may vary from these estimates, they are reviewed on a quarterly basis with changes recognized through net earnings as required.

Warranties

The Corporation typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are not separate performance obligations and are accounted for under IAS 37.

Government loans

The Corporation measures the benefit of an interest-free government loan as the difference between the fair value of the interest-free loan and the proceeds received. If the incremental borrowing rate were higher, the amount of government assistance income recorded would increase, with the opposite effect if the incremental borrowing rate were lower. Judgements are made by the Corporation in determining the incremental borrowing rate used to measure the fair value of the interest-free loan.

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

When the consideration transferred in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in earnings or loss.

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, Book-to-Bill Ratio 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 February 17, 2026 and the Corporation's Annual Information Form (including documents incorporated by reference) date February 17, 2026 which is available on SEDAR at www.sedarplus.ca.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Firan Technology Group Corporation (the "Corporation") are the responsibility of management and have been reviewed by the Board of Directors of Firan Technology Group Corporation. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and, where appropriate, reflect management's best estimates and judgements. Management has also prepared financial and all other information in the Annual Report and has ensured that this information is consistent with the consolidated financial statements.

The Corporation maintains appropriate systems of internal control, policies and procedures, which provide management with reasonable assurance that assets are safeguarded, and the financial records are reliable and form a proper basis for preparation of consolidated financial statements.

The Board of Directors of Firan Technology Group Corporation ensure that management fulfills its responsibilities for financial reporting and internal control through an Audit Committee. This committee reviews the consolidated financial statements and reports to the Board of Directors. The committee meets with the auditors to discuss the results of the audit, the adequacy of internal accounting controls and financial reporting matters.

The consolidated financial statements for fiscal 2025 have been independently audited by McGovern Hurley LLP in accordance with Canadian generally accepted auditing standards. Their report which follows expresses their opinion on the consolidated financial statements of the Corporation.

Bradley C. Bourne	Drew Knight
President and Chief Executive Officer	Chief Financial Officer and Corporate Secretary
February 17, 2026	February 17, 2026

McGovern Hurley

Audit. Tax. Advisory.

Independent Auditor's Report

To the Shareholders of Firan Technology Group Corporation

Opinion

We have audited the consolidated financial statements of Firan Technology Group Corporation and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at November 30, 2025 and 2024, and the consolidated statements of earnings and comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at November 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

251 Consumers Road, Suite 800
Toronto, Ontario
M2J 4R3

mcgovernhurley.com

t. 416-496-1234

McGovern Hurley

Key audit matter	How our audit addressed the key audit matter
Impairment of Goodwill	
Under IFRS, the Company is required to annually test the amount of goodwill for impairment. We identified the impairment assessment of goodwill as a key audit matter due to the significant level of management judgement required to be exercised in determining the assumptions adopted in the impairment assessment, which can be inherently uncertain and could be subject to management bias. As disclosed in Note 9 to the consolidated financial statements, as at November 30, 2025 the carrying value of goodwill was $23.293. Management has made a number of key assumptions and assertions to support their assessment of the carrying value of goodwill. The key assumptions include gross margin projections, earnings before interest, taxes, depreciation and amortization, and the Company's weighted average cost of capital.	In this regard, our audit procedures included: - Assessing the valuation methodology adopted by management which is disclosed in Note 9 to the consolidated financial statements; - Testing the mathematical accuracy of management's calculation; - Reconciling input data used in the cash flow forecasts to supporting evidence, such as approved budgets and considering the reasonableness of those budgets; - Considering the potential impact of reasonably possible downside changes in these key assumptions; and - Involving valuation specialists to evaluate the methodologies, assumptions and data used by the Company, in particular those assumptions relating to the discount rate applied, forecasted revenue growth and operating performance.
Acquisition of FLYHT Aerospace Solutions Ltd.	
The Company gained control of FLYHT Aerospace Solutions Ltd. ("FLYHT"), a provider of technology and solutions to the aviation industry. The Company issued consideration of $13,760. See Note 5. The acquisition of FLYHT is a complex accounting matter. The accounting standards require the Company to identify all assets and liabilities of the newly acquired subsidiary and estimate the fair value of each item. The fair value of these items may be significantly different to the historical cost which had been previously recorded by the acquired business. The items may not have previously met the recognition criteria under accounting standards.	In this regard, our audit procedures included: - Reviewing the acquisition agreement to determine the terms of the transaction and considering if the transaction qualifies as a business combination per IFRS 3; - Evaluating the appropriateness of criteria used by management to identify and recognize intangible assets; - Evaluating the appropriateness of assumptions and models used in estimating fair value of the identified intangible assets and goodwill; - Assessing how the Company estimated the fair value of the equity

McGovern Hurley

The acquisition accounting was a key audit matter given its financial significance to the Company and because significant judgment is involved in assigning a fair value to the assets and liabilities acquired and the equity instruments issued by the Company.

instruments it issued to the former shareholders of FLYHT;

- Evaluating the competency and independence of experts retained by management to assess the value of the intangibles acquired;
- Involving our valuation specialists to assess the mathematical accuracy and appropriateness of the valuation methodology and the various inputs; and
- Evaluating the adequacy of the disclosures made in Note 5 in light of the requirements of IFRS

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

McGovern Hurley

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

McGovern Hurley

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner of the audit resulting in this independent auditor's report is Jessica Glendinning.

McGovern Hurley LLP

McGovern Hurley LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
February 17, 2026

Consolidated Statements of Financial Position

		As at November 30	
(000's)	Notes	**2025**	2024
ASSETS			
Current assets			
Cash and cash equivalents		**$ 10,254**	$ 9,956
Accounts receivable	17.3	**41,185**	33,671
Contract assets		**2,176**	1,909
Inventories	6	**39,700**	34,429
Income tax recoverable	14	**244**	83
Prepaid expenses and other		**3,445**	2,706
Total current assets		**97,004**	82,754
Non-current assets			
Property, plant and equipment, net	7	**17,071**	18,155
Non-current deposits		**-**	130
Right-of-use assets	8	**22,085**	22,689
Deferred tax assets	14.1	**-**	869
Deferred development costs		**698**	120
Intangible assets	5, 9	**12,661**	1,569
Goodwill	5, 9	**23,293**	9,273
Total assets		**172,812**	135,559
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		**25,632**	24,158
Provision for product warranties	11	**799**	762
Contract liabilities		**4,421**	1,021
Bank loans	10.1	**1,295**	707
Government loans	10.2	**3,177**	937
Lease liabilities	8.2	**3,843**	3,847
Contingent consideration		**-**	1,471
Total current liabilities		**39,167**	32,903
Non-current liabilities			
Bank loans	10.1	**6,057**	2,161
Government loans	10.2	**7,828**	6,818
Lease liabilities	8.2	**20,883**	20,840
Deferred tax liabilities	14.1	**1,846**	-
Total liabilities		**75,781**	62,722
Equity			
Retained earnings		**54,927**	41,850
Accumulated other comprehensive income (loss)		**2,347**	417
		57,274	42,267
Share capital			
Common Shares	12.1	**30,124**	21,150
Contributed surplus		**9,069**	8,735
Total equity attributable to FTG's shareholders		**96,467**	72,152
Non-controlling interest		**564**	685
Total equity		**97,031**	72,837
Total liabilities and equity		**172,812**	135,559

See accompanying notes.

Commitments and contingencies *(Note 20)*

Subsequent events *(Note 22)*

Approved on behalf of the board:

Director

Edward Hanna

Director

Consolidated Statements of Earnings and Comprehensive Income

		Years ended November 30	
(000's, except per share amounts)	Notes	**2025**	2024
Revenue	13	**$ 190,996**	$ 162,096
Cost of sales			
Cost of sales		**121,337**	109,899
Depreciation	7, 8	**9,127**	8,021
Total cost of sales		**130,464**	117,920
Gross margin		**60,532**	44,176
Expenses			
Selling, general and administrative		**26,683**	20,350
Research and development costs		**10,887**	7,044
Recovery of investment tax credits		**(1,129)**	(743)
Depreciation	7, 8	**327**	264
Amortization of intangible assets	9	**1,242**	195
Finance costs	8, 10.1, 10.2	**2,738**	2,210
Stock based compensation	12.2	**659**	739
Foreign exchange (gain) loss		**668**	(227)
Change in fair value of contingent consideration		**-**	(829)
Earnings before income taxes		**18,457**	15,173
Current income tax expense	14	**4,836**	4,409
Deferred income tax expense (recovery)	14.1	**285**	(316)
Total income tax expense		**5,121**	4,093
Net earnings		**13,336**	11,080
Other comprehensive earnings (loss) to be reclassified to net earnings (loss) in subsequent periods:			
Change in foreign currency translation adjustments		**455**	1,391
Net gain on valuation of derivative financial instruments designated as cash flow hedges		**1,963**	522
Deferred income taxes on valuation of derivative financial instruments designated as cash flow hedges		**(491)**	(130)
Comprehensive income		**$ 15,263**	$ 12,863
Net earnings attributable to:			
Equity holders of FTG		**13,077**	10,815
Non-controlling interest		**259**	265
Comprehensive income attributable to:			
Equity holders of FTG		**$ 15,007**	$ 12,581
Non-controlling interest		**$ 256**	$ 282
Earnings per share, attributable to the equity holders of FTG			
Basic	12.3	**$ 0.52**	$ 0.45
Diluted	12.3	**$ 0.52**	$ 0.45

See accompanying notes.

