



FTG CORPORATION



**Aerospace & Defence Electronic
Products & Subsystems**

FTG: TSX

February 2025

Disclaimer

This presentation contains certain forward-looking statements. These forward-looking statements are related to, but not limited to, FTG's operations, anticipated financial performance, business prospects and strategies. Forward-looking information typically contains words such as "anticipate", "believe", "expect", "plan" or similar words suggesting future outcomes. Such statements are based on the current expectations of management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and the Company's industry, generally. The preceding list is not exhaustive of all possible factors. Such forward-looking statements are not guarantees of future performance and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company. The reader is cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward-looking statements. Other than as may be required by law, FTG disclaims any intention or obligation to update or revise any such forward-looking statements, whether as a result of new information, future events or otherwise.



TSX: FTG

FTG Today: Pioneering Aerospace & Defence Solutions

A Global Force, Crafting Cutting-Edge Electronic Products and Subsystems that Propel the Industry Forward

Markets



Aerospace & Defence

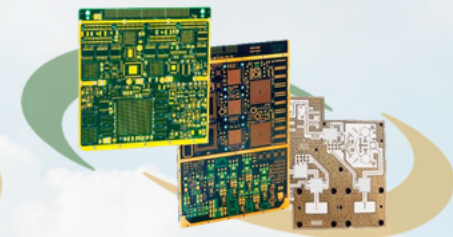
Products

Cockpit Products



FTG Aerospace

Printed Circuit Boards



FTG Circuits

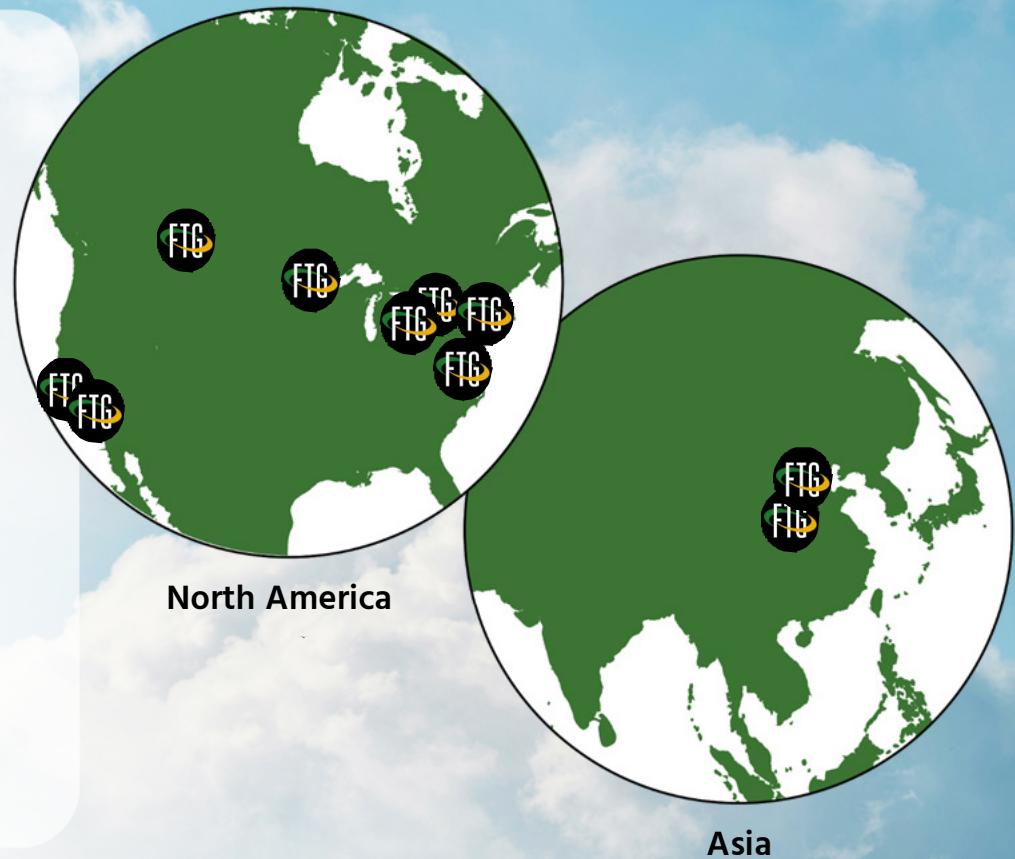


TSX: FTG

FTG at a Glance

Financial And Operational Snapshot

- ✓ **TSX: FTG**
- ✓ **80% Growth in Sales (2022-2024) Driven by Acquisitions & Organic Growth:**
 - ✓ \$90M Sales in 2022
 - ✓ \$135M Sales in 2023
 - ✓ \$162M Sales in 2024
- ✓ **10 Sites Globally:**
 - ✓ 5 in USA
 - ✓ 3 in Canada
 - ✓ 2 in China
- ✓ **25.2M Common Shares, approximately:**
 - ✓ 4.8M owned by Oakwest Ltd
 - ✓ 2.7M owned by Brad Bourne – CEO
 - ✓ 2.4M owned by TD Asset Management
 - ✓ 0.5M owned by other Mgmt/Directors
- ✓ **740 Employees Globally**



