



**FIRAN TECHNOLOGY GROUP
CORPORATION**

**Third Quarter Report
For the period ended
August 28, 2026**

October 6, 2026

Management's Discussion and Analysis

October 6, 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 August 28, 2026 (third quarter of fiscal 2026 or Q3 2026) is as of October 6, 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 third 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 third 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, China and India. 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.

Management's Discussion and Analysis

FTG Aerospace designs, certifies, manufactures and provides in-service support for illuminated cockpit products, electronic assemblies and avionics products for original equipment manufacturers and operators of aerospace and defence equipment. 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.

Management's Discussion and Analysis

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

	Third Quarter		Year-to-Date	
<i>(in thousands of dollars except per share amounts)</i>	2026 \$	2025 \$	2026 \$	2025 \$
Sales	64,096	47,737	164,135	139,340
Gross margin	27,492	14,486	61,302	44,800
Net earnings attributable to equity holders of FTG	10,000	2,768	18,520	9,415
Adjusted net earnings ¹	10,290	2,994	18,899	9,815
Weighted average number of common shares	25,173,390	25,173,390	25,173,390	25,088,081
Earnings per share:				
Basic	0.40	0.11	0.74	0.38
Diluted	0.39	0.11	0.73	0.37
Adjusted earnings per share ¹ :				
Basic	0.41	0.12	0.75	0.39
Diluted	0.40	0.12	0.74	0.39
EBITDA ¹	14,634	7,291	31,878	23,740
Adjusted EBITDA ¹	15,126	7,683	32,885	24,761
Free cash flow ¹	7,054	4,632	14,633	7,326
Total assets	184,986	165,733	184,986	165,733
Net cash (debt) position ¹	3,868	(9,472)	3,868	(9,472)

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 third quarter of fiscal years 2026 and 2025:

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
	\$	\$	\$	\$
Revenue:				
Circuits	45,096	32,148	110,486	94,503
Aerospace	19,838	16,781	56,065	47,788
Corporate and eliminations	(838)	(1,192)	(2,416)	(2,951)
Total revenue	64,096	47,737	164,135	139,340
Adjusted EBITDA:				
Circuits	10,689	5,378	21,935	17,438
Aerospace	3,971	2,062	9,723	6,821
Corporate and eliminations	466	243	1,227	502
Total Adjusted EBITDA	15,126	7,683	32,885	24,761
Adjusted Net Earnings:				
Circuits	7,616	2,276	12,819	7,675
Aerospace	2,756	895	6,717	2,994
Corporate and eliminations	(82)	(177)	(637)	(854)
Total Adjusted Net Earnings	10,290	2,994	18,899	9,815

FTG Circuits

FTG Circuits is a manufacturer of high-technology, high-reliability printed circuit boards including: standard rigid products, High-density interconnect (HDI), RF circuitry, Thermal management, Rigid flex and assembly. FTG Circuits customers are in the aviation, defence and space industries.

Revenue for Q3 2026 was \$45.1 million, an increase of \$12.9 million or 40.3% compared to Q3 2025. The revenue increased primarily due to operational improvements at several U.S. sites, short-term pricing premiums and \$0.9 million driven by favourable exchange rates. As a result of the factors noted above, adjusted net earnings for Q3 2026 increased by \$5.3 million to \$7.6 million, compared to Q3 2025.

Revenue for the year-to-date period of 2026 was \$110.5 million, an increase of \$16.0 million or 16.9% as compared to 2025 due to organic growth including short-term pricing premiums offset by \$1.8 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 quick access recorders (WQAR), weather sensors and SATCOM radios. FTG Aerospace products are utilized in flight and simulated devices in commercial aerospace and defence platforms.

Revenue for Q3 2026 was \$19.8 million, an increase of \$3.0 million or 18.2% compared to Q3 2025. The increase is driven by \$2.2 million of organic growth, \$0.5 million of a contract cancellation charge and \$0.3 million of favourable foreign exchange variance.

Management's Discussion and Analysis

Adjusted net earnings for Q3 2026 were \$2.8 million, an increase of \$1.9 million compared to Q3 2025 due to the above factors and operational improvements.

Revenue for the year-to-date period of 2026 was \$56.1 million, an increase of \$8.3 million or 17.3% as compared to 2025. Organic growth contributed \$8.9 million offset by \$0.6 million due to unfavourable foreign exchange rates compared to 2025.

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

Third Quarter						
	2026		2025		Change	
	\$	%	\$	%	\$	%
Canada	4,228	6.6	2,623	5.5	1,605	61.2
United States	45,994	71.8	34,313	71.9	11,681	34.0
Asia	8,692	13.6	6,197	13.0	2,495	40.3
Europe	4,519	7.1	4,009	8.4	510	12.7
Other	663	0.9	595	1.2	68	11.4
Total	64,096	100.0	47,737	100.0	16,359	34.3

Year-to-Date						
	2026		2025		Change	
	\$	%	\$	%	\$	%
Canada	11,602	7.1	6,811	4.9	4,791	70.3
United States	116,344	70.9	99,176	71.2	17,168	17.3
Asia	23,221	14.1	20,126	14.4	3,095	15.4
Europe	11,429	7.0	11,426	8.2	3	0.0
Other	1,539	0.9	1,801	1.3	(262)	(14.5)
Total	164,135	100.0	139,340	100.0	24,795	17.8

In Q3 2026, the sales increases in the United States and Canada are mainly due to increased shipment to existing customers. The sales increase in Asia is mainly due to increased shipment for China's C919 program.

