FIRAN TECHNOLOGY GROUP CORPORATION

Second Quarter Ended
May 29, 2026

Management's Discussion and Analysis of
Results of Operations and Financial Condition

July 8, 2026

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

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

This Management's Discussion and Analysis ("MD&A") for the three months ended May 29, 2026 (second quarter of fiscal 2026 or Q2 2026) is as of July 8, 2026 and provides information on the operating activities, performance and financial position of Firan Technology Group Corporation ("FTG" or the "Corporation") and should be read in conjunction with the interim condensed consolidated financial statements of the Corporation for the second quarter of fiscal 2026, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") and are reported in Canadian dollars. The Corporation assumes that the reader of this MD&A has access to, and has read the audited consolidated financial statements prepared in accordance with IFRS and MD&A of the Corporation for the year ended November 30, 2025 (Fiscal 2025) and, accordingly, the purpose of this document is to provide a second quarter update to the information contained in the fiscal 2025 MD&A. Additional information is contained in the Corporation's filings with Canadian securities regulators, including its Annual Information Form dated February 17, 2026, found on SEDAR at www.sedarplus.ca and on the Corporation's website at www.ftgcorp.com.

CORE BUSINESS AND STRATEGY

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

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

FTG Circuits is a leading manufacturer of high technology/high reliability printed circuit boards within the Global marketplace. Currently, FTG Circuits has manufacturing operations in the following locations:

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

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

FTG Aerospace designs and manufactures illuminated cockpit panels, keyboards, bezels, sub-assemblies and assemblies for original equipment manufacturers ("OEMs") of avionics products as well as for airframe manufacturers. FTG Aerospace has manufacturing operations in the following locations:

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

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

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

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

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

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

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

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

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

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

Operational Analysis

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

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

FTG Circuits

FTG Circuits is a manufacturer of high-technology, high-reliability printed circuit boards standard rigid products, High-density interconnect (HDI), RF circuitry, Thermal management, Rigid flex and assembly. FTG produces boards utilizing traditional PCB manufacturing processes. FTG Circuits customers are in the aviation, defense and space industries.

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

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

FTG Aerospace

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

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

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

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

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

Second Quarter

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

Year-to-Date

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

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

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

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

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

Gross Margin

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

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

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

Selling, General and Administrative Expenses

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

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

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

Research and Development

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

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

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

Depreciation and Amortization

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

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

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

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

Foreign Exchange

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

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

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

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

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

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

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

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

Income Tax Expense

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

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

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

RECONCILIATION OF NON-IFRS MEASURES

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

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

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

[1] *Non-IFRS financial measure.*

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

[1] *Non-IFRS financial measure.*

OVERVIEW OF HISTORICAL QUARTERLY RESULTS

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

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

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

LIQUIDITY AND CAPITAL RESOURCES

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

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

[1] *Non-IFRS financial measure.*

The following table outlines the liquidity metrics of the Corporation:

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

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

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

[1] *Includes contract assets and contract liabilities*

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

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

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

CAPITAL EXPENDITURES (PLANT AND EQUIPMENT)

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

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

CASH FLOW

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

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

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

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

BACKLOG

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

[1] *Non-IFRS financial measure.*

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

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

RELATED PARTY TRANSACTIONS

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

FINANCIAL RISK MANAGEMENT

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

OUTSTANDING SHARES

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

During the second quarter of 2026 the Corporation granted Nil performance share units ("PSUs") (2025 – 20,000). On a year-to-date basis, the Corporation granted 65,000 performance share units ("PSUs") (2025 – 110,000). PSUs vest based on the achievement of a non-market performance condition. PSUs vest at the end of their respective terms, generally three years, to the extent that the applicable performance conditions have been met. As at May 29, 2026, Nil of the 243,383 (November 30, 2025 – Nil of the 277,264) outstanding PSUs had vested or were exercisable.

RISK FACTORS

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

ETHICAL BUSINESS CONDUCT

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

OUTLOOK

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

Company reporting indicates that air transport deliveries were approximately 1,400 aircraft in 2025, with Airbus having approximately 57% market share. Both Boeing and Airbus are reporting plans to implement production increases over the next few years. The broader aerospace landscape is poised for remarkable growth, with the global aircraft fleet projected to nearly double by 2043. Airbus has over 8,000 orders in backlog and Boeing has over 6,000. The bulk of the orders at both companies are for single aisle aircraft.

In 2023, COMAC announced that the C919 aircraft entered service in China, representing a new entry into the single aisle aircraft market. In 2024 FTG reported a production order of approximately $17 million for cockpit assemblies for the C919 aircraft. Deliveries have commenced and are expected to continue for 2026 and beyond.

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

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

The helicopter market was less impacted by the pandemic. Production rates are impacted by overall economic conditions and the business cycles of key industries that are heavy users of helicopters, such as resource extraction and public safety. In recent years, the helicopter market has seen moderate growth.

NATO member states, including Canada and the United States, are increasing their defence spending due to a unified commitment to enhance capabilities and ensure the alliance's collective security amidst global conflicts and geopolitical tensions. FTG's plants in the USA and Canada are certified vendors for the US defence supply chain.

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

Tariffs remain a significant uncertainty within the global aerospace and defence sector, although the products manufactured by the Corporation for shipment from Canada to U.S. based customers and/or from the U.S. to Canada, generally fall under the provisions of the United States-Mexico-Canada Agreement (USMCA). As nearly all of FTG's products sold within North America comply with USMCA requirements, the Company believes it is well positioned to navigate ongoing trade policy developments. The Corporation is seeing increased input costs, due to tariffs on raw materials or components of raw materials used in the manufacturing processes. This is due to many input materials originating outside of North America and being imported into the United States, and in some cases on to Canada.

CONTROLS AND PROCEDURES

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

Internal Control Over Financial Reporting

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

During the six months ended May 29, 2026, there have been no changes in the Corporation's internal controls over financial reporting that may have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

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

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

NON-IFRS FINANCIAL MEASURES

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

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

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

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

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

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

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

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

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

These non-IFRS financial measures are not generally accepted measures and should not be considered as alternatives to IFRS measures. As there is no standardized method of calculating these measures, these non-IFRS financial measures may not be directly comparable with similarly titled measures used by other companies. Management believes these non-IFRS financial measures are important to many of the Corporation's shareholders, creditors and other stakeholders. The risks, uncertainties and other factors that could influence actual results are described in this MD&A based on information available as of July 8, 2026 and the Corporation's Annual Information Form (including documents incorporated by reference) dated February 17, 2026 which is available on SEDAR+ at www.sedarplus.ca.