TSX: FTG

FTG Strategic Initiatives

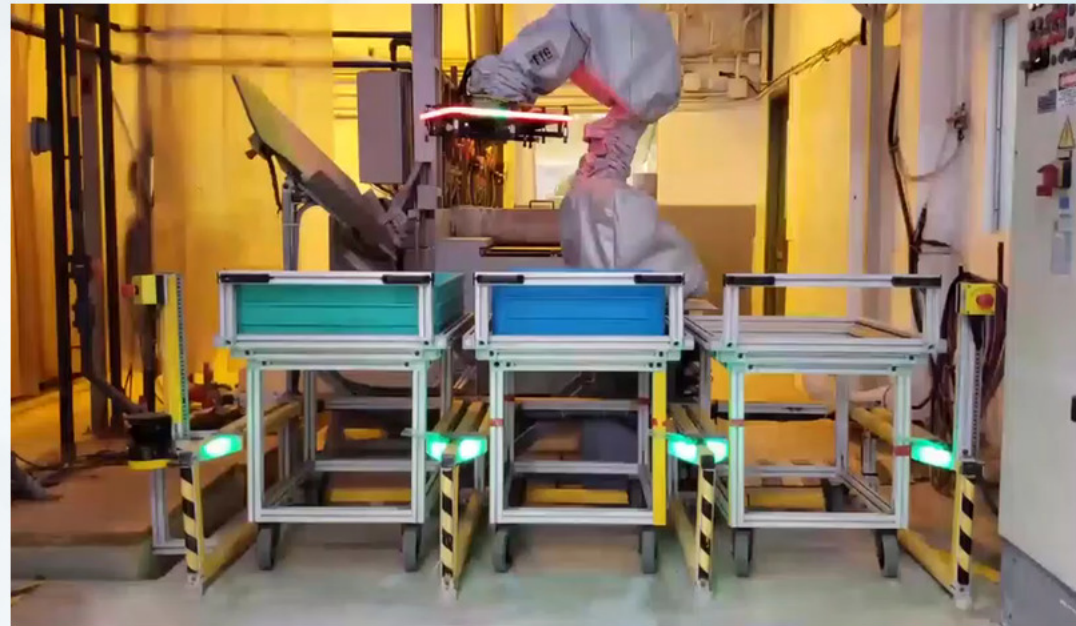


FTG Operating System

Solidifying Leadership Team –

Laying The Groundwork To Scale Effectively, Without Compromising Performance

- **Build/Strengthen the team**
- **Standardize FTG operating system across the company:**
 - Leverage best practices from inside and outside FTG
 - Ensure consistent performance across all sites
 - Ensure standard reporting across the company
- **Drive Efficiencies**
 - Understand key metrics
 - Streamline processes
 - Automate



