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NEWS RELEASE

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AIRBOSS ANNOUNCES CLOSING OF TRANSACTION TO CREATE AIRBOSS DEFENSE GROUP

Newmarket, ON – AirBoss of America Corp. (TSX: BOS) (the "Company" or "AirBoss") announced today that the previously disclosed transaction to form AirBoss Defense Group ("ADG") through the merger of its AirBoss Defense business and other operations in Acton Vale, Quebec with Critical Solutions International, Inc. ("CSI") closed on January 1, 2020. CSI is a privately owned U.S.-based company and is the leading global supplier of route clearance vehicles; countermine capability and survivability products to U.S. and foreign military forces.

AirBoss has contributed the shares of AirBoss Engineered Products Inc. and the membership interests of Immediate Response Technologies, LLC to newly formed Canadian and U.S. entities that will form ADG. Critical Solutions Holdings Inc. ("CSH") has contributed all the shares of CSI to the newly formed business. AirBoss' contribution is valued at US\$100 million and CSH's contribution is valued at US\$32.7 million. In consideration, AirBoss will receive 55% of the equity in ADG and US\$60 million and CSH will receive 45% of the equity interest in ADG. The US\$60 million is currently structured in the form of a Vendor Takeback Note (the "Note").

Strategic and Financial Benefits of the Transaction for AirBoss

- Creates a dedicated defense player better positioned to capitalize on emerging opportunities arising from the current geopolitical environment by combining AirBoss Defense's strengths in manufacturing and engineering design with CSI's expertise in global marketing and distribution of defense products;
- Diversifies the product offering and provides significant cross-selling opportunities to an increasingly global combined customer base;
- Retains a majority stake in the combined entity with enhanced long-term value creation potential; and
- Offers improved financial flexibility to fund planned capital expenditures and target potential acquisitions.

"This transaction offers us enhanced scale and improved flexibility to drive even greater levels of value-creation in the future," said Chris Bitsakakis, President and COO of AirBoss. "This new platform combines an expanded suite of class-leading products and advanced sales and marketing capabilities that we can leverage to create a dedicated and growing defense player focused on protective solutions for military personnel and first responders globally. We expect ADG to grow through a combination of organic initiatives, including new and next-generation product development, as well as acquisitions that add new solutions, relationships and customers to the business."

"We have developed strong relationships with militaries, legislators and manufacturers globally, ideally placing us to identify, tender and win high-value contracts around the world," said Patrick Callahan, CEO of AirBoss Defense Group. "In a period of record U.S. defense spending budget allocations, combined with high levels of geopolitical instability around the world, we feel we are very well positioned to capitalize on an even broader array of opportunities to grow the new combined business going forward."

Vendor Takeback Note

To satisfy the conditions on closing, ADG provided AirBoss with a Vendor Takeback Note valued at US\$60 million. The Note is secured against the assets and equity of ADG and matures on January 1, 2026. The Note pays interest at a rate of LIBOR plus 700 bps. ADG is required to pay 2.5% of the initial principal amount plus accrued interest on a semi-annual basis. In addition, 75% of excess cash flow generated by ADG after capital expenditures, interest payments, income taxes and other similar payments will be paid to AirBoss annually in further repayment of the Note.

Amended and Restated Credit Facilities

In connection with the closing of the ADG transaction, AirBoss has also amended its senior secured credit facilities to, among other things, add the U.S. and Canadian AirBoss Defense entities as borrowers under the credit facility. This revision will provide ADG with up to US\$15 million in revolving credit facilities, which are intended to provide the newly merged business with the access to capital necessary to achieve its objectives. The syndicate of lenders will continue to consist of Toronto-Dominion Bank, National Bank of Canada, Comerica Bank and J.P. Morgan. Aggregate availability under the credit facilities will be approximately US\$120 million, consisting of a US\$60 million term loan, a US\$60 million revolving credit facility and an accordion feature of up to an additional US\$50 million of availability, upon the satisfaction of customary conditions for such features. The maturity date of the facilities is January 2, 2023. As of January 2, 2020, the revolving credit facility was undrawn.