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:

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
	%	%	%	%
Largest customer	16.0	16.3	14.8	15.7
Second largest customer	12.7	11.3	9.9	11.3
Third to fifth largest customers	28.1	25.1	26.7	25.7
Largest five customers	56.8	52.7	51.4	52.7

Management's Discussion and Analysis

Gross Margin

	Third Quarter				Year-to-Date			
	2026 \$	2025 \$	Change \$	Change %	2026 \$	2025 \$	Change \$	Change %
Gross profit	27,492	14,486	13,006	89.8	61,302	44,800	16,502	36.8
% of net sales	42.9%	30.3%			37.3%	32.2%		

In Q3 2026, gross margin dollars improved by \$13.0 million on incremental sales of \$16.4 million. Gross margin rates increased due to operational improvements as well as short-term pricing premium in the quarter.

On a year-to-date basis, gross margin dollars improved by \$16.5 million on incremental sales of \$24.8 million despite unfavourable foreign exchange variances.

Selling, General and Administrative Expenses

	Third Quarter				Year-to-Date			
	2026 \$	2025 \$	Change \$	Change %	2026 \$	2025 \$	Change \$	Change %
Selling, general and administrative expenses	10,025	6,297	3,728	59.2	25,287	19,857	5,430	27.3
% of net sales	15.6%	13.2%			15.4%	14.3%		

The increase in selling, general and administrative expenses of \$3,728 or 59.2% during Q3 2026 as compared to the prior year included \$2.3 million of incremental performance compensation expenses due to higher profitability. IT costs increased due to website overhaul and the CMMC projects for defence contractors. Sales and marketing expenses also increased due to increased sales activities.

In the year-to-date period of 2026, selling, general and administrative expenses increased by \$5,430 or 27.3% compared to last year.

Research and Development

	Third Quarter				Year-to-Date			
	2026 \$	2025 \$	Change \$	Change %	2026 \$	2025 \$	Change \$	Change %
Research and development costs	3,026	2,590	436	16.8	8,136	7,769	367	4.7
Provision (recovery) of investment tax credits	1,661	(433)	2,094	NM	1,167	(904)	2,071	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. A provision of \$1,875 was recorded related to prior periods' ITCs during Q3 2026 due to a notice of objection filed with certain jurisdictions.

Management's Discussion and Analysis

Depreciation and Amortization

	Third Quarter				Year-to-Date			
	2026 \$	2025 \$	Change \$	Change %	2026 \$	2025 \$	Change \$	Change %
Depreciation	2,413	2,379	34	1.4	7,155	7,102	53	0.7
Amortization of intangible assets	330	329	1	0.3	987	939	48	5.1
Total	2,743	2,708	35	1.3	8,142	8,041	101	1.3

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

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

The change 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 third quarter and the year-to-date period of 2026:

Third Quarter	2026				2025			
	August 28, 2026	May 29, 2026	Change \$	%	August 29, 2025	May 30, 2025	Change \$	%
CAD/USD	1.389	1.380	0.009	0.7	1.374	1.376	(0.002)	(0.1)

Year-to-Date	2026				2025			
	August 28, 2026	November 30, 2025	Change		August 29, 2025	November 30, 2024	Change	
CAD/USD	1.389	1.398	(0.009)	(0.7)	1.374	1.401	(0.027)	(1.9)

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

	Third Quarter			Year-to-Date		
	2026 \$	2025 \$	Change \$	2026 \$	2025 \$	Change \$
Foreign exchange loss	172	619	(447)	1,109	161	948

The foreign exchange loss for the third 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.

Management's Discussion and Analysis

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

	Third 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	64,520	48,091	164,983	141,015
Add (deduct): adjustment for net realized gain (loss) on hedged f/x forward contracts designed as cash flow hedges	(424)	(354)	(848)	(1,675)
Net sales	64,096	47,737	164,135	139,340
Total cost of sales	36,604	33,251	102,833	94,540
Gross margin	27,492	14,486	61,302	44,800
Gross margin %	42.9%	30.3%	37.3%	32.2%
Gross margin before f/x gain (loss)	27,916	14,840	62,150	46,475
Gross margin % before f/x gain (loss)	43.3%	30.9%	37.7%	33.0%

Income Tax Expense

	Third Quarter				Year-to-Date			
	2026	2025	Change	Change	2026	2025	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
Current income tax expense	1,801	1,189	612	51.5	4,070	4,293	(223)	(5.2)
Deferred income tax expense	(406)	43	(449)	NM	(765)	123	(888)	NM

Income tax expenses recorded during the third quarter of 2026 primarily included current income tax in Canada and China. For the year-to-date period of 2026, income tax expenses also includes 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.

Management's Discussion and Analysis

RECONCILIATION OF NON-IFRS MEASURES

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
Adjusted Net Earnings	\$	\$	\$	\$
Net earnings to equity holders of FTG	10,000	2,768	18,520	9,415
Add back (subtract):				
Acquisition expenses	-	-	-	107
Startup expenses	290	44	397	169
Restructuring cost	-	212	-	212
Income taxes related to the above items ¹		(30)	(18)	(88)
Adjusted net earnings ²	10,290	2,994	18,899	9,815
Weighted average number of common shares	25,173,390	25,173,390	25,173,390	25,088,081
Adjusted earnings per share ² :				
Basic	0.41	0.12	0.75	0.39
Diluted	0.40	0.12	0.74	0.39

¹ Standard income tax rate of 25% applied to applicable items.

