FIRAN TECHNOLOGY GROUP CORPORATION

Second Quarter Report
For the period ended
May 29, 2026

July 8, 2026

July 8, 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 three months ended May 29, 2026 (second quarter of fiscal 2026 or Q2 2026) is as of July 8, 2026 and provides information on the operating activities, performance and financial position of Firan Technology Group Corporation ("FTG" or the "Corporation") and should be read in conjunction with the interim condensed consolidated financial statements of the Corporation for the second quarter of fiscal 2026, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The Corporation assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements prepared in accordance with IFRS and MD&A of the Corporation for the year ended November 30, 2025 (Fiscal 2025) and, accordingly, the purpose of this document is to provide a second quarter update to the information contained in the fiscal 2025 MD&A. 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 and manufactures illuminated cockpit panels, keyboards, bezels, sub-assemblies and assemblies for original equipment manufacturers ("OEMs") of avionics products as well as for airframe manufacturers. FTG Aerospace has manufacturing operations in the following locations:

- Toronto, Ontario, Canada
- Calgary, Alberta, Canada
- Chatsworth, California, USA
- Tianjin, China
- Hyderabad, India

With these facilities in place in North America and Asia, 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.

RESULTS OF OPERATIONS FOR THE SECOND QUARTER and YEAR-TO-DATE FISCAL 2026

	Second Quarter		Year-to-Date	
(in thousands of dollars except per share amounts)	**2026** **$**	2025 $	**2026** **$**	2025 $
Sales	**52,735**	48,729	**100,039**	91,603
Gross margin	**19,226**	15,867	**33,810**	29,193
Net earnings attributable to equity holders of FTG	**5,036**	3,480	**8,520**	6,647
Adjusted net earnings[1]	**5,072**	3,527	**8,627**	6,821
Weighted average number of common shares	**25,173,390**	25,173,390	**25,173,390**	25,088,081
Earnings per share:				
Basic	**0.20**	0.14	**0.34**	0.27
Diluted	**0.20**	0.13	**0.34**	0.26
Adjusted earnings per share[1]:				
Basic	**0.20**	0.14	**0.34**	0.27
Diluted	**0.20**	0.14	**0.34**	0.27
EBITDA[1]	**10,240**	8,498	**17,244**	16,449
Adjusted EBITDA[1]	**10,478**	8,703	**17,759**	17,078
Free cash flow[1]	**2,729**	(5,479)	**7,579**	2,694
Total assets	**170,916**	165,525	**170,916**	165,525
Net cash (debt) position[1]	**(2,898)**	(13,544)	**(2,898)**	(13,544)

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

Management's Discussion and Analysis

Operational Analysis

The following tables provide the operating results for the Corporation's segments for the first quarter of fiscal years 2026 and 2025:

	Second Quarter		Year-to-Date	
	2026	2025	**2026**	2025
	$	$	**$**	$
Revenue:				
Circuits	**34,327**	33,676	**65,390**	62,355
Aerospace	**19,153**	15,824	**36,226**	31,007
Corporate and eliminations	**(745)**	(771)	**(1,577)**	(1,759)
Total revenue	**52,735**	48,729	**100,039**	91,603
Adjusted EBITDA:				
Circuits	**7,218**	6,535	**11,246**	12,060
Aerospace	**3,007**	1,831	**5,645**	4,599
Corporate and eliminations	**253**	337	**868**	419
Total Adjusted EBITDA	**10,478**	8,703	**17,759**	17,078
Adjusted Net Earnings:				
Circuits	**3,991**	3,131	**5,203**	5,398
Aerospace	**1,888**	566	**3,892**	1,927
Corporate and eliminations	**(807)**	(171)	**(468)**	(504)
Total Adjusted Net Earnings	**5,072**	3,527	**8,627**	6,821

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. FTG Circuits customers are in the aviation, defense and space industries.

Revenue for Q2 2026 was $34.3 million, an increase of $0.7 million or 1.9% compared to Q2 2025 due to operational improvements and strong demand at several U.S. sites. This revenue growth occurred despite a decrease of $0.8M caused by unfavourable foreign exchange rates compared to Q2 2025. Adjusted net earnings for Q2 2026 was $3.9 million, an increase of $0.8 million due to operational improvements and a $0.5 million decrease in foreign exchange loss from exchange rate fluctuation in the quarter.

Revenue for the year-to-date period of 2026 was $65.4 million, an increase of $3.0 million or 4.9% as compared to 2025. Organic growth contributed $5.1 million offset by $2.1 million of unfavourable foreign exchange rates.

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.

Revenue for Q2 2026 was $19.2 million, an increase of $3.3 million or 21.0% compared to Q2 2025. Organic growth contributed $3.7 million offset by $0.4 million of unfavourable foreign exchange rates compared to Q2 2025.

Adjusted net earnings for Q2 2026 were $1.9 million, an increase of $1.3 million compared to Q2 2025.

Revenue for the year-to-date period of 2026 was $36.2 million, an increase of $5.2 million or 16.8% as compared to 2025. Organic growth contributed $6.2 million offset by $1.0 million due to unfavourable foreign exchange rates compared to Q2 2025.

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

Second Quarter

	2026		2025		Change	
	$	**%**	$	%	$	%
Canada	**4,264**	**8.1**	2,864	5.9	1,400	48.9
United States	**36,460**	**69.1**	32,871	67.5	3,589	10.9
Asia	**8,007**	**15.2**	8,090	16.6	(83)	(1.0)
Europe	**3,751**	**7.1**	4,126	8.5	(375)	(9.1)
Other	**253**	**0.5**	778	1.5	(525)	(67.5)
Total	**52,735**	**100.0**	48,729	100.0	4,006	8.2

Year-to-Date

	2026		2025		Change	
	$	**%**	$	%	$	%
Canada	**7,374**	**7.4**	5,113	5.6	2,261	44.2
United States	**70,350**	**70.3**	63,816	69.7	6,534	10.2
Asia	**14,529**	**14.5**	14,018	15.3	511	3.6
Europe	**6,910**	**6.9**	7,450	8.1	(540)	(7.2)
Other	**876**	**0.9**	1,206	1.3	(330)	(27.4)
Total	**100,039**	**100.0**	91,603	100.0	8,436	9.2

In Q2 2026, sales increased in Canada and United States compared to Q2 2025. The sales increases in the United States are mainly due to increased shipment to existing customers. The sales increases in Canada are mainly due to increased shipments to an after-market Airline customer.

In the year-to-date period for 2026, regional sales changed for similar reasons.

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

	Second Quarter		**Year-to-Date**	
	2026	2025	**2026**	2025
	%	%	**%**	%
Largest customer	**14.6**	14.9	**14.0**	15.3
Second largest customer	**9.6**	12.0	**10.7**	11.0
Third to fifth largest customers	**25.8**	25.9	**26.5**	25.4
Largest five customers	**50.0**	52.8	**51.2**	51.7

Gross Margin

	Second Quarter				Year-to-Date			
	2026	2025	Change	Change	**2026**	2025	Change	Change
	$	$	$	%	**$**	$	$	%
Gross profit	**19,226**	15,867	3,359	21.2	**33,810**	29,193	4,617	15.8
% of net sales	**36.5%**	32.6%			**33.8%**	31.9%		

In Q2 2026, gross margin dollars improved by $3.4 million on incremental sales of $4.0 million. Gross margin rates increased mainly due to operational improvements despite unfavourable foreign exchange variances.