Consolidated Statements of Changes in Shareholders' Equity

Years ended November 30, 2025 and 2024		Attributed to the equity holders of FTG						
000's	Notes	Common shares	Retained earnings	Contributed surplus	Accumulated other comprehensive income (loss)	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	12.2	-	-	294	-	294	-	294
Transfer from contributed surplus to share capital for PSU's excercised	12.2	98	-	(98)	-	-	-	-
Common shares repurchased and issued on exercise of PSU's	12.2	(258)	-	-	-	(258)	-	(258)
Return of capital to non-controlling interest		-	-	-	-	-	(385)	(385)
Other comprehensive income (loss)		-	-	-	1,766	1,766	17	1,783
Balance, November 30, 2024		**$ 21,150**	**$ 41,850**	**$ 8,735**	**$ 417**	**$ 72,152**	**$ 685**	**$ 72,837**
Net earnings		**-**	**13,077**	**-**	**-**	**13,077**	**259**	**13,336**
Issuance of common shares	5	**9,429**	**-**	**-**	**-**	**9,429**	**-**	**9,429**
Equity-settled stock-based compensation	12.2	**-**	**-**	**525**	**-**	**525**	**-**	**525**
Transfer from contributed surplus to share capital for PSU's excercised	12.2	**191**	**-**	**(191)**	**-**	**-**	**-**	**-**
Common shares repurchased and issued on exercise of PSU's	12.2	**(646)**	**-**	**-**	**-**	**(646)**	**-**	**(646)**
Return of capital to non-controlling interest		**-**	**-**	**-**	**-**	**-**	**(377)**	**(377)**
Other comprehensive income (loss)		**-**	**-**	**-**	**1,930**	**1,930**	**(3)**	**1,927**
Balance, November 30, 2025		**$ 30,124**	**$ 54,927**	**$ 9,069**	**$ 2,347**	**$ 96,467**	**$ 564**	**$ 97,031**

See accompanying notes.

Consolidated Statements of Cash Flows

		Years ended November 30	
000's	Notes	**2025**	2024
Net inflow (outflow) of cash related to the following:			
Operating activities			
Net earnings		**$ 13,336**	$ 11,080
Items not affecting cash and cash equivalents:			
Equity-settled stock-based compensation	12.2	**525**	294
Loss on disposal of plant and equipment		**8**	75
Effect of exchange rates on U.S. dollar bank debt		**(91)**	96
Depreciation	7, 8	**9,454**	8,285
Amortization of intangible assets and other amortization		**1,105**	60
Finance costs	8, 10.1, 10.2	**2,738**	2,210
Forgiveness of government loan	10.2	**(396)**	-
Deferred income taxes	14.1	**285**	(316)
Change in fair value of contingent consideration		**-**	(829)
Net change in non-cash operating working capital	15	**(9,124)**	(6,472)
Net cash from operating activities		**17,840**	14,483
Investing activities			
Acquisition of FLYHT Aerospace Solutions Ltd., net of cash received	5.1	**(3,951)**	-
Acquisition of Holaday Circuits, LLC	5.2	**(1,510)**	-
Acquisition of IMI, Inc.		**-**	(411)
Additions to plant and equipment	7	**(4,602)**	(7,248)
Proceeds from sales of plant and equipment		**23**	-
Decrease in non-current deposits		**129**	373
Recovery from (additions to) deferred development cost		**(577)**	43
Net cash used in investing activities		**(10,488)**	(7,243)
Net cash from (used in) operating and investing activities		**7,352**	7,240
Financing activities			
Proceeds from government loans	10.2	**1,972**	1,856
Proceeds from bank loans	10.1	**13,115**	-
Repayment of government loans	10.2	**(2,660)**	-
Repayments of bank loans	10.1	**(13,659)**	(1,760)
Payment of interest on bank debt	10.1	**(356)**	(353)
Additions to deferred financing costs	10.1	**(343)**	(55)
Return of capital to non-controlling interest		**(377)**	(385)
Lease liability payments	9	**(4,324)**	(3,734)
Repurchase of common shares on exercise of PSU's		**(646)**	(258)
Net cash from (used in) financing activities		**(7,278)**	(4,689)
Effects of foreign exchange rate changes on cash flow		**224**	789
Net increase (decrease) in cash		**298**	3,340
Cash, beginning of the year		**9,956**	6,616
Cash, end of year		**$ 10,254**	$ 9,956
Disclosure of cash payments			
Payments for income taxes		**$ 4,171**	$ 4,854

See accompanying notes.

1. NATURE OF OPERATIONS

Firan Technology Group Corporation ("FTG") is a corporation registered and domiciled in Canada and its common shares are listed on the Toronto Stock Exchange ("TSX") under the symbol FTG. 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 with manufacturing locations in Canada, United States, and China, with a facility under construction in India.

The Corporation has the following wholly owned subsidiaries:

- Firan Technology Group (USA) Corporation, which in turn owns 100% of the voting securities of FTG Circuits Inc., FTG Aerospace Inc., FTG Circuits Fredericksburg Inc., FTG Circuits Haverhill Inc., and 100% of the membership interest of FTG Circuits Minnetonka LLC.
- FLYHT Aerospace Solutions Ltd., which in turn owns 100% of the voting securities of FLYHT Inc. and FLYHT Germany GmbH. FLYHT Germany GmbH in turn owns 100% of the voting securities of CrossConsense GmbH & Co. KG and CrossConsense Services GmbH.
- Firan Technology Group (Barbados) 2 Corporation, which in turn owns 100% of the voting securities of FTG Aerospace Tianjin Inc.
- FTG Holding Corp., together with FTG own 100% of the voting securities of FTG Aerospace Hyderabad Private Limited (India).

In May 2013, the Corporation entered into a joint venture agreement with Tianjin Printronics Circuit Corp. ("TPC"), a Chinese printed circuit board manufacturing company, pursuant to which a joint venture entity, FTG Printronics Circuit Ltd ("JV"), was incorporated in the Province of Tianjin, the People's Republic of China. The Corporation holds a 60% equity interest in the JV. The joint venture agreement did not constitute a joint arrangement for accounting purposes. This arrangement gives rise to the non-controlling interest as segregated in the consolidated financial statements.

These consolidated financial statements were approved for issuance by the Board of Directors on February 17, 2026.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

2.2 Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments, which are measured at their fair value through net earnings and other comprehensive income (loss) ("OCI"). These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of the Corporation's assets and settlement of liabilities as they come due in the normal course of business.

Certain comparative figures have been reclassified to conform to the current year's presentation. These changes have no impact on prior year earnings.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. Each of the Corporation's wholly owned subsidiaries determines its own functional currency and translates into the Corporation's presentation currency in accordance with the Corporation's foreign currency translation policy.

- Firan Technology Group (USA) Corporation and its subsidiaries' functional currency is the United States dollar ("USD").
- FTG Aerospace Tianjin Inc.'s and the JV's functional currency is the Chinese Renminbi ("RMB").
- FTG Aerospace Hyderabad Private Limited's functional currency is the Indian Rupee ("INR").
- FLYHT Germany GmbH and its subsidiaries' functional currency is the Euro ("EUR").

All financial information is presented in Canadian dollars and has been rounded to the nearest thousand dollars except for per share amounts and number of shares or where otherwise noted.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies set out below are applied consistently to the years presented in these consolidated financial statements and have been applied consistently by the Group, unless otherwise noted.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of FTG, its subsidiaries and its JV as at November 30, 2025 and 2024. The Corporation controls the JV and its results were consolidated in the consolidated financial statements.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Corporation and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Corporation's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Corporation are eliminated in full upon consolidation. For any new acquisitions, the results of operations are reflected from the date of acquisition.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

3.2 Foreign currency translation

Transactions denominated in foreign currencies are translated into the appropriate functional currency at exchange rates prevailing at the transaction dates. Monetary assets and liabilities are translated at the exchange rates at the statements of financial position date. Exchange gains and losses on translation or settlement are recognized in earnings or loss for the current year.

The financial results of the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for each month except for significant individual transactions, which are translated at the rate of exchange in effect at the transaction dates. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange prevalent at the reporting dates. Differences arising on translation of transactions are recognized as foreign currency translation adjustments ("FCTA") and are included in other comprehensive income (loss). On disposal of part or all of the foreign operations, the proportionate share of the related cumulative gains and losses previously recognized as FCTA through the consolidated statement of earnings are included in determining the profit or loss on disposal of those operations recognized in earnings or loss.

3.3 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) with a typical payment terms of 30 to 90 days.

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.

Licensing

Licensing revenue is recognized at the point in time when control over hardware and associated IP licenses is transferred upon shipment.

Contract Balances

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 13* the disclosure on disaggregated revenue.

3.4 Segment reporting

Management has determined 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 makers. The Corporation evaluates the financial performance of its operating segments primarily based on earnings before interest and income taxes.

3.5 Government assistance and loans

Government assistance is recorded as either a reduction of the cost of the applicable assets or credited in the consolidated statement of earnings as determined by the terms and conditions of the agreement under which the assistance is provided.

Government grants are recognized at their fair value in the year when there is reasonable assurance that the conditions attached to the grant will be met and that the grant will be received. Grants are recognized as income over the year necessary to match them with the related costs that they are intended to compensate. Grants related to expenditure on property, plant and equipment and on intangible assets are recorded as a liability, and are recognized as income over the life of the depreciable asset. Repayable grants, interest-bearing or interest-free loans are treated as sources of financing and are recognized as borrowings on the consolidated statements of financial position. Forgiveness of loans is recognized upon legal notice from the lender. The benefit of an interest-free loan is calculated as the difference between the fair value of the interest-free loan and the proceeds received and recognized as income over the term of the loan.

3.6 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.

3.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, net of related government grants, where applicable. All assets having limited useful lives are depreciated using the straight-line method over their estimated useful lives. Assets are depreciated from the date that assets are available for use as intended by management. Leasehold improvements are depreciated over the shorter of the term of the related lease or their remaining useful life on a straight-line basis.

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

Assets	**in years**
Land	Indefinite
Machinery and equipment	3 – 10
Furniture and fixtures	5
Leasehold improvements	Term of lease

3.8 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 asset acquired as part of a business combination is recorded at their fair values at the acquisition date if the asset is separable and its fair value can be measured reliably.

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	10
Customer relationship	10 – 15
Tradename	10

3.9 Goodwill

Goodwill represents the excess of the purchase consideration in a business combination over the fair value of the net identifiable assets acquired. Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The fair value methodologies used by the Corporation in testing goodwill include assumptions related to sales trends, discount rates and other assumptions that are judgmental in nature. If future economic conditions or operating performance, such as declines in sales or increases in discount rates, are different than those projected by management in its most recent impairment tests for goodwill and indefinite-lived intangible assets, future impairment charges may be required.