² Non-IFRS financial measure.

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
EBITDA and Adjusted EBITDA	\$	\$	\$	\$
Net earnings to equity holders of FTG	10,000	2,768	18,520	9,415
Add back:				
Interest expense	543	755	1,796	2,110
Income tax expense	1,395	1,232	3,305	4,416
Depreciation and amortization	2,696	2,536	8,257	7,799
EBITDA ¹	14,634	7,291	31,878	23,740
% of net sales	22.8%	15.3%	19.4%	17.0%
Add back:				
Stock based compensation	202	136	610	533
Startup cost	290	44	397	169
Restructuring cost	-	212	-	212
Adjusted EBITDA ¹	15,126	7,683	32,885	24,761
% of net sales	23.6%	16.1%	20.0%	17.8%

¹ Non-IFRS financial measure.

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
Free Cash Flow	\$	\$	\$	\$
Net cash flow from operating and investing activities	6,899	5,479	17,079	5,587
Lease liability payments	(1,084)	(1,078)	(3,213)	(3,266)
Effects of foreign exchange rate changes on cash flow	1,239	231	767	(456)
Add back:				
Acquisition of FLYHT Aerospace Solutions Ltd.	-	-	-	3,951
Payment of contingent consideration for the acquisition of Holaday Circuits, LLC	-	-	-	1,510
Free cash flow ¹	7,054	4,632	14,633	7,326

¹ Non-IFRS financial measure.

Management's Discussion and Analysis

OVERVIEW OF HISTORICAL QUARTERLY RESULTS

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

	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Q1-26	Q2-26	Q3-26
Circuit segment sales	\$31,604	\$28,479	\$33,676	\$32,149	\$30,918	\$31,064	\$34,327	\$45,096
Aerospace segment sales	14,689	15,183	15,824	16,781	21,578	17,073	19,153	19,838
Inter-segment sales	(1,049)	(988)	(771)	(1,193)	(840)	(833)	(745)	(838)
Total net sales	45,244	42,874	48,729	47,737	51,656	47,304	52,735	64,096
Earnings before income taxes	5,354	4,839	5,174	4,058	4,386	3,727	6,811	11,462
Net earnings attributable to equity holders of FTG	4,448	3,167	3,480	2,768	3,662	3,484	5,036	10,000
Earnings (Loss) per share:								
Basic	\$0.18	\$0.13	\$0.14	\$0.11	\$0.15	\$0.14	\$0.20	\$0.40
Diluted	\$0.18	\$0.13	\$0.13	\$0.11	\$0.14	\$0.14	\$0.20	\$0.39
Quarterly average CDN\$ US\$ exchange rates	\$1.3762	\$1.4313	\$1.4069	\$1.3720	\$1.3960	\$1.3747	\$1.3730	\$1.4021

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:

	August 28, 2026	November 30, 2025
	\$	\$
Cash and cash equivalents	12,748	10,254
Less:		
Current portion of bank debt	-	1,295
Current portion of government loans	3,175	3,177
Bank debt	-	6,057
Government loans	5,705	7,828
Total debt	8,880	18,357
Net cash (debt) ¹	3,868	(8,103)

¹ Non-IFRS financial measure.

The following table outlines the liquidity metrics of the Corporation:

	August 28, 2026	November 30, 2025
	\$	\$
Working capital	66,360	57,837
Unused credit facilities ¹	27,773	20,352

¹ U.S. \$20.0 million (2025 – U.S. \$14.6 million)

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	Q3 2026	Q4 2025
Accounts receivables days outstanding ¹	61	55
Inventory days outstanding	101	105
Accounts payable days outstanding	69	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 August 28, 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 August 28, 2026.

	Less than 1 year \$	1 to 2 years \$	2 to 5 years \$	More than 5 years \$	Amount \$
Accounts payable and accrued liabilities, and provisions	31,061	-	-	-	31,061
Contract liabilities	4,388	-	-	-	4,388
Income tax payable	4,030	-	-	-	4,030
Lease liabilities (undiscounted contractual cash flows)	4,073	2,801	2,648	4,505	14,027
Government loan	2,429	3,038	3,612	-	9,079
Government loan interest payment	7	54	27	-	88
	45,988	5,893	6,287	4,505	62,673

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.

Management's Discussion and Analysis

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 values 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 August 28, 2026. The table below summarizes the unrealized gains (losses) included in the fair values:

	August 28, 2026 \$	November 30, 2025 \$
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	(1,547)	(1,288)
Gold forward contracts	448	1,439
Net unrealized gains (losses) of derivative instruments	(1,099)	151
Tax effect	275	(38)
Included in accumulated other comprehensive income	(824)	113

CAPITAL EXPENDITURES (PLANT AND EQUIPMENT)

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
	\$	\$	\$	\$
Additions to plant and equipment	2,366	1,160	3,960	3,344
Increase (decrease) in non-current deposits	1,881	(59)	2,031	(129)
Additions to deferred development costs	-	107	9	481

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

	Third Quarter			Year-to-Date		
	2026	2025	Change	2026	2025	Change
	\$	\$	\$	\$	\$	\$
Operating activities	11,146	6,687	4,459	23,069	14,744	8,325
Investing activities	(4,247)	(1,208)	(3,039)	(5,990)	(9,157)	3,167
Financing activities	(6,219)	(3,100)	(3,119)	(15,352)	(5,387)	(9,965)

Cash flow from operations in Q3 2026 increased from Q3 2025 mainly due to higher net income partially offset by cash used by working capital. On a year-to-date basis, cash flow from operations in 2026 increased for the same reasons.