On a year-to-date basis, gross margin dollars improved by $4.6 million on incremental sales of $8.4 million despite unfavourable foreign exchange variances.

Selling, General and Administrative Expenses

	Second Quarter				Year-to-Date			
	2026	2025	Change	Change	**2026**	2025	Change	Change
	$	$	$	%	**$**	$	$	%
Selling, general and administrative expenses	**8,395**	6,847	1,548	22.6	**15,262**	13,560	1,702	12.6
% of net sales	**15.9%**	14.1%			**15.3%**	14.8%		

The increase in selling, general and administrative expenses of $1,548 or 22.6% during Q2 2026 as compared to the prior year mainly due to higher performance compensation expense and amortization of deferred financing costs.

In the year-to-date period of 2026, selling, general and administrative expenses increased by $1,702 or 12.6% compared to last year.

Research and Development

	Second Quarter				Year-to-Date			
	2026	2025	Change	Change	**2026**	2025	Change	Change
	$	$	$	%	**$**	$	$	%
Research and development costs	**2,806**	2,433	373	15.3	**5,110**	4,058	1,052	25.9
Recovery of investment tax credits	**(282)**	(243)	(39)	NM	**(494)**	(471)	(23)	NM

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

The Corporation records the tax benefit of investment tax credits ("ITCs") when there is reasonable assurance that such credits will be realized. During the second quarter of fiscal 2026, ITCs were earned from qualifying research and development expenditures in Canada.

Depreciation and Amortization

	Second Quarter				Year-to-Date			
	2026	2025	Change	Change	**2026**	2025	Change	Change
	$	$	$	%	**$**	$	$	%
Depreciation	**2,371**	2,413	(42)	(1.7)	**4,742**	4,723	19	0.4
Amortization of intangible assets	**324**	302	22	7.3	**657**	610	47	7.7
Total	**2,695**	2,715	(20)	(0.7)	**5,399**	5,333	66	1.2

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

The increase in depreciation of right-of-use assets is mainly due to foreign exchange variations.

The increase in amortization of intangible assets is mainly due to foreign exchange variations.

Foreign Exchange

The Canadian dollar spot rate, as compared to the U.S. dollar has (appreciated) depreciated as follows during the second quarter and the year-to-date period of 2026:

Second Quarter	**2026**				2025			
	May 29, 2026	**February 28, 2026**	**Change $**	**%**	May 30, 2025	February 28, 2025	Change $	%
CAD/USD	**1.380**	**1.364**	**0.016**	**1.1**	1.376	1.444	(0.07)	**(4.7)**

Year-to-Date	**2026**				2025			
	May 29, 2026	**November 30, 2025**	**Change**		May 30, 2025	November 30, 2024	Change	
CAD/USD	**1.380**	**1.398**	**(0.018)**	**(1.3)**	1.376	1.401	(0.025)	(1.8)

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

	Second Quarter			Year-to-Date		
	2026	2025	Change	**2026**	2025	Change
	$	$	$	**$**	$	$
Foreign exchange (gain) loss	**296**	417	(121)	**937**	(458)	1,395

The foreign exchange loss for the second quarter of fiscal 2026 was mainly on the re-valuation of the U.S. dollar assets and liabilities on the respective balance sheets. These foreign exchange fluctuations are due to the variance in U.S. dollar balances held by the Corporation, the changes in average and quarter-end Canadian dollar versus U.S. dollar exchange rates and the foreign exchange hedging contracts that the Corporation has in place.

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

	Second Quarter		Year-to-Date	
	2026	**2025**	**2026**	2025
	$	**$**	**$**	$
Sales before adjustment for net realized gain (loss) on f/x forward contracts designed as cash flow hedges	**52,965**	49,372	**100,463**	92,924
Add (deduct): adjustment for net realized gain (loss) on hedged f/x forward contracts designed as cash flow hedges	**(230)**	(643)	**(424)**	(1,321)
Net sales	**52,735**	48,729	**100,039**	91,603
Total cost of sales	**33,509**	32,862	**66,229**	62,410
Gross margin	**19,226**	15,867	**33,810**	29,193
Gross margin %	**36.5%**	32.6%	**33.8%**	31.9%
Gross margin before f/x gain (loss)	**19,456**	16,510	**34,234**	30,514
Gross margin % before f/x gain (loss)	**36.7%**	33.4%	**34.1%**	32.8%

Income Tax Expense

	Second Quarter				Year-to-Date			
	2026	2025	Change	Change	**2026**	2025	Change	Change
	$	$	$	%	**$**	$	$	%
Current income tax expense	**1,714**	1,553	161	10.4	**2,269**	3,104	(835)	(26.9)
Deferred income tax expense	**4**	40	(36)	(90.0)	**(359)**	80	(439)	(548.8)

Income tax expenses recorded during the second quarter and the year-to-date period of 2025 primarily included current income tax in Canada as well as withholding tax in China related to dividends from the Corporation's foreign subsidiary.

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

RECONCILIATION OF NON-IFRS MEASURES

	Second Quarter		Year-to-Date	
Adjusted Net Earnings	**2026**	2025	**2026**	2025
	$	$	**$**	$
Net earnings to equity holders of FTG	**5,036**	3,480	**8,520**	6,647
Add back (subtract):				
Acquisition expenses	**-**	-	**-**	107
Startup expenses	**36**	62	**107**	125
Income taxes related to the above items[1]	**-**	(15)	**-**	(58)
Adjusted net earnings[2]	**5,072**	3,527	**8,627**	6,821
Weighted average number of common shares	**25,173,390**	25,173,390	**25,173,390**	25,088,081
Adjusted earnings per share[2]:				
Basic	**0.20**	0.14	**0.34**	0.27
Diluted	**0.20**	0.14	**0.34**	0.27

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

	Second Quarter		Year-to-Date	
EBITDA and Adjusted EBITDA	**2026**	2025	**2026**	2025
	$	$	**$**	$
Net earnings to equity holders of FTG	**5,036**	3,480	**8,520**	6,647
Add back:				
Interest expense	**605**	737	**1,253**	1,355
Income tax expense	**1,718**	1,593	**1,910**	3,184
Depreciation and amortization	**2,881**	2,688	**5,561**	5,263
EBITDA[1]	**10,240**	8,498	**17,244**	16,449
% of net sales	**19.4%**	17.4%	**17.2%**	18.0%
Add back:				
Stock based compensation	**202**	143	**408**	397
Acquisition expenses	**-**	-	**-**	107
Startup cost	**36**	62	**107**	125
Adjusted EBITDA[1]	**10,478**	8,703	**17,759**	17,078
% of net sales	**19.9%**	17.9%	**17.8%**	18.6%

