AEP

ATLAS ENGINEERED PRODUCTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

Management's Discussion and Analysis

INTRODUCTION

This Management's Discussion and Analysis (the "MD&A"), dated as April 15th, 2021, is for the year ended December 31, 2020. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2020 and 2019, available under Atlas Engineered Products Ltd's ("AEP" or "the Company") profile on SEDAR at www.sedar.com.

The referenced audited consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"). All amounts included in this MD&A are expressed in Canadian dollars unless otherwise indicated.

AEP's board of directors, on the recommendation of the audit committee, has approved the content of this MD&A.

The Company is listed on the TSX Venture Exchange ("TSX-V") in Canada under the symbol AEP. All dollar amounts stated in this MD&A are expressed in Canadian dollars unless noted otherwise.

FORWARD-LOOKING INFORMATION

This MD&A contains statements that constitute "forward-looking statements" within the meaning of National Instrument 51-102, Continuous Disclosure Obligations of the Canadian Securities Administrators. It is important to note that, unless otherwise indicated, forward-looking statements in this MD&A describe the Company's expectations up to the date of this MD&A.

Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could", or "might" occur or be achieved and other similar expressions. Forward-looking statements in this MD&A include statements regarding the Company's future plans and expenditures, the satisfaction of rights and performance of obligations under agreements to which the Company is a part, the ability of the Company to hire and retain employees and consultants and estimated administrative assessment and other expenses. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause the actual results to differ include market prices, continued availability of capital and financing, inability to obtain required regulatory approvals and general market conditions. These statements are based on a number of assumptions, including assumptions regarding general market conditions, the timing and receipt of regulatory approvals, the ability of the Company and other relevant parties to satisfy regulatory requirements, the availability of financing for proposed transactions and programs on reasonable terms acceptable to the Company and the ability of third-party service providers to deliver services in a timely manner. Some of these risks and uncertainties are identified under the heading "RISKS AND UNCERTAINTIES" as disclosed elsewhere in this MD&A. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements.

Forward-looking statements in this MD&A also include future-oriented financial information and financial outlook information ("FOFI") regarding the Company and its prospective results of operations, cash flows and components thereof. The FOFI contained in this MD&A is subject to the same assumptions, risk factors, limitations and qualifications set forth in this MD&A relating to other forward-looking statements. The FOFI contained in this MD&A is provided for the purpose of providing information regarding management's assessment of the Company's anticipated business operations and may not be appropriate for other purposes.

Forward-looking statements, including FOFI, contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise except as required by securities law. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

NON-IFRS / NON-GAAP FINANCIAL MEASURES

Certain measures in this MD&A do not have any standardized meaning under IFRS and, therefore are considered non-IFRS or non-GAAP measures (collectively, "non-IFRS measures"). These non-IFRS measures are used by management to facilitate the analysis and comparison of period-to-period operating results for the Company and to assess whether the Company's operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. As these non-IFRS measures do not have any standardized meaning under IFRS, these measures may not be comparable to similar measures presented by other issuers. The non-IFRS measures used in this MD&A include "EBITDA", "EBITDA margin", "adjusted EBITDA", "adjusted EBITDA per share", "adjusted EBITDA margin", "normalized EBITDA", and "normalized EBITDA margin". "EBITDA" is calculated as revenue less-operating expenses before interest expense, interest income, amortization and depletion, impairment charges, and income taxes. "EBITDA margin" is EBITDA expressed as a percentage of revenues. "Adjusted EBITDA" is EBITDA after adjusting for share-based payments, foreign exchange gains or losses and non-recurring items. "Adjusted EBITDA per share" is adjusted EBITDA divided by the weighted average number of shares outstanding for the relevant period. "Adjusted EBITDA margin" is adjusted EBITDA expressed as a percentage of revenues. "Normalized EBITDA" is EBITDA adjusted for one-time items. "Normalized EBITDA margin" is normalized EBITDA expressed as a percentage of revenues. Further information regarding these measures can be found in the "Non-IFRS Measures" section of this MD&A.

CORPORATE PROFILE

Atlas Engineered Products Ltd. ("AEP" or "the Company") designs, manufactures and sells engineered roof trusses, floor trusses, wall panels, and windows. The Company also distributes a range of engineered wood products and patio doors for use by builders of residential and commercial wood-framed buildings. These include single family homes, townhouses, multi-story wood-framed residential buildings, commercial buildings and agricultural structures. The Company's corporate office is located at 2005 Boxwood Road, Nanaimo, British Columbia V9S 5X9.