3.10 Impairment of non-financial assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Corporation estimates the asset's recoverable amount. If it is not possible to determine the recoverable amount of the individual asset, the Corporation determines the recoverable amount of the cash-generating units ("CGU") to which the asset belongs. The recoverable amount of an asset or a CGU is the higher of its fair value less costs to sell and its value in use, where value in use is the present value of the future cash flows expected to be derived from the asset or the CGU. Where the carrying amount of the asset or the CGU exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount. The Corporation evaluates impairment losses for potential reversals when events or changes in circumstances warrant such consideration.

3.11 Income taxes

Taxation charge for the year comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income (loss).

Current tax is the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and unused tax losses, to the extent that it is probable that they will be able to be utilized against future taxable income.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Corporation has both the right and the intention to settle its assets and liabilities on a net or simultaneous basis.

All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

3.12 Research and development

All research costs are recognized in profit and loss as they are incurred. Research and development costs include the cost of direct labour, materials and an allocation of overheads specifically incurred in activities regarding technical uncertainties in production processes, product development, product upgrading, waste reduction programs and energy reduction programs. Development costs are expensed as incurred unless they meet the criteria to be recognized as internally generated intangible assets in accordance with the guidance in IAS 38, *Intangible Assets*. Development expenditures, on an individual project, are recognized as an intangible asset only when the following conditions are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;

- the Corporation's intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

3.13 Financial instruments

The Corporation recognizes financial assets and financial liabilities ("financial instruments") on the date the Corporation becomes a party to the contractual provisions of the instruments. A financial asset is derecognized either when the Corporation has transferred substantially all the risks and rewards of ownership of the financial asset or when cash flows expire. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

The Corporation's financial instruments include cash and cash equivalents, accounts receivables, contract assets, accounts payable and accrued liabilities, contract liabilities, bank loans, government loans, contingent consideration and other non-derivative and derivative financial assets and liabilities.

The classifications of financial instruments are typically determined at the time of initial recognition and are recognized at fair value, plus attributable transaction costs where applicable. Subsequent to initial recognition, financial instruments are classified and measured as described below.

Financial instruments at fair value through profit or loss

Contingent consideration and derivative instruments (that are not part of an effective and designated hedging relationship) are classified as financial instruments at fair value through profit or loss and are measured at fair value with changes recognized in the consolidated statement of earnings. Transaction costs incurred to acquire financial instruments are expensed in the period incurred.

Financial instruments at fair value through other comprehensive income

The Corporation manages its foreign currency and interest rate exposures through the use of derivative financial instruments. The Corporation's policy is not to utilize derivative instruments for trading or speculative purposes. The Corporation's derivative instruments that are part of an effective and designated hedging relationship are presented on the consolidated statements of financial position as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The unrealized gains or losses related to changes in fair value are reported in other comprehensive income (loss). Amounts recognized as other comprehensive income (loss) are transferred to the consolidated statements of earnings when the hedged transaction is realized/settled.

Fair value hierarchy

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 November 30, 2025 and November 30, 2024.

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

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

Cash and cash equivalents, 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.

Bank loans

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

Government loans

The fair value of government loan bearing market interest rates approximates its carrying value. The fair value of government loan bearing below-market or no interest rate are calculated as the present value of future repayments using the Corporation’s incremental borrowing rate.

Financial instruments carried at amortized cost

Financial instruments in this category include cash and cash equivalents, accounts receivables, contract assets, accounts payable and accrued liabilities, contract liabilities, bank loans, and government loans. Financial instruments are recorded initially at fair value and, in the case of financial assets and liabilities carried at amortized cost, adjusted for directly attributable transaction costs.

Impairment

The expected credit loss impairment model applies to financial assets carried at amortized cost. The model uses a dual measurement approach, under which the loss allowance is measured as either twelve month expected credit losses or at the lifetime expected credit losses. The Corporation applies the simplified approach and records lifetime expected losses on accounts receivables and contract assets based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. If in a subsequent year, the amount of the estimated impairment loss increases or decreases due to an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or decreased by adjusting the carrying value of the financial assets. If a past write-off is later recovered, the recovery is recognized in the consolidated statements of earnings.

3.14 Leases

At inception of a contract, the Corporation assesses whether the contract is, or contains, a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset. The Corporation assesses whether:

- the contract involves the use of an identified asset;
- it has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use; and
- it has the right to direct the use of the asset.

Lease accounting

The Corporation records a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, consisting of:

- the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or restore the site on which it is located, less
- any lease incentives received.

The right-of-use asset is typically depreciated on a straight-line basis over the lease term, unless the Corporation expects to obtain ownership of the leased asset at the end of the lease. The lease term consists of:

- the non-cancellable period of the lease;
- periods covered by options to extend the lease, where it is reasonably certain to exercise the option; and
- periods covered by options to terminate the lease, where it is reasonably certain not to exercise the option.

If the Corporation expects to obtain ownership of the leased asset at the end of the lease, the right-of-use asset will be depreciated over the underlying asset's estimated useful life. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that is reasonably certain to be exercised, lease payments in an optional renewal period if they are reasonably certain to be exercised as an extension option, and penalties for early termination of a lease unless it is reasonably certain that the lease will not be terminated early.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the amount expected to be payable under a residual value guarantee, or if there is a change in the assessment of whether or not the purchase, extension or termination option will be exercised. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

The lease liability is also remeasured when the underlying lease contract is amended. When there is a decrease in contract scope, the lease liability and right-of-use asset will decrease relative to this change with the difference recorded in net income prior to the remeasurement of the lease liability.

Variable lease payments

Certain leases contain provisions that result in differing lease payments over the term as a result of market rate reviews or changes in the Consumer Price Index (CPI) or other similar indices. The Corporation reassesses the lease liabilities related to these leases when the index or other data is available to calculate the change in lease payments.

Certain leases require the Corporation to make payments that relate to property taxes, insurance, and other non-rental costs. These non-rental costs are typically variable and not dependent on index and rate and are not included in the calculation of the right-of-use asset or lease liability.

3.15 Provisions

A provision is recognized if, as a result of a past event, the Corporation has a legal or constructive obligation that can be estimated reliably and it is probable that a future outflow of economic benefits will be required to settle the obligation.

Provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and specific risks of the obligation, where appropriate. Where there are a number of obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. All provisions are reviewed at each reporting date and adjusted accordingly to reflect the current best estimate.

3.16 Share capital

Common Shares are classified as equity. Transaction costs directly attributable to the issue of Common Shares are recognized as a deduction from equity, net of any income taxes.

3.17 Share based payments – share units

In April 2013, the shareholders of the Corporation approved the Share Unit Plan (the "Share Unit Plan").

The Share Unit Plan provides that the Compensation Committee may, in its sole and absolute discretion, award grants of performance share units ("PSUs") and restricted share units ("RSUs") and referred together with PSUs, as "Share Units", to any individual employed by the Corporation or any of the Corporation's subsidiaries, partnerships, trusts or other controlled entities (the "Participants").

A PSU is a right granted to a Participant in accordance with the Share Unit Plan to receive a Common Share that generally becomes vested subject to the attainment of certain performance conditions (including financial, personal, operational or transaction based performance criteria as may be determined by the Compensation Committee) ("Performance Conditions") and satisfaction of such other conditions to vesting, if any, as may be determined by the Corporate Governance / Compensation Committee. A RSU is a right granted to a Participant in accordance with the Share Unit Plan to receive a Common Share that generally becomes vested following a period of continuous employment of the Participant with the Corporation.

The vesting period of any grant shall be not later than December 15 of the third year following the year in which the Participant performed the services to which the grant relates, unless otherwise determined by the Corporate Governance / Compensation Committee.

The maximum number of Common Shares that may be issued pursuant to the Share Unit Plan is 1,780,320. No one Participant may receive any grant which, together with all grants then held by such Participant, would permit such Participant to be issued a number of Common Shares that is greater than 5% of the total outstanding Common Shares. The number of Common Shares issued to insiders of the Corporation within any one year period, under all security based compensation arrangements of the Corporation, shall not exceed 10% of the total outstanding Common Shares.

The cost recorded for equity-settled Share Units is based on the market value of the Corporation's Common Shares at the time of grant. The cost recorded for Share Units that vest based on a non-market performance condition is based on an estimate of the outcome of such performance condition. The cost of these Share Units would be adjusted as new facts and circumstances arise; the timing of these adjustments is subject to judgment. The adjustments to the cost of Share Units would generally be recorded during the last year of the three-year term based on management's estimate of the achievement of the performance conditions. The cost of Share Units is recognized as compensation expense in the consolidated statement of earnings, with a corresponding charge to contributed surplus in the consolidated statements of financial position, over the vesting period. These awards may be settled by issuing Common Shares from treasury or by purchasing from the open market.

3.18 Share based payments – Directors' Deferred Share Unit Plan

Effective November 1, 2021, non-management directors of the Corporation are entitled to the Directors' Deferred Share Unit ("DSUs") Plan. Under the DSU plan, 50% of a director's compensation is deposited to a book-entry notional account maintained by the Corporation. DSUs are granted to directors annually, typically on the last day of the quarter in which the annual meeting of the shareholders ("AGM") of the Corporation is held ("Grant Date"). The number of DSUs granted to a director equals the compensation deposited to the book-entry notional account in the 12 months prior to the AGM date divided by the Corporation's share price (average of high and low) on the Grant Date. The DSUs vest immediately upon grants.

DSUs are settled in cash no more than three months after the departure of a director. The cash payment equals the number of DSUs granted multiplied by the Corporation's share price (average of high and low) on the settlement date.

The Corporation accounts 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. Until the DSU is settled, the Corporation remeasures the fair value of the DSU liability at the end of each reporting period, with any changes in the fair value recognized as compensation expense.

The Corporation has dissolved the DSU plan and outstanding DSUs are settled during the year ended November 30, 2025.