[1] *Non-IFRS financial measure.*

	Second Quarter		Year-to-Date	
Free Cash Flow	**2026**	2025	**2026**	2025
	$	$	**$**	$
Net cash flow from operating and investing activities	**3,589**	(2,524)	**10,180**	108
Lease liability payments	**(1,063)**	(1,114)	**(2,129)**	(2,188)
Effects of foreign exchange rate changes on cash flow	**203**	(1,841)	**(472)**	(687)
Add back:				
Acquisition of FLYHT Aerospace Solutions Ltd.	**-**	-	**-**	1,510
Payment of contingent consideration for the acquisition of Holaday Circuits, LLC	**-**	-	**-**	3,951
Free cash flow[1]	**2,729**	(5,479)	**7,579**	2,694

[1] *Non-IFRS financial measure.*

OVERVIEW OF HISTORICAL QUARTERLY RESULTS

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

	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	**Q2-26**
Circuit segment sales	$30,848	$31,604	$28,479	$33,676	$32,149	$30,918	$31,064	**$34,327**
Aerospace segment sales	13,443	14,689	15,183	15,824	16,781	21,578	17,073	**19,153**
Inter-segment sales	(1,203)	(1,049)	(988)	(771)	(1,193)	(840)	(833)	**(745)**
Total net sales	43,088	45,244	42,874	48,729	47,737	51,656	47,304	**52,735**
Earnings before income taxes	4,270	5,354	4,839	5,174	4,058	4,386	3,727	**6,811**
Net earnings attributable to equity holders of FTG	2,764	4,448	3,167	3,480	2,768	3,662	3,484	**5,036**
Earnings (Loss) per share:								
Basic	$0.12	$0.18	$0.13	$0.14	$0.11	$0.15	$0.14	**$0.20**
Diluted	$0.11	$0.18	$0.13	$0.13	$0.11	$0.14	$0.14	**$0.20**
Quarterly average CDN$ US$ exchange rates	$1.3690	$1.3762	$1.4313	$1.4069	$1.3720	$1.3960	$1.3747	**$1.3730**

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:

	May 29, 2026 **$**	November 30, 2025 $
Cash and cash equivalents	**10,829**	10,254
Less:		
Current portion of bank debt	**1,322**	1,295
Current portion of government loans	**3,163**	3,177
Bank debt	**3,041**	6,057
Government loans	**6,201**	7,828
Total debt	**13,727**	18,357
Net cash (debt)[1]	**(2,898)**	(8,103)

[1] *Non-IFRS financial measure.*

The following table outlines the liquidity metrics of the Corporation:

	May 29, 2026 **$**	November 30, 2025 $
Working capital	**61,802**	57,837
Unused credit facilities[1]	**23,269**	20,352

[1] *U.S. $16.9 million (2025 – U.S. $14.6 million)*

	Q2 2026	Q4 2025
	$	$
Accounts receivables days outstanding[1]	**60**	55
Inventory days outstanding	**112**	105
Accounts payable days outstanding	**57**	58

[1] *Includes contract assets and contract liabilities*

All of the Corporation's credit facilities with its primary lender are secured by a first charge on all of the Corporation's Canadian and U.S. subsidiaries.

The Corporation was in compliance with all of its financial loan covenants as at May 29, 2026.

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

The following table outlines the contractual obligations of the Corporation as at May 29, 2026.

	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Amount**
	$	**$**	**$**	**$**	**$**
Bank loans principal repayments	913	3,450	-	-	**4,363**
Bank loans interest payments	214	89	-	-	**303**
Accounts payable and accrued liabilities, and provisions	23,154	-	-	-	**23,154**
Contract liabilities	5,082	-	-	-	**5,082**
Income tax payable	477	-	-	-	**477**
Lease liabilities (undiscounted contractual cash flows)	4,124	3,167	3,136	3,494	**13,921**
Government loan	2,984	3,038	3,612	-	**9,634**
Government loan interest payment	7	54	27	-	**88**
	36,955	9,798	6,775	3,494	**57,022**

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

DERIVATIVE FINANCIAL INSTRUMENTS

The Corporation follows hedge accounting on its derivative financial instruments and as a result, has designated certain derivative financial instruments as cash flow hedges. The fair value of the Corporation's foreign exchange forward contracts, gold forward contracts and interest rate swap is based on the current market values of similar contracts with similar remaining durations as if the contract had been entered into on May 29, 2026. The table below summarizes the unrealized gains (losses) included in the fair values:

	May 29, 2026 **$**	November 30, 2025 $
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	**(814)**	(1,288)
Gold forward contracts	**1,238**	1,439
Net unrealized gains (losses) of derivative instruments	**424**	151
Tax effect	**(106)**	(38)
Included in accumulated other comprehensive income	**318**	113

CAPITAL EXPENDITURES (PLANT AND EQUIPMENT)

	Second Quarter		**Year-to-Date**	
	2026 **$**	2025 $	**2026** **$**	2025 $
Additions to plant and equipment	**915**	1,305	**1,594**	2,184
Additions to (recovery from) deferred development costs	**11**	191	**9**	374

Net capital expenditures during fiscal 2026 are driven by in-sourcing of certain manufacturing and test processes, productivity improvements and replacement of aged equipment.

CASH FLOW

	Second Quarter			**Year-to-Date**		
	2026 **$**	2025 $	Change $	**2026** **$**	2025 $	Change $
Operating activities	**4,665**	(1,142)	5,807	**11,923**	8,057	3,866
Investing activities	**(1,076)**	(1,382)	306	**(1,743)**	(7,949)	6,206
Financing activities	**(5,744)**	1,478	(7,222)	**(9,133)**	(2,287)	(6,846)

Cash flow from operations in Q2 2026 increased from Q2 2025 mainly due to higher net income and cash generated by working capital. On a year-to-date basis, cash flow from operations in 2026 increased for the same reasons.

Investing activities in Q2 2026 included $0.9 million of capital expenditures. On a year-to-date basis, investing activities in 2025 also included $3.9 million of net cash proceeds paid for the FLYHT acquisition and a $1.5 million contingent consideration payment related to the Holaday Circuits acquisition in 2023.

Cash from financing activities in Q2 2026 included $2.8 million of repayment of bank loans, $0.6 million of repayment of government loans, $1.2 million of cash used on exercise of PSU's and $1.1 million of lease liability payments.

BACKLOG

	Second Quarter		Year-to-Date	
	2026	2025	**2026**	2025
	$	$	**$**	$
Backlog[1], beginning of the period	**157,936**	142,463	**148,463**	122,369
Bookings[1]	**86,713**	45,834	**146,729**	97,340
Adjustments to backlog	**1,559**	(6,057)	**(1,680)**	5,405
Less: Sales	**(52,735)**	(48,729)	**(100,039)**	(91,603)
Backlog[1], end of period	**193,473**	133,511	**193,473**	133,511
Book-to-Bill ratio[1]	**1.64**	0.94	**1.47**	1.06

[1] Non-IFRS financial measure.

As of May 29, 2026, backlog is $193.5 million, of which approximately 65.7% is estimated to be converted to revenue by the end of Q2 2027, with the remaining 34.3% being converted to revenue in subsequent years.

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

RELATED PARTY TRANSACTIONS

There were no related party transactions on a year-to-date basis in fiscal 2026 and 2025.