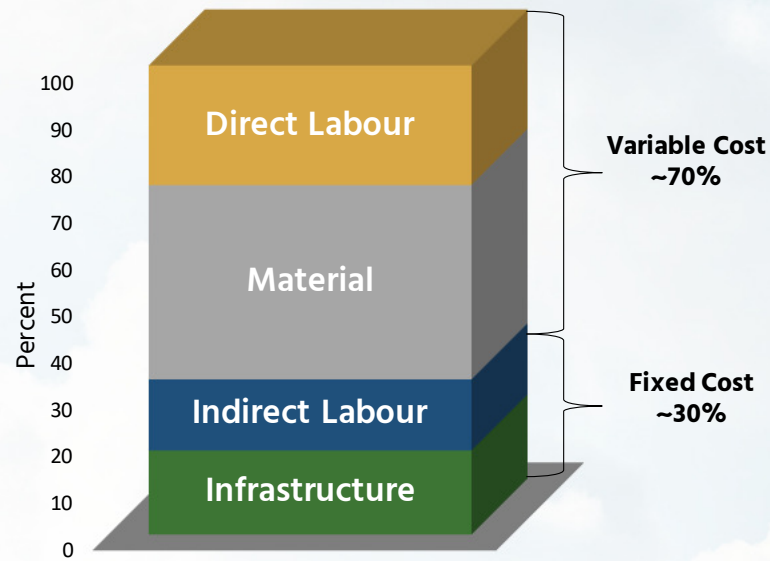
TSX: FTG

FTG Strategic Initiatives



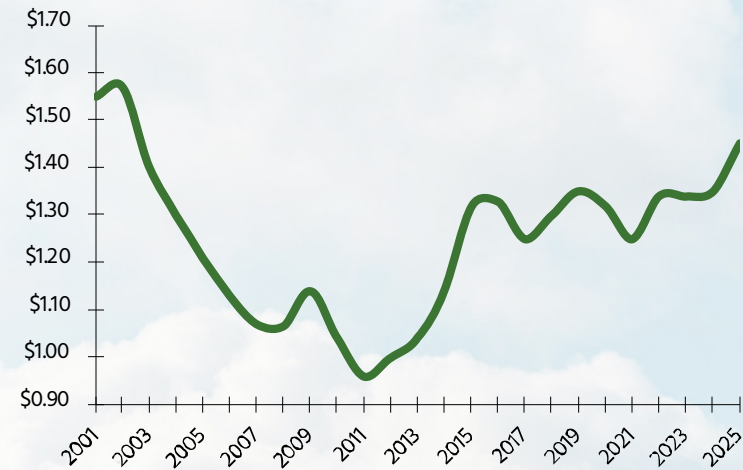
FTG Scalable Economics

Top Line Drives Bottom Line



Contribution Margin of ~30% on incremental revenue

CAD/USD Exchange Rate



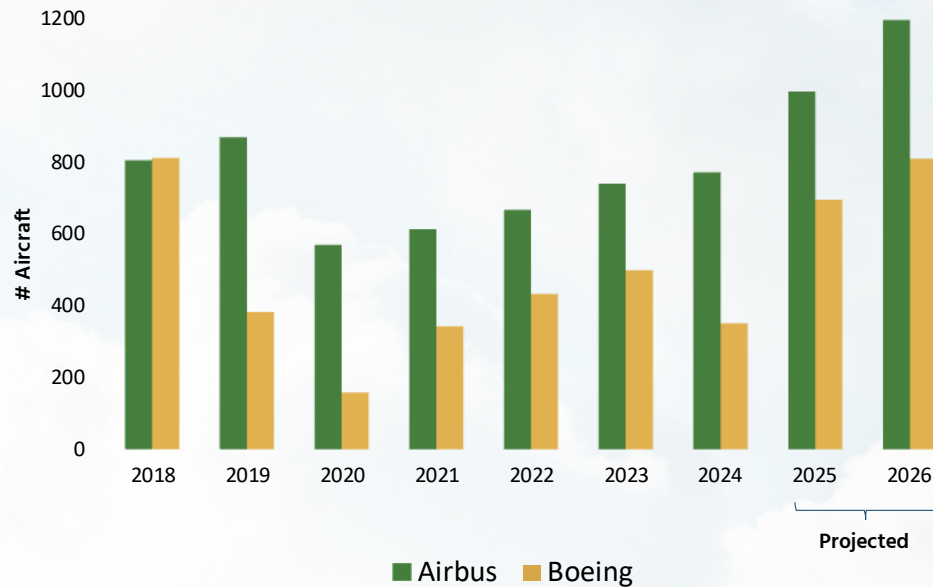
Over 90% of FTG's revenue denominated in USD



TSX: FTG

Commercial Aircraft Deliveries

AIRCRAFT DELIVERIES



Airbus total backlog
8,658
 AIRCRAFT

Boeing total backlog
5,595
 AIRCRAFT

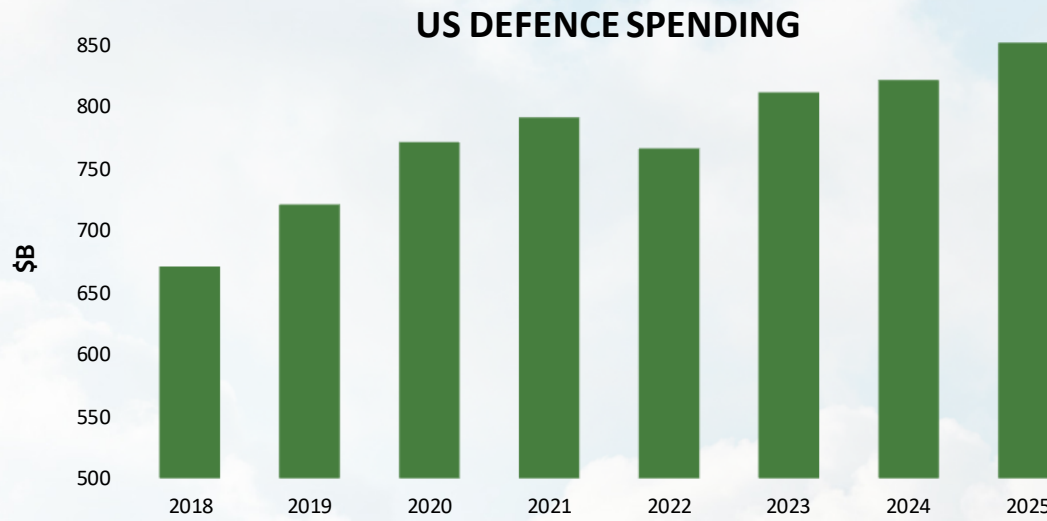
Airbus

- Ramping from **50** to **75** A320s per month by **2026**
- Ramping A350 from **5** to **10** per month by **2026**
- Ramping from **5** to **14** A220 per month by **2026**

Boeing

- Ramping from **36** to **50** 737s per month by **2026**
- Ramping from **5** to **10** 787s per month by **2025**

US Defence Spending



Defence spending is increasing as geopolitical tensions increase around the globe



TSX: FTG

FTG's Multiple Levers For Continued Growth



FTG Strategic Initiatives



Barriers to Entry

-  Technology/Capabilities
-  Government certifications
-  Customer certifications and approvals
-  Customer Relationships
-  Operational Performance
-  Financial Strength
-  Global Footprint



