

For Immediate Release: July 10, 2019

FIRAN TECHNOLOGY GROUP CORPORATION ("FTG" OR "THE CORPORATION") ANNOUNCES SECOND QUARTER 2019 FINANCIAL RESULTS

TORONTO, ONTARIO – (July 10, 2019) – Firan Technology Group Corporation (TSX: FTG) today announced financial results for the second quarter 2019.

- Achieved sales of \$32.2M, a 12% increase over Q2 2018 and the highest quarterly revenue in the company's history
- Achieved Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$5.2M in Q2 2019, an increase of \$1.8M or 54% over Q2 last year
- Achieved trailing twelve month EBITDA of \$13.8M
- Achieved net income of \$2.5M and diluted earnings per share of \$0.10 in Q2 2019, a \$1.1M or 88% increase over Q2 2018
- In March 2019, FTG announced it had entered into a definitive purchase agreement to acquire a US based printed circuit board manufacturer, subject to approval of the Committee on Foreign Investment in the United States (CFIUS) and other customary closing conditions. Subsequent to quarter end, the CFIUS approval was received. Closing is expected to take place in the near future.
- Achieved quarterly cash flow of \$2.3M in Q2 2019 after additions to plant and equipment
- Net debt at quarter end was \$2.2M, the lowest level since 2015 and represent the full repayment of debt assumed to pay for the acquisitions in 2016

"The second quarter of 2019 was a great quarter for FTG with record sales, EBITDA and operating profit. There was strong performance across the Corporation showing the strategic initiatives from previous years including the acquisitions in 2016 to drive up utilization and the investments in China which have created value for the Corporation", stated Brad Bourne, President and Chief Executive Officer. He added, "We are excited about our pending acquisition which will add much needed capacity for standard circuit board manufacturing freeing up capacity in existing sites for higher end product and expand our offering for the US defense market."

Second Quarter Results: (three months ended May 31, 2019 compared with three months ended June 1, 2018)

Sales	Q2 2019 \$32,235,000	Q2 2018 \$ 28,878,000
Gross Margin Gross Margin (%)	9,717,000 30.1%	7,242,000 25.1%
Operating Earnings (1):	5,631,000	3,579,000
Net R&D InvestmentForeign Exchange Loss (Gain)	1,443,000 140,000	1,071,000 (104,000)
 Recovery of Investment Tax Credits 	(265,000)	(211,000)
 Amortization of Intangibles 	272,000	261,000
Restructuring expense	243,000	195,000

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Net Earnings before Tax	3,798,000	2,367,000
• Tax Expense	1,348,000	1,061,000
 Non-controlling Interests 	(32,000)	11,000
Net Earnings After Tax	\$2,482,000	\$1,295,000
Earnings per share		
- basic	\$0.11	\$0.06
- diluted	\$0.10	\$0.05
Year-to-Date: (six months ended May 31, 2019 compare	d with six months ended June	1, 2018)
And the state of t	YTD 2019	YTD 2018
Sales	\$57,625,000	\$ 56,406,000
Gross Margin	16,471,000	12,089,000
Gross Margin (%)	28.6%	21.4%
Operating Earnings (1):	8,949,000	5,140,000
Net R&D Investment	2,504,000	2,221,000
 Foreign Exchange Loss (Gain) 	296,000	(130,000)
 Recovery of Investment Tax Credits 	(415,000)	(363,000)
 Amortization of Intangibles 	543,000	517,000
Restructuring expense	243,000	195,000
Net Earnings before Tax	5,778,000	2,700,000
• Tax Expense	2,155,000	1,715,000
Non-controlling Interests	(77,000)	(17,000)
Net Earnings After Tax	\$3,700,000	\$1,002,000
Earnings per share		
- basic	\$0.16	\$0.04
- diluted	\$0.15	\$0.04

⁽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 Q2 2019 that continue to improve the Corporation and position it for the future, including:

- Achieved record quarterly sales of \$32.2M
- Achieved Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) of \$5.2M in Q2 2019, an increase of \$1.8M or 54% over Q2 last year
- Achieved net income of \$2.5M and diluted earnings per share of \$0.10 in Q2 2019, a \$1.1M or 88% increase over Q2 2018
- Achieved quarterly cash flow of \$2.3M in Q2 2019 after additions to plant and equipment
- Net debt at quarter end was \$2.2M, the lowest level since 2015 and represent the full repayment of debt assumed to pay for the acquisitions in 2016.
- In March 2019, FTG announced it has entered into a definitive agreement to acquire a US based circuit board manufacturer to add capacity in the Circuits business and to enable FTG to offer standard circuit board product to US based defense contractors. The acquisition was conditional upon approval of the Committee on Foreign Investment in the United States (CFIUS) and other customary closing conditions. Subsequent to quarter end the CFIUS approval was obtained.

