

For Immediate Release: February 13, 2020

# FIRAN TECHNOLOGY GROUP CORPORATION ("FTG" OR 'THE CORPORATION") ANNOUNCES FULL YEAR AND FOURTH QUARTER 2019 FINANCIAL RESULTS

TORONTO, ONTARIO – (February 13, 2020) – Firan Technology Group Corporation (TSX: FTG) today announced financial results for the full year and fourth quarter 2019.

- Achieved record full year sales of \$112.7M, an increase of \$8.2M after excluding a \$5M revenue adjustment on a development contract from Q1 last year
- Achieved EBITDA of \$14.6M, an increase of \$4.1M (39%) over last year
- Achieved net income of \$6.1M and diluted earnings per share of \$0.25, an increase of 111% over 2018
- Generated \$8.5M in full year free cash flow, inclusive of capital expenditures of \$3.1M but exclusive of \$3.8M of net cash consideration paid for the Colonial business (now referred to as FTG Circuits-Fredericksburg)
- At year end, had net cash of \$2.2M on the balance sheet.

<u>Full Year Results:</u> (twelve months ended Nov 30, 2019 compared with twelve months ended Nov 30, 2018)

	<b>FY 2019</b>	<b>FY 2018</b>
Sales	\$112,653,000	\$109,420,000
Gross Margin	30,264,000	25,262,000
Gross Margin (%)	26.9%	23.1%
Operating Earnings (1):	15,818,000	10,978,000
Net R&D Investment	4,846,000	4,740,000
• R&D Tax Credits	(669,000)	(1,016,000)
<ul> <li>Foreign Exchange Loss (Gain)</li> </ul>	785,000	(75,000)
Amortization of Intangibles	1,128,000	1,049,000
Net Earnings before Tax	9,728,000	6,280,000
• Income Tax	3,746,000	3,415,000
• Non-controlling Interests	(76,000)	(10,000)
Net Earnings after tax	\$6,058,000	\$2,875,000
Earnings per share		
- basic	\$0.27	\$0.13
- diluted	\$0.25	\$0.12

Fourth Quarter Results: (three months ended Nov 30, 2019 compared with three months ended Nov 30, 2018)

· · · · · · · · · · · · · · · · · · ·	Q4 2019	Q4 2018
Sales	\$27,075,000	\$28,013,000
Gross Margin	5,870,000	7,264,000
Gross Margin (%)	21.7%	25.9%
Operating Earnings (1):	2,745,000	3,453,000
Net R&D Investment	1,339,000	1,375,000
<ul> <li>R&amp;D Tax Credits</li> </ul>	(260,000)	(283,000)
<ul> <li>Foreign Exchange Loss</li> </ul>	253,000	89,000
Amortization of Intangibles	301,000	266,000
Net Earnings before Tax	1,112,000	2,006,000
• Income Tax	504,000	769,000
• Non-controlling Interests	33,000	11,000
Net Earnings After Tax	\$575,000	\$1,226,000
Earnings per share		
- basic	\$0.03	\$0.05
- diluted	\$0.03	\$0.05

<sup>(1)</sup> 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 2019 that continue to improve the Corporation and position it for the future, including:

- Received Canadian Technical Standard Order (TSO) approval for a Cursor Control Device enabling FTG to begin production of this product under development over the past 3 years
- On July 15, 2019, FTG successfully closed the acquisition of Colonial Circuits Inc., in Fredericksburg Virginia
- Achieved sales from Colonial of approximately \$3.6M from July to November
- Began the certification process for the Colonial facility to the Aerospace AS9100 certification with completion planned for early 2020, opening up significant new market opportunities for that site
- Worked with key suppliers to achieve material cost savings for the Colonial site, in line with costs at other existing FTG sites.
- In November, FTG reached agreement with its represented staff at FTG Aerospace Toronto. The contract is for four years, with improvements in benefits and wages in line with typical collective agreements in Ontario this year.

