



**For Immediate Release: April 11, 2018**

**FIRAN TECHNOLOGY GROUP CORPORATION (“FTG”) ANNOUNCES FIRST QUARTER 2018 FINANCIAL RESULTS**

TORONTO, ONTARIO – (April 11, 2018) - Firan Technology Group Corporation (TSX:FTG) today announced financial results for the first quarter 2018.

- Achieved first quarter sales of \$27.5M in Q1 2018, compared to \$27.2M in Q1 2017
- Booked over \$40M in orders in Q1 2018
- Net loss in Q1 2018 of \$0.3M versus net earnings of \$0.8M in Q1 2017
- Cash usage from operations was (\$0.3M) in Q1 2018 compared to cash inflow of \$1.0M in Q1 last year

“The first quarter of 2018 saw very strong bookings across our customer base reflecting the strength of the aerospace and defense markets and the benefit from past acquisitions,” stated Brad Bourne, President and Chief Executive Officer. He added, “We are continuing to address costs and margins in a few of our operations to achieve the expected profitability for the Corporation.”

First Quarter Results: (three months ended March 2, 2018 compared with three months ended March 3, 2017)

|                                      | <u>Q1 2018</u> | <u>Q1 2017</u> |
|--------------------------------------|----------------|----------------|
| Sales                                | \$27,528,000   | \$27,172,000   |
| Gross Margin                         | 4,847,000      | 6,886,000      |
| Gross Margin (%)                     | 17.6%          | 25.3%          |
| Operating Earnings <sup>(1)</sup> :  | 1,561,000      | 3,017,000      |
| • Net R&D Investment                 | 1,150,000      | 1,410,000      |
| • Foreign Exchange Loss (Gain)       | (26,000)       | 161,000        |
| • Recovery of Investment Tax Credits | (152,000)      | (141,000)      |
| • Amortization of Intangibles        | 256,000        | 281,000        |
| Net Earnings before Tax              | 333,000        | 1,306,000      |
| • Current Tax Expense                | 18,000         | 17,000         |
| • Deferred Tax Expense               | 636,000        | 488,000        |
| • Non-controlling Interests          | (28,000)       | 1,000          |
| Net Earnings After Tax               | (\$293,000)    | \$800,000      |
| Earnings per share                   |                |                |
| - basic                              | (\$0.01)       | \$0.04         |
| - diluted                            | (\$0.01)       | \$0.03         |

(1) Operating Earnings is not a measure recognized under International Financial Reporting Standards (“IFRS”). Management believes that this measure is important to many of the Corporation’s shareholders, creditors and other stakeholders. The Corporation’s method of calculating Operating Earnings may differ from other corporations and accordingly may not be comparable to measures used by other corporations.

## Business Highlights

FTG accomplished many goals in the first quarter of 2018 that continue to improve the Corporation and position it for the future, including:

- Signed multimillion dollar contract with FlightSafety for KC-46 simulator cockpit assemblies
- Shipped first simulator cockpit assemblies from FTG Tianjin to CAE in Montreal
- Booked and shipped simulator hardware from FTG Tianjin to Rockwell's simulator operations also in Tianjin China
- Signed contract amendment with Shanghai Avionics for C919 cockpit product assemblies for the C919 program valued at \$4M USD in total.

For FTG, overall sales increased by \$0.4M or 1.3%, from \$27.2M in Q1 2017 to \$27.5M in Q1 2018. In Q1 2018, as a result of new funding, some activity previously recognized as cost recovery on deferred development programs is now shown as revenue in accordance with our policy for revenue recognition on a percentage completion basis. As a result, \$5.0M in revenue was recognized in Q1 2018 which represents the percentage completed to-date for this activity. In Q1 2018, the Canadian dollar versus the US dollar was \$0.06 stronger than Q1 last year and this impacted sales by over \$1.0M.

Revenues from the PhotoEtch acquisition contributed about \$1.6M in incremental sales during Q1 2018 compared to \$2.0M in Q1 2017 and our target of \$1.5M per quarter. The decrease from last year was due to minor fluctuations in demand from various customers. The PhotoEtch related revenues will ramp up significantly in the second half of 2018 as shipments begin on the KC-46 simulator assembly contract. Revenues from Teledyne PCT contributed \$3.1M in Q1 2018 compared to \$8.0M in Q1 last year and our target of \$4M per quarter. Sales in Q1 last year were from the Teledyne PCT facility and were high as customers purchased safety stock ahead of the plant closure. Sales in Q1 2018 were below the target due to some temporary component shortages that delayed shipments late in the quarter from the Chatsworth facility.

