



## **NEWS RELEASE**

### **Omni-Lite Industries Announces Strategic Acquisition of Designed Precision Castings Following the Completion of the Sale and Leaseback of the Company's California Real Estate Assets**

**Affiliate of Designed Precision Castings to Subscribe for C\$1.3 million of Omni-Lite Industries Common Stock at C\$1.25 per Share**

**Conference Call for Investors to be Held on January 5, 2022**

- ❖ **Designed Precision Castings Acquired in a Stock and Cash Transaction Valued at US\$5.7 million<sup>1</sup>**
- ❖ **Strategic Rationale Validated with a C\$1.3 million Equity Commitment from an Affiliate of Designed Precision Castings Priced at a Significant Premium to the Market**
- ❖ **Designed Precision Castings Complements and Expands the Company's Technologies and Customer Base and Increases Access to our Addressable Markets**
- ❖ **Expected to Enhance Growth, Innovation and New Opportunities in the Aerospace, Defense and Industrial Markets**
- ❖ **Jan Holland, Chairman and CEO of Designed Precision Castings, Appointed to the Company's Board of Directors**
- ❖ **Opportunistic Unlocking of Shareholder Value with the Closing of the Sale/Leaseback of the Company's California Real Estate for US\$6.8 million, a Substantial Premium Over the Carrying Value of the Asset**

**TSXV: OML**

**OTCQX: OLNCF**

**LOS ANGELES, CALIFORNIA, and BRAMPTON, ONTARIO, December 20, 2021** - Omni-Lite Industries Canada, Inc ("Omni-Lite" or the "Company") (TSXV: OML OTCQX: OLNCF) is pleased to announce that it has completed a series of strategic transactions including the acquisition of Brampton, Ontario-based Designed Precision Castings Inc. ("DP Cast"), a leading investment castings manufacturer and marketer of highly engineered, high-performance, hardware and structural components for aerospace, defense, industrial and energy applications (the "Acquisition"), and a sale and leaseback of the Company's California manufacturing facility and real estate.

DP Cast was acquired in a share and cash transaction valued at approximately US\$5.7 million.<sup>1</sup> In connection with the



Acquisition, Jan Holland, former Chairman, CEO and shareholder of DP Cast, has been appointed to the Company's Board of Directors. In further alignment and validation of the strategic rationale of the business combination, an affiliate of DP Cast, whose shareholders are the vendors of DP Cast, has irrevocably committed to purchasing common shares of the Company ("Common Shares") at a price of C\$1.25 per Common Share for aggregate gross proceeds of C\$1.25 million (the "Private Placement"). See *"Designed Precision Castings Transaction Terms"* and *"Private Placement"* below.

Following the Company's announcement on December 17, 2021, the Company completed the sale of its California manufacturing facility and associated real estate for aggregate gross proceeds of approximately US\$6.8 million, representing a substantial premium over the Company's carrying value of the asset. See *"Sale Leaseback and Financing Overview"* below.

The Acquisition, which was unanimously approved by the Boards of Directors of both companies, will diversify Omni-Lite's aerospace and industrial portfolio, and create a platform with enhanced scale and scope, and a competitive moat that will lead to producing highly engineered, high-performance components, ranging from fasteners to large, complex, hardware and structural investment castings for the aerospace, defense, industrial and energy markets.

The Company intends to integrate its complementary operations with DP Cast. Omni-Lite believes that it will be capable of delivering strong margins and returns from its suite of product offerings that will serve attractive markets with positive long-term outlooks, including the early-stage recovery of the commercial aerospace sector, following the COVID-19 pandemic.

Omni-Lite's Chief Executive Officer, Dave Robbins, commented "I am very excited about adding investment (metal) casting manufacturing technology, and Designed Precision Castings' reputation as a critical supplier to large aerospace and industrial customer's high-value platforms, into Omni-Lite's portfolio of highly engineered components. This acquisition will expand our technology directionally towards the goal of a platform capable of delivering high-performance, precision-rugged, mechanical and electromechanical components, sensors and subsystems for aerospace, defense, and industrial markets. DP Cast's competitive positioning and pipeline of new products in the early stage of production gives me great confidence in their contribution toward fueling our collective growth."