For FTG, overall sales increased by \$3.2M or 3.0% from \$109.4M in 2018 to \$112.7M in 2019. Adjusting for the revenue recognition impact of \$5M from the C919 program in Q1 2018, the increase in sales is \$8.2M or 7.9% In Q4, FTG was the subject of a cyber-attack that impacted all sites in North America, except the recently acquired business in Fredericksburg, Virginia. The affected sites lost production from a few days to a few weeks. This impacted the 2019 sales in the quarter and the year as deliveries were delayed beyond year end. The acquisition of FTG Circuits Fredericksburg business, which closed July 15, 2019, contributed \$3.6M to 2019 sales. Also contributing to the growth was the weakening of the Canadian dollar by 3.8 cents in 2019 compared to the prior year, which added approximately \$3M to annual sales.

FTG's China sites were not impacted by the cyber-attack in Q4. They are however being impacted by measures taken by the Chinese government in Q1 2020 to control the spread of the corona virus outbreak and are expected to lose approximately 10 days of production in the quarter.

Q4 2019 sales of \$27.1M were \$0.9M lower than Q4 2018, net of the contribution of \$2.4M from the acquisition of the FTG Circuits Fredericksburg business. In September 2019, FTG was the subject of a cyber-attack which impacted FTG's systems across North America. Overall lost production was approximately 10% of normal quarterly sales. Also in Q4 2019 compared to Q4 2018, shipments of products for the simulator market were down temporarily by approximately \$3M as previous orders were completed and new orders could not be assembled until the arrival of longer lead components. Simulator related revenues are expected to rebound in the second half of 2020.

The Circuits Segment sales were \$71.4M, up \$7.4M or 11.5% in 2019 versus 2018. In Q4 sales were \$18.6M compared to \$17.4M in Q4 last year. In Q4 2019, sales were impacted by the cyber-attack but offset by the incremental \$2.4M in sales from the acquired business in Virginia.

For the Aerospace segment, sales in 2019 were \$41.2M compared to \$45.3M last year. 2018 had the \$5M one-time adjustment in program revenue. In Q4 2019 sales were \$8.4M compared to \$10.7M in Q4 2018. The drop in Q4 2019 is due partly to the cyber-attack as well as a drop in simulator activity of \$3M year-over-year. The drop in simulator activity is the result the conclusion of existing orders and a gap in shipments until longer lead components arrive. Simulator revenues are expected to rebound in the second half of 2020 as the backlog in simulator work at year end was over \$8.0M.

Gross margins in 2019 were \$30.3M or 26.9% compared to \$25.3M or 23.1% in 2018. The benefit of increased sales was combined with improving operational efficiency across the company. The cyber-attack in Q4 2019 negatively impacted gross margins in the quarter and the full year.

Earnings before interest, tax, depreciation and amortization (EBITDA) for FTG for 2019 was \$14.6M compared to \$10.5M in 2018.

The following table reconciles EBITDA<sup>(2)</sup> to the net earnings for 2019.

	<u>2019</u>
Net earnings	6,058,000
Add:	
Interest	290,000
Income taxes/ITC	3,077,000
Depreciation/Amortization/Stock Comp	5,165,000
EDIED A	ф14.700.000
EBITDA	\$14,590,000

<sup>(2)</sup> EBITDA are not measures recognized under International Financial Reporting Standards ("IFRS"). Management believes that these measures are 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 profit after tax at FTG in 2019 was \$6.1M or \$0.25 per diluted share compared to a net profit of \$2.9M or \$0.12 per diluted share in 2018. Net profit after tax in Q4 2019 was \$0.6M, a decrease of \$0.6M compared to Q4 2018. The decrease is the result of lower sales (cyber-attack and lower simulator activity) offset by the income from the new Virginia facility.

The Circuits segment net earnings before corporate and interest and other costs was \$12.0M in 2019 compared to \$9.4M in 2018.

The Aerospace net earnings before corporate and interest and other costs in the quarter was \$0.7M in 2019 versus (\$0.4M) in 2018.

As at November 30, 2019, the Corporation's net working capital was \$28.6M, compared to \$28.7M at year end in 2018. At year-end 2019, all debt is classified as current as the bank facility agreement currently in place expires in less than 12 months. Activity is underway to obtain a new bank facility in 2020.

Net cash at the end of 2019 was \$2.2M compared to net debt of \$2.4M at the end of 2018. Excluding the Colonial purchase price of \$3.8M, the year-end 2019 net cash position would have been \$6.0M, with annual free cash flow of \$8.5M.