3.19 Earnings per share ("EPS")

The Corporation presents basic and diluted earnings per share data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Corporation by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by dividing the profit or loss attributable to common shareholders and the weighted average number of common shares outstanding and adjusting for the effects of all dilutive potential common shares.

3.20 Derivative financial instruments

The Corporation utilizes forward foreign exchange contracts to manage its foreign currency exposure on anticipated sales. The Corporation also utilizes gold forward contracts to manage its exposure on anticipated cost of sales. Derivative financial instruments are initially recognized at fair value (forward value at transaction date) on the date on which a derivative contract is entered into and are subsequently re-measured at fair value (forward current value). Derivatives are carried as financial assets (prepaid expenses and other) when the fair value is positive and as financial liabilities (accounts payable and accrued liabilities) when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded directly in the consolidated statements of earnings except for the effective portion of cash flow hedges, which are recognized in other comprehensive income (loss).

The Corporation designates certain derivative financial instruments as cash flow hedges. The application of hedge accounting enables the recording of gains, losses, revenue and expenses from hedging items in the same period as those related to the hedged item. At the inception of a hedge relationship, the Corporation formally designates and documents the hedge relationship to which the Corporation wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess and measure the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine whether they have been highly effective throughout the financial reporting periods for which they were designated.

Hedge effectiveness is tested at each reporting date. Hedges that meet the hedge accounting criteria in IFRS 9 *Financial Instruments* are accounted for as follows:

Amounts recognized as other comprehensive income (loss) are transferred to the consolidated statements of earnings when the hedged transaction is realized/settled.

If the forecasted transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the consolidated statements of earnings. Hedge accounting is discontinued prospectively when it is determined that the derivative is not effective as a hedge or the derivative is terminated or sold, or upon sale or early termination of the hedged item.

Derivative financial instruments which represent the Corporation's hedging relationships have been recognized and measured under IAS 39, *Financial Instruments: Recognition and Measurement*, and not under IFRS 9, *Financial Instruments*. Management has chosen to continue assessing the effectiveness of its hedged relationships and measure these instruments under IAS 39 until the IASB completes its project on accounting for macro hedging project.

3.21 Business combinations

In a business combination, the acquisition method of accounting is used when the acquired set of activities and assets meets the definition of a business and control is transferred to the Corporation. Under the acquisition method, the purchase consideration is allocated to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition. Preliminary fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date with retroactive restatement of the impact of adjustments to those preliminary fair values effective as at the acquisition date. Acquisition-related costs are expensed as incurred and included in selling, general and administrative expenses.

The consideration transferred in the acquisition is measured at fair value. Purchase consideration may also include amounts payable if future events occur or conditions are met. Any such contingent consideration is measured at fair value and included in the purchase consideration at the acquisition date. Subsequent changes to the estimated fair value of contingent consideration are recorded through the consolidated statements of earnings. Where the cost of the acquisition exceeds the fair values of the identifiable net assets acquired, the difference is recorded as goodwill. A gain is recorded through the consolidated statements of earnings if the cost of the acquisition is less than the fair values of the identifiable net assets acquired.

When the consideration transferred in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in earnings or loss.

3.22 Determination of fair value

Fair value is determined based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the assumptions that market participants would use when pricing an asset or liability. Fair value is determined by using quoted prices in active markets for identical or similar assets or liabilities. When quoted prices in active markets are not available, fair value is determined using valuation techniques that maximize the use of observable inputs. When observable valuation inputs are not available, significant judgment is required to determine fair value by assessing the valuation techniques and valuation inputs. The use of alternative valuation techniques or valuation inputs may result in a different fair value.

3.23 New standards, amendments and interpretations not yet adopted by the Corporation

The amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Corporation's consolidated financial statements are disclosed below. The Corporation intends to adopt these amended standards and interpretations, if applicable, when they become effective.

a) Introduction of IFRS 18: Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. IFRS 18 will apply for reporting periods beginning on or after January 1, 2027 and also applies to comparative information. The Corporation plans to review the new standard and adopt the new standard on the required effective date.

b) Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures

In May 2024, the IASB issued amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments: Disclosures will clarify both the classification of financial assets linked to environmental, social, and governance features as well as the timing in which a financial asset or financial liability is derecognized when using electronic payment systems. The new standard is effective for annual reporting periods beginning on or after January 1, 2026.

4. USE OF SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of 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 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.

The areas involving a higher degree of judgement or complexity, and or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below:

4.1 Expected credit losses

Accounts receivable are stated after evaluations of as to their collectability and an appropriate provision for expected credit losses to be incurred is made, where considered necessary.

4.2 Allowance for inventory obsolescence

Management is required to make an assessment of the net realizable value of inventory at each reporting period. Management incorporates estimates and judgements that take into account current market prices, current economic trends and past experience in the measurement of net realizable value.

4.3 Useful lives of property, plant and equipment

The Corporation estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets. An increase in the estimated useful lives of the property, plant and equipment would decrease the recorded expenses and increase the non-current assets.

4.4 Useful lives of intangible assets

The Corporation estimates the useful lives of intangible assets based on the period over which the assets' value are consumed. The estimation of the useful lives of intangible assets is based on internal evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets. An increase in the estimated useful lives of the intangible assets would decrease the recorded expenses and increase the non-current assets.

4.5 Taxes and deferred taxes

Provisions for taxes are made using the best estimate of the amount expected to be paid based on an assessment of all relevant factors. The Corporation reviews the adequacy of these provisions at the end of the reporting period. These balances are subject to audit by taxation authorities and as a result, maybe adjusted at some future date. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Income taxes are determined based on estimates of the Corporation's current income taxes and estimates of deferred income taxes resulting from temporary differences. Deferred tax assets are assessed to determine the likelihood that they will be realized from future taxable income before they expire.

4.6 Leases

The Corporation determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend or terminate the lease. The lease term is estimated by considering the facts and circumstances that can create an economic incentive to exercise an extension option, or not exercise the termination option. Both qualitative and quantitative assumptions are considered when deriving the value of the economic incentive.

The Corporation makes judgments in determining whether a contract contains an identified asset. The identified asset should be physically distinct or represent substantially all of the capacity of the asset, and should provide the Corporation with the right to substantially all of the economic benefits from the use of the asset.

Judgments are made by the Corporation in determining the incremental borrowing rate used to measure the lease liability for each lease contract, including an estimate of the asset-specific security impact. The incremental borrowing rate should reflect the interest rate that the Corporation would have to pay to borrow at a similar term and with a similar security.

Certain of the Corporation's leases contain extension or renewal options. At lease commencement, the Corporation assesses whether it will be reasonably certain to exercise any of the extension options based on its expected economic return from the lease. The Corporation periodically reassesses whether it will be reasonably certain to exercise the options and accounts for any changes at the date of the reassessment.

4.7 Impairment and valuation of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. If there is no binding sale agreement or active market for an asset, fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

As part of acquisitions (if any), the Corporation may acquire product designs, process know-how and customer contracts. An intangible asset is recorded in the consolidated statements of financial position with respect to these assets. This asset is valued at fair value based on the present value of expected future cash flows. As actual valuation may vary from these estimates, they are reviewed on a quarterly basis with changes recognized through net earnings as required.

4.8 Warranties

The Corporation typically provides warranties for general repairs of defects that existed at the time of sale. These assurance-type warranties are not separate performance obligations and are accounted for under IAS 37.

4.9 Government loans

The Corporation measures the benefit of an interest-free government loan as the difference between the fair value of the interest-free loan and the proceeds received. If the incremental borrowing rate were higher, the amount of government assistance income recorded would increase, with the opposite effect if the incremental borrowing rate were lower. Judgements are made by the Corporation in determining the incremental borrowing rate used to measure the fair value of the interest-free loan.

4.10 Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

When the consideration transferred in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognized in earnings or loss.

5. BUSINESS COMBINATIONS

5.1 Acquisition of FLYHT Aerospace Solutions Ltd.

On December 20, 2024, the Corporation’s Aerospace segment acquired all of the outstanding shares of FLYHT Aerospace Solutions Ltd. and its subsidiaries (“FLYHT”), a provider of technology and solutions to the aviation industry, for a total purchase consideration of $13,760 and assumed debt of $9,190. The primary reason for the business combination is FLYHT’s access the commercial aerospace aftermarket.

The total purchase consideration consists of:

(i) $9,454 paid in shares, consists of 1,298,588 of the Corporation’s 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 a business combination 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.

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

The following table sets out the allocation of the purchase price to assets acquired and liabilities assumed related to the FLYHT acquisition:

	FLYHT
Fair value of consideration	
Shares issued	**9,454**
Cash paid	**4,306**
Gross consideration	**13,760**
Less: Cash Acquired	**(355)**
Net consideration	**13,405**
Fair value of assets acquired and liabilities assumed	
Accounts receivable	**2,805**
Contract assets	**393**
Inventories	**2,619**
Prepaid expenses and other current assets	**354**
Plant and equipment	**546**
Right-of-use assets	**2,137**
Technology	**4,252**
Customer relationships	**7,089**
Tradename	**477**
	20,672
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	**3,857**
Bank loans	**5,333**
Deferred tax liabilities	**1,794**
	20,976
Net identifiable assets acquired net of cash	**(304)**
Goodwill	**13,709**
Net assets acquired	**13,405**

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 rate of 17.5%. The fair value of customer relationships was determined using the multiple-period excess earnings method and a discount rate of 17.5%. Goodwill recognized is attributable to the workforce of the acquired business, FLYHT's access to the commercial aerospace aftermarket and synergies with the existing operations. Goodwill recognized is deductible for tax purposes in Canada.

FLYHT contributed revenue of $18,697 and net earnings of $34 to the Corporation for the year ended November 30, 2025. If the acquisition had occurred on December 1, 2024, consolidated pro-forma revenue and net earnings for the combined entity for the year ended November 30, 2025 would have been $191,666 and $12,378 respectively.

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

In connection with the FLYHT acquisitions, during the year ended November 30, 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.