Investing activities in Q3 2026 included \$2.4 million of capital expenditures as well as \$1.9 million of deposits on plant and equipment. 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 Q3 2026 included \$4.6 million of repayment of bank loans which represented the entire outstanding balance. Financing activities in the quarter also included \$0.6 million of repayment of government loans and \$1.1 million of lease liability payments.

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BACKLOG

	Third Quarter		Year-to-Date	
	2026	2025	2026	2025
	\$	\$	\$	\$
Backlog ¹ , beginning of the period	193,473	133,511	148,463	122,369
Bookings ¹	90,213	51,461	236,942	148,799
Adjustments to backlog	1,104	(130)	(576)	5,277
Less: Sales	(64,096)	(47,737)	(164,135)	(139,340)
Backlog ¹ , end of period	220,694	137,105	220,694	137,105
Book-to-Bill ratio ¹	1.41	1.08	1.44	1.07

¹ Non-IFRS financial measure.

As of August 28, 2026, backlog is \$220.7 million, of which approximately 84.8% is estimated to be converted to revenue by the end of Q3 2027, with the remaining 15.2% being converted to revenue in subsequent periods.

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 August 28, 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 August 28, 2026 were 25,173,390 (November 30, 2025 – 25,173,390).

During the third quarter of 2026 the Corporation granted Nil performance share units ("PSUs") (2025 – Nil). 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 August 28, 2026, Nil of the 242,792 (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

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about FTG's business, is provided in the Corporation's Annual Information Form dated February 17, 2026 which is available on SEDAR at www.sedarplus.ca.

ETHICAL BUSINESS CONDUCT

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

OUTLOOK

As publicly available industry reports suggest, all sectors of the aerospace and defence market are seeing strong demand and growth. In the commercial aerospace market this is driven by increasing air travel and a drive for more energy efficient aircraft. In the defence market it is the result of increasing geopolitical tensions and conflicts.

Company reporting indicates that air transport deliveries were approximately 1,400 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 9,000 orders in backlog and Boeing has nearly 7,000. 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 \$220.7 million at the end of Q3 2026, which has increased \$83 million or 60% from one year ago. The book-to-bill ratio was 1.41 in Q3 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) or have specified U.S. customers exemptions for commercial aircraft or defence products. As

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nearly all of FTG's products sold within North America comply with USMCA requirements or have specified exemptions, the Corporation believes it is currently 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 three months ended August 28, 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

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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

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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 October 6, 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	
		August 28, 2026	November 30, 2025
ASSETS			
Current assets			
Cash and cash equivalents		\$ 12,748	\$ 10,254
Accounts receivable		54,880	41,185
Contract assets		1,383	2,176
Inventories		41,338	39,700
Income tax recoverable		-	244
Prepaid expenses and other		2,192	3,445
		112,541	97,004
Non-current assets			
Plant and equipment, net		15,381	17,071
Non-current deposits		2,023	-
Right-of-use assets		19,568	22,085
Deferred development costs		648	698
Intangible assets		11,611	12,661
Goodwill		23,214	23,293
Total assets		\$ 184,986	\$ 172,812
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities		\$ 29,890	\$ 25,632
Provision for product warranties		1,171	799
Contract liabilities		4,388	4,421
Bank loans		-	1,295
Government loans		3,175	3,177
Lease liabilities		4,153	3,843
Income tax payable		4,030	-
Total current liabilities		46,807	39,167
Non-current liabilities			
Bank loans		-	6,057
Government loans		5,705	7,828
Lease liabilities		18,418	20,883
Deferred tax liabilities		758	1,846
Total liabilities		71,688	75,781
Equity			
Retained earnings		\$ 73,447	\$ 54,927
Accumulated other comprehensive income (loss)		1,164	2,347
		74,611	57,274
Share capital			
Common Shares	3.1	28,549	30,124
Contributed surplus		9,388	9,069
Total equity attributable to FTG's shareholders		112,548	96,467
Non-controlling interest		750	564
Total equity		113,298	97,031
Total liabilities and equity		\$ 184,986	\$ 172,812
See accompanying notes.			