The Corporation will host a live conference call on Friday, February 14, 2020 at 10:000 am (Eastern) to discuss the results of 2019.

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 March 15, 2020 and will be available on the FTG website at www.ftgcorp.com. The number to call for a rebroadcast is 416-621-4642 or 1-800-585-8367, Conference ID 8595811.

#### 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, Fredericksburg, Virginia 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.

#### For further information please contact:

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Additional information can be found at the Corporation's website www.ftgcorp.com

### **Consolidated Statements of Financial Position**

Kin thousands of Canadian dollars)         2019         2018           ASSETS         Current assets         \$ 7,647         \$ 5,026           Cach         \$ 7,647         \$ 1,026           Accounts receivable         \$ 1432         645           Taxes recoverable         \$ 1,790         24,634           Inventories         \$ 1,700         1,816           Pepaid expenses         \$ 17,70         1,816           Non-current assets         \$ 72,92         2,036           Plant and equipment, net         \$ 13,830         \$ 12,078           Deferred income tax assets         \$ 724         \$ 732           Investment tax credits receivable         \$ 3,035         \$ 462           Deferred development costs         \$ 73,377         \$ 71,135           Investment tax assets and other assets, net         \$ 2,585         3,069           Total assets         \$ 73,377         \$ 71,135           Total triabilities         \$ 17,104         \$ 16,278           Tovovisions         \$ 946         849           Courrent liabilities         \$ 17,104         \$ 16,278           Provisions         \$ 94         849           Courrent portion of bank debt         \$ 1,29         1,256	As at (in the year de of Consider dellars)		ember 30,	Nov	
Current assets         7,647         \$,502           Accounts receivable         21,085         18,051           Contract assets         432         645           Taxes recoverable         1,799         24,634           Inventories         21,999         24,634           Prepaid expenses         1,770         1,816           Prepaid expenses         1,707         1,816           Non-current assets         724         50,305           Plant and equipment, net         13,830         12,078           Deferred cincome tax assets         724         732           Investment tax credits receivable         3,035         4,020           Deferred development costs         279         276           Intangible assets and other assets, net         2,585         3,009           Total assets         7,337         7,1136           LTABILITIES AND EQUITY         1,104         1,6278           Provisions         946         8,249           Countract jabilities         1,110         1,6278           Provisions         946         1,267           Provisions         1,261         1,201           Contract jabilities         1,54         2,018			2019		2018
Cash         \$ 7,647         \$ 5,026           Accounts receivable         21,088         18,051           Contract assets         432         6645           Taxes recoverable         -         189           Inventories         21,990         24,634           Prepaid expenses         1,770         1,816           Non-current assets         52,924         50,301           Non-current assets         724         732           Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         279         276           Intangible assets and other assets, net         2,785         3,005           Total assets         73,136         \$ 1,102           Nontangible and accrued liabilities         71,104         \$ 16,278           Provisions         946         849           Counts payable and accrued liabilities         216         1,966           Current liabilities         2,16         2,16           Current portion of bank debt         5,41         2,01           Income tax payable         1,297         5,40           Deferred tax payable <th></th> <th></th> <th></th> <th></th> <th></th>					
Accounts receivable         21,085         18,051           Contract assets         432         645           Taxes recoverable         21,990         24,634           Inventories         21,990         24,634           Prepaid expenses         1,770         1,816           Non-current assets         2,242         50,361           Plant and equipment, net         13,830         12,078           Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         278         3,035         4,620           Deferred development costs         278         3,035         4,620           Deferred development costs         2,73         5,71,102         2,72           Intagible assets and other assets, net         2,585         3,009         3,009         2,72           Intagible assets and other assets, net         2,585         3,009         2,71         1,000           Total assets         9         4,521         2,100         2,100         2,100         2,100         2,100         2,100         2,100         2,100         2,100         2,100         2,100         2,100         2,100		¢	7 (17	ф	5.026
Contract assets         432         645           Taxes recoverable         189         24,634           Inventories         21,990         24,634           Prepaid expenses         1,770         3,816           Non-current assets         52,924         50,361           Plant and equipment, net         13,830         12,078           Deferred income tax assets         724         732           Investment tax crecitis receivable         3,035         4,620           Deferred development costs         2,79         276           Intagible assets and other assets, net         2,79         270           Intagible assets and other assets, net         2,337         7,1136           Total asset         7,337         7,1136           Taxill LTTES AND EQUITY         2         1,206           Crourent liabilities         17,104         8,162,78           Provisions         946         849           Courrent portion of bank debt         2,16         2,016           Income tax payable         3,16         2,016           Current portion of bank debt         2,12         2,17           Income tax payable         2,12         2,17           Total liabilities         2,54 <td></td> <td>Ф</td> <td>,</td> <td>Ф</td> <td>•</td>		Ф	,	Ф	•