The Circuits Segment sales were down \$1.3M or 8.5% in Q1 2018 versus Q1 2017. Both North America sites were down. Demand dipped briefly in December in Toronto but has been strong after that. In Chatsworth, Q1 started slowly as momentum had been lost due to production issues reported in Q4. Momentum and solid production rates were achieved by the end of Q1, along with normalized scrap rates.

For the Aerospace segment, sales in Q1 2018 were \$13.4M compared to \$11.7M in Q1 2017 resulting in a 14.2% growth rate. Q1 2017 was unusually high due to the production rates in the Teledyne PCT facility to support safety stock demand. Q1 2018 had the unusually high development program revenue recognition of \$5M. As noted above, shipments from Aerospace Chatsworth were low in February due to temporary component shortages.

Gross margins in Q1 2018 were \$4.8M, or 17.6% compared to \$6.9M or 25.3% in Q1 2017. Excluding the impact of the development program, which has a low margin, the margin in Q1 2018 was 21.3%. The drop in gross margin is due partially to the decreased activity revenue this year, offset by reduced operating cost from the closure of the Teledyne PCT facility. As noted at year end, there are activities at three FTG sites underway to improve margins including increased engineering development activities in Aerospace Toronto, reduced scrap at Circuits Chatsworth and reduced transition related costs of outsourcing, expedite fees, travel, and overtime at Aerospace Chatsworth.

Earnings before interest, tax, depreciation and amortization (EBITDA) for Q1 2018 was \$1.4M, a decrease from \$2.2M in Q1 2017.

The following table reconciles EBITDA<sup>(2)</sup> to the net earnings for Q1 2018.

|                           | <u>Q1 2018</u>     | <u>Q1 2017</u>     |
|---------------------------|--------------------|--------------------|
| Net earnings              | (\$293,000)        | \$800,000          |
| Add:                      |                    |                    |
| Interest                  | 151,000            | 123,000            |
| Income taxes              | 654,000            | 505,000            |
| Recovery of ITCs          | (152,000)          | (141,000)          |
| Depreciation/Amortization | 1,070,000          | 884,000            |
| EBITDA                    | <u>\$1,430,000</u> | <u>\$2,171,000</u> |

(2) EBITDA is not a measure recognized under International Financial Reporting Standards ("IFRS"). Management believes that this measure is important to many of the Corporation's shareholders, creditors and other stakeholders. The Corporation's method of calculating EBITDA may differ from other corporations and accordingly may not be comparable to measures used by other corporations.

Net loss at FTG in Q1 2018 was \$0.3M compared to a net profit of \$0.8M in Q1 2017. The loss in Q1 2018 was impacted by a \$0.06 strengthening of the Canadian dollar versus the US dollar negatively impacting Canadian operations profitability. Also impacting profitability was lower activity revenue and the temporary operating cost issues noted above. Offsetting this, SG&A and related expenses were \$1.0M lower in Q1 2018 compared to Q1 2017 due primarily to the closure of the Teledyne PCT plant, and lower R&D expenses.

The Circuits segment net earnings before corporate and interest and other costs was \$0.8M in Q1 2018 compared to \$2.4M in Q1 2017.

The Aerospace net earnings before corporate and interest and other costs was \$0.0M in Q1 2018 versus (\$0.3M) in Q1 2017.

Cash outflow from operations after investments in capital equipment and deferred development, was (\$0.3M) in Q1 2018 compared to cash inflow of \$1.0M in Q1 2017. Capital asset additions in Q1 2018 were \$0.8M versus \$0.9M in Q1 2017. Accounts receivable increased \$1.1M in the quarter. Inventories increased \$1.1M. Accounts payable and accrued liabilities decreased \$2.2M. These were offset by an increase of \$3.4M in customer deposits.

As at March 2, 2018, the Corporation's net working capital was \$25.7M, an increase of \$1.4M over November 30, 2017.

The Corporation will host a live conference call on Thursday April 12, 2018 at 8:30 am (EST) to discuss the results of the first quarter of 2018.

Anyone wishing to participate in the call should dial 647-427-2311 or 1-866-521-4909 and identify that you are calling to participate in the FTG conference call. The Chairperson is Mr. Brad Bourne. A replay of the call will be available until April 22, 2018 and will be available on the FTG website at [www.ftgcorp.com](http://www.ftgcorp.com). The number to call for a rebroadcast is 416-621-4642 or 1-800-585-8367, Conference ID 7256909.