5.2 Acquisition of Holaday Circuits, LLC

On April 28, 2023, the Corporation acquired all of the membership interests of Holaday Circuits, LLC ("Holaday"). During the year ended November 30, 2024, the Corporation adjusted the estimated fair value of the contingent consideration to reflect the actual results of the business during the earnout period. As a result, the Corporation recorded a reduction of US$594 ($829) in the fair value of the contingent consideration. The change in fair value of contingent consideration is recognized in the consolidated statement of earnings. During the year ended November 30, 2025, contingent consideration of $1,510 was paid to the seller of Holaday Circuits, LLC.

6. INVENTORIES

	As at November 30	
	2025	2024
Raw materials and spare parts	**14,215**	12,652
Work-in-progress	**17,672**	14,510
Finished goods	**7,813**	7,267
	39,700	34,429

The cost of inventories recognized as an expense during the year ended November 30, 2025 was $51,302 (2024 – $48,645), this amount also included $882 of increase in obsolescence provision (2024 – $325 of reversal).

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

7. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Furniture and fixtures	Leasehold improvements	Total
Cost				
At November 30, 2023	64,298	540	7,147	71,985
Additions	5,345	2	1,901	7,248
Disposal and other	(1,630)	-	-	(1,630)
Foreign currency translation[1]	883	13	134	1,030
At November 30, 2024	68,896	555	9,182	78,633
Business combinations *(Note 5)*	**543**	**-**	**3**	**546**
Additions	**3,899**	**26**	**677**	**4,602**
Disposal and other	**(1,395)**	**(8)**	**(208)**	**(1,611)**
Foreign currency translation[1]	**(44)**	**-**	**11**	**(33)**
At November 30, 2025[2]	**71,899**	**573**	**9,665**	**82,137**
Accumulated depreciation				
At November 30, 2023	49,440	469	6,094	56,003
Depreciation[3]	4,813	12	531	5,356
Disposal and other	(1,593)	-	-	(1,593)
Foreign currency translation[1]	590	10	112	712
At November 30, 2024	53,250	491	6,737	60,478
Depreciation[3]	**5,867**	**8**	**285**	**6,160**
Disposal and other	**(1,371)**	**(6)**	**(208)**	**(1,585)**
Foreign currency translation[1]	**6**	**(5)**	**12**	**13**
At November 30, 2025	**57,752**	**488**	**6,826**	**65,066**
Net book value				
At November 30, 2024	15,646	64	2,445	18,155
At November 30, 2025	**14,147**	**85**	**2,839**	**17,071**

1. Foreign currency translation relates to assets held in facilities in the United State and China

2. Included in machinery and equipment as at November 30, 2025 are $1,250 (November 30, 2024 – $2,476) of assets in progress which are not yet available for use. Accordingly, these assets are not being depreciated.

3. Depreciation of property, plant and equipment is included in cost of sales and expenses

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

8. LEASES

8.1 Right-of-use assets

	Buildings	**Equipment**	**Total**
At November 30, 2023	23,484	144	23,628
Addition	-	66	66
Modification	1,374	11	1,385
Depreciation[1]	(2,859)	(70)	(2,929)
Foreign currency translation[2]	547	(8)	539
At November 30, 2024	22,546	143	22,689
Addition	**-**	**50**	**50**
Business combination *(Note 5)*	**2,041**	**96**	**2,137**
Modification	**593**	**-**	**593**
Depreciation[1]	**(3,186)**	**(108)**	**(3,294)**
Termination and other	**-**	**(5)**	**(5)**
Foreign currency translation[2]	**(86)**	**1**	**(85)**
At November 30, 2025	**21,908**	**177**	**22,085**

1. Depreciation of right-of-use assets is included in cost of sales and expenses

2. Foreign currency translation relates to assets held in facilities in the United State and China

8.2 Lease liabilities

The majority of the Corporation's leases relate to the rental of manufacturing facilities. The Corporation has included the renewal options in the measurement of lease liabilities when it is reasonably certain the renewal option will be exercised.

The following table presents a summary of the activities related to the Corporation's lease liabilities:

	Years ended November 30	
	2025	2024
Balance, beginning of the year	**24,687**	24,950
Additions	**49**	43
Business combination *(Note 5)*	**2,137**	-
Modification	**593**	1,386
Accretion on lease liabilities	**1,638**	1,465
Payments	**(4,324)**	(3,734)
Termination	**(5)**	-
Foreign exchange and other	**(49)**	577
Balance, end of the year	**24,726**	24,687
Current portion of lease liabilities	**3,843**	3,847
Non-current portion of lease liabilities	**20,883**	20,840

Please refer to *Note 17.4* for the contractual undiscounted cash flows for lease obligations.

Expenses for short-term leases and leases of low-dollar value items are not material. There are no variable lease payments which are not included in the measurement of lease obligations.

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

9. INTANGIBLE ASSETS AND GOODWILL

The following table presents a summary of the activities related to the Corporation's intangible assets and goodwill:

	Customer relationships	Technology	Other intangible assets	Goodwill	Total
Cost					
At November 30, 2023	2,350	-	10	8,990	11,350
Foreign currency translation[1]	74	-	(1)	283	356
At November 30, 2024	2,424		9	9,273	11,706
Business combinations *(Note 5)*	**7,089**	**4,252**	**477**	**13,709**	**25,527**
Foreign currency translation[1]	**469**	**-**	**43**	**311**	**823**
At November 30, 2025	**9,982**	**4,252**	**529**	**23,293**	**38,056**
Accumulated depreciation					
At November 30, 2023	637	-	7	-	644
Depreciation	195	-	-	-	195
Foreign currency translation[1]	25	-	-	-	25
At November 30, 2024	857	-	7	-	864
Depreciation[3]	**787**	**407**	**48**	**-**	**1,242**
Foreign currency translation[1]	**(4)**	**-**	**-**	**-**	**(4)**
At November 30, 2025	**1,640**	**407**	**55**	**-**	**2,127**
Net book value					
At November 30, 2024	1,567	-	2	9,273	10,842
At November 30, 2025	**8,342**	**3,845**	**474**	**23,293**	**35,954**

1. Foreign currency translation relates to assets held in facilities in the United State, Germany and China

9.1 Goodwill Impairment Assessment

Goodwill is tested for impairment annually. The Corporation's impairment test for goodwill was based on the recoverable amount determined on its value in use ("VIU") using a measurement date of November 30. The Corporation's goodwill amount is allocated as shown in the table below.

In the assessment of impairment, management used gross margin projection, earnings before interest, taxes, depreciation and amortization, and the Corporation's weighted average cost of capital as the key assumptions in the determination of the recoverable amount of the CGUs. The VIU was determined based on the present value of the estimated free cash flows for the CGUs. The cash flow projections, covering a five-year period plus a terminal year, were based on financial projections approved by the Board using assumptions that reflect the Corporation's most likely planned course of action, given management's judgement of the most probable set of economic conditions. These projections are inherently uncertain and continually evolving in an unpredictable manner which present many variables and contingencies for modelling. Pre-tax discount rates and annual growth rates in the terminal year are shown in the table below. The Corporation determined that the recoverable amount of each CGU was higher than the carrying value. Changes in key assumptions that management believes are reasonably possible would not cause the recoverable amount to fall below the carrying value.

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

November 30, 2025			
CGU	**Goodwill Balance**	**Pre-tax discount rate %**	**Terminal Growth Rate %**
CGU A	**8,518**	**17.0%**	**2%**
CGU B	**735**	**17.5%**	**2%**
CGU C	**9,868**	**15.9%**	**2%**
CGU D	**4,172**	**13.9%**	**2%**
Total	**23,293**		

November 30, 2024			
CGU	Goodwill Balance	Pre-tax discount rate %	Terminal Growth Rate %
CGU A	8,537	19.1%	2%
CGU B	736	19.3%	2%
Total	9,273		

10. DEBT AND LOANS

10.1 Bank loans

The Corporation has a committed revolving credit facility with a major financial institution consisting of a US$10.0 million operating credit for working capital purposes and a US$10.0 million term credit to fund capital expenditures. The existing committed credit facility expires in December 2027. The credit facility includes the following terms:

- US$10,000 committed revolving operating loan facility
- US$10,000 committed revolving term credit facility to finance capital expenditures
- US$15,000 of accordion facility of in support of acquisitions
- Ancillary credit products for foreign currency hedging, precious metals hedging and credit cards

All the advances are repayable under the lending facility still outstanding at the credit facility expiration date of December 2027. The lending facility is secured by a first charge on all assets of the Corporation.

The unamortized deferred financing charges of $254 as at November 30, 2025 (November 30, 2024 – $39) have been offset against bank loans in the consolidated statement of financial position.

The Corporation's credit facilities as described above are subject to certain covenants with which the Corporation determined that it was in full compliance as at November 30, 2025.

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

Bank loans, pursuant to the amended credit facility, consists of the following:

Loan description	Estimated monthly payment	Interest Rate	**November 30, 2025** USD	**November 30, 2025** $	November 30, 2024 USD	November 30, 2024 $
Operating facility loan	Interest only	SOFR + 155 basis points	**2,500**	**3,495**	-	-
Capital facility loan	US$80 plus interest	SOFR + 155 basis points	**2,941**	**4,111**	-	-
US$1,000 term loan with a former financial institution	US$12 plus interest	SOFR + 229 basis points	**-**	**-**	71	100
US$3,000 term loan with a former financial institution	US$38 plus interest	SOFR + 229 basis points	**-**	**-**	2,004	2,808

The following table reconciles the opening and closing balances of bank loans as at November 30:

	2025	2024
Balance, beginning of the year	**2,868**	4,468
Business combination *(Note 5)*	**5,333**	-
Proceeds from bank loans received	**13,115**	-
Repayment of bank loans	**(13,659)**	(1,760)
Additions to deferred financing costs	**(343)**	(55)
Amortization of deferred financing costs	**129**	120
Foreign currency translation	**(91)**	95
Ending balance	**7,352**	2,868
Less: current portion (amounts due within one year)	**1,295**	707
Non-current portion	**6,057**	2,161

The Corporation recognized interest expense on bank loans of $356 for the year ended November 30, 2025 (2024 – $353).