Taxes recoverable         1,98         21,996         24,634           Prepaid expenses         1,770         1,816           Non-current         52,924         50,361           Non-current assets         52,924         7,320           Deferred income tax assets         724         7,32           Investment tax credits receivable         3,335         4,620           Deferred development costs         279         276           Intagible assets and other assets, net         2,585         3,060           Total assets         73,377         8,71,106           Total assets         73,377         8,71,106           Total counts payable and accrued liabilities         17,104         8,16,278           Provisions         946         849           Countact liabilities         946         849           Courrent portion of bank debt         5,416         2,016           Current portion of bank debt         5,416         2,016           Current portion of bank debt         5,46         2,016           Deferred tax payable         2,516         2,80           Total albilities         2,54         2,80           Total liabilities         1,57         1,50           Total l			,		
Inventories         21,990         24,634           Prepaid expenses         1,770         1,816           Non-current assets         52,924         50,361           Plant and equipment, net         13,830         12,078           Deferred income tax assets         724         73           Investment tax credits receivable         3,035         4,620           Deferred development costs         2,79         2,70           Entangible assets and other assets, net         2,885         3,09           Total assets         7 3,377         8 17,104         8 16,278           Total assets         7 3,377         9 16,278           Accounts payable and accrued liabilities         17,104         8 16,278           Provisions         946         849           Current portion of bank debt         5,416         2,019           Income tax payable         3,17         2,166           Current portion of bank debt         5,416         2,019           Incomplete as payable         2,5         3,04           Deferred tax payable         2,5         3,04           Deferred tax payable         1,27         1,75           Total liabilities         2,5         3,04           Equit			432		
Prepaid expenses         1,770         1,816           Non-current assets         52,924         50,361           Plant and equipment, net         13,830         12,078           Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         278         3,069           Intangible assets and other assets, net         2,585         3,069           Total assets         73,377         3,136           Itangible assets and other assets, net         2,585         3,069           Total assets         73,377         3,136           Itangible assets and other assets, net         2,585         3,069           Total assets         73,377         3,136           Itangible assets and other assets, net         2,585         3,069           Itangible assets and other assets, net         2,585         3,069           Itanitangible assets and other assets, net         3,035         1,136           Itanitangible assets and other assets, net         3,069         68         9         68         9         6,269         68         9         1,696         84         68         2,016         69         1,564         2,019			21 000		
Non-current assets         52,924         50,361           Plant and equipment, net         13,830         12,078           Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         279         276           Intagible assets and other assets, net         2,585         3,069           Total assets         73,377         71,136           LIABILITIES AND EQUITY         TUTHIST AND EQUITY         TUTHIST AND EQUITY           Current liabilities         17,104         16,278           Accounts payable and accrued liabilities         17,104         16,278           Provisions         946         849           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Rounce tax payable         5,416         2,019           Bank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,292           Equity         25,618         28,293           Retained earnings         1,1745         11,687           Accumulated other compr			,		•
Non-current assets         13,830         12,078           Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         279         276           Intangible assets and other assets, net         2,585         3,069           Total assets         3,337         8,11,360           Total assets         3,337         8,11,360           Total assets         3,035         3,069           Total assets         2,585         3,069           Total assets         3,377         8,11,360           EVEX.         5,100         8,12           Accounts payable and accrued liabilities         11,100         8,49           Provisions         946         8,49           Current portion of bank debt         5,46         2,96           Current portion of bank debt         5,46         2,16           Incomplete tax payable         5         5         5,40           Deferred tax payable         5         5         5,40           Deferred tax payable         5         5         5,40           Deferred tax payable         5         1,52         7,40           <	1 repaid expenses				
Plant and equipment, net         13,830         12,078           Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         2,785         3,069           Intangible assets and other assets, net         2,585         3,069           Total assets         73,377         8,71,360           IABILITIES AND EQUITY         8         15,000         16,278           Provisions         11,104         8,16,278         16,278           Provisions         216         1,960         16,960	Non-current assets		32,724		30,301
Deferred income tax assets         724         732           Investment tax credits receivable         3,035         4,620           Deferred development costs         279         276           Intangible assets and other assets, net         2,585         3,069           Total assets         73,377         \$ 71,136           LIABILITIES AND EQUITY         Total assets         17,104         \$ 16,278           Accounts payable and accrued liabilities         17,104         \$ 16,278           Provisions         946         849           Current portion of bank debt         216         2,016           Current portion of bank debt         5,416         2,019           Income tax payable         24,321         2,675           Non-current liabilities         2,232         2,582           Bank debt         -         5,404           Deferred tax payable         1,297         1,755           Total liabilities         25,618         28,292           Equity         1,687         2,218           Retained earnings         17,745         \$ 11,687           Accumulated other comprehensive loss         11,917         10,913           Share capital         2,218         2,218         2,218 <td></td> <td></td> <td>13 830</td> <td></td> <td>12 078</td>			13 830		12 078