Interim Condensed Consolidated Statements of Earnings and Comprehensive Income

(Unaudited) (in thousands of Canadian dollars, except per share amounts)	Notes	Three months ended		Nine months ended	
		August 28, 2026	August 29, 2025	August 28, 2026	August 29, 2025
Sales		\$ 64,096	\$ 47,737	\$ 164,135	\$ 139,340
Cost of sales					
Cost of sales		34,262	31,007	95,888	87,702
Depreciation		2,342	2,244	6,945	6,838
Total cost of sales		36,604	33,251	102,833	94,540
Gross margin		27,492	14,486	61,302	44,800
Expenses					
Selling, general and administrative		10,025	6,297	25,287	19,857
Research and development costs		3,026	2,590	8,136	7,769
Provision (recovery) of investment tax credits		1,661	(433)	1,167	(904)
Depreciation		71	135	210	264
Amortization of intangible assets		330	329	987	939
Finance costs		543	755	1,796	2,110
Stock based compensation		202	136	610	533
Foreign exchange (gain) loss		172	619	1,109	161
Total expenses		16,030	10,428	39,302	30,729
Earnings before income taxes		11,462	4,058	22,000	14,071
Current income tax expense		1,801	1,189	4,070	4,293
Deferred income tax expense		(406)	43	(765)	123
Total income tax expense		1,395	1,232	3,305	4,416
Net earnings		10,067	2,826	18,695	9,655
Net earnings attributable to non-controlling interest		67	58	175	240
Net earnings attributable to equity holders of FTG		10,000	2,768	18,520	9,415
Other comprehensive earnings (loss) to be reclassified to net earnings (loss) in subsequent periods:					
Change in foreign currency translation adjustments		385	217	(234)	(144)
Net gain on valuation of derivative financial instruments designated as cash flow hedges		(1,524)	(212)	(1,251)	2,192
Deferred income taxes on valuation of derivative financial instruments designated as cash flow hedges		381	53	313	(548)
Comprehensive income		9,309	2,884	17,523	11,155
Comprehensive income attributable to non-controlling interest		71	62	186	227
Comprehensive income attributable to equity holders of FTG		9,238	2,822	17,337	10,928
Earnings per share, attributable to the equity holders of FTG					
Basic	3.2	\$ 0.40	\$ 0.11	\$ 0.74	\$ 0.38
Diluted	3.2	\$ 0.39	\$ 0.11	\$ 0.73	\$ 0.37

Interim Condensed Consolidated Statements of Changes in Equity

Nine months ended August 28, 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	-	18,520	-	-	18,520	175	18,695
Equity-settled stock-based compensation	-	-	610	-	610	-	610
Transfer from contributed surplus to share capital for PSUs exercised	259	-	(259)	-	-	-	-
Exercise of PSUs	(1,834)	-	(32)	-	(1,866)	-	(1,866)
Other comprehensive income (loss)	-	-	-	(1,183)	(1,183)	11	(1,172)
Balance, August 28, 2026	\$ 28,549	\$ 73,447	\$ 9,388	\$ 1,164	\$ 112,548	\$ 750	\$ 113,298

Nine months ended August 29, 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	-	9,415	-	-	9,415	240	9,655
Issue of common shares	9,429	-	-	-	9,429	-	9,429
Equity-settled stock-based compensation	-	-	400	-	400	-	400
Transfer from contributed surplus to share capital for PSUs exercised	191	-	(191)	-	-	-	-
Exercise of PSUs	(646)	-	-	-	(646)	-	(646)
Return of capital to non-controlling interest	-	-	-	-	-	(377)	(377)
Other comprehensive income (loss)	-	-	-	1,500	1,500	(13)	1,487
Balance, August 29, 2025	\$ 30,124	\$ 51,265	\$ 8,944	\$ 1,917	\$ 92,250	\$ 535	\$ 92,785

See accompanying notes.

Interim Condensed Consolidated Statements of Cash Flows

		Three months ended		Nine months ended	
(Unaudited)		August 28,	August 29,	August 28,	August 29,
(in thousands of Canadian dollars)	Notes	2026	2025	2026	2025
Net inflow (outflow) of cash related to the following:					
Operating activities					
Net earnings		\$ 10,067	\$ 2,826	\$ 18,695	\$ 9,655
Items not affecting cash and cash equivalents					
Equity-settled stock-based compensation		202	136	610	400
Loss on disposal of property, plant and equipment		(2)	-	4	6
Effect of exchange rates on U.S. dollar bank debt		187	(10)	70	1
Depreciation		2,413	2,379	7,155	7,102
Amortization of intangible assets and other		283	157	1,102	697
Finance costs		543	755	1,796	2,110
Forgiveness of government loan		-	-	-	(396)
Deferred tax expenses		(406)	43	(765)	123
Net change in non-cash operating working capital	6	(2,141)	401	(5,598)	(4,954)
Net cash from (used in) operating activities		11,146	6,687	23,069	14,744
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		(2,366)	(1,160)	(3,960)	(3,344)
Decrease (increase) in non-current deposits		(1,881)	59	(2,031)	129
Proceeds from sales of plant and equipment		-	-	10	-
Additions to deferred development costs		-	(107)	(9)	(481)
Net cash from (used in) investing activities		(4,247)	(1,208)	(5,990)	(9,157)
Net cash flow from (used in) operating and investing activities		6,899	5,479	17,079	5,587
Financing activities					
Proceeds from government loans		-	-	-	1,972
Proceeds from bank loans		-	-	-	13,115
Repayments of government loans		(555)	(1,199)	(2,381)	(2,071)
Repayments of bank loans		(4,550)	(329)	(7,677)	(13,551)
Payment of interest on bank loans		(30)	(126)	(214)	(235)
Additions to deferred financing costs		-	9	-	(328)
Return of capital to non-controlling interest		-	(377)	-	(377)
Lease liability payments		(1,084)	(1,078)	(3,213)	(3,266)
Exercise of PSU's		-	-	(1,867)	(646)
Net cash from (used in) financing activities		(6,219)	(3,100)	(15,352)	(5,387)
Effects of foreign exchange rate changes on cash flow		1,239	231	767	(456)
Net increase (decrease) in cash and cash equivalent		1,919	2,610	2,494	(256)
Cash and cash equivalents, beginning of the period		10,829	7,090	10,254	9,956
Cash and cash equivalents, end of period		\$ 12,748	\$ 9,700	\$ 12,748	\$ 9,700
Disclosure of cash payments					
Payments for income taxes		\$ 781	\$ 1,173	\$ 2,109	\$ 3,531
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 nine months ended August 28, 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 October 6, 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 August 28, 2026 were 25,173,390 (November 30, 2025 – 25,173,390).