10.2 Government loans

The Corporation was awarded $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 ended March 31, 2024. The funding is repayable, without interest, commencing in 2025 over a period of 5 years.

The Corporation was awarded $2,495 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. During the year ended November 30, 2025, the Corporation repaid $505 of the AMIC loan and $396 of the AMIC loan was forgiven. The forgiveness is included as a reduction of cost of sales. Subsequent to November 30, 2025, the non-interest bearing period was extended for two years through November 30, 2026.

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

The Corporation, through its subsidiary FLYHT, has 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, through its subsidiary FLYHT, has 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, through its subsidiary FLYHT, has 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.

	As at November 30	
	2025	2024
Balance, beginning of the year	**7,755**	5,760
Business combination *(Note 5)*	**3,857**	-
Proceeds from government loans received	**1,972**	1,856
Repayment of government loans	**(2,660)**	-
Forgiveness of government loan	**(396)**	-
Interest expense during the year	**743**	392
Government grant income during the year	**(266)**	(253)
Ending balance	**11,005**	7,755
Less: current portion (amounts due within one year)	**3,177**	937
Non-current portion	**7,828**	6,818

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

11. PROVISION FOR PRODUCT WARRANTIES

	Years ended November 30	
	2025	2024
Product warranties		
Balance, beginning of the year	**762**	653
Arising during the year	**478**	559
Utilized during the year	**(516)**	(455)
Foreign exchange impact and other	**75**	5
Balance, end of the year	**799**	762

Product warranty provisions are recognized for expected warranty claims based on past experience of the level of repairs and returns and typically relates to products sold during the last two years. It is expected that most of these costs will be paid in the next financial year and all will have been paid within two years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the one to two year warranty period for all products sold.

12. SHARE CAPITAL

12.1 Authorized

The Corporation is authorized to issue 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 following is a continuity of the changes in the number of Common shares for the year ended November 30, 2025 and November 30, 2024. No Preferred Shares were outstanding as at November 30, 2025 and 2024.

The number of common shares and share capital are presented in the table below:

	November 30, 2025		November 30, 2024	
	Number of Common shares	**Amount $**	Number of Common shares	Amount $
Outstanding, beginning of the year	**23,874,802**	**21,150**	23,874,802	21,310
Issuance of common shares *(Note 5)*	**1,298,588**	**9,454**	-	-
Share issuance costs	**-**	**(25)**	-	-
Transfer from contributed surplus to share capital for PSU's exercised	**-**	**191**	-	98
Common shares repurchased and issued on exercise of PSU's	**-**	**(646)**	-	(258)
Outstanding, end of the year	**25,173,390**	**30,124**	23,874,802	21,150

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

12.2 Long-term incentive plans: stock-based compensation

The Corporation recorded the following stock-based compensation during the years ended November 30:

	2025	2024
PSU	**525**	294
DSU	**134**	445
	659	739

Performance share units

The following is a continuity of the changes in the number of PSUs outstanding for the years ended November 30:

	2025		2024	
	Number of PSUs	**Weighted average grant price**	Number of PSUs	Weighted average grant price
Outstanding, beginning of the year	**257,875**	**3.58**	258,750	2.47
Granted	**110,000**	**7.98**	90,000	5.30
Vested	**(81,250)**	**2.25**	(52,545)	2.03
Forfeited/Cancelled	**(9,361)**	**5.99**	(38,330)	2.23
Outstanding, end of the year	**277,264**	**5.61**	257,875	3.58

During the year ended November 30, 2025, 100% of the PSUs granted will vest based on the achievement of a non-market performance condition. 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.

PSUs outstanding as at November 30, 2025 and November 30, 2024 are as below:

November 30, 2025

Grant year	**Number of PSUs Outstanding**	**Grant price per PSU $**	**Vesting period**	**Vesting date**	**Remaining contractual life (years)**	**Number of PSUs vested/exercisable**
2023	**79,876**	**3.01**	**2023 – 2025**	**February 28, 2026**	**-**	**-**
2023	**6,458**	**2.80**	**2023 – 2025**	**February 28, 2026**	**-**	**-**
2024	**84,958**	**5.30**	**2024 – 2026**	**February 28, 2027**	**1.0**	**-**
2025	**85,972**	**7.98**	**2025 – 2027**	**February 28, 2028**	**2.0**	**-**
2025	**10,000**	**7.00**	**2025 – 2027**	**February 28, 2028**	**2.0**	**-**
2025	**10,000**	**9.00**	**2025 – 2027**	**February 28, 2028**	**2.0**	**-**
	277,264					**-**

November 30, 2024

Grant year	Number of PSUs Outstanding	Grant price per PSU $	Vesting period	Vesting date	Remaining contractual life (years)	Number of PSUs vested/exercisable
2022	81,250	2.35	2022 – 2024	February 28, 2025	-	-
2023	80,625	3.01	2023 – 2025	February 28, 2026	1.0	-
2023	7,500	2.80	2023 – 2025	February 28, 2026	1.0	-

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

2024	88,500	5.30	2024 – 2026	February 28, 2027	2.0	-
	257,875					-

Restricted share units

The following is a continuity of the changes in the number of RSUs outstanding for the years ended November 30:

	2025		2024	
	Number of RSUs	**Weighted average grant price**	Number of RSUs	Weighted average grant price
Outstanding, beginning of the year	**-**	**-**	-	-
Granted	**100,000**	**5.11**	100,000	5.11
Forfeited	**(100,000)**	**5.11**	-	-
Outstanding, end of the year	**-**	**-**	100,000	5.11

Directors' deferred share units

The following is a continuity of the changes in the number of DSUs outstanding for the years ended November 30:

	2025		2024	
	Number of DSUs	**Weighted average grant price**	Number of DSUs	Weighted average grant price
Outstanding, beginning of the year	**98,255**	**3.61**	69,753	2.99
Granted	**-**	**-**	28,502	5.14
Settled	**(98,255)**	**3.61**	-	-
Outstanding, end of the year	**-**	**-**	98,255	3.61

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

12.3 Earnings per share

	Years ended November 30	
	2025	2024
Numerator		
Net earnings attributable to equity holders of FTG	**$ 13,077**	$ 10,815
Numerator for basic earnings per share - net earnings applicable to Common Shares	**$ 13,077**	$ 10,815
Numerator for diluted earnings per share - net earnings applicable to Common Shares	**$ 13,077**	$ 10,815
Denominator		
Denominator for basic earnings per share - weighted average number of Common Shares outstanding	**25,109,525**	23,874,802
Effect of dilutive securities:		
Weighted average number of PSU's	**274,659**	254,658
Weighted average number of RSU's	**3,279**	77,596
Denominator for diluted earnings per share - weighted average number of Common Shares outstanding and assumed conversions	**25,387,462**	24,207,056
Earnings per share data attributable to the equity holders of FTG		
Basic earnings per share	**$ 0.52**	$ 0.45
Diluted earnings per share	**$ 0.52**	$ 0.45

The PSUs and RSUs were included in calculating diluted earnings per share for the year ended November 30, 2025 and 2024 as the Corporation had net earnings.

12.4 Normal course issuer bid program

During the year ended November 30, 2025, the Toronto Stock Exchange (the “TSX”) approved the Corporation’s normal course issuer bid (“NCIB”). The NCIB permits the Corporation to acquire for cancellation up to 1,258,669 common shares between September 30, 2025 and September 29, 2026. No shares were purchased during the year ended November 30, 2025 (2024 – Nil).

13. REVENUE

The Corporation’s primary sources of revenue are as follows:

	Years ended November 30	
	2025	2024
Goods	**174,683**	159,905
Services	**14,637**	2,191
Licensing	**1,676**	-
	190,996	162,096

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

Timing of revenue recognition based on satisfaction of performance obligations is as follows:

	Years ended November 30	
	2025	2024
At a point of time	**176,359**	159,905
Over time	**14,637**	2,191
	190,996	162,096

14. INCOME TAXES

The provision for income taxes included in the consolidated statement of earnings differs from the statutory income tax rate for the years ended November 30:

	2025	2024
Accounting income before tax	**18,457**	15,173
Statutory tax rate	**25%**	25%
	4,614	3,793
Change in benefits not recognized	**1,177**	(258)
Non-deductible expenses	**(201)**	364
Foreign tax rate differences	**(463)**	(174)
Change in foreign exchange rates	**27**	(387)
Book to filing adjustment and others	**(33)**	755
Income tax expense	**5,121**	4,093

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 for the year ended November 30, 2025 was 27.8% (2024 – 27.0%).

14.1 Deferred income taxes

The gross movement on the net deferred income tax asset (liability) account is as follows:

	2025	2024
Opening balance, net	**869**	674
Recovered (charged) to earnings during the year	**(266)**	316
Recovered in other comprehensive income (loss) during the year	**(491)**	(130)
Business combination *(Note 5)*	**(1,794)**	-
Other	**(164)**	9
Closing balance, net	**(1,846)**	869

Major components of deferred tax balances are as follow as at November 30:

	2025	2024
Operating losses carry forwards	**17,299**	8,126
Deductible R&D expenditure pool	**3,634**	-30
Capital losses carry forwards	**2,189**	2,190
Investment tax credits	**6,825**	1,184
Inventory and reserve	**2,854**	1,583
Other	**133**	1,227
Deferred tax assets not recognized	**(34,780)**	(13,411)
Deferred tax assets (liabilities), net	**(1,846)**	869

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

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable based on future estimated profits.

The Corporation has the following loss carry-forwards as at November 30:

Country	**Expiry**	**2025**	2024
United States	Between 2036 and 2037	**12,209**	7,130
United States	Do not expire	**21,346**	29,223
Canada (Federal)	2028 – 2045	**42,572**	-
Canada (Alberta)	2028 – 2045	**42,758**	-

As of November 30, 2025, no deferred tax asset has been recorded in respect of these losses as it is uncertain that future taxable profit will be available.

15. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

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

	Years ended November 30	
	2025	2024
Accounts receivable	**(4,592)**	(6,581)
Inventories	**(3,018)**	2,053
Prepaid expenses and other	**2,879**	288
Contract liabilities	**2**	(801)
Accounts payable and accrued liabilities, and provisions	**(4,114)**	(246)
Income tax payable	**(281)**	(1,185)
	(9,124)	(6,472)

16. FINANCIAL INSTRUMENTS

Derivative financial instruments and hedge accounting

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 November 30, 2025. The table below summarizes the unrealized gains (losses) included in the fair values:

	Years ended November 30	
	2025	2024
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	**(1,288)**	(2,393)
Gold forward contracts	**1,439**	581
Net unrealized gains (losses) of derivative instruments	**151**	(1,812)
Tax effect	**(38)**	453
Included in accumulated other comprehensive income	**113**	(1,359)

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

The following table represents the movement in net unrealized gain (loss) since the designation of hedging derivative instruments:

	Years ended November 30	
	2025	2024
Accumulated other comprehensive (loss) income on cash flow hedges as at the beginning of the year	**(1,812)**	(2,335)
Change in fair value on derivatives designated as cash flow hedges	**976**	(1,111)
Amounts reclassified from accumulated other comprehensive income to net earnings, and included in:		
Revenue	**1,955**	1,954
Cost of sales	**(968)**	(320)
Accumulated other comprehensive loss from cash flow hedges as at the end of the year	**151**	(1,812)

a) Foreign exchange forward contracts

The Corporation has entered into foreign exchange forward contracts with a financial institution to partially hedge future sales proceeds denominated in a foreign currency. 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 less than thirty-six months as at November 30, 2025 and 2024:

As at	**Currency sold**	**Currency bought**	**Notional value**	**Forward value at transaction date**	**Forward current value**	**Unrealized loss**
November 30, 2025	**USD**	**CAD**	**US$51,000**	**$68,817**	**$70,105**	**($1,288)**
November 30, 2024	USD	CAD	US$40,900	$53,934	$56,327	($2,393)

As at November 30, 2025 and 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 prepaid expenses and other, accounts payable and accrued liabilities. This net unrealized gain in other comprehensive income (loss) is expected to be realized through net earnings on the consolidated statements of earnings over the next thirty-six months when the sales are recorded.

b) Gold forward contracts

As at November 30, 2025, the Corporation had an outstanding commitment to buy 1,050 ounces of gold (2024 – 900 ounces of gold) under gold forward contracts at a contract price of approximately $3.76 per ounce (2024 – $3.17) expiring quarterly from December 2025. 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:

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

Year ended	Nature of contract	Quantity	Forward value at transaction date	Forward current value	Unrealized gain
November 30, 2025	**Gold forward contract**	**1,050 ounces**	**$3,948**	**$5,387**	**$1,439**
November 30, 2024	Gold forward contract	900 ounces	$2,855	$3,436	$581

As at November 30, 2025 and 2024, the gold forward contracts are designated as a cash flow hedges, all of which was recognized in other comprehensive income (loss) and prepaid expenses and other, accounts payable and accrued liabilities. This unrealized loss in other comprehensive income (loss) is expected to be reclassified to the consolidated statements of earnings over the next twelve 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 November 30, 2025 retained in other comprehensive income (loss) related to these contracts are expected to be recognized through net earnings on the consolidated statement of earnings in fiscals 2026, 2027 and 2028.

17. FINANCIAL RISKS AND MANAGMENET OF CAPITAL

17.1 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.

Based on the value of interest bearing financial instruments for the year ended November 30, 2025, an assumed 50 basis points increase in interest rates during such year would have decreased earnings before income taxes by $30 (year ended November 30, 2024 – $17), with an equal but opposite effect for an assumed 50 basis points decrease in interest rates.

17.2 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 loans and most of the manufacturing materials are sourced in U.S. dollars; and a 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 risk.

In addition, net realized loss for foreign exchange forward contracts designated as cash flow hedges that were settled during the year ended November 30, 2025 of $1,955 (year ended November 30, 2024 – net realized loss of $118) was recorded in sales in the consolidated statements of earnings.

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:

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

As at November 30, 2025	**USD denominated financial instruments expressed in Canadian dollars $**	**RMB denominated financial instruments expressed in Canadian dollars $**	**EUR denominated financial instruments expressed in Canadian dollars $**
Cash	**5,485**	**1,363**	**557**
Accounts receivable, contract assets	**38,417**	**170**	**1,204**
Accounts payable and accrued liabilities, and contract liabilities	**(14,921)**	**(247)**	**(1,078)**
Total bank borrowings	**(7,606)**	**-**	**-**
Balance sheet exposure, excluding financial derivatives	**21,375**	**1,286**	**683**

As at November 30, 2024	USD denominated financial instruments expressed in Canadian dollars $	RMB denominated financial instruments expressed in Canadian dollars $	EUR denominated financial instruments expressed in Canadian dollar $
Cash	8,513	1,607	-
Accounts receivable, contract assets	33,531	98	-
Accounts payable and accrued liabilities, and contract liabilities	(10,970)	(282)	-
Total bank borrowings	(2,908)	-	-
Balance sheet exposure, excluding financial derivatives	28,166	1,423	-

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.

Year ended November 30, 2025	**USD denominated transactions expressed in Canadian dollars $**	**EUR denominated transactions expressed in Canadian dollars $**
Sales	**176,975**	**7,900**
Cost of sales and expenses	**(115,012)**	**(6,903)**
Income statement exposure	**61,963**	**997**

Year ended November 30, 2024	USD denominated transactions expressed in Canadian dollars $	EUR denominated transactions expressed in Canadian dollars $
Sales	155,547	-
Cost of sales and expenses	(105,282)	-
Income statement exposure	50,265	-

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

With all variables remaining constant, assuming a 1% strengthening of the Canadian dollar versus the below foreign currencies, net earnings before tax for the years ended November 30, 2025 and November 30, 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.

		Years ended
	November 30, 2025	November 30, 2024
Effect of 1% strengthening of Canadian dollar	**$**	$
USD	**(833)**	(784)
RMB	**(13)**	(16)
EUR	**(17)**	-

17.3 Credit risk

For the year ended November 30, 2025, the Corporation recorded a bad debt expense recovery of $170 against trade receivables in selling, general and administrative expenses in the consolidated statements of earnings (2024 – bad debts recovery of $93). 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 21* 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.

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.

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

Accounts receivables consist of the following as at November 30:

	2025	2024
Trade receivables, net	**39,868**	32,752
Other receivables	**1,317**	919
Total accounts receivables	**41,185**	33,671

The Corporation's exposure to credit risk for trade receivables is as follows as at November 30:

	2025	2024
By geographical area:		
Canada	**2,471**	548
United States	**27,599**	26,340
Asia	**9,381**	4,971
Europe	**836**	1,428
Other Americas	**183**	24
Trade receivables	**40,470**	33,311
Expected credit losses ("ECL")	**(602)**	(559)
Trade receivables, net of ECL	**39,868**	32,752
Aging by due dates:		
Current	**36,909**	30,905
Past due 31 to 120 days	**3,307**	2,122
Past due over 121 days	**254**	284
Trade receivables	**40,470**	33,311
ECL	**(602)**	(559)
Trade receivables, net of ECL	**39,868**	32,752

The movements in the ECL are as follows:

	November 30, 2025	November 30, 2024
Balance, beginning of the year	**559**	462
Provision expensed during the year	**302**	183
Acquired through business combinations (Note 5)	**31**	-
Provision written off/released during the year	**(266)**	(92)
Foreign exchange impact and other	**(24)**	6
Balance, end of the year	**602**	559

17.4 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. 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.

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

The following is the summary of contractual maturities of financial liabilities and obligations, excluding future interest payments but including interest, accrued to November 30:

					2025	2024
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Amount**	Amount
	$	**$**	**$**	**$**	**$**	$
Bank loans[1] (committed facility) *(Note 10.1)*	**1,340**	**1,340**	**4,927**	**-**	**7,607**	2,908
Bank loans interest payments	**196**	**117**	**39**	**-**	**352**	340
Accounts payable and accrued liabilities, and provisions	**26,431**	**-**	**-**	**-**	**26,431**	24,339
Contract liabilities	**4,421**	**-**	**-**	**-**	**4,421**	1,021
Lease liabilities *(Note 8.2)*	**4,018**	**4,310**	**7,833**	**1,838**	**17,999**	14,622
Government loans *(Note 10.2)*	**2,936**	**2,984**	**5,541**	**-**	**11,461**	7,549
Government loans interest payments *(Note 10.2)*	**-**	**7**	**81**	**-**	**88**	92
Contingent consideration	**-**	**-**	**-**	**-**	**-**	1,471
	39,342	**8,758**	**18,421**	**1,838**	**68,359**	52,342

1. Bank loans as at November 30, 2025 is offset by $254 for deferred financing charge (2024 - $39).

17.5 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.

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:

	November 30, 2025	November 30, 2024
	$	$
Total equity attributable to FTG's shareholders	**96,467**	72,152
Bank loans	**7,352**	2,868
Government loans	**11,005**	7,755
Managed capital	**114,824**	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 years ended November 30, 2025 and 2024.

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

The Corporation is not subject to any capital requirements imposed by a regulatory body, other than of the Toronto Stock Exchange ("TSX") which requires adequate working capital or financial resources such that, in the opinion of TSX, the listed issuer will be able to continue as a going concern. TSX will consider, among other things, the listed issuer's ability to meet its obligations as they come due, as well as its working capital position, quick asset position, total assets, capitalization, cash flow and earnings as well as accountants' or auditors' disclosures in the consolidated financial statements regarding the listed issuer's ability to continue as a going concern.

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.

18. RELATED PARTY TRANSACTIONS

18.1 Advances due to/from related parties

There were no related party transactions during the years ended November 30, 2025 and 2024, except as disclosed in *Note 12.2* and *Note 18.2*.