Investment tax credits receivable         3,035         4,620           Deferred development costs         279         276           Intagible assets and other assets, net         2,585         3,069           Total assets         73,377         71,136           LIABILITIES AND EQUITY           Current liabilities         17,104         \$ 16,278           Accounts payable and accrued liabilities         946         849           Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Some-current liabilities         2,321         2,167           Non-current liabilities         2,548         2,829           Bank debt         -         5,404           Deferred tax payable         2,5618         28,829           Total liabilities         25,618         28,829           Equity         11,554         10,913           Read active typical liabilities         11,524         174           Read active typical liabilities         11,932         19,323         19,323           Read active typical liabil	• •		*		
Deferred development costs         279         276           Intangible assets and other assets, net         2,585         3,069           Total assets         73,377         > 71,136           LIABILITIES AND EQUITY           Verrent liabilities           Accounts payable and accrued liabilities         17,104         \$ 16,278           Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Mon-current liabilities         2         5,406           Som-current liabilities         2         5,406           Deferred tax payable         2         5,404           Deferred tax payable         2         5,404           Deferred tax payable         2         5,404           Deferred tax payable         1,297         1,750           Total liabilities         2         5,404           Deferred tax payable         1,094         1,094           Equity         1,094         1,094           Total equity attributable to FTG's shareholders         1,094         1,181           Accumulated					
Intangible assets and other assets, net         2,585         3,069           Total assets         73,377         71,136           LABBILITIES AND EQUITY           Current liabilities           Accounts payable and accrued liabilities         17,104         8 628           Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         639         563           Income tax payable         639         563           Non-current liabilities         2,4321         21,675           Shank debt         5         5,404           Deferred tax payable         1,297         1,750           Total liabilities         2,561         28,829           Equity         2,561         28,829           Equity         1,745         \$ 11,687           Accumulated atmings         1,745         \$ 11,687           Accumulated other comprehensive loss         1,514         1,091           Share capital         2,218         2,218           Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933			,		
Total assets         73,377         71,136           LIABILITIES AND EQUITY           Current liabilities         17,104         \$ 16,278           Accounts payable and accrued liabilities         946         849           Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Non-current liabilities         24,321         21,675           Sank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         25,618         28,829           Equity         11,687         40,687           Accumulated other comprehensive loss         (1,554)         (774)           Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest	•				
LIABILITIES AND EQUITY           Current liabilities         \$ 17,104         \$ 16,278           Accounts payable and accrued liabilities         \$ 17,104         \$ 16,278           Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Non-current liabilities         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         25,618         28,829           Equity         11,687           Accumulated earnings         17,745         11,687           Accumulated other comprehensive loss         (1,554)         (774)           Share capital         Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,		•		Φ	
Current liabilities         Accounts payable and accrued liabilities       17,104       \$ 16,278         Provisions       946       849         Contract liabilities       216       1,966         Current portion of bank debt       5,416       2,019         Income tax payable       639       563         Non-current liabilities       -       5,404         Deferred tax payable       1,297       1,750         Total liabilities       25,618       28,829         Equity       25,618       28,829         Equity       11,687       11,687         Accumulated other comprehensive loss       11,745       11,687         Accumulated other comprehensive loss       1,554       (774)         Share capital       1,591       10,913         Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307		<b>.</b>	13,311	Ф	/1,130
Accounts payable and accrued liabilities         \$ 17,104         \$ 16,278           Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Non-current liabilities         24,321         21,675           Bank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         25,618         28,829           Equity         (1,554)         (774)           Accumulated earnings         17,745         11,687           Accumulated other comprehensive loss         (1,554)         (774)           Share capital         2         (774)           Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,	_				
Provisions         946         849           Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Non-current liabilities           Bank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         25,618         28,829           Retained earnings         17,745         11,687           Accumulated other comprehensive loss         (1,554)         (774)           Accumulated other comprehensive loss         19,323         19,323           Share capital         2         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307		ф	45 404	Ф	1 < 070
Contract liabilities         216         1,966           Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Non-current liabilities         24,321         21,675           Non-current liabilities         5,404           Bank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         8         17,745         \$ 11,687           Accumulated earnings         17,745         11,687         4,774           Accumulated other comprehensive loss         (1,554)         (774)         10,913           Share capital         2         1,091         1,091         1,091           Common Shares         19,323         19,323         19,323         19,323         19,323         19,323         2,218         2,2	- ·	\$	,	\$	