For FTG, overall sales increased by \$3.4M or 11.6% from \$28.9M in Q2 2018 to \$32.2M in Q2 2019. Both the Circuits and Aerospace segments contributed to the growth. The Canadian dollar was 5.5 cents weaker in Q2 2019 compared to the same quarter last year and this contributed approximately \$1.5M to the growth. Year-to-date 2019 sales increased by \$1.2M or 2.2%. Year-to-date 2018 included \$5M one-time adjustment with respect to the C919 development contract. Excluding this, the growth was \$6.2M or 12%.

The Circuits Segment sales in Q2 2019 were \$19.3M, up \$3.1M or 18.9% versus Q2 2018. Both North American sites experienced similar growth rates. Activity in China was approximately \$1.1M and is reported in the Circuits Toronto sales as all orders flow through the Toronto site.

For the Aerospace segment, sales in Q2 2019 were \$13.0M compared to \$12.7M in Q2 of last year. Aerospace Toronto and Tianjin were up whereas Aerospace Chatsworth was down compared to the same quarter last year. On a year-to-date basis, sales were down \$2.9M but excluding the one-time adjustment on the C919 development program, sales were up \$2.1M or 9.8%

Gross margins of \$9.7M in Q2 2019 were up \$2.5M compared to Q2 2018. The increase is due to higher sales, improved operating performance, more favorable exchange rates, offset by some one-time costs in the quarter. For the year-to-date, gross margins were \$16.5M, up \$4.4M or 36.2%. Year-to-date gross margins are 28.6% compared to 21.4% last year. The one-time \$5M revenue adjustment on the C919 program last year was at very low margins. Operating performance in 2019 was improved across the Corporation.

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) for FTG in Q2 2019 was \$5.2M compared to \$3.4M in Q2 2018. Trailing twelve month EBITDA is \$13.9M.

The following table reconciles EBITDA⁽²⁾ to the net earnings for the trailing 12 months as at May 31, 2019.

	<u>Q2 2019</u>	Trailing 12 Months
Net earnings	2,482,000	5,573,000
Add:		
Interest	90,000	405,000
Income taxes/ITC/JV	1,358,000	3,117,000
Depreciation/Amortization	1,254,000	4,765,000
EBITDA	\$5,184,000	\$13,860,000

(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 profit after tax at FTG in Q2 2019 was \$2.5M compared to a net profit of \$1.3M in Q2 2018. Higher margins, were partially offset by higher SG&A costs and higher foreign exchange losses. For the year-to-date, net profit was \$3.7M compared to \$1.0M last year.

The Circuits segment net earnings before corporate and interest and other costs was \$3.9M in Q2 2019 compared to \$2.8M in Q2 2018.

The Aerospace net earnings before corporate and interest and other costs in Q2 2019 was \$0.7M versus \$0.1M in O2 2018.

As at May 31, 2019, the Corporation's net working capital was \$32.5M, an increase of \$3.8M over year-end 2018. Higher accounts receivable was offset by lower accounts payable/accrued liabilities and cash.

Cash flow in Q2 2019 was \$2.3M compared to \$3.6M in Q2 last year, after investments in capital equipment and deferred development. In Q2 2019, cash taxes paid were \$0.4M. For the year-to-date period cash flow was \$0.4M compared to \$3.2M last year.

Net debt to EBITDA was 0.16:1 for the trailing 12 month period.

The Corporation will host a live conference call on Thursday, July 11, 2019 at 8:30 am (EDT) to discuss the results of Q2 2019.

Anyone wishing to participate in the call should dial 647-427-2311 or 1-866-521-4909 and the conference ID is 2793398. The Chairperson is Mr. Brad Bourne. A replay of the call will be available until August 11, 2019 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 2793398.

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.

