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NEWS RELEASE

May 13, 2020

AIRBOSS ANNOUNCES 1st QUARTER 2020 RESULTS AND DIVIDEND

(\$US except where otherwise noted)

Recent Highlights

- Grew net sales by 14.1% versus the prior year period to \$94.2 million;
- Increased adjusted EBITDA² by 14.3% versus the prior year period to \$9.7 million;
- Reported diluted EPS and adjusted diluted EPS² of \$(0.02) per share and \$0.08 per share, respectively;
- Grew free cash flow² by \$16.1 million to \$10.6 million or \$0.45 per share;
- Reduced net debt² to TTM EBITDA from 1.85 times at December 31, 2019 to 1.5 times at March 31, 2020;
- Awarded a contract by the U.S. Federal Emergency Management Agency (“FEMA”) worth \$96.4 million for the manufacture and sale of 100,000 FlexAir™ Powered Air Purifying Respirator (“PAPR”) systems, 600,000 filters and related accessories; and
- Closed the merger between AirBoss' defense business and Critical Solutions International, Inc. on January 1, 2020.

In thousands of US dollars, except share data

<i>Three months ended March 31 (unaudited)</i>	2020	2019
Financial results:		
Net sales	94,197	82,575
Net income	787	2,926
Profit (loss) attributable to owners of the Company	(520)	2,926
Adjusted Profit attributable to owners of the Company ²	1,773	3,480
Net income per share (US\$)		
– Basic	(0.02)	0.13
– Diluted	(0.02)	0.12
Adjusted Net income per share ² (US\$)		
– Basic	0.08	0.15
– Diluted	0.08	0.15
EBITDA ²	7,435	7,895
Adjusted EBITDA ²	9,728	8,511
Net cash provided by operating activities	12,409	(2,259)
Dividends declared per share (CAD\$)	0.07	0.07
Capital additions	2,641	3,234
Financial position:	March 31, 2020	December 31, 2019
Total assets	292,894	249,664
Term loan and other debt ¹	72,642	74,144
Total equity	162,764	125,979
Outstanding shares (#) *	23,400,030	23,392,442

* at May 13, 2020

Dividend

The Board of Directors of AirBoss of America Corp. (the “Company”) has approved a quarterly dividend of C\$0.07 per common share, to be paid on July 15, 2020 to shareholders of record at June 30, 2020.

Consolidated Results

Consolidated net sales in the first quarter of 2020 increased by 14.1% to \$94,197 compared with the first quarter of 2019, due largely to the completion of the merger between the AirBoss defense business and Critical Solutions, Inc. (“CSI”) on January 1, 2020 (the “ADG transaction” or “AirBoss Defense Group transaction”). This increase was partially offset by softness in the Rubber Solutions and Engineered Products segments, due in part to challenges related to the COVID-19 pandemic. Consolidated gross profit for the quarter increased by \$6,075 to \$18,481, compared with the first quarter of 2019, and gross profit as a percentage of net sales increased to 19.6% from 15.0% compared with the same period in 2019. These increases were primarily as a result of the ADG transaction. Adjusted EBITDA in the first quarter of 2020 increased by 14.3% compared with Q1 2019.

The \$520 loss attributable to owners of the Company as at March 31, 2020 was primarily due to (i) professional fees in the amount of \$2.2 million, related to the AirBoss Defense Group transaction, (ii) a foreign exchange loss of \$1.6 million in Q1 2020, and (iii) the 45% reduction of net profit attributable to ADG, to account for the minority holder’s interest. In addition, the non-deductibility of the professional fees for tax purposes further increased the loss and effective tax rate for the quarter.

“The FEMA contract award announced at the end of the quarter provided a perfect example of the rationale behind the creation of the AirBoss Defense Group,” said Chris Bitsakakis, President and Chief Operating Officer of AirBoss. “It highlighted the perfect marriage between AirBoss’ class-leading line of protective products and CSI’s marketing capabilities. Together we were able to act quickly to help in the ongoing battle against COVID-19 and ADG remains well positioned to act on other near-term emerging opportunities, as well as longer-term initiatives related to future pandemic preparedness. We also continue to bid on a number of defense contracts around the world and expect our successes should offset any expected COVID-19 related softness in our Rubber Solutions and Engineered Products segments.”

With \$11.8 million in cash and cash equivalents, \$60 million in undrawn availability under its credit facilities and a net debt to TTM EBITDA ratio of 1.5 times, the Company retains good financial flexibility.