Current portion of bank debt         5,416         2,019           Income tax payable         639         563           Non-current liabilities         24,321         21,675           Non-current liabilities         5,404           Bank debt         - 5,404         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         8         17,745         \$ 11,687           Accumulated earnings         17,745         \$ 11,687           Accumulated other comprehensive loss         (1,554)         (774)           Share capital         2         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307					
Income tax payable         639         563           Von-current liabilities           Bank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         Retained earnings         17,745         11,687           Accumulated other comprehensive loss         (1,554)         (774)           Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307					
24,321       21,675         Non-current liabilities       24,321       21,675         Bank debt       -       5,404         Deferred tax payable       1,297       1,750         Total liabilities       25,618       28,829         Equity       8       17,745       \$ 11,687         Accumulated earnings       \$ 17,745       \$ 11,687         Accumulated other comprehensive loss       (1,554)       (774)         Share capital       16,191       10,913         Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307	•		,		-
Non-current liabilities         Bank debt       -       5,404         Deferred tax payable       1,297       1,750         Total liabilities       25,618       28,829         Equity       Retained earnings       11,745       \$ 11,687         Accumulated other comprehensive loss       (1,554)       (774)         Accumulated other comprehensive loss       16,191       10,913         Share capital       Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307	Income tax payable				
Bank debt         -         5,404           Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         Retained earnings         17,745         \$ 11,687           Accumulated other comprehensive loss         (1,554)         (774)           Share capital         Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307			24,321		21,675
Deferred tax payable         1,297         1,750           Total liabilities         25,618         28,829           Equity         Retained earnings         11,687           Accumulated other comprehensive loss         (1,554)         (774)           Share capital         Common Shares         19,323         19,323           Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307					
Total liabilities       25,618       28,829         Equity       Retained earnings       \$ 17,745       \$ 11,687         Accumulated other comprehensive loss       (1,554)       (774)         Share capital       Common Shares       19,323       19,323       Preferred Shares       2,218       2,218       Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307			-		
Equity         Retained earnings       \$ 17,745 \$ 11,687         Accumulated other comprehensive loss       (1,554) (774)         Share capital       16,191 10,913         Common Shares       19,323 19,323         Preferred Shares       2,218 2,218         Contributed surplus       8,933 8,672         Total equity attributable to FTG's shareholders       46,665 41,126         Non-controlling interest       1,094 1,181         Total equity       47,759 42,307					-
Retained earnings       \$ 17,745       \$ 11,687         Accumulated other comprehensive loss       (1,554)       (774)         Total equity attributable to FTG's shareholders         Non-controlling interest       17,745       \$ 11,687         (774)       10,913       10,913         Share capital       19,323       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307			25,618		28,829
Accumulated other comprehensive loss       (1,554)       (774)         16,191       10,913         Share capital       Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307	<del>-</del> •				
16,191       10,913         Share capital       19,323       19,323         Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307	Retained earnings	\$	17,745	\$	11,687
Share capital       19,323       19,323         Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307	Current assets Cash Accounts receivable Contract assets Taxes recoverable Inventories Prepaid expenses  Non-current assets Plant and equipment, net Deferred income tax assets Investment tax credits receivable Deferred development costs Intangible assets and other assets, net  Total assets  LIABILITIES AND EQUITY Current liabilities Accounts payable and accrued liabilities Provisions Contract liabilities Current portion of bank debt Income tax payable  Non-current liabilities Bank debt Deferred tax payable  Total liabilities Equity Retained earnings Accumulated other comprehensive loss  Share capital Common Shares Preferred Shares Contributed surplus  Total equity attributable to FTG's shareholders Non-controlling interest Total equity		(1,554)		(774)
Common Shares       19,323       19,323         Preferred Shares       2,218       2,218         Contributed surplus       8,933       8,672         Total equity attributable to FTG's shareholders       46,665       41,126         Non-controlling interest       1,094       1,181         Total equity       47,759       42,307			16,191		10,913
Preferred Shares         2,218         2,218           Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307	Share capital				
Contributed surplus         8,933         8,672           Total equity attributable to FTG's shareholders         46,665         41,126           Non-controlling interest         1,094         1,181           Total equity         47,759         42,307	Common Shares		19,323		19,323
Total equity attributable to FTG's shareholders46,66541,126Non-controlling interest1,0941,181Total equity47,75942,307	Preferred Shares		2,218		2,218
Non-controlling interest         1,094         1,181           Total equity         47,759         42,307	Contributed surplus		8,933		8,672
<b>Total equity</b> 47,759 42,307	Total equity attributable to FTG's shareholders		46,665		41,126
	Non-controlling interest		1,094		1,181
<b>Total liabilities and equity \$ 73,377</b> \$ 71,136	Total equity		47,759		42,307
	Total liabilities and equity	\$	73,377	\$	71,136