TSX: FTG

Aerospace Technology Growth

Technology Growth Drives Higher Content Per Aircraft And Accelerates Revenue Growth



Electronic Assembly



Power Supply



Electro-mech Assembly



Switch Panel



Panel



Keyboard

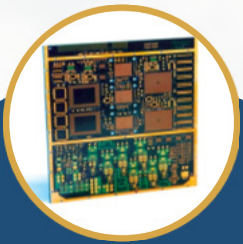


45%
of 2024 sales
are assemblies



TSX: FTG

Circuits – Technology Growth



HDI
Micro Vias
Sequential
Lamination
Filled Vias



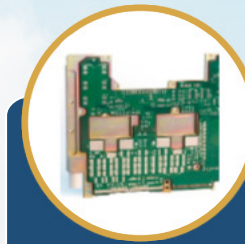
Rigid Flex
Assembly



High Frequency
RF Circuitry



Hybrid Materials
RF Circuitry
Digital Circuitry



Thermal
Management



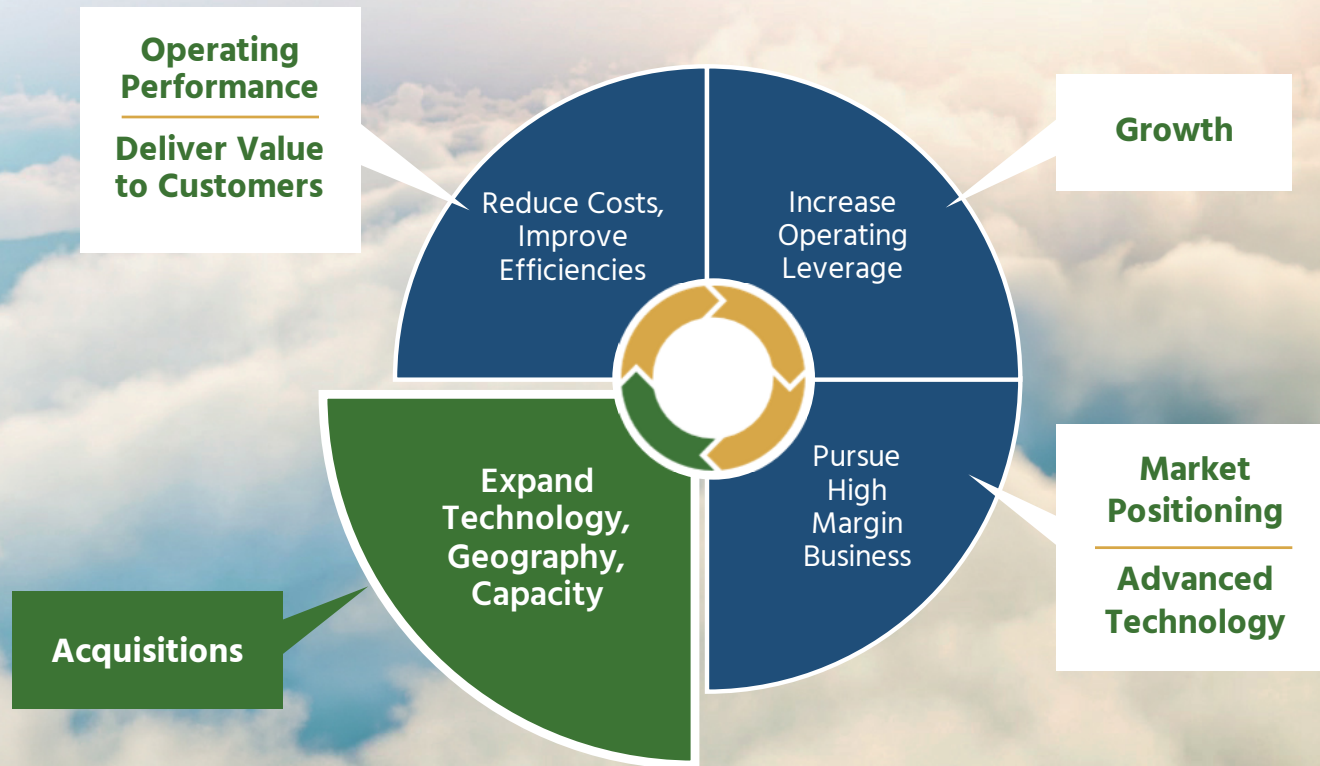
Semi / Fully
Additive Process
(Averatek)
UHDI