Segment Results

In the Rubber Solutions segment, net sales decreased by 4.8% to \$34,254 in the first quarter of 2020, from the comparable period in 2019. The decrease in net sales was primarily in the conveyor belt sector, partly offset by the mining sector, but also due in part to a higher product sales mix in tolling vs. non-tolling applications. Despite the decrease in net sales (in dollars), overall volume (measured in pounds shipped) increased by 7.8% in the first quarter of 2020, from the comparable period in 2019. Tolling volume increased by 21.4% in the first quarter of 2020, compared with the same period in 2019. An increase in conventional tolling was partly offset by softness in niche applications. Non-tolling volume for the first quarter of 2020 increased by 3.0%, compared with the same period in 2019. Gross profit in the Rubber Solutions segment for the first quarter of 2020 increased by 6.6% to \$5,903, compared with the same period in 2019. The increase in gross profit in the first quarter was principally due to higher volume. Gross profit as a percentage of net sales in the first quarter of 2020 was 17.2%, up from 15.4% in the comparable period in 2019.

At Engineered Products, net sales for the first quarter of 2020 decreased by 3.1%, to \$30,062, compared with the same period in 2019. The decrease was seen across a number of product lines, including muffler hangers, tooling and spring isolators, and partially offset by higher demand in dampers. In addition, net sales decreased by approximately \$3.5 million following the partial shutdown of the Auburn Hills, Michigan plant on March 19, 2020 as a result of the COVID-19 pandemic, which resulted in closures of original equipment manufacturers (“OEMs”) and Tier 1 customers in the industry. Gross profit in the Engineered Products segment for the first quarter of 2020 was \$1,921 (6.4% of net sales), up \$456 from \$1,465 (4.7% of net sales) in the same period in 2019. The improvement was a result of lower freight costs and continuous improvement initiatives focused on labour and overhead costs.

In the AirBoss Defense Group segment, net sales increased by 66.9%, to \$35,059, from the comparable period in 2019. The increase was primarily a result of equipment sales from CSI that would not have been reported in the comparable period in 2019 as the ADG transaction had not yet occurred. These included sales of ground penetrating radars (“GPRs”), Bandoliers and Blast Gauge® Systems. In addition, net sales in the legacy AirBoss defense business were also up due to higher demand in masks, filters and the shelter product lines, partially offset by lower net sales in the boots product line. Gross profit at AirBoss Defense Group for the first quarter of 2020 increased by 97.2% to \$10,657 (30.4% of net sales), up from \$5,405 (25.7% of net sales) in the comparable period in 2019. The increase was primarily due to higher volume and the completion of the ADG transaction.

Overview

The COVID-19 pandemic has generated both opportunities and challenges for organizations globally, including AirBoss. The impact on first quarter results was relatively limited and, given the nature of its businesses, the Company has been able to continue operating most of its facilities in Canada and the U.S. despite the introduction of widespread government restrictions.

As certain customers, including the “Big Three” automakers, tire makers and related suppliers, elected to temporarily suspend operations in late March, AirBoss anticipated there may be an impact on its operations beginning in the second quarter of the year. Although the Rubber Solutions business remains open and operational, it did experience a decline in volumes beginning in April, which continued into early May. The timing for an improvement in volumes will be subject, at least in part, to a re-opening of businesses across North America, which could be difficult to predict. In the case of the Engineered Products business, AirBoss elected to temporarily suspend operations, pending re-starts by key customers. During this period, the Company has managed variable costs within the Engineered Products business, temporarily laying-off hourly employees and reducing working hours for salaried staff. Management has also accelerated the plan to begin producing certain molded defense products at the Auburn Hills, MI facility, which is supporting returns to work for some staff as well as continued execution against existing defense contracts. This will help utilize temporarily shuttered manufacturing capacity and help offset the impact until the anti-noise, vibration and harshness business ramps up again. AirBoss also continues to push ahead with the installation of a new robotic work cell as well as the diversification of its product lines into sectors adjacent to the automotive space.

Just before the end of the first quarter, ADG secured a US\$96.4 million order for FlexAir™ PAPRs from FEMA. ADG and its predecessor companies have been producing PAPRs since 1985 and began actively delivering against this contract promptly in early April. Production continues to ramp up with deliveries expected to accelerate through the second quarter. Securing this contract provided a strong validation for the creation of ADG, which married AirBoss’ class-leading CBRN protective solutions with CSI’s marketing strength and strong relationships with governments and militaries around the world. This contract is expected to help offset expected weakness in the Rubber Solutions and Engineered Products businesses during the second quarter.

Management believes that the future sourcing of personal protective equipment for first responders and medical professionals will change significantly in response to the COVID-19 pandemic. As a part of overall future emergency preparedness planning, management expects a more unified and streamlined approach aimed at reducing complexity, shortening acquisition times and building strategic stockpiles, compared to the fragmented and complex distributor relationship arrangements seen previously. This is expected to be a future driver for the business and ADG is modifying its business development approach accordingly. Beyond this, AirBoss continues to target traditional defense contracts, valued at hundreds of millions of dollars globally, for its broader portfolio of survivability solutions. This includes opportunities for its new low-burden mask as well as next-generation products like the Blast Gauge™ blast overpressure solution.