#### ABOUT FIRAN TECHNOLOGY GROUP CORPORATION

FTG is an aerospace and defense electronics product and subsystem supplier to customers around the globe. FTG has two operating units:

FTG Circuits is a manufacturer of high technology, high reliability printed circuit boards. Our customers are leaders in the aviation, defense, and high technology industries. FTG Circuits has

operations in Toronto, Ontario, Chatsworth, California, and a joint venture in Tianjin, China.

FTG Aerospace manufactures illuminated cockpit panels, keyboards and sub-assemblies for original equipment manufacturers of aerospace and defense equipment. FTG Aerospace has operations in Toronto, Ontario, Chatsworth, California, Fort Worth, Texas and Tianjin, China.

The Corporation's shares are traded on the Toronto Stock Exchange under the symbol FTG.

#### FORWARD-LOOKING STATEMENTS

This news release 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 Corporation and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and the Corporation'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 Corporation. The reader is cautioned to consider these and other factors carefully when making decisions with respect to the Corporation 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.

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Additional information can be found at the Corporation's website [www.ftgcorp.com](http://www.ftgcorp.com)

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Balance Sheets**

| (Unaudited)<br>(in thousands of Canadian dollars)      | March 02,<br>2018 | November 30,<br>2017 |
|--|-------------------|----------------------|
| <b>ASSETS</b>  |                   |                      |
| <b>Current assets</b>                                  |                   |                      |
| Cash   | \$ 2,639          | \$ 2,752             |
| Accounts receivable                                    | 19,056            | 17,983               |
| Taxes receivable                                       | 264               | 209                  |
| Inventories  | 26,222            | 25,079               |
| Prepaid expenses                                       | 1,314             | 1,506                |
|  | <b>49,495</b>     | <b>47,529</b>        |
| <b>Non-current assets</b>                              |                   |                      |
| Plant and equipment, net                               | 12,372            | 12,222               |
| Deferred income tax assets                             | 394               | 395                  |
| Investment tax credits receivable                      | 5,977             | 6,420                |
| Deferred development costs                             | 193               | 681                  |
| Intangible assets, net, other                          | 3,707             | 3,768                |
| <b>Total assets</b>                                    | <b>\$ 72,138</b>  | <b>\$ 71,015</b>     |
| <b>LIABILITIES AND EQUITY</b>                          |                   |                      |
| <b>Current liabilities</b>                             |                   |                      |
| Bank indebtedness                                      | \$ 5,801          | \$ 6,444             |
| Accounts payable and accrued liabilities               | 11,118            | 13,341               |
| Provisions   | 281               | 390                  |
| Customer deposits                                      | 4,649             | 1,268                |
| Current portion of long-term bank debt                 | 1,911             | 1,726                |
|  | <b>23,760</b>     | <b>23,169</b>        |
| <b>Non-current liabilities</b>                         |                   |                      |
| Long-term bank debt                                    | 6,713             | 6,040                |
| Deferred tax payable                                   | 1,725             | 1,696                |
| <b>Total liabilities</b>                               | <b>32,198</b>     | <b>30,905</b>        |
| <b>Equity</b>  |                   |                      |
| Retained earnings                                      | \$ 8,519          | \$ 8,812             |
| Accumulated other comprehensive income                 | 201               | 187                  |
|  | <b>8,720</b>      | <b>8,999</b>         |
| Share capital  |                   |                      |
| Common shares  | 19,312            | 19,295               |
| Preferred shares                                       | 2,218             | 2,218                |
| Contributed surplus                                    | 8,453             | 8,384                |
| <b>Total equity attributable to FTG's shareholders</b> | <b>38,703</b>     | <b>38,896</b>        |
| Non-controlling interest                               | 1,237             | 1,214                |
| <b>Total equity</b>                                    | <b>39,940</b>     | <b>40,110</b>        |
| <b>Total liabilities and equity</b>                    | <b>\$ 72,138</b>  | <b>\$ 71,015</b>     |