“Allowing ADG to access borrowing capacity under AirBoss’ senior secured credit facilities provides the new entity flexibility in the execution of its growth strategy plus an enhanced ability to manage through periods of variability inherent to the defense business,” said Daniel Gagnon, CFO of AirBoss. “By leveraging AirBoss’ solid balance sheet, ADG has access to capital at a more favourable rate than it could secure independently.”

Other Considerations

Houlihan Lokey Capital, Inc. acted as financial advisor to AirBoss, while Davies Ward Phillips & Vineberg LLP is served as AirBoss’ legal counsel, with Hogan Lovells serving as US regulatory counsel. Kirkland & Ellis LLP served as legal counsel to CSI and CSH, with Stikeman Elliott LLP serving as Canadian legal counsel.

Contact: Chris Bitsakakis, President or Gren Schoch, CEO at 905-751-1188.

About AirBoss of America

AirBoss of America Corp. is a group of complementary businesses using compounding technology and engineering expertise to create value for its customers. With a capacity to process over 450 million turn pounds of rubber annually, AirBoss Rubber Solutions is one of North America’s largest custom rubber compounding companies and a leading supplier of essential calendared and extruded products for a broad range of applications. AirBoss Engineered Products is a world leader in the supply of life saving products for the military and a leading supplier of innovative anti-vibration solutions to the North American automotive market. The Company’s shares trade on the TSX under the symbol BOS. Visit www.airbossofamerica.com.

AIRBOSS FORWARD LOOKING INFORMATION DISCLAIMER

Certain statements contained or incorporated by reference herein, including those that express management’s expectations or estimates of future developments or AirBoss’ future performance, constitute “forward-looking information” or “forward-looking statements” within the meaning of applicable securities laws, and can generally be identified by words such as “will”, “may”, “could” “expects”, “believes”, “anticipates”, “forecasts”, “plans”, “intends” or similar expressions. These statements are not historical facts but instead represent management’s expectations, estimates and projections regarding future events and performance.

Statements containing forward-looking information are necessarily based upon a number of opinions, estimates and assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies. AirBoss cautions that such forward-looking information involves known and unknown contingencies, uncertainties and other risks that may cause AirBoss’ actual financial results, performance or achievements to be materially different from its estimated future results, performance or achievements expressed or implied by the forward-looking information. Numerous factors could cause actual results to differ materially from those in the forward-looking information, including without limitation: impact of general economic conditions; dependence on key customers; cyclical trends in the tire and automotive, construction, mining and retail industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; AirBoss’ ability to maintain existing customers or develop new customers in light of increased competition; AirBoss’ ability to successfully integrate acquisitions of other businesses and/or companies or to realize on the anticipated benefits thereof, changes in accounting policies and methods, including uncertainties associated with critical accounting assumptions and estimates; changes in the value of the Canadian dollar relative to the US dollar; changes in tax laws and potential litigation; ability to obtain financing on acceptable terms; environmental damage and non-compliance with environmental laws and regulations; potential product liability and warranty claims and equipment malfunction. This list is not exhaustive of the factors that may affect any of AirBoss’ forward-looking information.

All of the forward-looking information in this press release is expressly qualified by these cautionary statements. Investors are cautioned not to put undue reliance on forward-looking information. All subsequent written and oral forward-looking information attributable to AirBoss or persons acting on its behalf are expressly qualified in their entirety by this notice. Forward-looking information contained herein is made as of the date of this press release and, whether as a result of new information, future events or otherwise, AirBoss disclaims any intent or obligation to update publicly this forward-looking information except as required by applicable laws. Risks and uncertainties about AirBoss’ business are more fully discussed under the heading “Risk Factors” in our

most recent Annual Information Form and are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.