Since going public on November 6, 2017, the Company has grown its Canadian footprint with six operations in British Columbia, Manitoba and Ontario. Its six plants consist of: Atlas Building Systems ("Atlas") (formally Coastal Windows), Pacer Building Components ("Pacer"), Clinton Building Components ("Clinton"), Satellite Building Components ("Satellite"), South Central Building Systems ("SC"), and since late-July 2020, Novum Building Components ("Novum").

Atlas, in Nanaimo, BC, is the Company's benchmark for efficiency and productivity. The Company is applying the Atlas methodology to all of its acquisitions and is even after integrating these acquisitions the Company continues to look at improvements in efficiency and productivity.

OVERALL STRATEGY

The Company's strategy is focused on profitability and organic revenue growth within its current markets, and the pursuit of a roll-up acquisition strategy to consolidate similar companies operating in the engineered wood products industry across Canada.

To pursue its business strategy, the Company's specific objectives are to:

I. Drive revenue growth within all operating markets by developing and enhancing the Company's sales teams, products, and services.
II. Lower operating costs by introducing scale economies in procurement and leveraging the strategic deployment of design, engineering and transportation resources for the benefit of all operating locations.
III. Broaden the product offerings available within each of the Company's operating markets. A core focus was to target roof truss manufacturing companies. However, there is massive organic growth potential in complementary product lines such as all types of engineered wood, engineered floor trusses, wall-panel and modular systems, other building components, windows and doors. The Company is actively pursuing the development and introduction of complementary product lines across all its facilities.
IV. Acquire revenue and profit accretive businesses that strategically expand the Company's geographic footprint.

The Company believes its strategy provides for several competitive advantages, including:

- Strong regional and national leadership;
- Accumulated design and manufacturing know-how and deep operational expertise;
- Design, engineering and manufacturing capabilities;
- Strong regional networks of loyal clientele;
- Scalability of operations;
- Replicable operational practices and methods; and
- Employee growth through enhanced training and advancement opportunities nationally.

The strong performance of the Company's founding Atlas operations in Nanaimo, BC, serves as the Company's benchmark for operational and financial performance, and for evaluating potential targets in the truss and engineered wood products sector.

The Company believes the owners of many Canadian truss companies will be seeking to sell their businesses over the next several years. The Company's acquisition program has been designed to provide an exit strategy for these owner/managers and to integrate target companies in a manner that strategically increases the Company's share of the Canadian market, while positioning the acquired entities for significant growth in their respective markets and for their pre-existing employees.

To date, the Company has focused on the Pacific Region, Ontario and the Canadian Prairies. These regions have the most buoyant residential construction markets and the largest number of truss plants. However, the Company intends to remain opportunistic should other strategically valuable options present themselves.

HIGHLIGHTS FOR THE YEAR

Financial

- During December 2020, the Company signed a new credit facility agreement with TD Canada Trust. The new agreement has three facilities and updated covenants offering the Company greater flexibility for future M&A activities and equipment upgrades. Excess funds were used to pay off additional debt and lease facilities during this refinancing which improved the Company's balance sheet and reducing the interest cost to the Company.

- During the year ended December 31, 2020, AEP completed the acquisition of the assets of Trusstem Industries Inc and began operations as Novum on July 20, 2020 in Abbotsford, British Columbia.

- Overall revenue for the year ended December 31, 2020 was $35,734,415, representing a 3% improvement compared to revenue of $34,763,527 for the year ended December 31, 2019 despite the COVID-19 pandemic.

- Operating expenses were $6,815,802 for the year ended December 31, 2020 compared to $7,795,540 for the year ended December 31, 2019, representing an improvement of 12.6%. Operating expenses have decreased sharply as the Company implemented cost cutting during the year ended December 31, 2020. The Company continues to monitor these strategies in an effort to continue improving these results.

- Net income after adjustments and taxes was $228,986 for the year ended December 31, 2020 compared to net loss of $(755,147) for the year ended December 31, 2019. The Company recorded a net income after taxes in the current period due to the aforementioned cost cutting strategies the Company implemented during the year ended December 31, 2020 and the Canadian emergency wage subsidy. The Company has not qualified for this subsidy since the third quarter due to increased revenues compared to the prior year.

- Non-IFRS measure EBITDA margin increased to 10% for the year ended December 31, 2020 from 8% for the year ended December 31, 2019, due to increased net income for the year resulting from reduced operating expenses and the wage subsidy.