# **Consolidated Statements of Earnings**

		Years ended							
	Nov	vember 30,	Nov	vember 30,					
(in thousands of Canadian dollars, except per share amounts)		2019	2018						
Sales	\$	112,653	\$	109,420					
Cost of sales									
Cost of sales		78,788		81,143					
Depreciation of plant and equipment		3,601		3,015					
Total cost of sales		82,389		84,158					
Gross margin		30,264		25,262					
Expenses									
Selling, general and administrative		13,732		13,333					
Research and development costs		4,846		4,740					
Recovery of investment tax credits		(669)		(1,016)					
Depreciation of plant and equipment		163		134					
Amortization of intangible assets		1,128		1,049					
Interest expense on bank debt		290		521					
Stock based compensation		261		296					
Foreign exchange loss (gain)		785		(75)					
Total expenses		20,536		18,982					
Earnings before income taxes		9,728		6,280					
Current income tax expense		4,296		3,230					
Deferred income tax (recovery) expense		(550)		185					
Total income tax expense		3,746		3,415					
Net earnings	\$	5,982	\$	2,865					
Attributable to:									
Non-controlling interest	\$	(76)	\$	(10)					
Equity holders of FTG	\$	6,058	\$	2,875					
Earnings per share, attributable to the equity holders of FTG									
Basic	\$	0.27	\$	0.13					
Diluted	\$	0.25	\$	0.12					

# **Consolidated Statements of Comprehensive Income**

	Years ended							
(in thousands of Canadian dollars)	ember 30, 2019	Nov	ember 30, 2018					
Net earnings	\$ 5,982	\$	2,865					
Other comprehensive loss to be reclassified to net earnings in subsequent periods:								
Change in foreign currency translation adjustments Change in net unrealized loss on derivative financial	(308)		421					
designated as cash flow hedges	(644)		(1,873)					
Change in tax impact	161		468					
	(791)		(984)					
Total comprehensive income	\$ 5,191	\$	1,881					
Attributable to:								
Equity holders of FTG	\$ 5,278	\$	1,914					
Non-controlling interest	\$ (87)	\$	(33)					

