



NEWS RELEASE

OMNI-LITE INDUSTRIES REPORTS SECOND QUARTER AND FIRST HALF FISCAL 2020 RESULTS and ANNOUNCES CONFERENCE CALL FOR INVESTORS TO BE HELD ON AUGUST 17, 2020

Second Quarter Highlights Include:

- Revenue of US\$1.6 million, a 37% decline compared to prior year period
- Free Cash Flow⁽¹⁾ of approximately US\$320,000, representing a US\$315,000 increase over the prior year period
- Liquidity of US\$3.1 million⁽²⁾, including US\$1.5 million of Revolver Undrawn Capacity
- Net Cash⁽²⁾ of US\$127,000
- Management Actions to Reposition and Align Company to Current Market Conditions

TSXV: OML

OTCQX: OLNCF

CERRITOS, CALIFORNIA, August 13, 2020 - Omni-Lite Industries Canada Inc. (the "Company") (TSXV: OML; OTCQX: OLNCF) reported financial and operating results for the second quarter of fiscal 2020, ended June 30, 2020, and information on management actions and cost-saving initiatives completed in and after the fiscal quarter.

Second Quarter Fiscal 2020 Results

Second quarter fiscal 2020 revenue was US\$1.6 million, representing a 37% decrease compared to second quarter of fiscal 2019 of US\$2.6 million. The second quarter fiscal 2020 decrease was largely attributable to lower commercial aerospace fastener component volume impacted by the COVID-19 pandemic.

Second quarter fiscal 2020 Adjusted EBITDA⁽¹⁾ was US(\$142,621) compared to US\$380,616 in the second quarter fiscal 2019. The second quarter fiscal 2020 net loss was US(\$263,414), or US\$(0.02) per diluted common share, as compared to second quarter 2019 net income of US\$119,320 or US\$0.01 per diluted common share.

Second quarter fiscal 2020 Adjusted EBITDA and net income were adversely affected by lower commercial aerospace fastener component revenue related to the COVID-19 pandemic impact on fastener demand for new commercial aircraft build rates, adjustments in inventory levels at our commercial aerospace customers as well as plant disruptions and shutdowns at certain of our customers.

Free cash flow⁽¹⁾ was US\$321,042 for the second quarter of fiscal 2020, compared to US\$5,507 in second quarter of fiscal 2019. The year-over-year increase was driven primarily by net working capital inflows resulting from collections on accounts receivable and net inventory destocking.

Cash balance at the end of quarter was US\$1.6 million, and outstanding debt⁽²⁾ of US\$1.5 million, resulting in net cash of US\$127,000. The Company had US\$1.5 million undrawn capacity under its revolving credit facility.



First Half Fiscal 2020 Results

First half fiscal 2020 revenue was \$US3.7 million, or a 25% decrease as compared to US\$5.0 million in the first half of fiscal 2019. First half fiscal 2020 Adjusted EBITDA⁽¹⁾ was US\$54,063 compared to US\$1.1 million in the first half of fiscal 2019. First half fiscal 2020 net loss was US(\$350,490), or US\$(0.03) per diluted share as compared to net income of US\$354,332, or US\$0.03 in the first half of fiscal 2019.

Free cash flow⁽¹⁾ was US\$(25,743) for the first half of fiscal 2020, compared to US\$(428,113) in first half of fiscal 2019. The approximately US\$402,000 increase in free cash flow generation was driven, in part, by net working capital inflows resulting from collections on accounts receivable, tempered growth in the build-for-stock inventory program, offset by reduced accounts payable levels.

Management Actions

Operations at our California manufacturing facility resumed as expected on August 4th after the previously announced 10-day shutdown for cleaning and sanitizing procedures in connection with COVID-19. During the shutdown period, additional workflow procedures were put in place to further enhance social distancing protocols. Additionally, the Company implemented and substantially completed a repositioning and alignment plan that will result in cost reductions and efficiencies at the facility. These restructuring actions along with other cost saving initiatives are expected to yield annual cost savings of approximately US\$600,000 and will accelerate margin expansion when recovery in the commercial aerospace market takes hold.