Integration/Optimization

- The Company has a decentralized corporate structure with regional hubs supported by a lean parent office to provide the most effective means of managing a geographically diverse operation. The parent office team has been structured to provide corporate support to regional management teams in the areas of Corporate Strategy, Organizational Development & Human Resources, Operations, Finance, Procurement, and IT Infrastructure.

- Included in the Company's results for the year ended December 31, 2020 are continued costs incurred to improve the following at each of the Company's acquisitions:
    - Improved workflows to increase productivity and efficiencies,
    - Automation activities – upgrading and improving equipment and technology applications,
    - Equipment relocation and installation to maximize capacity and equipment usage,
    - Product development to prepare for rapid sales growth through the busy construction seasons ahead,
    - Significant costs associated to the overall continued reorganization of the Company to

establish a lean, effective and value adding leadership and staffing structure.

OUTLOOK

The Company's objectives for 2021 is to continue focusing on improved operations, equipment utilization, and technological improvements to benefit and enhance the Company's performance. The Company has seen a strong start to 2021 within the construction industry and expects to see this impact in the first Quarter results.

On a pro-forma basis, taking seasonality into account, management believes focused marketing activities, the addition of new product lines, leveling off of raw material costs, and the focus on improving costs, should enable these targets to be achievable, but that will greatly depend on the ongoing and lasting impacts of the COVID-19 pandemic.

The Company continues to assess M&A opportunities that fit with the Company's goals and strategies. This has been bolstered by the new financing and credit partnership with TD Canada Trust giving the Company access to more funding for acquisitive growth.

FINANCIAL HIGHLIGHTS

The Company's results for the year ended December 31, 2020 and 2019 include full period results from Atlas in Nanaimo, BC, Clinton in Clinton, ON, Satellite in Merrickville, ON, and Pacer in Ilderton, ON. Results for SC in Carman, MB are included for the full period ended December 31, 2020 and beginning March 1, 2019 for the period ended December 31, 2019. Results for Novum in Abbotsford, BC are included from acquisition date of July 20, 2020 for the period ended December 31, 2020, with no results in the comparative period.

Summary of Financial Results

Revenue:

- Overall revenue for the year ended December 31, 2020 was $35,734,415 up from $34,763,527 year ended December 31, 2019. Revenue has increased due to a number of factors including product line expansion, acquisition from mid-July of Novum, organic growth at some locations, and with raw material costs increasing the Company has adjusted their sales prices to help cover the cost of those raw materials.

- Revenue increased 22% to $11,057,939 for the three months ended December 31, 2020 from $9,027,723 for the three months ended December 31, 2019. This increase is due to the permitting and site closures during the beginning of the COVID-19 pandemic which caused some construction projects to be delayed and needed to be caught up during the last six months of the year.

Cost of Sales & Gross Margin:

- Cost of sales for the year ended December 31, 2020 was $28,437,395 compared to $26,303,594 for the year ended December 31, 2019. This increase in cost of sales was due to a couple of factors including the new acquisition, increased raw material costs, temporary sick leave policies, implementation of new product lines, and an increase in sales.

- Gross margin for the year ended December 31, 2020 was 20%, which was down from a gross margin of 24% for the year ended December 31, 2019. Gross margins declined over the year due to many factors, some of which were out of the Company's control. The Covid-19 pandemic contributed to the decreased gross margin due to reduced efficiencies from work from home alternatives and physical distancing within the plants, temporary sick leave policies, and manufacturing employees needing to stay home if they experienced any related symptoms. Shipping logistics for incoming raw materials were also impacted, along with, a continued steady rise of raw materials prices, a new acquisition to be integrated, and implementation of new product lines.

- The Company believes it will be able to increase gross margins as raw material costs stabilize, the sales pipeline at Novum is established, and the new product lines become a regular part of all operations and efficiencies are maximized. The Company is constantly assessing pricing based on raw material costs.

EBITDA, Adjusted EBITDA & Normalized EBITDA Margin:

- Non-IFRS measure EBITDA margin increased to 10% for the year ended December 31, 2020 from 8% for the year ended December 31, 2019, due to increased net income for the year resulting from reduced operating expenses and the wage subsidy. For the year ended December 31, 2020, the Company was targeting an EBITDA margin of between 10% to 15%, by achieving a 10% EBITDA margin the Company has accomplished this goal.