During the three months ended August 28, 2026, the Corporation granted Nil performance share units (“PSUs”) (2025 – Nil). During the nine months ended August 28, 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 August 28, 2026, Nil of the 242,792 (November 30, 2025 – nil of the 277,264) outstanding PSUs had vested or were exercisable.

Notes to the Interim Condensed Consolidated Financial Statements
(in thousands of Canadian dollars, except where noted and per share amounts)

3.2 Earnings per share

	Three months ended		Nine months ended	
	August 28, 2026	August 29, 2025	August 28, 2026	August 29, 2025
<i>Numerator</i>				
Net earnings	\$ 10,067	\$ 2,826	\$ 18,695	\$ 9,655
Net earnings attributable to non-controlling interests	67	58	175	240
Net earnings attributable to equity holders of FTG	\$ 10,000	\$ 2,768	\$ 18,520	\$ 9,415
Numerator for basic earnings per share - net earnings applicable to Common Shares	\$ 10,000	\$ 2,768	\$ 18,520	\$ 9,415
Numerator for diluted earnings per share - net earnings applicable to Common Shares	\$ 10,000	\$ 2,768	\$ 18,520	\$ 9,415
<i>Denominator</i>				
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	243,281	281,326	253,985	273,702
Weighted average number of RSUs	-	-	-	4,380
Denominator for diluted earnings per share - weighted average number of Common Shares outstanding and assumed conversions	25,416,671	25,454,716	25,427,375	25,366,163
Earnings (loss) per share data attributable to the equity holders of FTG				
Basic earnings (loss) per share	\$ 0.40	\$ 0.11	\$ 0.74	\$ 0.38
Diluted earnings (loss) per share	\$ 0.39	\$ 0.11	\$ 0.73	\$ 0.37

The weighted average numbers of PSUs and RSUs were included in the calculation of diluted earnings per share for the three and nine months ended August 28, 2026 and August 29, 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.

Notes to the Interim Condensed Consolidated Financial Statements
(in thousands of Canadian dollars, except where noted and per share amounts)

The Corporation's managed capital is as follows:

	August 28, 2026	November 30, 2025
	\$	\$
Total equity attributable to FTG's shareholders	112,548	96,467
Bank loans	-	7,352
Government loans	8,880	11,005
Managed capital	121,428	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 nine months ended August 28, 2026 (2025 – Nil). The NCIB expired on September 29, 2026 and the Corporation does not plan to renew.

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 to 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.

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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 receivable 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.

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In connection with the FLYHT acquisition, 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 nine months ended August 28, 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 the following:

	Three months ended		Nine months ended	
	August 28, 2026	August 29, 2025	August 28, 2026	August 29, 2025
	\$	\$	\$	\$
Accounts receivable	(11,045)	2,531	(13,676)	4,133
Contract assets	(70)	192	793	(792)
Inventories	(607)	(955)	(1,630)	(6,325)
Prepaid expenses	347	(37)	(139)	2,720
Contract liabilities	(689)	(1,137)	(27)	956
Accounts payable and accrued liabilities, and provisions	6,368	(788)	4,807	(6,424)
Income tax payable	3,555	595	4,274	778
Total	(2,141)	401	(5,598)	(4,954)

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 August 28, 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 August 28, 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 August 28, 2026. The Corporation did not have any Level 3 financial instruments carried at fair value as at November 30, 2025.

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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 August 28, 2026. The table below summarizes the unrealized gains (losses) included in the fair values:

	August 28, 2026 \$	November 30, 2025 \$
Unrealized gains (losses) of derivative instruments		
Foreign exchange forward contracts	(1,547)	(1,288)
Gold forward contracts	448	1,439
Net unrealized gains (losses) of derivative instruments	(1,099)	151
Tax effect	275	(38)
Included in accumulated other comprehensive income	(824)	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 August 28, 2026 and November 30, 2025:

Notes to the Interim Condensed Consolidated Financial Statements
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As at	Currency sold	Currency bought	Notional value	Forward value at transaction date	Forward current value	Unrealized loss
August 28, 2026	USD	CAD	US\$78,000	\$104,938	\$106,485	(\$1,547)
November 30, 2025	USD	CAD	US\$51,000	\$68,817	\$70,105	(\$1,288)

As at August 28, 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 August 28, 2026, in addition to the foreign exchange forward contracts per above, the Corporation had an outstanding commitment to buy 900 ounces of gold (November 30, 2025 – 1,050 ounces of gold) under gold forward contracts at a contract price of approximately \$5.75 per ounce (November 30, 2025 – \$3.76) expiring quarterly from September 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
August 28, 2026	Gold forward contract	900 ounces	\$5,171	\$5,619	\$448
November 30, 2025	Gold forward contract	1,050 ounces	\$3,948	\$5,387	\$1,439

As at August 28, 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 August 28, 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.