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of (Loss) Earnings**

| (Unaudited)<br>(in thousands of Canadian dollars, except per share amounts) | Three months ended |                   |
|---|--------------------|-------------------|
|   | March 02,<br>2018  | March 03,<br>2017 |
| Sales   | \$ 27,528          | \$ 27,172         |
| Cost of sales   |                    |                   |
| Cost of sales   | 21,974             | 19,718            |
| Depreciation of plant and equipment   | 707                | 568               |
| Total cost of sales   | 22,681             | 20,286            |
| Gross margin  | 4,847              | 6,886             |
| Expenses  |                    |                   |
| Selling, general and administrative   | 3,105              | 3,714             |
| Research and development costs  | 1,205              | 1,480             |
| Recovery of research and development costs                                  | (55)               | (70)              |
| Recovery of investment tax credits  | (152)              | (141)             |
| Depreciation of plant and equipment   | 30                 | 32                |
| Amortization of intangible assets   | 256                | 281               |
| Interest expense on short-term debt   | 86                 | 57                |
| Interest expense on long-term debt  | 65                 | 66                |
| Foreign exchange (gain) loss  | (26)               | 161               |
| Total expenses  | 4,514              | 5,580             |
| Earnings before income taxes  | 333                | 1,306             |
| Current income tax expense  | 18                 | 17                |
| Deferred income tax expense   | 636                | 488               |
| Total income tax expense  | 654                | 505               |
| <b>Net (loss) earnings</b>  | <b>\$ (321)</b>    | <b>\$ 801</b>     |
| <b>Attributable to:</b>   |                    |                   |
| Non-controlling interest  | \$ (28)            | \$ 1              |
| Equity holders of FTG   | \$ (293)           | \$ 800            |
| <b>(Loss) earnings per share, attributable to the equity holders of FTG</b> |                    |                   |
| Basic   | \$ (0.01)          | \$ 0.04           |
| Diluted   | \$ (0.01)          | \$ 0.03           |

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Comprehensive (Loss) Income**

| (Unaudited)<br>(in thousands of Canadian dollars)  | Three months ended |                   |
|--|--------------------|-------------------|
|  | March 02,<br>2018  | March 03,<br>2017 |
| Net (loss) earnings  | \$ (321)           | \$ 801            |
| Other comprehensive income (loss) to be reclassified to net earnings<br>in subsequent periods:   |                    |                   |
| Foreign currency translation adjustments   | (112)              | 513               |
| Net unrealized gain (loss) on derivative financial instruments<br>designated as cash flow hedges | 236                | (918)             |
| Tax impact   | (59)               | 229               |
|  | 65                 | (176)             |
| <b>Total comprehensive (loss) income</b>   | <b>\$ (256)</b>    | <b>\$ 625</b>     |
| <b>Attributable to:</b>  |                    |                   |
| Equity holders of FTG  | \$ (278)           | \$ 645            |
| Non-controlling interest   | \$ 22              | \$ (20)           |

**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Changes in Equity**

| Three months ended March 02, 2018   | Attributed to the equity holders of FTG |                  |                   |                     |                             |                             |                 |                          |              |
|---|---|------------------|-------------------|---------------------|-----------------------------|-----------------------------|-----------------|--------------------------|--------------|
|   | Common Shares                           | Preferred Shares | Retained Earnings | Contributed Surplus | Accumulated                 |                             | Total           | Non-controlling interest | Total equity |
| Other   |   |                  |                   |                     | Comprehensive Income (Loss) |                             |                 |                          |              |
| (Unaudited)<br>(in thousands of Canadian dollars)   |   |                  |                   |                     |                             |                             |                 |                          |              |
| Balance, November 30, 2017  | \$ 19,295                               | \$ 2,218         | \$ 8,812          | \$ 8,384            | \$ 187                      | \$ 38,896                   | \$ 1,214        | \$ 40,110                |              |
| Net (loss)  | -                                       | -                | (293)             | -                   | -                           | (293)                       | (28)            | (321)                    |              |
| Stock-based compensation  | -                                       | -                | -                 | 74                  | -                           | 74                          | -               | 74                       |              |
| Common shares issued on exercise of share options and PSU's   | 17                                      | -                | -                 | (5)                 | -                           | 12                          | -               | 12                       |              |
| Foreign currency translation adjustments  | -                                       | -                | -                 | -                   | (163)                       | (163)                       | 51              | (112)                    |              |
| Net unrealized gain on derivative financial instruments designated as cash flow hedges, net of tax impact | -                                       | -                | -                 | -                   | 177                         | 177                         | -               | 177                      |              |
| <b>Balance, March 02, 2018</b>  | <b>\$ 19,312</b>                        | <b>\$ 2,218</b>  | <b>\$ 8,519</b>   | <b>\$ 8,453</b>     | <b>\$ 201</b>               | <b>\$ 38,703</b>            | <b>\$ 1,237</b> | <b>\$ 39,940</b>         |              |
| Three months ended March 03, 2017   | Attributed to the equity holders of FTG |                  |                   |                     |                             |                             |                 |                          |              |
| (in thousands of Canadian dollars)  | Common Shares                           | Preferred Shares | Retained Earnings | Contributed Surplus | Accumulated                 |                             | Total           | Non-controlling interest | Total equity |
|   |   |                  |                   |                     | Other                       | Comprehensive Income (Loss) |                 |                          |              |
| Balance, November 30, 2016  | \$ 19,051                               | \$ 2,218         | \$ 7,543          | \$ 8,381            | \$ 443                      | \$ 37,636                   | \$ 443          | \$ 38,079                |              |
| Net earnings  | -                                       | -                | 800               | -                   | -                           | 800                         | 1               | 801                      |              |
| Common shares issued on exercise of share options and PSU's   | 144                                     | -                | -                 | (141)               | -                           | 3                           | -               | 3                        |              |
| Foreign currency translation adjustments  | -                                       | -                | -                 | -                   | 534                         | 534                         | (21)            | 513                      |              |
| Net unrealized (loss) on derivative financial instruments designated as cash flow net of tax impact       | -                                       | -                | -                 | -                   | (689)                       | (689)                       | -               | (689)                    |              |
| Contribution from non-controlling interest  | -                                       | -                | -                 | -                   | -                           | -                           | 824             | 824                      |              |
| <b>Balance, March 03, 2017</b>  | <b>\$ 19,195</b>                        | <b>\$ 2,218</b>  | <b>\$ 8,343</b>   | <b>\$ 8,240</b>     | <b>\$ 288</b>               | <b>\$ 38,284</b>            | <b>\$ 1,247</b> | <b>\$ 39,531</b>         |              |