"We are very excited about this business combination, and what it will mean for DP Cast's next phase of growth, as we continue to find ways to provide additional value-add services across a complementary platform and customer base," said Jan Holland, Chairman and Chief Executive Officer of DP Cast. "Working with Omni-Lite – a world-class supplier of precision forgings to Fortune 500 OEM manufacturers – will allow us to accelerate the R&D, intellectual capital, techniques, structures, capabilities and operational excellence we've focused on for the past decade. The enhanced scope this transaction represents an important step in achieving our companies' shared vision – and in DP Cast's ability to provide an enhanced suite of mission critical components, with an ongoing focus on our three tenets: optimal quality, service excellence and on-time delivery."

### **Designed Precision Castings Highlights and Rationale**

Founded in 1958, DP Cast ([www.dpcast.com](http://www.dpcast.com)) has spent the last decade transforming the business, from producing small form factor aerospace and industrial hardware components, to larger, more complex, structural investment castings, and serving trusted, long-tenured customers, including, among others, Pratt & Whitney Canada, L3Harris Technologies, J/E Bearings to General Dynamics Land Systems, Boart Longyear, S&C Electric, Q2 Artificial Lift, EMBRAER, Forrest Machine, Arkwin Industries and Viking Air. DP Cast is accredited under ISO 9001:2015 and AS 9100D by the Bureau Veritas for the



manufacture of custom, ferrous, non-ferrous and light-alloy investment castings for aerospace, nuclear, and industrial applications. DP Cast's state-of-the-art, vertically integrated manufacturing capabilities, combined with critical regulatory compliance and customer performance requirements, have resulted in high barriers to entry and superior differentiation, versus its competitors. DP Cast generated approximately US\$3.7 million<sup>2</sup> in revenues for the trailing 12-month period ended September 30, 2021, and operates from its Brampton, Ontario facility, employing approximately 50 people. DP Cast has an excellent foundation built on the elimination of oxide bi-films, proprietary fill systems and adoption of robotics and automation that is poised for substantial sales growth.

The combination of Omni-Lite and DP Cast brings together the natural marriage of high-performance manufacturing of ferrous, non-ferrous and light-alloy components, utilizing a spectrum of technologies ranging from cold/hot forging, to investment castings, which demand the production of complex, net form products operating in critical and harsh environments.

The two companies will be able to leverage their combined management expertise, current customer relationships, market knowledge, R&D, and broader manufacturing processes to strengthen their shipset content and presence across a diverse range of markets.

The combined company's revenues and earnings profile are expected to be more diverse, both on geographic and market bases, resilient, and potentially achieving margin expansion through increased revenues and operating efficiencies.

### **Designed Precision Castings Transaction Terms**

Under the terms of the Acquisition, Omni-Lite, through a wholly owned and newly formed subsidiary, acquired 100% of the issued and outstanding shares of DP Cast pursuant to a share purchase agreement. As consideration for the Acquisition, the Company:

- Issued 3,078,710 Common Shares to the vendors, subject to certain provisions, valued at US\$2.3 million based on the closing price and currency exchange rate on December 17, 2021.
- Paid US\$0.3 million in cash on closing to the vendors.
- Assumed and/or repaid approximately US\$3.0 million of DP Cast's outstanding net debt.

Following the issuance of the Common Shares in connection with the Acquisition and the Private Placement, assuming the Private Placement is completed on the terms described herein, the vendors and their affiliates will hold, in the aggregate, approximately 26.4% of issued and outstanding Common Shares, with each of the vendors holding approximately 4.0% of the issued and outstanding Common Shares directly and the Investor (as defined below) holding approximately 6.5% of the issued and outstanding Common Shares.

### **Sale Leaseback and Financing Overview**

The Company completed the sale of its California manufacturing facility and associated real estate for aggregate gross proceeds of approximately US\$6.8 million, representing a substantial premium over the Company's carrying value of the



asset. After taking into account capital gain taxes and transaction expenses, the Company expects to yield net proceeds of approximately US\$5.6 million, or approximately US\$0.50 per Common Share (excluding Common Shares issued in the DP Cast and Private Placement transactions). Approximately US\$1.5 million of the proceeds will be used to repay the borrowings under the Company's revolving credit facility.