FINANCIAL RISK MANAGEMENT

Disclosures regarding the nature and extent of the Corporation's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk and interest rate risk and how the Corporation manages those risks can be found under the heading "Financial Instruments" in *Note 6* of the consolidated financial statements as at May 29, 2026 and are designed to meet the requirements set out by the International Accounting Standards Board (IASB) in IFRS 7 *Financial Instruments: Disclosures.*

OUTSTANDING SHARES

The authorized capital of the Corporation consists of an unlimited number of common shares ("Common Shares") and an unlimited number of preference shares issuable in series. The outstanding common shares as at May 29, 2026 were 25,173,390 (November 30, 2025 – 25,173,390).

During the second quarter of 2026 the Corporation granted Nil performance share units ("PSUs") (2025 – 20,000). On a year-to-date basis, the Corporation granted 65,000 performance share units ("PSUs") (2025 – 110,000). PSUs 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. As at May 29, 2026, Nil of the 243,383 (November 30, 2025 – Nil of the 277,264) outstanding PSUs had vested or were exercisable.

RISK FACTORS

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

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 aircraft 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. The broader aerospace landscape is poised for remarkable growth, with the global aircraft fleet projected to nearly double by 2043. Airbus has over 8,000 orders in backlog and Boeing has over 6,000. The bulk of the orders at both companies are 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 for 2026 and beyond.

As international air travel increases, 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 a unified commitment to enhance capabilities and ensure the alliance's collective security amidst global conflicts and geopolitical tensions. FTG's plants in the USA and Canada are certified vendors for the US defence supply chain.

FTG's backlog, resulting from increased customer demand, new program wins and acquisitions, has grown to $193.5 million at the end of Q2 2026, which has increased $60 million or 45% from one year ago. The book-to-bill ratio was 1.64 in Q2 2026.

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 United States-Mexico-Canada Agreement (USMCA). As nearly all of FTG's products sold within North America comply with USMCA requirements, the Company believes it is well positioned to navigate ongoing trade policy developments. 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 six months ended May 29, 2026, there have been no changes in the Corporation's internal controls over financial reporting that may have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

NON-IFRS FINANCIAL MEASURES

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

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

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

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

The Corporation calculates *Free Cash Flow* (FCF) as the total net cash flow from operating and investing activities during the period, deducting lease liability payments, then finally adjusting for the effects of foreign exchange rate changes on cash flow. FCF is the cash a company generates after covering its operating expenses and capital expenditures, available for debt repayment, dividends, or reinvestment.

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 July 8, 2026 and the Corporation's Annual Information Form (including documents incorporated by reference) dated February 17, 2026 which is available on SEDAR+ at www.sedarplus.ca.

FIRAN TECHNOLOGY GROUP CORPORATION

Notice of No Auditor Review of Interim Condensed Consolidated Financial Statements

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

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

Interim Condensed Consolidated Statements of Financial Position

(Unaudited) (in thousands of Canadian dollars)	Notes		As at **May 29, 2026**		As at November 30, 2025
ASSETS					
Current assets					
Cash and cash equivalents		**$**	**10,829**	$	10,254
Accounts receivable			**43,805**		41,185
Contract assets			**1,314**		2,176
Inventories			**40,726**		39,700
Income tax recoverable			**-**		244
Prepaid expenses and other			**2,797**		3,445
			99,471		97,004
Non-current assets					
Plant and equipment, net			**15,422**		17,071
Right-of-use assets			**20,302**		22,085
Deferred development costs			**668**		698
Intangible assets			**11,913**		12,661
Goodwill			**23,140**		23,293
Total assets		**$**	**170,916**	$	172,812
LIABILITIES AND EQUITY					
Current liabilities					
Accounts payable and accrued liabilities		**$**	**22,172**	$	25,632
Provision for product warranties			**982**		799
Contract liabilities			**5,082**		4,421
Bank loans			**1,322**		1,295
Government loans			**3,163**		3,177
Lease liabilities			**4,169**		3,843
Income tax payable			**477**		-
Total current liabilities			**37,367**		39,167
Non-current liabilities					
Bank loans			**3,041**		6,057
Government loans			**6,201**		7,828
Lease liabilities			**19,001**		20,883
Deferred tax liabilities			**1,519**		1,846
Total liabilities			**67,129**		75,781
Equity					
Retained earnings		**$**	**63,447**	$	54,927
Accumulated other comprehensive income (loss)			**1,926**		2,347
			65,373		57,274
Share capital					
Common Shares	3.1		**28,549**		30,124
Contributed surplus			**9,186**		9,069
Total equity attributable to FTG's shareholders			**103,108**		96,467
Non-controlling interest			**679**		564
Total equity			**103,787**		97,031
Total liabilities and equity		**$**	**170,916**	$	172,812

See accompanying notes.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

		Three months ended		Six months ended	
(Unaudited) (in thousands of Canadian dollars, except per share amounts)	Notes	**May 29, 2026**	May 30, 2025	**May 29, 2026**	May 30, 2025
Sales		**$ 52,735**	$ 48,729	**$ 100,039**	$ 91,603
Cost of sales					
Cost of sales		**31,207**	30,506	**61,626**	57,816
Depreciation		**2,302**	2,356	**4,603**	4,594
Total cost of sales		**33,509**	32,862	**66,229**	62,410
Gross margin		**19,226**	15,867	**33,810**	29,193
Expenses					
Selling, general and administrative		**8,395**	6,847	**15,262**	13,560
Research and development costs		**2,806**	2,433	**5,110**	4,058
Recovery of investment tax credits		**(282)**	(243)	**(494)**	(471)
Depreciation		**69**	57	**139**	129
Amortization of intangible assets		**324**	302	**657**	610
Finance costs		**605**	737	**1,253**	1,355
Stock based compensation		**202**	143	**408**	397
Foreign exchange (gain) loss		**296**	417	**937**	(458)
Total expenses		**12,415**	10,693	**23,272**	19,180
Earnings before income taxes		**6,811**	5,174	**10,538**	10,013
Current income tax expense		**1,714**	1,553	**2,269**	3,104
Deferred income tax expense		**4**	40	**(359)**	80
Total income tax expense		**1,718**	1,593	**1,910**	3,184
Net earnings		**5,093**	3,581	**8,628**	6,829
Net earnings attributable to non-controlling interest		**57**	101	**108**	182
Net earnings attributable to equity holders of FTG		**5,036**	3,480	**8,520**	6,647
Other comprehensive earnings (loss) to be reclassified to net earnings (loss) in subsequent periods:					
Change in foreign currency translation adjustments		**549**	(2,434)	**(619)**	(361)
Net gain on valuation of derivative financial instruments designated as cash flow hedges		**(2,254)**	4,583	**273**	2,404
Deferred income taxes on valuation of derivative financial instruments designated as cash flow hedges		**564**	(1,146)	**(68)**	(601)
Comprehensive income		**3,952**	4,584	**8,214**	8,271
Comprehensive income attributable to non-controlling interest		**59**	76	**115**	165
Comprehensive income attributable to equity holders of FTG		**3,893**	4,508	**8,099**	8,106
Earnings per share, attributable to the equity holders of FTG					
Basic	3.2	**$ 0.20**	$ 0.14	**$ 0.34**	$ 0.27
Diluted	3.2	**$ 0.20**	$ 0.13	**$ 0.34**	$ 0.26