For further information please contact:

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

FIRAN TECHNOLOGY GROUP CORPORATION

Interim Condensed Consolidated Balance Sheets

ASSETS Current assets \$ 4,312 \$ 0,026 Cash \$ 4,312 \$ 1,051 Accounts receivable 141 645 Taxes receivable - 89 1,634 Inventories 24,462 24,634 Prepaid expenses 15,47 1,816 Porturent assets 732 7,820 Plant and equipment, net 11,418 12,078 Deferred income tax assets 732 732 Investment tax credits receivable 39,38 4,620 Contract costs 28 2,76 Intangible assets and other assets, net 2,582 3,069 Total assets 7,154 7,1,136 Total assets 5,15,90 8,71,54 7,1,136 LABILITIES AND EQUITY 2 1,20 2,062 Current liabilities 5,15,90 8,26 2,07 Accounts payable and accrued liabilities 1,01 1,06 2,01 2,062 2,01 2,01 2,01 2,01 2,01 2,01	(Unaudited)	May 31,	No	vember 30,
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Total assets 71,540 71,136 LIABILITIES AND EQUITY Current liabilities 15,901 \$ 16,278 Accounts payable and accrued liabilities 774 849 Provisions 774 849 Current portion of long-term bank debt 2,062 2,019 Income tax payable 313 563 Non-current liabilities 20,067 21,675 Non-current bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 26,160 28,829 Equity 13,880 10,913 Share capital (1,507) (774) Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity <t< td=""><td>Contract costs</td><td>281</td><td></td><td>276</td></t<>	Contract costs	281		276
LIABILITIES AND EQUITY Current liabilities \$ 15,901 \$ 16,278 Accounts payable and accrued liabilities 774 849 Provisions 774 849 Contract liabilities 1,017 1,966 Current portion of long-term bank debt 2,062 2,019 Income tax payable 313 563 Non-current liabilities 20,067 21,675 Nong-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 26,160 28,829 Equity 13,880 10,913 Share capital (1,507) (774) Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307 <td>Intangible assets and other assets, net</td> <td>2,582</td> <td></td> <td>3,069</td>	Intangible assets and other assets, net	2,582		3,069
Current liabilities 15,901 \$ 16,278 Accounts payable and accrued liabilities 15,901 \$ 16,278 Provisions 774 849 Contract liabilities 1,017 1,966 Current portion of long-term bank debt 2,062 2,019 Income tax payable 313 563 Pon-current liabilities 20,067 21,675 Long-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital 2 2,218 2,218 Common shares 19,323 19,323 19,323 Preferred shares 2,218 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380<	Total assets	\$ 71,540	\$	71,136
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Current portion of long-term bank debt 2,062 2,019 Income tax payable 313 563 Non-current liabilities 20,067 21,675 Long-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 8 15,387 \$ 11,687 Accumulated earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Provisions	774		849
Income tax payable 313 563 Non-current liabilities 20,067 21,675 Long-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 8 15,387 \$ 11,687 Accumulated earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital 2 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Contract liabilities	1,017		1,966
Income tax payable 313 563 Non-current liabilities 20,067 21,675 Long-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 8 15,387 \$ 11,687 Accumulated earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Current portion of long-term bank debt	2,062		2,019
Non-current liabilities 20,067 21,675 Long-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity 8 15,387 \$ 11,687 Accumulated earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307		313		563
Long-term bank debt 4,472 5,404 Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity Retained earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307		20,067		21,675
Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity Retained earnings 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Non-current liabilities			
Deferred tax payable 1,621 1,750 Total liabilities 26,160 28,829 Equity Total equity attributable to FTG's shareholders 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Accumulated other comprehensive (loss) 13,880 10,913 Share capital 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Long-term bank debt	4,472		5,404
Equity Retained earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) 13,880 10,913 Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	•	1,621		1,750
Equity Retained earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) 13,880 10,913 Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Total liabilities	26,160		28,829
Retained earnings \$ 15,387 \$ 11,687 Accumulated other comprehensive (loss) (1,507) (774) Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Equity			
Accumulated other comprehensive (loss) (1,507) (774) 13,880 10,913 Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307		\$ 15,387	\$	11,687
13,880 10,913 Share capital Common shares 19,323 19,323 Preferred shares 2,218 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,181 Total equity 45,380 42,307	<u> </u>	•		*
Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307				
Common shares 19,323 19,323 Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	Share capital	•		,
Preferred shares 2,218 2,218 Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307	•	19,323		19,323
Contributed surplus 8,826 8,672 Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307				
Total equity attributable to FTG's shareholders 44,247 41,126 Non-controlling interest 1,133 1,181 Total equity 45,380 42,307				
Non-controlling interest 1,133 1,181 Total equity 45,380 42,307				
Total equity 45,380 42,307	2 V	-		
	Total liabilities and equity	\$ 71,540	\$	71,136