Over 50% of sales are high technology or specialty products



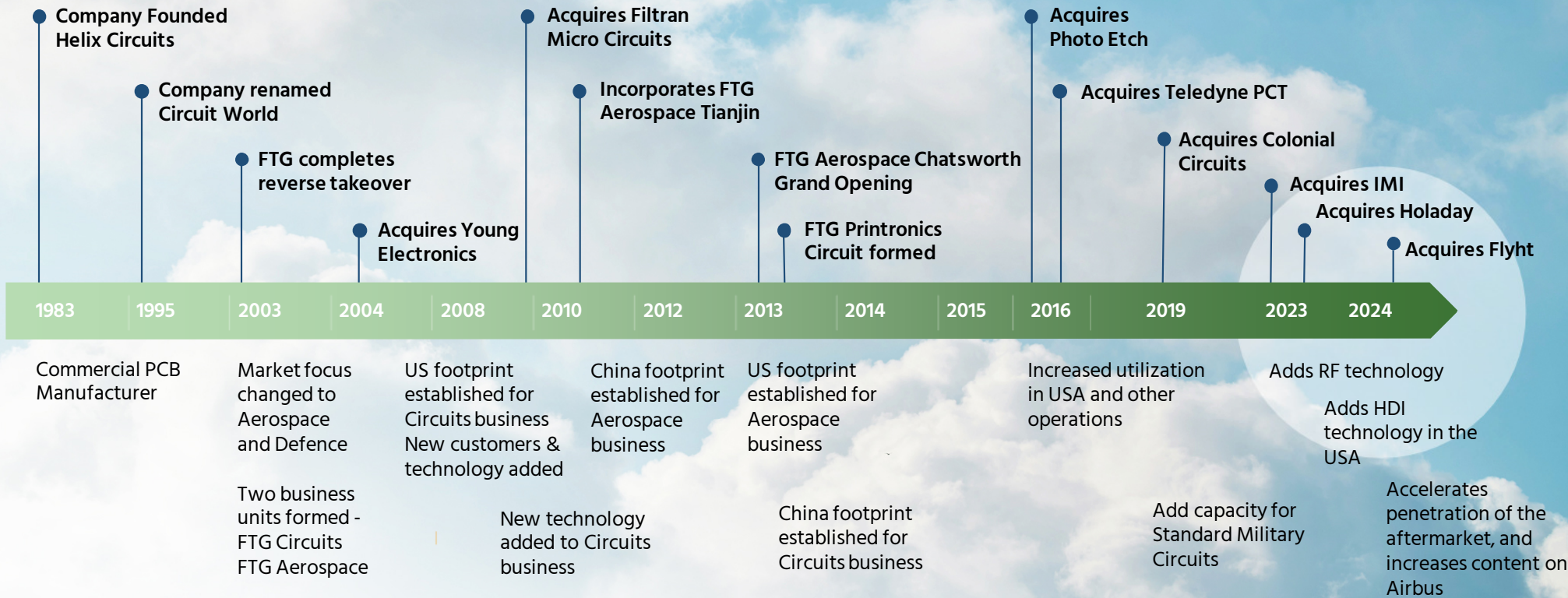
TSX: FTG

FTG Strategic Initiatives



TSX: FTG

Corporate Development Milestones



FLYHT Acquisition

- Plan of Arrangement announced October 21, and deal closed December 20, 2024
- Enterprise value of approximately \$23M
 - ◆ ~\$13.7M in equity and assumption of debt (debenture and Government debt)
- Approximately \$20M in sales
 - ◆ Nearing completion of 3 new aftermarket products – ready for sale

Key Strategic Benefits

- Increase FTG's penetration of the Commercial Aerospace Aftermarket
 - ◆ High margin business
- Increase FTG's content on Airbus aircraft
 - ◆ Airbus is the leading performer in the Air Transport market
- First Avionics products for FTG
 - ◆ Next step up in technology
- Insource manufacturing of FLYHT products to FTG sites
 - ◆ Capture manufacturing margin in house



FLYHT Acquisition

Products



● **Satcom communications via Iridium Satellite system**

- ◆ Backup aircraft safety communications system
- ◆ Aircraft data transmission system for enhanced operations management
- ◆ In service for many years, with design update just completed
- ◆ Factory option for all Airbus aircraft – via licencing arrangement – 200-300 installed annually
 - Licencing revenue to resume in 2026
- ◆ Hardware sales and satellite data service sales



● **Wireless Quick Access Recorder (WQAR) (Edge and Edge +)**

- ◆ 5G wireless connection from aircraft to airline flight operations
- ◆ Collect data in flight and transmit aircraft data while at an airport
- ◆ Development just completing – for two versions
- ◆ Hardware sales and wireless service sales



● **Weather - Water Vapour Sensing System (WVSS II)**

- ◆ Systems installed on aircraft to collect high altitude weather and water vapour data
- ◆ System update nearing completion
- ◆ Data sold to National weather agencies such as NOAA and UK Met
- ◆ Hardware and weather data sales