Interim Condensed Consolidated Statements of Changes in Equity

Six months ended May 29, 2026	**Attributed to the equity holders of FTG**						
(Unaudited) (in thousands of Canadian dollars)	**Common shares**	**Retained earnings**	**Contributed surplus**	**Accumulated other comprehensive income (loss)**	**Total**	**Non-controlling interest**	**Total equity**
Balance, November 30, 2025	**$ 30,124**	**$ 54,927**	**$ 9,069**	**$ 2,347**	**$ 96,467**	**$ 564**	**$ 97,031**
Net earnings	**-**	**8,520**	**-**	**-**	**8,520**	**108**	**8,628**
Equity-settled stock-based compensation	**-**	**-**	**408**	**-**	**408**	**-**	**408**
Transfer from contributed surplus to share capital for PSUs excercised	**259**	**-**	**(259)**	**-**	**-**	**-**	**-**
Exercise of PSUs	**(1,834)**	**-**	**(32)**	**-**	**(1,866)**	**-**	**(1,866)**
Other comprehensive income (loss)	**-**	**-**	**-**	**(421)**	**(421)**	**7**	**(414)**
Balance, May 29, 2026	**$ 28,549**	**$ 63,447**	**$ 9,186**	**$ 1,926**	**$ 103,108**	**$ 679**	**$ 103,787**

Six months ended May 30, 2025	Attributed to the equity holders of FTG						
(Unaudited) (in thousands of Canadian dollars)	Common shares	Retained earnings	Contributed surplus	Accumulated other comprehensive income	Total	Non-controlling interest	Total equity
Balance, November 30, 2024	$ 21,150	$ 41,850	$ 8,735	$ 417	$ 72,152	$ 685	$ 72,837
Net earnings	-	6,647	-	-	6,647	182	6,829
Issue of common shares	9,429	-	-	-	9,429	-	9,429
Equity-settled stock-based compensation	-	-	264	-	264	-	264
Transfer from contributed surplus to share capital for PSUs excercised	191	-	(191)	-	-	-	-
Exercise of PSUs	(646)	-	-	-	(646)	-	(646)
Repurchase and cancellation of shares	-	-	-	-	-	-	-
Other comprehensive income (loss)	-	-	-	1,442	1,442	(17)	1,425
Balance, May 30, 2025	$ 30,124	$ 48,497	$ 8,808	$ 1,859	$ 89,288	$ 850	$ 90,138

See accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited) (in thousands of Canadian dollars)	Notes	Three months ended **May 29, 2026**	Three months ended May 30, 2025	Six months ended **May 29, 2026**	Six months ended May 30, 2025
Net inflow (outflow) of cash related to the following:					
Operating activities					
Net earnings		**$ 5,093**	$ 3,581	**$ 8,628**	$ 6,829
Items not affecting cash and cash equivalents					
Equity-settled stock-based compensation		**202**	144	**408**	264
Loss on disposal of property, plant and equipment		**-**	6	**6**	6
Effect of exchange rates on U.S. dollar bank debt		**64**	(127)	**(117)**	11
Depreciation		**2,371**	2,413	**4,742**	4,723
Amortization of intangible assets and other		**510**	275	**819**	540
Finance costs		**605**	737	**1,253**	1,355
Forgiveness of government loan		**-**	(396)	**-**	(396)
Deferred tax expenses		**4**	40	**(359)**	80
Net change in non-cash operating working capital	6	**(4,334)**	(7,701)	**(3,607)**	(5,285)
Net cash from (used in) operating activities		**4,515**	(1,028)	**11,773**	8,127
Investing activities					
Acquisition of FLYHT Aerospace Solutions Ltd.	4	**-**	-	**-**	(3,951)
Payment of contingent consideration for the acquisition of Holaday Circuits, LLC		**-**	-	**-**	(1,510)
Additions to plant and equipment		**(915)**	(1,305)	**(1,594)**	(2,184)
Proceeds from sales of plant and equipment		**-**	-	**10**	-
Additions to deferred development costs		**(11)**	(191)	**(9)**	(374)
Net cash from (used in) investing activities		**(926)**	(1,496)	**(1,593)**	(8,019)
Net cash flow from (used in) operating and investing activities		**3,589**	(2,524)	**10,180**	108
Financing activities					
Proceeds from government loans		**-**	-	**-**	1,680
Proceeds from bank loans		**-**	3,573	**-**	13,115
Repayments of government loans		**(555)**	(535)	**(1,826)**	(580)
Repayments of bank loans		**(2,797)**	(337)	**(3,127)**	(13,222)
Payment of interest on bank debt		**(106)**	(115)	**(184)**	(109)
Additions to deferred financing costs		**-**	6	**-**	(337)
Lease liability payments		**(1,063)**	(1,114)	**(2,129)**	(2,188)
Exercise of PSU's		**(1,223)**	-	**(1,867)**	(646)
Net cash from (used in) financing activities		**(5,744)**	1,478	**(9,133)**	(2,287)
Effects of foreign exchange rate changes on cash flow		**203**	(1,841)	**(472)**	(687)
Net increase (decrease) in cash and cash equivalent		**(1,952)**	(2,887)	**575**	(2,866)
Cash and cash equivalents, beginning of the period		**12,781**	9,977	**10,254**	9,956
Cash and cash equivalents, end of period		**$ 10,829**	$ 7,090	**$ 10,829**	$ 7,090
Disclosure of cash payments					
Payments for income taxes		**$ 696**	$ 2,200	**$ 1,328**	$ 2,358

See accompanying notes.

1. NATURE OF OPERATIONS

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

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

The interim condensed consolidated financial statements of the Corporation as at and for the three and six months ended May 29, 2026 comprise FTG, its subsidiaries and its joint venture.

These interim condensed consolidated financial statements were approved for issuance by the Board of Directors on July 8, 2026.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. Accordingly, certain information and disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), have been omitted or condensed. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Corporation for the year ended November 30, 2025, which are available on SEDAR at www.sedarplus.ca and on the Corporation's website at www.ftgcorp.com.

The same accounting policies and methods of computation were followed in the preparation of these interim condensed consolidated financial statements as were followed in the preparation of the audited consolidated financial statements for the year ended November 30, 2025 with the exceptions of the changes in accounting policies specified below.

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

2.1 Use of estimates, judgements and assumptions

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

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

3. SHARE CAPITAL

3.1 Authorized

Authorized share capital consists of an unlimited number of Common Shares with no par value and an unlimited number of Preferred Shares with no par value, issuable in series, with the attributes of each series to be fixed by the Board of Directors. Each Common and Preferred Share carries the right to one vote. The outstanding common shares as at May 29, 2026 were 25,173,390 (November 30, 2025 – 25,173,390).

During the three months ended May 29, 2026, the Corporation granted Nil performance share units ("PSUs") (2025 – 20,000). During the six months ended May 29, 2026, the Corporation granted 65,000 performance share units ("PSUs") (2025 – 110,000), of which 100% 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.