18.2 Compensation of directors and key management personnel

Key management includes members of the Board of Directors of the Corporation and executive officers, as they have the collective authority and responsibility for planning, directing and controlling the activities of the Corporation. The compensation expense for key management for services is as follows:

	Years ended November 30	
	2025	2024
Short-term remuneration benefits	**3,429**	3,213
Stock-based payment benefits	**654**	784
	4,082	3,997

As at November 30, 2025, $989 is payable to the directors and key management personnel (2024 – $961).

The employment agreements of certain key management personnel provide for certain payments and/or benefits in the event of termination of their employment in particular scenarios.

19. EMPLOYEE COMPENSATION

Employee compensation expenses are included in cost of sales and selling, general and administrative expenses in the consolidated statements of earnings. For the year ended November 30, 2025, wages, salaries and related benefits were $73,894 (2024 – $60,154).

20. COMMITMENTS AND CONTINGENCIES

20.1 Lease commitments

The Corporation has entered into commercial leases for certain equipment. Please see *Note 17.4* for future minimum lease payments.

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

20.2 Contingencies

In the ordinary course of business activities, the Corporation may be contingently liable for litigation and claims with, among others, customers, suppliers and former employees. Management believes that adequate provisions have been recorded in the accounts where required.

21. 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:

	Year ended November 30, 2025			
	Circuits	**Aerospace**	**Corporate Office**	**Total**
Gross segment sales	**125,422**	**69,366**	**-**	**194,788**
Inter-segment sales	**-**	**-**	**(3,792)**	**(3,792)**
Net sales	**125,422**	**69,366**	**(3,792)**	**190,996**
Cost of sales and selling, general and administrative expenses	**94,985**	**55,252**	**(1,554)**	**148,683**
Research and development costs	**7,024**	**3,863**	**-**	**10,887**
Recovery of investment tax credits	**(713)**	**(416)**	**-**	**(1,129)**
Derepciation	**7,415**	**1,918**	**121**	**9,454**
Amortization of intangible assets and other amortization	**33**	**1,115**	**94**	**1,242**
Foreign exchange (gain) loss	**477**	**638**	**(447)**	**668**
Earnings (loss) before interest and income taxes	**16,201**	**6,996**	**(2,006)**	**21,191**
Finance costs	**1,361**	**763**	**610**	**2,734**
Income tax expense	**4,359**	**1,142**	**(380)**	**5,121**
Net earnings (loss)	**10,481**	**5,091**	**(2,236)**	**13,336**
Other operating segments disclosures:				
Additions to plant and equipment	**3,766**	**798**	**38**	**4,602**

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

	Year ended November 30, 2024			
	Circuits	Aerospace	Corporate Office	Total
Gross segment sales	117,982	48,205	-	166,187
Inter-segment sales	-	-	(4,091)	(4,091)
Net sales	117,982	48,205	(4,091)	162,096
Cost of sales and selling, general and administrative expenses	94,335	39,697	(3,873)	130,159
Research and development costs	5,706	1,338	-	7,044
Recovery of investment tax credits	(643)	(200)	100	(743)
Derepciation	6,828	1,282	175	8,285
Amortization of intangible assets and other amortization	195	-	-	195
Foreign exchange (gain) loss	(122)	123	(228)	(227)
Earnings (loss) before interest and income taxes	11,683	5,965	(265)	17,383
Finance costs	1,519	324	367	2,210
Income tax expense	3,810	482	(199)	4,093
Net earnings (loss)	6,354	5,159	(433)	11,080
Other operating segments disclosures:				
Additions to plant and equipment	6,132	1,009	107	7,248

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

	As at November 30, 2025			
	Circuits	**Aerospace**	**Corporate office**	**Total**
Total segment assets	**92,189**	**77,871**	**2,752**	**172,812**
Intangible and other assets	**10,698**	**25,954**	**-**	**36,652**
Total segment liabilities	**34,070**	**24,497**	**17,214**	**75,781**

	As at November 30, 2024			
	Circuits	Aerospace	Corporate office	Total
Total segment assets	94,804	35,330	5,425	135,559
Intangible and other assets	10,839	123	-	10,962
Total segment liabilities	41,194	12,112	9,416	62,722

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

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

	Years ended			
	November 30, 2025	**%**	November 30, 2024	%
Canada	**11,823**	**6.2**	8,753	5.4
United States	**133,467**	**69.9**	126,892	78.3
Asia	**27,382**	**14.3**	18,699	11.5
Europe	**15,998**	**8.4**	6,663	4.1
Other	**2,326**	**1.2**	1,089	0.7
Total	**190,996**	**100.0**	162,096	100.0

The following tables detail the financial information by the locations of the Corporation's divisions:

	As at November 30, 2025			
	Canada	**United States**	**Asia**	**Total**
Intangible assets, goodwill and other assets	**25,951**	**10,699**	**2**	**36,652**
Plant and equipment	**7,443**	**8,768**	**860**	**17,071**
Right-of-use assets	**6,633**	**15,282**	**170**	**22,085**

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

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 year:

For the year ended November 30, 2025	**Locations**	**Circuits Segment**	**Aerospace Segment**	**Total**	**% of FTG total net sales**
Customer A	**United States, Europe, Canada**	**24,005**	**4,647**	**28,652**	**15.0**
Customer B	**United States, Canada, Asia**	**8,970**	**11,645**	**20,615**	**10.8**
Customer C	**Asia, United States, Canada, Europe**	**19,014**	**356**	**19,370**	**10.1**

For the year ended November 30, 2024	Locations	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
Customer A	United States, Europe, Canada	21,474	5,820	27,294	16.8
Customer B	United States, Asia, Canada, Europe	8,768	15,066	23,834	14.7
Customer C	United States, Canada, Asia	16,834	1,182	18,016	11.1

22. SUBSEQUENT EVENT

On December 1, 2025, the Corporation amalgamated with its wholly owned subsidiary FLYHT Aerospace Solutions Ltd. The amalgamated company henceforth operates as Firan Technology Group Corporation.

CORPORATE DIRECTORY

DIRECTORS

Mike Andrade
Executive Chair, Morgan Solar

Robert J. Beutel
Executive Officer, Oakwest Corporation Limited

Bradley C. Bourne
President and Chief Executive Officer
Firan Technology Group Corporation

Russell David
Senior Advisor and Board Member, Saco Technologies Inc.

Christine Forget
Corporate Director

Edward C. Hanna
Corporate Director

OFFICERS

Bradley C. Bourne
President and Chief Executive Officer
Firan Technology Group Corporation

Drew Knight
Executive Vice President, Chief Financial Officer and Corporate Secretary
Firan Technology Group Corporation

CORPORATE HEAD OFFICE

Firan Technology Group Corporation
250 Finchdene Square
Toronto, Ontario M1X 1A5
Canada
Tel: 416-299-4000
Fax: 416-299-1140
Toll free: 1-800-258-5396
Website: www.ftgcorp.com

GENERAL COUNSEL

Blake Cassels & Graydon LLP
P.O. Box 25
Commerce Court West
Toronto, Ontario M5L 1A9
Canada

TRANSFER AGENT

Odyssey Trust Company
702 – 67 Yonge Street
Toronto ON M5E 1J8
Direct Dial (all regions): 1-587-885-0960
US & Canada (toll-free): 1-888-290-1175
email: shareholders@odysseytrust.com

AUDITORS

McGovern Hurley LLP
251 Consumers Road, Suite 800
Toronto, Ontario M2J 4R3
Canada

STOCK LISTING

TSX: FTG
OTCQX: FTGFF

ANNUAL GENERAL MEETING

All shareholders and other interested parties are cordially invited to attend the Annual General Meeting of Shareholders on:

April 9, 2026, 10:30am (Toronto Time)
Hilton Toronto,
145 Richmond Street West, 3rd Floor, Osgoode Room
Toronto, Canada M5H 2L2

HEAD OFFICE:
Firan Technology Group Corporation
250 Finchdene Square
Toronto, Ontario M1X 1A5
Canada
Tel: 416-299-4000
Fax: 416-299-1140
Toll free: 1-800-258-5396
Website: www.ftgcorp.com

CIRCUITS FACILITIES:

FTG Circuits – Toronto
250 Finchdene Square
Toronto, Ontario M1X 1A5
Canada
Tel: 416-299-4000
Fax: 416-299-1140
Toll free: 1-800-258-5396

FTG Circuits – Chatsworth
20750 Marilla St.
Chatsworth, California
U.S.A. 91311
Tel: 818-407-4024
Fax: 818-407-4034

FTG Circuits – Fredericksburg
1026 Warrenton Road,
Fredericksburg, Virginia
U.S.A. 22406
Tel: 540-752-5511
Fax: 540-752-2109

FTG Circuits – Haverhill
140 Hilldale Avenue,
Haverhill, Massachusetts
U.S.A. 01832
Tel: 978-373-9190

FTG Circuits – Minnetonka
11126 Bren Road West,
Minnetonka, Minnesota
U.S.A. 55343
Tel: 952-933-3303
Fax: 952-933-2393

FTG Printronics Circuits Ltd.
Suite 209-210, Area A-1
No 53 Hanghai Rd.
Airport Industrial Park
Tianjin, P.R. China, 300308
Tel: 86-(0) 22-84918133

AEROSPACE FACILITIES:

FTG Aerospace – Toronto
10 Commander Blvd.
Toronto, Ontario M1S 3T2
Canada
Tel: 416-438-6076
Fax: 416-438-8065

FTG Aerospace – Calgary
500, 1212 - 31 Avenue NE,
Calgary, AB,
Canada T2E 7S8
Tel: 403-250-9956

FTG Aerospace – Chatsworth
20736 & 20740 Marilla St.
Chatsworth, California
U.S.A. 91311
Tel: 818-407-4024
Fax: 818-407-4034

FTG Aerospace – Tianjin
225 Jinger Road
Aviation Industry Zone
Building 2 Block 1-B
Tianjin Airport Economic Area
Tianjin, P.R. China, 300308
Tel: 86-(0) 22-84476268