Management Comments

David Robbins, Omni-Lite's President and Chief Executive Officer, said:

"Given the impact of COVID-19 on the commercial aerospace sector, we are taking necessary and decisive action to adjust the cost structure at our California operation to better align with lower demand, and to position us to respond to new ongoing demand for engineered fastener components for defense aerospace applications.

During the quarter, we saw growth in demand for our microelectronics products and contract manufacturing services provided at our Monzite division, driven largely by continued demand in the defense aerospace platforms Monzite supports.

I would like to thank all our employees for their exceptional commitment and dedication demonstrated since the start of this challenging time. We are considered critical infrastructure providers by the Cybersecurity and Infrastructure Security Agency (CISA)."

Summary of Financial Highlights

All figures in US dollars unless noted

For the three months ended June 30		
Revenue	\$1,623,650	\$2,573,509
Adjusted EBITDA ⁽¹⁾	(142,621)	380,616
Free Cash Flow ⁽¹⁾	321,042	5,507
Net income	(263,414)	119,320
Diluted EPS	(\$0.02)	\$0.01



For the three months ended June 30		
	2020	2019
Revenue	\$3,768,520	\$5,018,034
Adjusted EBITDA ⁽¹⁾	54,063	1,111,399
Free Cash Flow ⁽¹⁾	(25,743)	(428,113)
Net income	(350,490)	354,332

(1) Adjusted EBITDA is a non-IFRS financial measure defined as earnings before interest income, interest expense, taxes, depreciation, amortization, stock-based compensation, and non-recurring items, if any. Free Cash Flow is a non-IFRS financial measure defined as cash flow from operations minus capital expenditures.

(2) Excludes US\$819,700 Paycheck Protection Program Loan pursuant to the CARES Act, subject to pending application and approval for forgiveness in its entirety.

Investor Conference Call

Omni-Lite will host a conference call for investors on Monday, August 17, 2020, beginning at 1:00 P.M. Eastern Time to discuss our second quarter and first half fiscal 2020 results. To join the conference call, dial 888-428-7458 in the USA and Canada, or 862-298-0702 for all other countries. Please call five to ten minutes prior to the scheduled start time. A replay of the conference call will be available 48 hours after the call and archived on the Company's investors page of the Company's website at www.omni-lite.com for 12 months.

About Omni-Lite Industries Canada Inc.

Omni-Lite Industries Canada Inc. is an innovative company that develops and manufactures mission critical, precision components utilized by Fortune 100 companies in the aerospace and defense industries.

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Forward Looking Statements

Except for statements of historical fact, this news release contains certain "forward-looking information" within the meaning of applicable securities law. Forward-looking information is frequently characterized by words such as "plan", "expect", "project", "intent", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking information in this press release includes, but is not limited to, the expect future performance of the Company. Although we believe that the expectations reflected in the forward-looking information are reasonable, there can be no assurance that such expectations will prove to be correct. We cannot guarantee future results, performance or achievements. Consequently, there is no representation that the actual results achieved will be the same, in whole or in part, as those set out in the forward-looking information. Forward-looking information is based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the forward-looking information. Some of the risks and other factors that could cause the results to differ materially from those expressed in the forward-looking information include, but are not limited to: general economic conditions in Canada, the United States and globally; industry conditions, governmental regulation, including environmental consents and approvals, if and when required; stock market volatility; competition for, among other things,



capital, skilled personnel and supplies; changes in tax laws; and the other risk factors disclosed under our profile on SEDAR at www.sedar.com. Readers are cautioned that this list of risk factors should not be construed as exhaustive.

The forward-looking information contained in this news release is expressly qualified by this cautionary statement. We undertake no duty to update any of the forward-looking information to conform such information to actual results or to changes in our expectations except as otherwise required by applicable securities legislation. Readers are cautioned not to place undue reliance on forward-looking information.

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