Notes to the Interim Condensed Consolidated Financial Statements
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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 nine months ended August 28, 2026, net realized loss of \$424 and \$848, respectively (2025 – loss of \$354 and \$1,675), 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:

	USD denominated financial instruments expressed in Canadian dollar \$	RMB denominated financial instruments expressed in Canadian dollar \$	EUR denominated financial instruments expressed in Canadian dollar \$
As at August 28, 2026			
Cash	1,519	3,811	421
Accounts receivable, contract assets	31,834	228	1,055
Accounts payable and accrued liabilities, and contract liabilities	(4,519)	(194)	(1,133)
Balance sheet exposure, excluding financial derivatives	28,834	3,845	343
	USD denominated financial instruments expressed in Canadian dollar \$	RMB denominated financial instruments expressed in Canadian dollar \$	EUR denominated financial instruments expressed in Canadian dollar \$
As at November 30, 2025			
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)	-	-
Balance sheet exposure, excluding financial derivatives	12,459	1,286	683

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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. A 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	August 28, 2026
	August 29, 2025
	\$
	\$
USD	(288)
RMB	(38)
EUR	(3)

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.

	USD denominated transactions expressed in Canadian dollar	EUR denominated transactions expressed in Canadian dollar
	\$	\$
Three months ended August 28, 2026		
Sales	60,816	2,214
Foreign exchange forward contracts	(10,495)	-
Cost of sales and expenses	(34,117)	(1,761)
Income statement exposure	16,204	453

	\$	\$
Nine months ended August 28, 2026		
Sales	155,110	6,058
Foreign exchange forward contracts	(22,492)	-
Cost of sales and expenses	(89,246)	(3,122)
Income statement exposure	43,372	2,936

	USD denominated transactions expressed in Canadian dollar	EUR denominated transactions expressed in Canadian dollar
	\$	\$
Three months ended August 29, 2025		
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

	\$	\$
Nine months ended August 29, 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 August 28, 2026 and August 29, 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.

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	Three months ended	
	August 28, 2026	August 29, 2025
Effect of 1% strengthening of Canadian dollar	\$	\$
USD	(162)	(74)
EUR	(5)	(1)

	Nine months ended	
	August 28, 2026	August 29, 2025
Effect of 1% strengthening of Canadian dollar	\$	\$
USD	(434)	(159)
EUR	(29)	(8)

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 nine months ended August 28, 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.

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

Notes to the Interim Condensed Consolidated Financial Statements
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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 August 28, 2026 and November 30, 2025:

	August 28, 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	-	-	-	-	-	7,607
Bank loans interest payments	-	-	-	-	-	352
Accounts payable and accrued liabilities, and provisions	31,061	-	-	-	31,061	26,431
Contract liabilities	4,388	-	-	-	4,388	4,421
Income tax payable	4,030	-	-	-	4,030	-
Lease liabilities (undiscounted contractual cash flows)	4,073	2,801	2,648	4,505	14,027	17,999
Government loan	2,429	3,038	3,612	-	9,079	11,461
Government loan interest payment	7	54	27	-	88	88
	45,988	5,893	6,287	4,505	62,673	68,359

¹ Bank loans as at August 28, 2026 is offset by \$Nil of deferred financing charge (\$254 as at November 30, 2025).

a) Government loans

ARRI: 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.

AMIC: 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.

WINN: 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.

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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.

SADI: 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:

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Three months ended August 28, 2026	Circuits	Aerospace	Corporate Office	Total
	\$	\$	\$	\$
Gross segment sales	45,096	19,838	-	64,934
Inter-segment sales	-	-	(838)	(838)
Net sales	45,096	19,838	(838)	64,096
Cost of sales and selling, general and administrative expenses	30,814	14,582	(860)	44,536
Research and development costs	1,774	1,252	-	3,026
Provision (recovery) of investment tax credits	1,666	(5)	-	1,661
Depreciation	1,903	487	23	2,413
Amortization of intangible assets and other amortization	29	321	(67)	283
Foreign exchange (gain) loss	84	186	(98)	172
Earnings (loss) before interest and income taxes	8,826	3,015	164	12,005
Finance costs	278	277	(12)	543
Income tax expense	932	272	191	1,395
Net earnings (loss)	7,616	2,466	(15)	10,067
Other operating segments disclosures:				
Additions to plant and equipment	1,901	465	-	2,366
Additions to deferred development costs	-	-	-	-
Three months ended August 29, 2025	Circuits	Aerospace	Corporate Office	Total
	\$	\$	\$	\$
Gross segment sales	32,148	16,781	-	48,929
Inter-segment sales	-	-	(1,192)	(1,192)
Net sales	32,148	16,781	(1,192)	47,737
Cost of sales and selling, general and administrative expenses	25,021	13,797	(1,206)	37,612
Research and development costs	1,619	971	-	2,590
Recovery of investment tax credits	(185)	(320)	72	(433)
Depreciation	1,859	495	25	2,379
Amortization of intangible assets and other amortization	29	246	(118)	157
Foreign exchange (gain) loss	258	527	(166)	619
Earnings (loss) before interest and income taxes	3,547	1,065	201	4,813
Finance costs	297	183	275	755
Income tax expense	974	213	45	1,232
Net earnings (loss)	2,276	669	(119)	2,826
Other operating segments disclosures:				
Additions to plant and equipment	1,025	132	3	1,160
Additions to deferred development costs	-	107	-	107