As at May 29, 2026, Nil of the 243,292 (November 30, 2025 – nil of the 277,264) outstanding PSUs had vested or were exercisable.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

3.2 Earnings per share

	Three months ended		Six months ended	
	May 30, 2025	May 30, 2025	**May 30, 2025**	May 30, 2025
Numerator				
Net earnings	**$ 5,093**	$ 3,581	**$ 8,628**	$ 6,829
Net earnings attributable to non-controlling interests	**57**	101	**108**	182
Net earnings attributable to equity holders of FTG	**$ 5,036**	$ 3,480	**$ 8,520**	$ 6,647
Numerator for basic earnings per share - net earnings applicable to Common Shares	**$ 5,036**	$ 3,480	**$ 8,520**	$ 6,647
Numerator for diluted earnings per share - net earnings applicable to Common Shares	**$ 5,036**	$ 3,480	**$ 8,520**	$ 6,647
Denominator				
Denominator for basic earnings per share - weighted average number of Common Shares outstanding	**25,173,390**	25,173,390	**25,173,390**	25,088,081
Effect of dilutive securities				
Weighted average number of PSUs	**246,744**	286,625	**259,190**	275,462
Weighted average number of RSUs	**-**	-	**-**	4,380
Denominator for diluted earnings per share - weighted average number of Common Shares outstanding and assumed conversions	**25,420,134**	25,460,015	**25,432,580**	25,367,923
Earnings (loss) per share data attributable to the equity holders of FTG				
Basic earnings (loss) per share	**$ 0.20**	$ 0.14	**$ 0.34**	$ 0.27
Diluted earnings (loss) per share	**$ 0.20**	$ 0.13	**$ 0.34**	$ 0.26

The weighted average numbers of PSUs and RSUs were included in the calculation of diluted earnings per share for the three and six months ended May 29, 2026 and May 30, 2025 as the Corporation had net earnings.

3.3 Management of capital

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

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

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

The Corporation's managed capital is as follows:

	May 29, 2026	November 30, 2025
	$	$
Total equity attributable to FTG's shareholders	**103,108**	96,467
Bank loans	**4,363**	7,352
Government loans	**9,364**	11,005
Managed capital	**116,835**	114,824

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 reviews and approves 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.

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's Canadian and U.S. subsidiaries.

3.4 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 six months ended May 29, 2026 (2025 – Nil).

4. BUSINESS COMBINATIONS

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.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

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.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

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. INCOME TAX EXPENSE

The Corporation's tax expense is calculated based on the best estimate of the weighted average annual income tax rate expected for the full financial year by using the rates applicable in each of the tax jurisdictions in which the Corporation operates. Included in current income tax expense are withholding taxes of $201 and $201 (2025 - $Nil and $Nil) for the three and six months ended May 29, 2026 incurred on periodic dividends from foreign subsidiaries.

6. NET CHANGE IN NON-CASH OPERATING WORKING CAPITAL

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

	Three months ended		**Six months ended**	
	May 29, 2026	May 30, 2025	**May 29, 2026**	May 30, 2025
	$	$	**$**	$
Accounts receivable, contract assets	**(3,914)**	(3,373)	**(1,768)**	618
Inventories	**(825)**	(1,271)	**(1,023)**	(5,370)
Prepaid expenses	**(334)**	5,017	**(636)**	2,827
Contract liabilities	**(1,002)**	(1,187)	**662**	2,093
Accounts payable and accrued liabilities, and provisions	**519**	(5,910)	**(1,561)**	(5,636)
Income tax payable	**1,222**	(977)	**719**	183
	(4,334)	(7,701)	**(3,607)**	(5,285)

7. FINANCIAL INSTRUMENTS

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

Level 1: Quoted (Unadjusted) Prices in Active Markets for Identical Assets or Liabilities: This level includes equity securities traded on an active market and quoted corporate and government-backed debt instruments. The Corporation did not have any Level 1 financial instruments carried at fair value as at May 29, 2026 and November 30, 2025.

Level 2: Valuation Techniques with Observable Parameters: The financial instruments held by the Corporation in this level included cash, accounts receivable, contract assets, accounts payable and accrued liabilities and provisions, contract liabilities, bank loans, foreign exchange forward contracts, gold forward contracts and interest rate swaps as at May 29, 2026 and November 30, 2025.

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 financial instrument held by the Corporation in this level is contingent consideration as at May 29, 2026. The Corporation did not have any Level 3 financial instruments carried at fair value as at November 30, 2025.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

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:

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

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

7.2 Bank 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.

7.3 Derivative instruments

The fair value of the Corporation's foreign exchange forward contracts and gold forward contracts are based on the current market values of similar contracts with similar remaining durations as if the contract had been entered into on May 29, 2026. The table below summarizes the unrealized gains (losses) included in the fair values:

	May 29, 2026 $	November 30, 2025 $
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	**(814)**	(1,288)
Gold forward contracts	**1,238**	1,439
Net unrealized gains (losses) of derivative instruments	**424**	151
Tax effect	**(106)**	(38)
Included in accumulated other comprehensive income	**318**	113

a) Foreign exchange forward contracts

Foreign exchange forward contracts are transacted with a financial institution to hedge part of a foreign currency denominated anticipated sale of products. The following table summarizes the Corporation's outstanding commitments to buy and sell foreign currency under foreign exchange forward contracts, all of which have a maturity date of no more than thirty-six months as at May 29, 2026 and November 30, 2025:

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

As at	Currency sold	Currency bought	Notional value	Forward value at transaction date	Forward current value	Unrealized loss
May 29, 2026	**USD**	**CAD**	**US$85,800**	**$115,433**	**$116,247**	**($814)**
November 30, 2025	USD	CAD	US$51,000	$68,817	$70,105	($1,288)

As at May 29, 2026 and November 30, 2025, 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 gain (loss) and prepaid expenses and other. This net unrealized gain in other comprehensive income gain (loss) is expected to be realized through net earnings on the interim condensed consolidated statements of earnings over the next thirty-six months when the sales are recorded.

b) Gold forward contracts

As at May 29, 2026, in addition to the foreign exchange forward contracts per above, the Corporation had an outstanding commitment to buy 1,050 ounces of gold (November 30, 2025 – 1,050 ounces of gold) under gold forward contracts at a contract price of approximately $5.47 per ounce (November 30, 2025 – $3.76) expiring quarterly from June 2026. These gold forward contracts qualify for hedge accounting. The table below summarizes the outstanding commitments under these gold forward contracts, all of which have a maturity date of less than one year:

As at	Nature of contract	Quantity	Forward value at transaction date	Forward current value	Unrealized gain
May 29, 2026	**Gold forward contract**	**1,050 ounces**	**$5,748**	**$6,986**	**$1,238**
November 30, 2025	Gold forward contract	1,050 ounces	$3,948	$5,387	$1,439

As at May 29, 2026 and November 30, 2025, the gold forward contracts are designated as cash flow hedges, all of which was recognized in other comprehensive income (loss), prepaid expenses and other and accounts payable and accrued liabilities. This unrealized gain (loss) in other comprehensive income (loss) is expected to be reclassified to the interim condensed 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 May 29, 2026 retained in other comprehensive income related to these contracts are expected to be recognized through net earnings on the interim condensed consolidated statement of earnings in fiscals 2026, 2027 and 2028.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

8. FINANCIAL RISKS

8.1 Interest rate risk

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

8.2 Currency risk

Currency risk arises because of fluctuations in exchange rates. The Corporation conducts a significant portion of its business activities in foreign currencies, primarily in U.S. dollars. The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rate between the Canadian dollar and these foreign currencies. The Corporation's bank loans and most of the manufacturing materials are sourced in U.S. dollars, and also a significant portion of the headcount and operations are located in the United States, providing a natural economic hedge for a portion of the Corporation's currency exposure.