**FIRAN TECHNOLOGY GROUP CORPORATION**  
**Interim Condensed Consolidated Statements of Cash Flows**

| (Unaudited)<br>(in thousands of Canadian dollars)  | Three months ended |                   |
|--|--------------------|-------------------|
|  | March 02,<br>2018  | March 03,<br>2017 |
| Net inflow (outflow) of cash related to the following:   |                    |                   |
| <b>Operating activities</b>  |                    |                   |
| Net (loss) earnings  | \$ (321)           | \$ 801            |
| Items not affecting cash:  |                    |                   |
| Non-controlling interest share of net loss (earnings)  | 28                 | (1)               |
| Stock-based compensation   | 74                 | -                 |
| (Gain) on disposal of plant and equipment  | -                  | (3)               |
| Effect of exchange rates on US dollar debt   | 2                  | (19)              |
| Depreciation of plant and equipment  | 737                | 600               |
| Amortization of intangible assets  | 256                | 281               |
| Amortization of deferred financing costs   | 3                  | 3                 |
| Deferred income tax expense  | 625                | 478               |
| Investment tax credits (recovery)  | (152)              | (141)             |
| Decrease in net unrealized loss on derivative<br>financial instruments designated as cash flow<br>hedges | (35)               | (31)              |
| Net change in non-cash operating working capital   | (1,053)            | (194)             |
|  | 164                | 1,774             |
| <b>Investing activities</b>  |                    |                   |
| Additions to plant and equipment   | (792)              | (893)             |
| Recovery (additions) of deferred development costs   | 288                | 135               |
| Proceeds from disposal of plant and equipment  | -                  | 3                 |
|  | (504)              | (755)             |
| <b>Net cash flow from operating and investing activities</b>   | <b>(340)</b>       | <b>1,019</b>      |
| <b>Financing activities</b>  |                    |                   |
| (Decrease) increase in bank indebtedness   | (643)              | (1,630)           |
| Proceeds from long-term bank debt  | 1,289              | -                 |
| Repayments of long-term bank debt  | (436)              | (387)             |
| Funding from non-controlling interest  | -                  | 824               |
| Proceeds from issue of Common shares   | 12                 | 3                 |
|  | 222                | (1,190)           |
| <b>Effects of foreign exchange rate changes on cash flow</b>   | <b>5</b>           | <b>(180)</b>      |
| <b>Net (decrease) increase in cash flow</b>  | <b>(113)</b>       | <b>(351)</b>      |
| Cash, beginning of the period  | 2,752              | 3,152             |
| <b>Cash, end of period</b>   | <b>\$ 2,639</b>    | <b>\$ 2,801</b>   |
| <b>Disclosure of cash payments</b>   |                    |                   |
| Payment for interest   | \$ 156             | \$ 129            |
| Payments for income taxes  | \$ 7               | \$ 4              |