FIRAN TECHNOLOGY GROUP CORPORATION Interim Condensed Consolidated Statements of Earnings

		Three mor	nths er	nded	Six months ended						
(Unaudited)	N	1ay 31,	J	une 1,	N	1ay 31,	J	June 1,			
(in thousands of Canadian dollars, except per share amounts)		2019	_	2018		2019		2018			
Sales	\$	32,235	\$	28,878	\$	57,625	\$	56,406			
Cost of sales						-0.44-		10.000			
Cost of sales		21,659		20,864		39,467		42,838			
Depreciation of plant and equipment		859		772		1,687		1,479			
Total cost of sales		22,518		21,636		41,154		44,317			
Gross margin		9,717		7,242		16,471		12,089			
Expenses											
Selling, general and administrative		3,956		3,496		7,272		6,601			
Research and development costs		1,168		1,126		2,284		2,331			
Reversal (recovery) of Ontario innovation tax credit		275		(55)		220		(110)			
Recovery of investment tax credits		(265)		(211)		(415)		(363)			
Depreciation of plant and equipment		40		35		83		65			
Amortization of intangible assets		272		261		543		517			
Interest expense on short-term debt		21		67		24		153			
Interest expense on long-term debt		69		65		143		130			
Foreign exchange loss (gain)		140		(104)		296		(130)			
Restructuring expenses		243		195		243		195			
Total expenses		5,919		4,875		10,693		9,389			
Earnings before income taxes		3,798		2,367		5,778		2,700			
Current income tax expense		1,294		1,017		2,071		1,642			
Deferred income tax expense		54		44		84		73			
Total income tax expense		1,348		1,061		2,155		1,715			
Net earnings	\$	2,450	\$	1,306	\$	3,623	\$	985			
Attributable to:											
Non-controlling interest	\$	(32)	\$	11	\$	(77)	\$	(17			
Equity holders of FTG	S	2,482	\$	1,295	\$	3,700	\$	1,002			
Earnings per share, attributable to the equity holders of FTG											
Basic	\$	0.11	\$	0.06	\$	0.16	\$	0.04			
Diluted	\$	0.10	\$	0.05	\$	0.15	\$	0.04			

FIRAN TECHNOLOGY GROUP CORPORATION

Interim Condensed Consolidated Statements of Comprehensive Income

	Three mor	iths er	ıded	Six months ended								
(Unaudited) (in thousands of Canadian dollars)	May 31, 2019		une 1, 2018		1ay 31, 2019		ine 1, 2018					
(in mousulus of Cultural donars)												
Net earnings	\$ 2,450	\$	1,306	\$	3,623	\$	985					
Other comprehensive income (loss) to be reclassified to net earnings in subsequent periods:												
Foreign currency translation adjustments Net unrealized (loss) on derivative financial instruments	302		68		1,483		(44)					
designated as cash flow hedges	(1,258)		(367)		(2,916)		(131)					
Tax impact	314		92		729		33					
	(642)		(207)		(704)		(142)					
Total comprehensive income	\$ 1,808	\$	1,099	\$	2,919	\$	843					
Attributable to:												
Equity holders of FTG	\$ 1,851	\$	1,095	\$	2,967	\$	817					
Non-controlling interest	\$ (43)	\$	4	\$	(48)	\$	26					

FIRAN TECHNOLOGY GROUP CORPORATION

Interim Condensed Consolidated Statements of Changes in Equity

Six months ended May 31, 2019		Attributed to the equity holders of FTG												
									Асси	mulated		97		
									0	ther			Non-	
(Unaudited)	C	ommon	Pr	eferred	Re	etained	Con	tributed	Compr	ehensive		con	trolling	Total
(in thousands of Canadian dollars)		shares	8	hares	ea	rnings	S	urplus	incon	ne (loss)	Total	in	iterest	equity
Balance, November 30, 2018	\$	19,323	\$	2,218	\$	11,687	\$	8,672	\$	(774)	\$ 41,126	\$	1,181	\$ 42,307
Net earnings (loss)		-		-		3,700			- 5	-	3,700		(77)	3,623
Stock-based compensation		<u>=</u>		-		2		154		_	154		_	154
Foreign currency translation adjustments		8						3.50		1,454	1,454		29	1,483
Net unrealized (loss) on derivative financial instruments designated as cash flow hedge	s,									·				
net of tax impact		- 2		- 4		2		201		(2,187)	(2,187)		741	(2,187)
Balance, May 31, 2019	\$	19,323	S	2,218	S	15,387	5	8,826	S	(1,507)	\$ 44,247	S	1,133	\$ 45,380