During the three and six months ended May 29, 2026, net realized loss of $643 and $1,321, respectively (2025 – loss of $637 and $992), from settlements of foreign exchange forward contracts designated as cash flow hedges was included in sales in the interim condensed 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:

As at May 29, 2026	**USD denominated financial instruments expressed in Canadian dollar $**	**RMB denominated financial instruments expressed in Canadian dollar $**	**EUR denominated financial instruments expressed in Canadian dollar $**
Cash	**1,379**	**2,022**	**718**
Accounts receivable, contract assets	**27,558**	**187**	**916**
Accounts payable and accrued liabilities, and contract liabilities	**(3,698)**	**(293)**	**(1,573)**
Total bank borrowings	**(4,363)**	**-**	**-**
Balance sheet exposure, excluding financial derivatives	**20,876**	**1,916**	**61**

As at November 30, 2025	USD denominated financial instruments expressed in Canadian dollar $	RMB denominated financial instruments expressed in Canadian dollar $	EUR denominated financial instruments expressed in Canadian dollar $
Cash	3,597	1,363	557
Accounts receivable, contract assets	21,221	170	1,204
Accounts payable and accrued liabilities, and contract liabilities	(4,753)	(247)	(1,078)
Total bank borrowings	(7,606)	-	-

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

Balance sheet exposure, excluding financial derivatives	12,459	1,286	683

With all variables remaining constant, a 1% strengthening of the Canadian dollar versus the below foreign currencies would cause a one-time translational impact on net earnings before tax as follows. An 1% weakening of the Canadian dollar would have had an equal but opposite effect.

		As at
One-time balance sheet effect of 1% strengthening of Canadian dollar	**May 29, 2026** **$**	May 30, 2025 $
USD	**(209)**	(125)
RMB	**(19)**	(13)
EUR	**(1)**	(7)

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

Three months ended May 29, 2026	**USD denominated transactions expressed in Canadian dollar** **$**	**EUR denominated transactions expressed in Canadian dollar** **$**
Sales	**49,363**	**1,899**
Foreign exchange forward contracts	**(6,000)**	**-**
Cost of sales and expenses	**(27,807)**	**(1,357)**
Income statement exposure	**15,556**	**542**
Six months ended May 29, 2026	$	$
Sales	**94,294**	**3,825**
Foreign exchange forward contracts	**(11,997)**	**-**
Cost of sales and expenses	**(55,129)**	**(3,102)**
Income statement exposure	**27,168**	**723**

Three months ended May 30, 2025	USD denominated transactions expressed in Canadian dollar $	EUR denominated transactions expressed in Canadian dollar $
Sales	44,803	1,483
Foreign exchange forward contracts	(5,733)	-
Cost of sales and expenses	(31,643)	(1,165)
Income statement exposure	7,427	318
Six months ended May 30, 2025	$	$
Sales	85,346	2,943
Foreign exchange forward contracts	(11,497)	-
Cost of sales and expenses	(57,956)	(2,469)
Income statement exposure	15,893	474

With all variables remaining constant, a 1% strengthening of the Canadian dollar versus the below foreign currencies, net earnings before tax for the three months ended May 29, 2026 and May 30, 2025 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.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

	Three months ended	
	May 29, 2026	May 30, 2025
Effect of 1% strengthening of Canadian dollar	**$**	$
USD	**(156)**	(74)
EUR	**(5)**	(2)

	Six months ended	
	May 29, 2026	May 30, 2025
Effect of 1% strengthening of Canadian dollar	**$**	$
USD	**(272)**	(159)
EUR	**(7)**	(2)

8.3 Credit risk

The Corporation considers that there has been a significant increase in credit risk when contractual payments are more than 120 days past due. 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 refer to *Note 9* for net sales to the Corporation's two largest customers during three and six months ended May 29, 2026. 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 is warranted. 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.

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

8.4 Liquidity risk

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

The following is the summary of contractual maturities of financial liabilities and obligations as at May 29, 2026 and November 30, 2025:

					May 29, 2026	November 30, 2025
	Less than 1 year	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Amount**	Amount
	$	**$**	**$**	**$**	**$**	$
Bank loans[1] principal repayments	**913**	**3,450**	**-**	**-**	**4,363**	7,607
Bank loans interest payments	**214**	**89**	**-**	**-**	**303**	352
Accounts payable and accrued liabilities, and provisions	**23,154**	**-**	**-**	**-**	**23,154**	26,431
Contract liabilities	**5,082**	**-**	**-**	**-**	**5,082**	4,421
Income tax payable	**477**	**-**	**-**	**-**	**477**	-
Lease liabilities (undiscounted contractual cash flows)	**4,124**	**3,167**	**3,136**	**3,494**	**13,921**	17,999
Government loan	**2,984**	**3,038**	**3,612**	**-**	**9,634**	11,461
Government loan interest payment	**7**	**54**	**27**	**-**	**88**	88
	36,955	**9,798**	**6,775**	**3,494**	**57,022**	68,359

1 Bank loans as at May 29, 2026 is offset by $Nil of deferred financing charge ($254 as at November 30, 2025).

a) <u>Government loans</u>

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

The Corporation was awarded $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, 2026, with up to $500 forgivable upon achievement of specified objectives. The residual loan amount and interest accruing from December 1, 2026 at a rate of 6.81% per annum are repayable in quarterly instalments commencing December 2025 and ending December 2028.

The Corporation 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 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.

9. SEGMENTED INFORMATION

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

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

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

Three months ended May 29, 2026	**Circuits**	**Aerospace**	**Corporate Office**	**Total**
	$	**$**	**$**	**$**
Gross segment sales	**34,327**	**19,153**	**-**	**53,480**
Inter-segment sales	**-**	**-**	**(745)**	**(745)**
Net sales	**34,327**	**19,153**	**(745)**	**52,735**
Cost of sales and selling, general and administrative expenses	**25,540**	**14,807**	**(729)**	**39,618**
Research and development costs	**1,684**	**1,122**	**-**	**2,806**
Recovery of investment tax credits	**(205)**	**(77)**	**-**	**(282)**
Depreciation	**1,883**	**464**	**24**	**2,371**
Amortization of intangible assets and other amortization	**29**	**328**	**153**	**510**
Foreign exchange (gain) loss	**37**	**294**	**(35)**	**296**
Earnings (loss) before interest and income taxes	**5,359**	**2,215**	**(158)**	**7,416**
Finance costs	**274**	**109**	**222**	**605**
Income tax expense	**1,094**	**218**	**406**	**1,718**
Net earnings (loss)	**3,991**	**1,888**	**(786)**	**5,093**
Other operating segments disclosures:				
Additions to plant and equipment	**562**	**350**	**3**	**915**
Additions to deferred development costs	**-**	**11**	**-**	**11**