FLYHT Acquisition

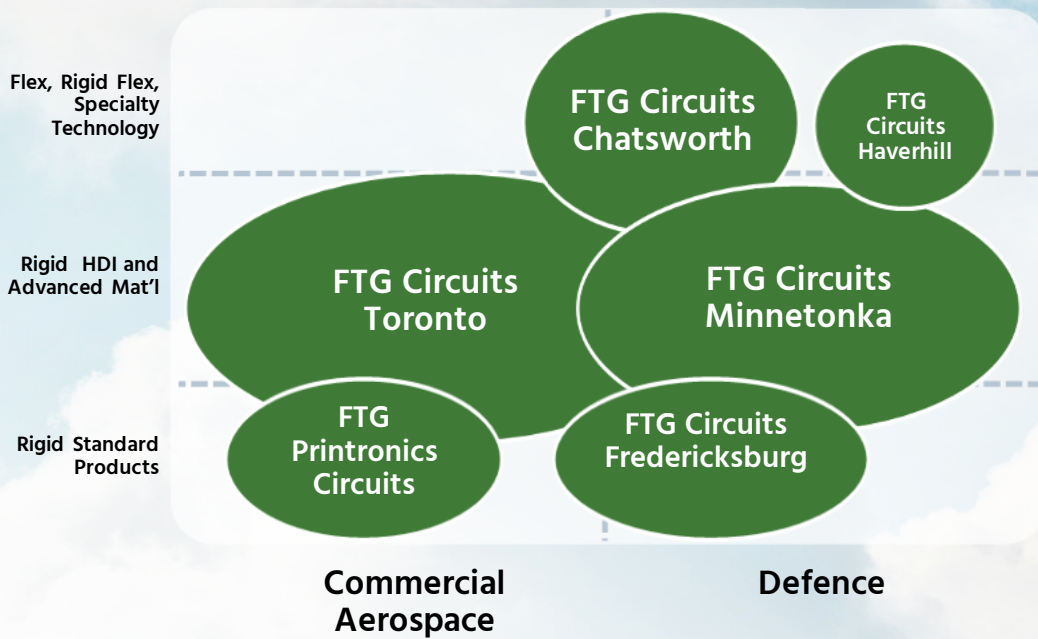
Path Forward

- **Reduce operating costs**
 - ◆ Reduce internal costs - FLYHT restructured in September significantly reducing labour costs
 - Product development efforts winding down
 - ◆ Eliminate public company costs
 - ◆ Total savings estimated at ~\$4M annually
- **Aggressively sell all products against existing Supplemental Type Certificates (STCs)**
 - ◆ STCs are required government approvals (Transport Canada, FAA, EASA, CAAC) to install equipment on specific aircraft types in their jurisdiction
 - ◆ Satcom product has wide range of STCs
 - ◆ New product priority STCs are Boeing 737 and Airbus A320 variants
- **Pursue new STCs for additional aircraft types and countries**
 - ◆ Evaluate deferred development accounting treatment on long lived investments
- **In-source product manufacturing to FTG site(s)**
- **Shield future profits with existing tax losses at FLYHT**

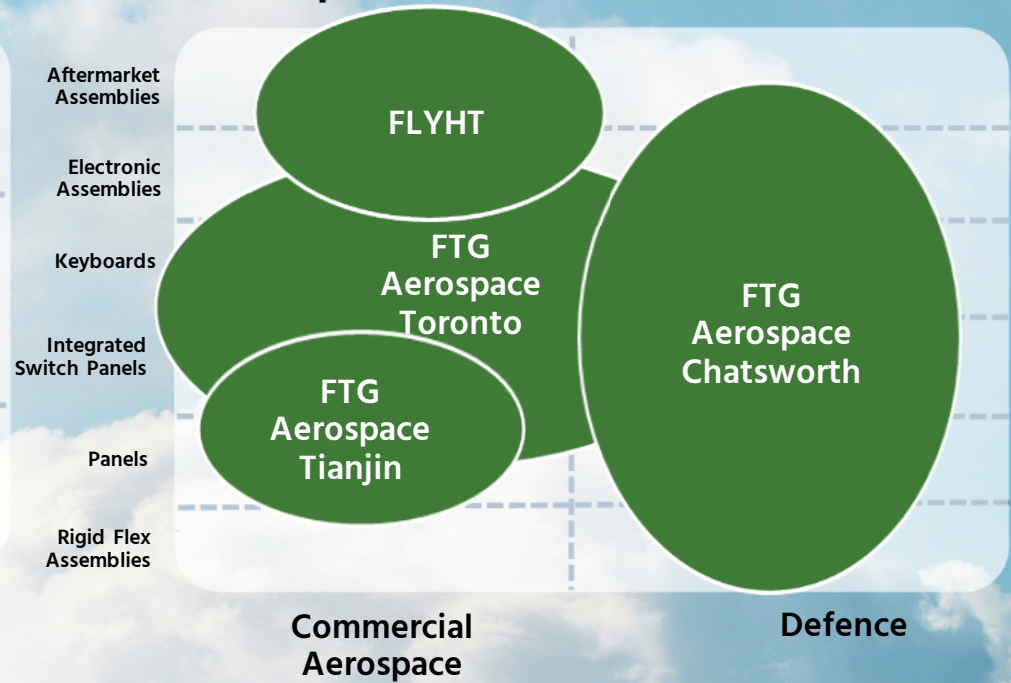


FTG Site Positioning

Circuits



Aerospace



TSX: FTG

Future M&A Considerations

Future Acquisitions

Key criteria for future acquisitions include:

- Aligned with FTG market and product focus
- Expand technology offering
- Expand geographic coverage
 - Europe for commercial airspace
 - Europe, India, other top ten countries outside of US for defence
- Accelerate FTG's penetration of the aftermarket segment
- Drive up plant utilization
- Attractive price, attractive multiple
- Accretive to earnings

Capital Allocation

Capital allocation plans include:

1. Invest organically to ramp throughput and drive technology
2. Pursue corporate development opportunities
3. We have an NCIB to buy back up to 5% of outstanding shareholder stock
 - 616,400 shares repurchased since 2022

Deploy cash available to improve profitability and shareholder returns



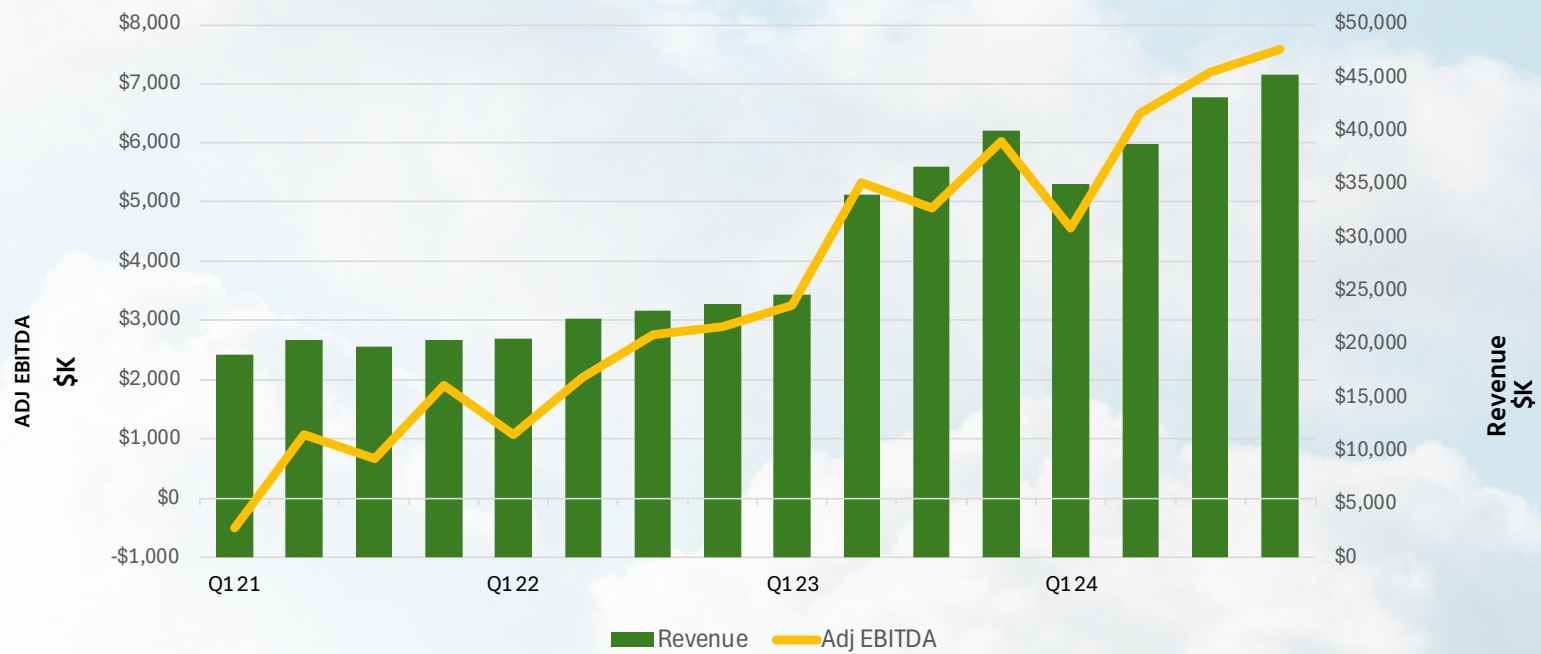
TSX: FTG

Potential US Tariffs

- There is a high risk of the new US Administration implementing tariffs on imports into the US
- FTG sales include approximately \$55M in sales to the US from Canada or China
- Mitigation plans include:
 - ◆ It will take time for the Aerospace and Defence supply chain to move sources of supply so any negative impact to FTG is expected evolve over time
 - ◆ The US-based acquisitions by FTG in 2023 have expanded our US manufacturing capacity and reduced our exposure to US tariffs
 - ◆ The acquisition of FLYHT in December 2024 reduce our exposure to tariffs as their largest customer is in Canada and they sell globally
 - ◆ We are moving to be more locally focused with US sites selling into US customers and non-US sites selling to non-US customers
 - ◆ FTG's is focusing on growing content with Airbus that will reduce focus on the US market
 - ◆ FTG is developing plans to add sales resources in Canada, Europe and Asia
 - ◆ The recent win of cockpit assemblies on the DeHavilland Canadair 515 water bomber will be Canadian revenue generated in our Canadian aerospace site
 - ◆ FTG's plans to open a facility in Hyderabad India will help open a new non-US market