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Nine months ended August 28, 2026	Circuits	Aerospace	Corporate Office	Total
	\$	\$	\$	\$
Gross segment sales	110,486	56,065	-	166,551
Inter-segment sales	-	-	(2,416)	(2,416)
Net sales	110,486	56,065	(2,416)	164,135
Cost of sales and selling, general and administrative expenses	81,766	42,447	(2,543)	121,670
Research and development costs	4,735	3,401	-	8,136
Provision (recovery) of investment tax credits	1,317	(150)	-	1,167
Depreciation	5,669	1,416	70	7,155
Amortization of intangible assets and other amortization	86	961	55	1,102
Foreign exchange (gain) loss	561	898	(350)	1,109
Earnings (loss) before interest and income taxes	16,352	7,092	352	23,796
Finance costs	829	533	434	1,796
Income tax expense	2,704	221	380	3,305
Net earnings (loss)	12,819	6,338	(462)	18,695
Other operating segments disclosures:				
Additions to plant and equipment	3,081	876	3	3,960
Additions to deferred development costs	-	10	-	10
Nine months ended August 29, 2025	Circuits	Aerospace	Corporate Office	Total
	\$	\$	\$	\$
Gross segment sales	94,503	47,788	-	142,291
Inter-segment sales	-	-	(2,951)	(2,951)
Net sales	94,503	47,788	(2,951)	139,340
Cost of sales and selling, general and administrative expenses	71,766	38,914	(2,346)	108,334
Research and development costs	5,045	2,724	-	7,769
Recovery of investment tax credits	(512)	(392)	-	(904)
Depreciation	5,535	1,470	97	7,102
Amortization of intangible assets and other amortization	4	715	(22)	697
Foreign exchange (gain) loss	526	210	(575)	161
Earnings (loss) before interest and income taxes	12,139	4,147	(105)	16,181
Finance costs	1,062	575	473	2,110
Income tax expense	3,402	978	36	4,416
Net earnings (loss)	7,675	2,594	(614)	9,655
Other operating segments disclosures:				
Additions to plant and equipment	2,633	671	40	3,344
Additions to deferred development costs	-	481	-	481

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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 August 28, 2026				
	Circuits	Aerospace	Corporate office	Total
	\$	\$	\$	\$
Total segment assets	102,493	78,770	3,723	184,986
Intangible, goodwill and other assets	10,542	24,931	-	35,473
Total segment liabilities	35,924	24,074	11,690	71,688

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				Nine months ended			
	August 28, 2026		August 29, 2025		August 28, 2026		August 29, 2025	
	\$	%	\$	%	\$	%	\$	%
Canada	4,228	6.6	2,623	5.5	11,602	7.1	6,811	4.9
United States	45,994	71.8	34,313	71.9	116,344	70.9	99,176	71.2
Asia	8,692	13.6	6,197	13.0	23,221	14.1	20,126	14.4
Europe	4,519	7.1	4,009	8.4	11,429	7.0	11,426	8.2
Other	663	0.9	595	1.2	1,539	0.9	1,801	1.3
Total	64,096	100.0	47,737	100.0	164,135	100.0	139,340	100.0

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

As at August 28, 2026				
	Canada	United States	Asia	Total
	\$	\$	\$	\$
Intangible and other assets (by location of division)	24,929	10,542	2	35,473
Plant and equipment (by location of division)	6,587	7,858	936	15,381
Right-of-use assets (by location of division)	6,028	13,477	63	19,568

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	Nine months ended
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Notes to the Interim Condensed Consolidated Financial Statements
(in thousands of Canadian dollars, except where noted and per share amounts)

	August 28, 2026	August 29, 2025	August 28, 2026	August 29, 2025
	\$	\$	\$	\$
Sale of goods	58,602	43,359	149,339	127,476
Services	5,349	4,163	14,438	11,207
Licensing	145	215	358	657
	64,096	47,737	164,135	139,340

Timing of revenue recognition
based on transfer of control is as
follows:

	Three months ended		Nine months ended	
	August 28, 2026	August 29, 2025	August 28, 2026	August 29, 2025
	\$	\$	\$	\$
At a point of time	58,747	43,574	149,697	128,133
Over time	5,349	4,163	14,438	11,207
	64,096	47,737	164,135	139,340

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

For the three months ended August 28, 2026	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		\$	\$	\$	
Customer A	United States & Europe	7,882	2,373	10,255	16.0
Customer B	United States	7,574	565	8,139	12.7

For the three months ended August 29, 2025	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		\$	\$	\$	
Customer A	United States & Europe	6,613	1,143	7,756	16.3
Customer C	United States, Canada & Asia	1,890	3,496	5,386	11.3

For the nine months ended August 28, 2026	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		\$	\$	\$	
Customer A	United States & Europe	20,173	4,129	24,302	14.8
Customer C	United States, Canada, Asia & Europe	8,117	8,131	16,248	9.9

For the nine months ended August 29, 2025	Location	Circuits Segment	Aerospace Segment	Total	% of FTG total net sales
		\$	\$	\$	
Customer A	United States, Europe & Canada	18,200	3,610	21,810	15.7
Customer C	United States, Canada & Asia	7,183	8,556	15,739	11.3

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