Three months ended May 30, 2025	Circuits	Aerospace	Corporate Office	Total
	$	$	$	$
Gross segment sales	33,676	15,824	-	49,500
Inter-segment sales	-	-	(771)	(771)
Net sales	33,676	15,824	(771)	48,729
Cost of sales and selling, general and administrative expenses	24,544	13,306	(327)	37,523
Research and development costs	2,105	328	-	2,433
Recovery of investment tax credits	(174)	(25)	(44)	(243)
Depreciation	1,875	511	27	2,413
Amortization of intangible assets and other amortization	8	330	(63)	275
Foreign exchange (gain) loss	564	280	(427)	417
Earnings (loss) before interest and income taxes	4,754	1,094	63	5,911
Finance costs	345	202	190	737
Income tax expense	1,278	324	(9)	1,593
Net earnings (loss)	3,131	568	(118)	3,581
Other operating segments disclosures:				
Additions to plant and equipment	916	385	4	1,305
Additions to deferred development costs	-	191	-	191

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

Six months ended May 29, 2026	**Circuits**	**Aerospace**	**Corporate Office**	**Total**
	$	**$**	**$**	**$**
Gross segment sales	**65,390**	**36,226**	**-**	**101,616**
Inter-segment sales	**-**	**-**	**(1,577)**	**(1,577)**
Net sales	**65,390**	**36,226**	**(1,577)**	**100,039**
Cost of sales and selling, general and administrative expenses	**50,952**	**27,865**	**(1,683)**	**77,134**
Research and development costs	**2,961**	**2,149**	**-**	**5,110**
Recovery of investment tax credits	**(349)**	**(145)**	**-**	**(494)**
Depreciation	**3,766**	**929**	**47**	**4,742**
Amortization of intangible assets and other amortization	**57**	**640**	**122**	**819**
Foreign exchange (gain) loss	**477**	**712**	**(252)**	**937**
Earnings (loss) before interest and income taxes	**7,526**	**4,076**	**189**	**11,791**
Finance costs	**551**	**257**	**445**	**1,253**
Income tax expense	**1,772**	**(73)**	**211**	**1,910**
Net earnings (loss)	**5,203**	**3,892**	**(467)**	**8,628**
Other operating segments disclosures:				
Additions to plant and equipment	**1,180**	**411**	**3**	**1,594**
Additions to deferred development costs	**-**	**9**	**-**	**9**

Six months ended May 30, 2025	Circuits	Aerospace	Corporate Office	Total
	$	$	$	$
Gross segment sales	62,355	31,007	-	93,362
Inter-segment sales	-	-	(1,759)	(1,759)
Net sales	62,355	31,007	(1,759)	91,603
Cost of sales and selling, general and administrative expenses	46,745	26,134	(1,036)	71,843
Research and development costs	3,427	631	-	4,058
Recovery of investment tax credits	(327)	(72)	(72)	(471)
Depreciation	3,676	975	72	4,723
Amortization of intangible assets and other amortization	(24)	574	(10)	540
Foreign exchange (gain) loss	269	(317)	(410)	(458)
Earnings (loss) before interest and income taxes	8,589	3,082	(303)	11,368
Finance costs	766	392	197	1,355
Income tax expense	2,427	763	(6)	3,184
Net earnings (loss)	5,396	1,927	(494)	6,829
Other operating segments disclosures:				
Additions to plant and equipment	1,608	539	37	2,184
Additions to deferred dvelopment costs	-	374	-	374

(unless otherwise stated, all amounts are in thousands of Canadian dollars)

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

	As at May 29, 2026			
	Circuits	**Aerospace**	**Corporate office**	**Total**
	$	**$**	**$**	**$**
Total segment assets	**90,618**	**76,665**	**3,633**	**170,916**
Intangible, goodwill and other assets	**10,503**	**25,218**	**-**	**35,721**
Total segment liabilities	**31,396**	**23,937**	**11,796**	**67,129**

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

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

	Three months ended				**Six months ended**			
	May 29, 2026		May 30, 2025		**May 29, 2026**		May 30, 2025	
	$	**%**	$	%	**$**	**%**	$	%
Canada	**4,264**	**8.1**	2,864	5.9	**7,374**	**7.4**	5,113	5.6
United States	**36,460**	**69.1**	32,871	67.5	**70,350**	**70.3**	63,816	69.7
Asia	**8,007**	**15.2**	8,090	16.6	**14,529**	**14.5**	14,018	15.3
Europe	**3,751**	**7.1**	4,126	8.5	**6,910**	**6.9**	7,450	8.1
Other	**253**	**0.5**	778	1.5	**876**	**0.9**	1,206	1.3
Total	**52,735**	**100.0**	48,729	100.0	**100,039**	**100.0**	91,605	100.0

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

	As at May 29, 2026			
	Canada	**United States**	**Asia**	**Total**
	$	**$**	**$**	**$**
Intangible and other assets (by location of division)	**25,216**	**10,503**	**2**	**35,721**
Plant and equipment (by location of division)	**6,824**	**7,894**	**704**	**15,422**
Right-of-use assets (by location of division)	**6,247**	**13,955**	**100**	**20,302**

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

The Corporation's primary sources of revenue are as follows:	**Three months ended**	**Six months ended**

	May 29, 2026	May 30, 2025	**May 29, 2026**	May 30, 2025
	$	$	**$**	$
Sale of goods	**48,094**	44,218	**90,737**	84,116
Licensing	**1,175**	606	**2,299**	624
Services	**3,466**	3,905	**7,003**	6,863
	52,735	48,729	**100,039**	91,603

Timing of revenue recognition based on transfer of control is as follows:	Three months ended		Six months ended	
	May 29, 2026	May 30, 2025	**May 29, 2026**	May 30, 2025
	$	$	**$**	$
At a point of time	**49,269**	44,824	**93,036**	84,740
Over time	**3,466**	3,905	**7,003**	6,863
	52,735	48,729	**100,039**	91,603

The following tables detail net sales of the Corporation's two largest customers during each period:

For the three months ended May 29, 2026	**Location**	**Circuits Segment**	**Aerospace Segment**	**Total**	**% of FTG total net sales**
		$	**$**	**$**	
Customer A	United States & Europe	**6,798**	**880**	**7,678**	**14.6**
Customer B	United States, Asia & Canada	**2,109**	**2,931**	**5,040**	**9.6**

For the three months ended May 30, 2025	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		$	$	$	
Customer A	United States, Europe & Canada	6,410	850	7,260	14.9
Customer C	United States, Asia & Canada	5,790	69	5,859	12.0

For the six months ended May 29, 2026	**Location**	**Circuits Segment**	**Aerospace Segment**	**Total**	**% of FTG total net sales**
		$	**$**	**$**	
Customer A	United States & Europe	**12,292**	**1,756**	**14,048**	**14.0**
Customer B	United States, Asia & Canada	**4,667**	**6,015**	**10,682**	**10.7**

For the six months ended May 30, 2025	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		$	$	$	
Customer A	United States, Europe & Canada	14,588	2,467	14,055	15.3
Customer C	United States, Canada & Asia	9,808	312	10,121	11.0

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