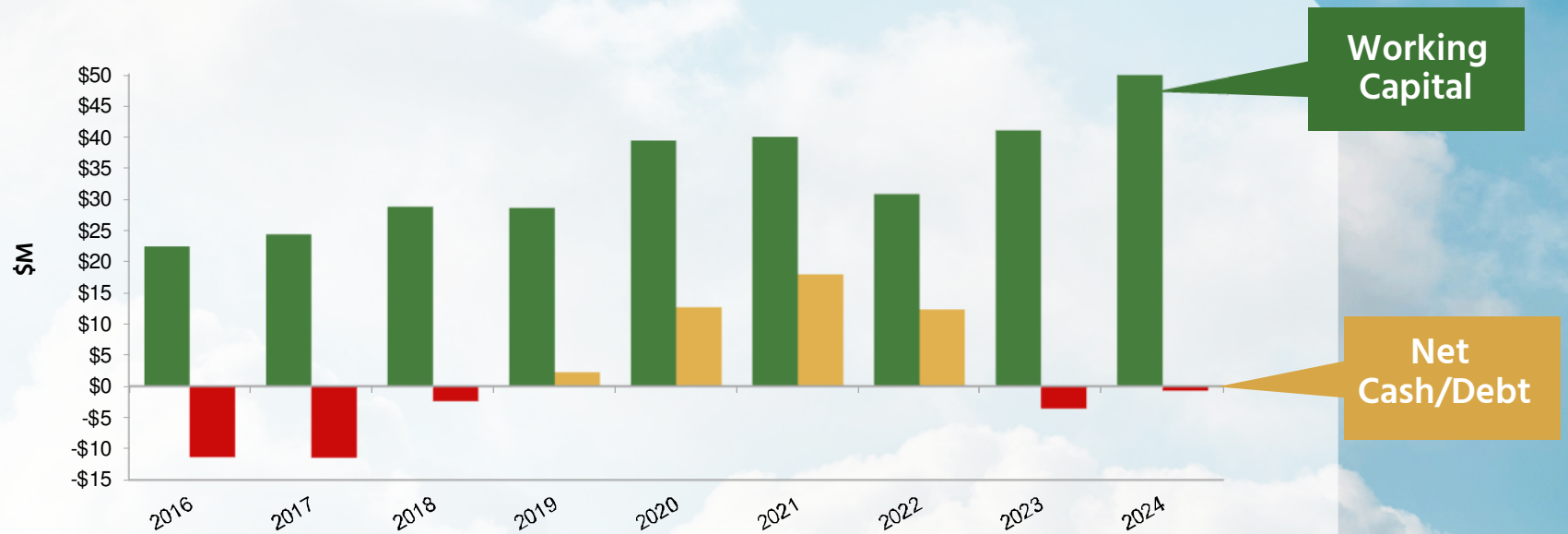
Financial Highlights – By Quarter



Revenue has more than doubled since pandemic lows

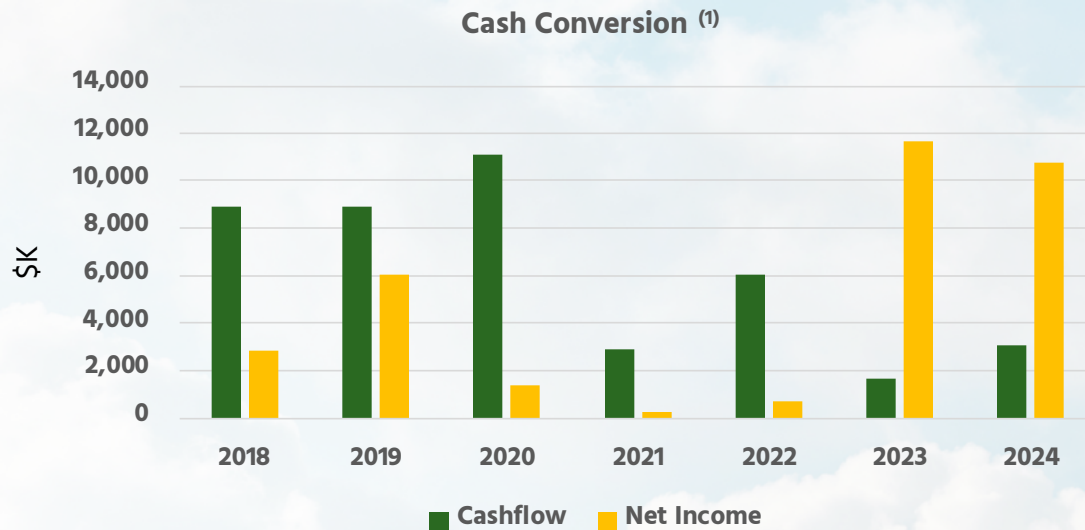
TSX: FTG

Balance Sheet Highlights



Working Capital | Working capital remains strong after the acquisitions
Net Cash | FTG has minimal debt after completing two acquisitions in 2023

Cash Flow Highlights



**Cash conversion above 100% every year except 2023/24.
2023/24 cash conversion impacted by large ramp in production and
resulting working capital growth.**



TSX: FTG

(1) Cashflow excludes acquisition costs and building purchase/sale.

FTG's Stock Performance



Stock is up about 330% in the last decade
FTG TTM EV/EBITDA is ~7.8X
FTG now trades on the OTCQX market in the US – ticker FTGFF



TSX: FTG



FTG CORPORATION



www.ftgcorp.com | FTG: TSX

FTG: TSX