EBITDA SUMMARY	Year Ended Dec 2020	Year Ended Dec 2019
EBITDA Margin	10%	8%
Adjusted EBITDA Margin	9%	11%
Normalized EBITDA Margin	11%	13%

- Non-IFRS measures adjusted EBITDA margin and normalized EBITDA margin declined by 2% for the year ended December 31, 2020 from the year ended December 31, 2019 as shown above. Revenue did increase, but the reduction in gross margin by 4% led to a decrease in adjusted and normalized EBITDA margins. The impact was mitigated by the Company's cost cutting strategies to reduce operating expenses to scale back and delay targeted acquisition activity. (See "Non-IFRS Financial Measures on page 10 & 11").

During the year ended December 31, 2020, the Company absorbed $698,561 in one-time costs related to the debt refinancing, severance, recruiting an operations manager position, the private placement completed in the first quarter of 2020, the Novum acquisition and marketing and website development. *(*See *"Results of Operations"* for one-time costs summary).

SELECTED FINANCIAL RESULTS	Year Ended Dec 2020	Year Ended Dec 2019
Revenue from the Business	$35,378,042	$31,938,195
Revenue from New Acquisitions	356,374	2,825,332
Total Revenue	**35,734,415**	**34,763,527**
Cost of Sales	28,437,395	26,303,594
Gross Profit	**7,297,020**	**8,459,933**
Gross Margin %	20%	24%
Operating Expenses	6,815,802	7,795,540
Operating Income	**481,218**	**664,393**
Net Income (Loss) After Adjustments and Taxes	228,986	(755,147)
EBITDA	**3,722,710**	**2,945,022**
EBITDA Margin %	10%	8%
Adjusted EBITDA	**3,346,671**	**3,690,198**
Adjusted EBITDA Margin %	9%	11%
Normalized EBITDA	**4,045,232**	**4,463,652**
Normalized EBITDA Margin %	11%	13%
Weighted Average Number of Shares	56,528,593	45,883,784
Adjusted EBITDA per Share ($ per share)	0.06	0.08
Income (Loss) per Share, Basic and Fully Diluted ($ per share)	0.00	(0.02)

Selected Financial Information as at:		
	Dec 2020	**Dec 2019**
Total Assets	$27,092,639	$26,762,977
Total Non-Current Liabilities	8,889,324	6,221,430

Summary of Quarterly Financial Results

The following table sets forth selected financial information from the Company's unaudited quarterly financial statements for each of the eight most recently completed quarters. See below under Results of Operations for more details.

SUMMARY OF QUARTERLY RESULTS	Dec-20	Sep-20	Jun-20	Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
Revenues	$11,057,939	$9,677,692	$7,900,805	$7,097,979	$9,027,723	$10,451,562	$9,067,334	$6,216,908
Net income (loss)	$351,757	$419,589	$220,601	($762,961)	($1,010,096)	$531,710	$162,876	($439,637)
Net income (loss) per share (1)	0.01	0.01	0.00	-0.01	-0.02	0.01	0.01	-0.01

(1) The basic and diluted income per share calculations result in the same amount due to there not being any outstanding instruments that would be anti-dilutive.

At the end of fiscal year 2019 and the beginning of 2020, the Company had increased overhead capacity due to targeted 2020 activities. By the end of March 31, 2020, the COVID-19 pandemic had resulted in significant economic shutdowns which caused delays in the Company's 2020 targeted activities. The Company scaled back significantly as part of our cost cutting strategy which led to improvement in net income over the second and third quarter with a slight decrease for the final three months ended December

31, 2020. The decrease resulting from a write down of an intangible asset related to the window product line. The cost cutting strategies implemented included a mixture of temporary and permanent cost saving changes. The temporary cost cutting measures included double digit salary reduction for senior staff and some staffing reductions. The majority of these cost cutting strategies are permanent and include contract cancellations for substantially completed projects, staffing restructuring, and bringing projects in house where staff had the skill and capacity to complete efficiently.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2020

Revenue for the three months ended December 31, 2020 was $11,057,939 compared to revenue of $9,027,723 for the three months ended December 31, 2019. Revenue has increased due to organic growth at some locations, product line expansion in engineered wood products and wall panels, and the acquisition of Novum from mid-July onwards. Additionally, sales pricing was constantly being adjusted due to sharply rising raw material costs, which resulted in higher sales values. As well, there was a delay of construction projects caused by initial closures at the start of the COVID-19 pandemic that resulted in lower than normal sales in the second quarter of 2020. This created a backlog of orders that the Company was able to produce with additional staff partly during the three months ended December 31, 2020.