The Company is in a sound financial position and management believes it will be able to weather this period of uncertainty and will continue to carefully manage the balance sheet, evaluating opportunities to improve financial flexibility as appropriate. The \$19.5 million in capital expenditures made in 2019 is critical to AirBoss’ broader organic growth strategy. AirBoss believes it is well positioned to further leverage the investment in innovation, capacity, and new solutions as industry re-opens in accordance with the guidance provided by local and federal governments. In addition, protecting the health and well-being of employees, customers and all stakeholders remains a top priority.

Despite the headwinds associated with COVID-19, the Company’s longer-term priorities remain intact and include:

1. Growing the core Rubber Solutions segment by positioning it as a specialty supplier of choice in the consolidating North American market, with a growing focus on building defensible leadership positions in selected compounds;
2. Leveraging ADG’s enhanced scale and capabilities to pursue an array of growth and value-creation opportunities in the broader survivability solutions segment serving both defense and first responder markets;
3. Driving improved performance from Engineered Products through a combination of disciplined cost containment, client relationship expansion, new product development and sector diversification; and
4. Targeting additional acquisition opportunities across the business with a focus on adding new compounds and products, technical capabilities, and geographic reach into selected North American and international markets.

As before, management remains dedicated to the creation of long-term value for all stakeholders through a combination of strategic initiatives that both drive organic growth and support possible transactions.

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

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 leading supplier of innovative anti-vibration solutions to the North American automotive market. AirBoss Defense Group is a world leader in the supply of survivability solutions to the defense and first responder industries. The Company's shares trade on the TSX under the symbol BOS. Visit www.airbossofamerica.com or www.adg.com for more information.

Note (1): Term loan and other debt as at March 31, 2020 and December 31, 2019 include lease liabilities of \$14,251 and \$14,542, respectively.

Note (2): Non – IFRS Financial Measures: EBITDA, Adjusted EBITDA, Adjusted Profit attributable to owners of the Company, Adjusted Net income per share, Free Cash Flow and Net Debt are directly derived from the consolidated financial statements but do not have a standardized meaning prescribed by IFRS and are not necessarily comparable to similar measure presented by other issuers. The Company discloses these terms for use in financial measurements made by interested parties and investors to monitor the ability of the Company to generate cash from operations for debt service, to finance working capital and capital expenditures and to pay dividends. These terms are not a measure of performance under IFRS and should not be considered in isolation or as a substitute for net income under IFRS. Reconciliations of net income to EBITDA and Adjusted EBITDA, net income to Adjusted Profit attributable to owners of the Company, Adjusted Net income per share and free cash flow, are presented below.

	Three-months ended March 31 (unaudited)	
In thousands of US dollars	2020	2019
EBITDA:		
Net Income	787	2,926
Finance costs	1,169	956
Depreciation, amortization and impairment	4,235	3,032
Income tax expense	1,244	981
EBITDA	7,435	7,895
ADG transaction fees	2,293	366
Insurance provision	—	250
Adjusted EBITDA	9,728	8,511

	Three-months ended March 31 (unaudited)	
In thousands of US dollars	2020	2019
Adjusted Profit attributable to owners of the Company:		
Profit (loss) attributable to owners of the Company	(520)	2,926
ADG transaction fees	2,293	366
Insurance provision	—	188
Adjusted Profit attributable to owners of the Company	1,773	3,480
Basic weighted average number of shares outstanding	23,392	23,392
Diluted weighted average number of shares outstanding	23,479	23,435
Adjusted Net income per share:		
Basic	0.08	0.15
Diluted	0.08	0.15

In thousands of US dollars (unaudited)	March 31, 2020	December 31, 2019
Net debt:		
Loans and borrowings - current	5,421	5,358
Loans and borrowings - non-current	67,221	68,786
Leases included in loans and borrowings	(14,251)	(14,542)
Cash and cash equivalents	(11,782)	(121)
Net debt	46,609	59,481

In thousands of US dollars	Three-months ended March 31 (unaudited)	
	2020	2019
Free cash flow:		
Net cash provided by operating activities	12,409	(2,259)
Acquisition of property, plant and equipment	(2,004)	(2,945)
Acquisition of intangible assets	(338)	(289)
Proceeds from government grant	500	—
Free cash flow	10,567	(5,493)
Basic weighted average number of shares outstanding	23,392	23,392
Diluted weighted average number of shares outstanding	23,479	23,435
Free cash flow per share:		
Basic	0.45	(0.23)
Diluted	0.45	(0.23)

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; impact of global health situations; potential product liability and warranty claims and equipment malfunction. COVID-19 could also negatively impact AirBoss' operations and financial results in future periods. There is increased uncertainty associated with future operating assumptions and expectations as compared to prior periods. As such, it is not possible to estimate the impacts COVID-19 will have on AirBoss' financial position or results of operations in future periods. While the direct impacts of COVID-19 are not determinable at this time, AirBoss has undrawn credit facility as at March 31, 2020 that can provide financing up to \$60,000. 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.