Upon the closing of both transactions, the net proceeds, including the proceeds expected from Private Placement, combined with cash on-hand and cash equivalents, will fund the repayment of DP Cast's outstanding debt, the Company's expected growth opportunities and operating needs, and, importantly, position the Company as a debt-free entity following completion of the Acquisition.

In connection with the real estate sale transaction, the Company entered into a 10-year lease agreement with an option to extend the term up to another 10 years, ensuring long-term continuity and growth capacity for the Company.

### **Private Placement**

In connection with the Acquisition, an affiliate of DP Cast (the "Investor") entered into a subscription agreement, whereby the Investor has irrevocably subscribed for and agreed to purchase 1,000,000 Common Shares at a price of C\$1.25 per Common Share for aggregate proceeds of C\$1.25 million. The completion of the Private Placement is subject to final approval from the TSXV and is expected to occur prior to December 31, 2021, subject to certain conditions.

The Common Shares issued pursuant to the Private Placement will be subject to a statutory four month hold period in accordance with the applicable securities legislation.

### **Investor Conference Call**

Omni-Lite Industries Canada, Inc will host a conference call for investors on Wednesday, January 5, 2022, beginning at 12 P.M. Eastern Time to discuss the DP Cast and Sale Leaseback transactions and review of its strategy and operations. To join the conference call, (888) 437-3179 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](http://www.omni-lite.com) for 12 months.

The Company has agreed to compensate an advisor on the Acquisition, Cypress Partners LLC, in the form of cash compensation and 200,000 Common Share purchase warrants with each warrant exercisable for one Common Share at a price of C\$0.95 per Common Share for a period of five years following the completion of the Acquisition ("Advisor Compensation"). The warrants and any securities issuable upon exercise thereof are subject to a statutory four month hold period in accordance with the applicable securities legislation.

A director of the Company is also a managing director of Cypress Partners LLC. As such, the Advisor Compensation constitutes a "related party transaction" subject to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"). Such Advisor Compensation was exempt from the formal valuation and minority shareholder approval requirements provided under sections 5.5(a) and 5.7(a) of MI 61-101 as the fair market value of the Advisor Compensation did not exceed 25% of the Company's market capitalization. None of the Company's directors expressed any contrary views or disagreements with respect to the foregoing. The Company did not file a material change



report 21 days prior to the payment of the Advisor Compensation as the details of the participation of the insider of the Company had not been confirmed at that time.

Cypress Partners LLC and Fogler, Rubinoff LLP served as financial advisor and legal counsel, respectively, to Omni-Lite Industries Canada, Inc. Aird & Berlis LLP served as legal counsel to Designed Precision Castings, Inc. and the Investor.

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**About Omni-Lite Industries Canada, Inc**

Omni-Lite Industries Canada, Inc. is incorporated under the laws of Ontario and its head office is located at 18 King Street East, Toronto, Ontario, M5C 1C4. The principal business of Omni-Lite Industries Canada, Inc is the manufacturing of specialized components for the aerospace, defense, automotive, and industrial sectors.

Omni-Lite Industries Canada, Inc is a rapidly growing, high-technology company that develops and manufactures mission-critical, precision components that are utilized by Fortune 500 companies, including Boeing, Airbus, Raytheon Technologies, Lockheed Martin, Howmet, Ford, Borg Warner, the U.S. Military and Nike.

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**Reader Advisory**

The securities disclosed herein have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any U.S. state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

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", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur. In particular, forward-looking information in this press release includes, but is not limited to the expected future performance of the Company, the expected returns of DP Cast, the completion of the Private Placement and the use of proceeds of the Private Placement and the sale and leaseback financing. 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: the ability to successfully integrate the DP Cast acquisition; general economic conditions in Canada, the United States and globally; industry conditions, governmental regulation, including environmental regulation; unanticipated operating events or performance; the effects of COVID-19 and governmental restrictions related thereto on the Company's business and operations; to obtain industry partner and other third-party consents and approvals, if and when required; the availability of capital on acceptable terms; the need to obtain required approvals from regulatory authorities; 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.

*Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.*

- (1) Based on the closing price and foreign exchange rate on December 17, 2021
- (2) Based on the average foreign exchange rate for the twelve-month period ended September 30, 2021