Cost of sales for the three months ended December 31, 2020 was $8,867,583 compared to $6,878,726 for the three months ended December 31, 2019. Cost of sales has increased primarily due to the new acquisition, Novum, which added sales and related costs and increased raw material costs which impacted all locations. Also impacting cost of sales were new product lines established for organic growth, increased costs due to new physical distancing and cleaning requirements, and a general increase in sales.

Gross margin for the three months ended December 31, 2020 was 20%, which is lower than gross margin of 24% for the three months ended December 31, 2019. Gross margins declined over the year due to many factors, some of which were out of the Company's control. The COVID-19 pandemic contributed to the decreased gross margin due to reduced efficiencies from work from home alternatives, physical distancing within the plants, and manufacturing employees required to stay home with any related symptoms. The Company has also been facing significantly increasing raw material costs and impacted shipping logistics for those raw materials. This has resulted in constant pricing assessment and updates, but orders already placed were impacted by the rising costs, resulting in lower margins on those jobs. Additionally, the integration of the Company's new location Novum, required increased upfront costs to develop and establish the sales pipeline and to increase production capacities.

The Company recorded a net income of $351,757 ($0.01 per share) for the three months ended December 31, 2020 compared to a net loss of $(1,010,096) ($-0.02 per share) for the three months ended December 31, 2019. The Company recorded a higher net income in the current period due to increased revenues, significantly reduced operating expenses, and reduction in non-cash write offs compared to the year ended December 31, 2019.

<u>Administrative and office for the three months ended December 31, 2020 $429,225 (three months ended December 31, 2019 – $713,941).</u> Administrative and office expenses have decreased due to the Company's efforts in postponing or cancelling contracts and administrative costs in order to improve operational results and prepare for any unknown effects of the pandemic.

<u>Depreciation for the three months ended December 31, 2020 $375,102 (three months ended December 31, 2019 – $440,106).</u> Overall depreciation decreased from the prior period due to no significant changes in assets that were not directly related to manufacturing and the Company's amortization policy which is based on a declining balance basis. During the three months ended December 31, 2020, $398,570 in additional depreciation was included in cost of sales (three months ended December 31, 2019 – $308,097). This increased due to the Novum acquisition which added manufacturing equipment to the overall group, as well as, the SC acquisition and significant manufacturing assets purchased in the prior year that are now

in their second year and not reduced by the ½ year depreciation rule of the first year.

Management fees for the three months ended December 31, 2020 $61,200 (three months ended December 31, 2019 – $72,000). Management fees decreased slightly due to a contract reduction that was negotiated as part of the Company's cost cutting strategies during the COVID-19 pandemic.

Professional fees for the three months ended December 31, 2020 $108,737 (three months ended December 31, 2019 – $123,113). Professional fees remained consistent as there were no acquisitions or special work required by any professionals for the Company.

Salaries and benefits for the three months ended December 31, 2020 $592,127 (three months ended December 31, 2019 – $1,081,246). There is a significant decrease in salaries and benefits due to staffing cutbacks in the parent office compared to the prior period from cost cutting strategies implemented by the Company earlier in the fiscal year and continued in the three months ended December 31, 2020.

Share-based payments for the three months ended December 31, 2020 $NIL (three months ended December 31, 2019– $46,697). This has decreased due to the number of options granted and being expensed in the comparative periods which was higher than the current period. A number of options were issued in March of 2019 which resulted in a higher expense along with previous options that were still within their expensing periods. Options are expensed over eighteen months as they vest and any unvested options on termination are credited back to share based payment expense. No options were granted during the three months ended December 31, 2020.

The following table summarizes the comparison in operations from the three months ended December 31, 2020 to the three months ended December 31, 2019. This demonstrates the improvements in revenue, operating expenses, and net income after adjustments and taxes from the prior year. This highlights the substantial drop in operating expenses of $948,912 through the Company's cost cutting strategies. The majority of these cost cutting strategies are permanent.

Quarterly Comparison	Three Months Ended Dec 2020	Three Months Ended Dec 2019
Revenue from the Business	$11,057,939	$9,027,723
Cost of Sales	8,867,583	6,878,726
Gross Profit	**2,190,356**	**2,148,997**
Gross Margin %	20%	24%
Operating Expenses	1,574,547	2,523,459
Operating Income	**615,809**	**(374,462)**
Net Income (Loss) After Adjustments and Taxes	351,757	(1,010,096)

Year Ended December 31, 2020

Revenue for the year ended December 31, 2020 was $35,734,415 compared to revenue of $34,763,527 for the year ended December 31, 2019. Revenue has increased due to organic growth at some locations, product line expansion in engineered wood products and wall panels, as well as the acquisition of Novum from mid-July onwards. Additionally, sales pricing was constantly being adjusted due to sharply rising raw material costs, which resulted in higher sales values.