### **Consolidated Statements of Changes in Equity**

### Years ended November 30, 2019 and November 30, 2018

					Αt	ttributed	l to	the equity	hole	ders of FTG				
•									Ac	cumulated		-		
	~		_		_		~			other			n-	
	_	ommon		eferred					com	prehensive		contr	- 0	Total
(in thousands of Canadian dollars)	5	shares	S	hares	e	arnings		surplus		loss	Total		rest	equity
Balance, November 30, 2017	\$	19,295	\$	2,218	\$	8,812	\$	8,384	\$	187	\$ 38,896	\$	1,214	\$ 40,110
Net earnings (loss)		-		-		2,875		-		-	2,875		(10)	2,865
Stock-based compensation		-		-		-		296		-	296		-	296
Common Shares issued on exercise of														
share options		28		-		-		(8)		-	20		-	20
Change in foreign currency translation adjustments		-		-		-		-		443	443		(23)	420
Change in net unrealized loss on derivative financial														
instruments designated as cash flow hedges, net o	f													
tax impact		-		-		-		-		(1,404)	(1,404)		-	(1,404)
Balance, November 30, 2018	\$	19,323	\$	2,218	\$	11,687	\$	8,672	\$	(774)	\$ 41,126	\$	1,181	\$ 42,307
Net earnings (loss)		-		-		6,058		-		-	6,058		(76)	5,982
Stock-based compensation		-		-		-		261		-	261		-	261
Change in foreign currency translation adjustments		-		-		-		-		(297)	(297)		(11)	(308)
Change in net unrealized loss on derivative financial														
instruments designated as cash flow hedges, net of	f													
tax impact		_		-		_		_		(483)	(483)		_	(483)
Balance, November 30, 2019	\$	19,323	\$	2,218	\$	17,745	\$	8,933	\$	(1,554)	\$ 46,665		1,094	\$ 47,759

### **Consolidated Statements of Cash Flows**

	Years ended					
	mber 30,					
(in thousands of Canadian dollars)	2019		2018			
Net inflow (outflow) of cash related to the following:						
Operating activities						
Net earnings (attributable to Equity holders of FTG)	\$ 5,982	\$	2,865			
Items not affecting cash:						
Stock-based compensation	261		296			
(Gain) loss on disposal of plant and equipment	(53)		25			
Effect of exchange rates on US dollar debt	24		284			
Depreciation of plant and equipment	3,764		3,149			
Amortization of intangible assets	1,128		1,049			
Amortization of deferred financing costs	12		12			
Investment tax credits/deferred income taxes	1,546		2,640			
Investment tax credits recovery	(669)		(1,016)			
Increase in net unrealized loss, decrease in net unrealized gain on						
derivative financial instruments designated as cash flow hedges	(483)		(1,404)			
Net change in non-cash operating working capital	395		3,869			
	11,907		11,769			
Investing activities			· · · · · · · · · · · · · · · · · · ·			
Additions to plant and equipment	(3,069)		(3,021)			
Acquisition of Colonial Circuits Inc., net of cash acquired	(3,817)		-			
(Additions to) recovery of deferred development costs, other	(11)		143			
Proceeds from disposal of plant and equipment	53		30			
	(6,844)		(2,848)			
Net cash flow from operating and investing activities	5,063		8,921			
Financing activities			,			
(Decrease) in bank indebtedness	-		(6,444)			
Proceeds from bank debt	_		1,289			
Repayments of bank debt	(2,031)		(1,928)			
Proceeds from issue of Common Shares	-		20			
	(2,031)		(7,063)			
Effects of foreign exchange rate changes on cash flow	(411)		416			
Net increase in cash flow	2,621		2,274			
Cash, beginning of the year	5,026		2,752			
Cash, end of year	\$ 7,647	\$	5,026			
		•	,			
Disclosure of cash payments						
Payment for interest	\$ 306	\$	529			
Payments for income taxes	\$ 1,750	\$	24			