Six months ended June 1, 2018	Attributed to the equity holders of FTG													
	Accumulated													
										Other			Non-	
(Unaudited)	C	ommon	Pı	referred	R	etained	Co	ntributed	Со	mprehensive		con	trolling	Total
(in thousands of Canadian dollars)		shares	5	shares	ea	arnings		surplus	iı	ncome (loss)	Total	it	nterest	equity
Balance, November 30, 2017	\$	19,295	\$	2,218	\$	8,812	\$	8,384	\$	187	\$ 38,896	\$	1,214	\$40,110
Net earnings (loss)		-		-		1,002		==\\		-	1,002		(17)	985
Stock-based compensation		3				*		148		-	148		5€8	148
Common shares issued on exercise of														
share options and PSU's		17		*		*		(5)		(#)	12			12
Foreign currency translation adjustments						3		-		(87)	(87)		43	(44)
Net unrealized (loss) on derivative financial														
instruments designated as cash flow														
net of tax impact		- 3		- 1		2				(98)	(98)		74	(98)
Balance, June 1, 2018	\$	19,312	\$	2,218	\$	9,814	\$	8,527	\$	2	\$ 39,873	\$	1,240	\$41,113

FIRAN TECHNOLOGY GROUP CORPORATION Interim Condensed Consolidated Statements of Cash Flows

		Three mor	nths e	nded		Six mont	ths en	ded
(Unaudited)		lay 31,		June 1,	N	1ay 31,		June 1,
(in thousands of Canadian dollars)		2019		2018		2019		2018
Net inflow (outflow) of cash related to the following:								
Operating activities								
Net earnings	\$	2,450	\$	1,306	\$	3,623	\$	985
Items not affecting cash:								
Non-controlling interest share of net loss (earnings)		32		(11)		77		17
Stock-based compensation		80		74		154		148
(Gain) on disposal of plant and equipment		(8)		-		(1)		-
Effect of exchange rates on US dollar debt		140		68		126		70
Depreciation of plant and equipment		899		806		1,770		1,543
Amortization of intangible assets		272		261		543		517
Amortization of deferred financing costs		3		3		6		6
Deferred income tax expense		471		947		967		1,572
Investment tax credits (recovery)		(265)		(211)		(415)		(363)
(Increase) in net unrealized loss, decrease in net unrealized gain on								
financial instruments designated as cash flow								
hedges		(652)		(229)		(872)		(264)
Net change in non-cash operating working capital		(517)		1,031		(4,604)		(22)
		2,905		4,045		1,374		4,209
Investing activities								
Additions to plant and equipment		(610)		(414)		(1,001)		(1,206)
(Additions to) recovery of - contract costs, other		(1)		(67)		(19)		221
		(611)		(481)		(1,020)		(985)
Net cash flow used by operating and investing activities		2,294		3,564		354		3,224
Financing activities								
(Decrease) in bank indebtedness		(995)		(1,912)		2		(2,555)
Proceeds from long-term bank debt		(#)		((e)				1,289
Repayments of long-term bank debt		(512)		(491)		(1,021)		(927)
Proceeds from issue of Common shares		0#0		33#3		*		12
		(1,507)		(2,403)		(1,021)		(2,181)
Effects of foreign exchange rate changes on cash flow		(101)		(3)		(47)		2
Net increase (decrease) in cash flow		686		1,158		(714)		1,045
Cash, beginning of the period		3,626		2,639		5,026		2,752
Cash, end of period	S	4,312	\$	3,797	S	4,312	\$	3,797
Disclosure of cash payments								
Payment for interest	\$	90	\$	144	e	171	\$	300
Payment for income taxes	\$ \$	383	\$ \$	6	\$ \$	1,122	\$	13
t ayments for mounic taxes	J	203	Þ	0	J)	1,144	Ð	13