Cost of sales for the year ended December 31, 2020 was $28,437,395 compared to $26,303,594 for the year ended December 31, 2019. Cost of sales has increased primarily due to increased raw material costs and the Novum acquisition which added sales and related costs. Also impacting cost of sales were temporary sick leave policies covering employees required time off due to COVID-19 protocols, new product lines for organic growth, and some increased costs due to new physical distancing and cleaning requirements, as well as an increase in sales.

Gross margin for the year ended December 31, 2020 was 20%, which is lower than gross margin of 24% for the year ended December 31, 2019. Gross margins declined over the year due to many factors, some of which were out of the Company's control. The COVID-19 pandemic contributed to the decreased gross margin due to reduced efficiencies from work from home alternatives, physical distancing within the plants and temporary sick leave policies covering employees required to stay home with related symptoms. The Company has also been facing significantly increasing raw material costs and impacted shipping logistics for those raw materials. This has resulted in constant pricing assessment and updates, but orders already placed were impacted by the rising costs, resulting in lower margins on those jobs. Additionally, the Company noticed margin decreases based on the product mix sold at differing margins as expansion and implementation of new product lines progressed, such as the engineered wood products expansion and the expansion into pre-fabricated walls. Another contributor was the integration of the Company's new location, Novum, which required increased upfront costs to develop and establish the sales pipeline and increase production capacities.

The Company recorded a net profit of $228,986 ($0.00 per share) for the year ended December 31, 2020 compared to a net loss of $(755,147) ($-0.02 per share) for the year ended December 31, 2019. The Company recorded a net income in the current period due to increased revenues, significantly reduced operating expenses, the Canadian emergency wage subsidy income, and reduction in non-cash write offs from the year ended December 31, 2019.

Administrative and office for the year ended December 31, 2020 $1,938,936 (year ended December 31, 2019 – $2,249,119). Administrative and office expenses have decreased due to the Company's efforts in postponing or cancelling contracts and administrative costs in order to improve operational results and prepare for any unknown effects of the pandemic.

Depreciation for the year ended December 31, 2020 $1,431,297 (year ended December 31, 2019 – $1,482,311). Overall depreciation remained consistent with the prior period due to no significant changes in assets that were not directly related to manufacturing. During the year ended December 31, 2020, $1,348,358 in additional depreciation was included in cost of sales (year ended December 31, 2019 - $1,208,274). This increased due to the Novum acquisition which added manufacturing equipment to the overall group, as well as, the SC acquisition and significant manufacturing assets purchased in the prior year that are now in their second year and not reduced by the ½ year depreciation rule of the first year.

Management fees for the year ended December 31, 2020 $267,400 (year ended December 31, 2019 – $289,200). Management fees decreased slightly due to a contract reduction that was negotiated as part of the Company's cost cutting strategies during the year.

Professional fees for the year ended December 31, 2020 $432,300 (year ended December 31, 2019 – $489,203). Professional fees decreased due to reduced external professional accounting requirements around goodwill testing and new acquisitions.

Salaries and benefits for the year ended December 31, 2020 $2,646,994 (year ended December 31, 2019 – $2,908,936). There is a decrease in salaries and benefits due to staffing cut backs in the parent office compared to the prior period from cost cutting strategies implemented by the Company earlier in the fiscal year.

Share-based payments for the year ended December 31, 2020 $85,798 (year ended December 31, 2019– $341,319). This has decreased due to the number of options granted and being expensed in the comparative periods which was higher than the current period. A number of options were issued in March of 2019 which resulted in a higher expense along with previous options that were still within their expensing periods. Options are expensed over eighteen months as they vest and any unvested options on termination are credited back to share based payment expense. No options were granted during the year ended

December 31, 2020.

One-time Costs

The Company incurred $698,561 in one-time and non-recurring costs related to adjustments in response to COVID-19, the debt refinancing, severances, private placement completed in the first quarter, the Novum acquisition, and marketing and website development during the fiscal year 2020. These costs are not expected to be ongoing each year and/or period and are added back into normalized EBITDA calculations. The Company incurred one-time and non-recurring costs of $773,454 for the fiscal year 2019.

Non-IFRS Financial Measures – EBITDA, Adjusted EBITDA, and Normalized EBITDA

EBITDA is a non-IFRS measure that provides an indication of whether the Company's operations are generating sufficient operating cash flow to fund working capital needs and to fund capital expenditures. EBITDA comprises revenue less operating expenses before interest expense, interest income, depreciation, impairment charges, and income taxes. EBITDA margin is EBITDA expressed as a percentage of revenues.

Adjusted EBITDA is a non-IFRS measure in which standard EBITDA (earnings before interest expense, interest income, taxes, depreciation, and impairment charges) is adjusted for share-based payments expense, foreign exchange gains or losses, and non-cash items. Foreign exchange gains or losses may consist of both realized and unrealized losses. Under IFRS, entities must reflect in compensation expense the cost of share-based payments. In the Company's circumstances, share-based payments can involve a significant accrual of amounts that will not be settled in cash but are settled by the issuance of shares in exchange. The Company discloses adjusted EBITDA to aid in understanding of the results of the Company and is meant to provide further information about the Company's financial results to investors. Adjusted EBITDA margin is adjusted EBITDA expressed as a percentage of revenues.

Normalized EBITDA is adjusted EBITDA adjusted for one-time costs and non-recurring items that the Company has incurred during the period related to specific activities such as acquisitions, specific marketing, and staffing changes. Normalized EBITDA margin is normalized EBITDA expressed as a percentage of revenues.

EBITDA for the year ended December 31, 2020 was $3,722,710, with an EBITDA margin of 10%. EBITDA for the year ended December 31, 2019 was $2,945,022, with an EBITDA margin of 8%. EBITDA and EBITDA margin for the year ended December 31, 2020 increased compared to the year ended December 31, 2019 due to increased net income for the year resulting from reduced operating expenses and the Canadian emergency wage subsidy income.

Adjusted EBITDA margin for the year ended December 31, 2020 was 9%, which is a decline from 11% for the year ended December 31, 2019. Normalized EBITDA margin also decreased to 11% for the year ended December 31, 2020 from 13% for the year ended December 31, 2019. These declines were mainly due to increased costs associated with the private placement, and increasing staffing and other overhead capacity in order for the Company to successfully complete targeted 2020 acquisition and product expansion activities which occurred prior to the Company's implementation of cost cutting strategies. Sharply rising raw material costs, temporary sick leave policy, and physical distancing inefficiencies due to COVID-19 also had an impact on the Company's cost of sales which led to a reduction in the Company's gross margin that contributed to the lower adjusted and normalized EBITDA results. The Company has also incurred costs related to product expansion and the acquisition and start up of Novum in Abbotsford, BC.

EBITDA, Adjusted EBITDA, and Normalized EBITDA Calculation	Year Ended Dec 2020	Year Ended Dec 2019
Net income (loss) for the year	228,986	($755,147)
Interest earned	(25,131)	(22,488)
Interest expense	437,018	577,314
Income tax expense	116,307	210,602
Finance charge on leases	185,875	250,255
Depreciation	2,779,655	2,684,486
EBITDA	**3,722,710**	**2,945,022**
Loss (gain) on disposal of assets	128,969	(1,979)
Canadian emergency wage subsidy	(584,366)	-
Foreign exchange (gain) loss	(6,440)	51,594
Share-based payments	85,798	341,319
Goodwill impairment	-	90,773
Loss on investment	-	263,469
Adjusted EBITDA	**3,346,671**	**3,690,198**
Revenue	35,734,415	34,763,527
EBITDA Margin %	**10%**	**8%**
Adjusted EBITDA Margin %	**9%**	**11%**
One time costs	698,561	773,454
Normalized EBITDA	**4,045,232**	**4,463,652**
Normalized EBITDA Margin %	**11%**	**13%**

RELATED PARTY TRANSACTIONS

The Company's related parties consist of the Company's directors and officers, and any companies associated with them. Key management personnel include directors and executive officers of the Company. Other than the amounts disclosed above, there was no other compensation paid or payable to key management personnel for employee services for the reported periods.

The Company incurred the following charges as part of the Company's consolidated statement of income and comprehensive loss during the year ended December 31, 2020 and 2019

	December 31, 2020	December 31, 2019
	$	**$**
Salaries and benefits	1,286,833	748,697
Management fees	267,400	289,200
Administrative and office	109,500	-
Finance charge on lease obligations[1]	9,727	24,525
Share-based payments	80,834	295,664
Total related party transactions	1,754,294	1,358,086

Amounts due to/from related parties are detailed as follows:

	December 31, 2020 $	December 31, 2019 $
Due from related party		
Accounts receivable	36,391	95,787
Total due from related party	36,391	95,787
Due to related parties		
Accounts payable and accrued liabilities	(115,066)	(424,331)
Lease obligation [1]	(21,888)	(276,161)
Total due to related parties	(136,954)	(700,492)

1. A Director of the Company has a 50% ownership in a company that owns the land and building and leases the premises to our Atlas location.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern. In the management of capital, the Company includes its components of shareholders' equity.

The Company maintains and adjusts its capital structure based on changes in economic conditions and the Company's planned requirements. The Company may adjust its capital structure by issuing new equity, issuing new debt, or acquiring or disposing of assets, and controlling its expenses. The Company is not subject to externally imposed capital requirements.

The Company is not subject to any capital requirements imposed by a regulator, other than continued listing requirements.

The COVID-19 pandemic initially impacted the Company on the profitability side due to implementation of physical distancing and sanitizing practices in order to protect our employees and customers. The Company has also implemented a number of cost cutting strategies. These strategies included temporary double digit salary reductions for senior staff, overall staffing reductions, postponed equipment purchases, rent postponements, contract cancellations, and interest only payments for some long-term debt payments. This, along with the Canadian emergency wage subsidy and the private placement completed in Q1 2020, has helped the Company weather any potential effects of the pandemic. The Company was eligible to apply and receive $584,366 from the Canadian government in order to assist the Company through the COVID-19 pandemic. The Company has not qualified for the subsidy since the third quarter due to increased revenues compared to the prior year.

During December 2020, The Company signed a new credit facility agreement with TD Canada Trust. The new agreement has three facilities and updated covenants offering the Company greater flexibility for future M&A activities and equipment automation. Excess funds were used to pay off additional debt and lease facilities during this refinancing which improved the Company's balance sheet. The Company's total assets has remained consistent at $27,088,784 as at December 31, 2020 compared to $26,762,977 as at December 31, 2019. The Company's total liabilities has decreased substantially though to $14,162,358 as at December 31, 2020 from $18,541,356 as at December 31, 2020 due to the debt restructuring and pay out of some additional debt and lease obligations.

As at December 31, 2020, the Company held cash of $1,816,989 and had working capital of $4,500,009 (December 31, 2019 – cash of $1,553,005 and restricted cash of $204,400 and working capital of ($5,088,333)). Working capital has increased mainly due to the close of the private placement on February 6, 2020 which raised $4,597,253 in gross proceeds. The increase is also attributable to the Company being onside with its debt covenants, which allowed long-term debt to be shown as short term and long term. The comparative period had a covenant breach with respect to certain bank loans and, even though a waiver was obtained, all of the debt had to be shown as current.

During the year ended December 31, 2020, net cash provided by operating activities was $567,645 (year ended December 31, 2019 – $2,817,143). The decrease during the year ended December 31, 2020 as compared to the year ended December 31, 2019 is mainly due to the Company's acquisition activity in the comparative period which increased assets, depreciation, accounts receivable. During the current period there was an asset acquisition, but this was a smaller acquisition and did not include non-cash working capital items. Additionally, corporate taxes were paid reducing the payable significantly.

Net cash used in investing activities for the year ended December 31, 2020 was $735,233 (year ended December 31, 2019 – $4,206,453). The significant reduction in cash used in investing activities during the year ended December 31, 2020 compared to the year ended December 31, 2019 was due to the completed acquisition of SC in the comparative period that was substantially larger than the Novum asset acquisition completed in the current period.

Cash provided by financing activities for the year ended December 31, 2020 was 227,172, respectively (year ended December 31, 2019 – $1,552,953). The change in cash provided by financing activities was due to the closing of a private placement on February 6th, 2020 which generated significant cash flow for the Company.

CAPITAL EXPENDITURES

During the year ended December 31, 2020, the Company used cash to acquire equipment of $342,842, (year ended December 31, 2019 - $1,232,325). Overall buildings and equipment decreased compared to the year ended December 31, 2019 due to the larger equipment purchase in the comparative period of a new crane truck. During the year ended December 31, 2020, the Company has acquired two delivery vehicles along with numerous other smaller building and equipment assets.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

Due to the short-term nature of cash, trade accounts receivable, accounts payable and accrued liabilities the carrying value of these financial instruments approximate their fair value. Customer deposits are short-term in nature as they are either refundable if the order is not completed or applied to an order at their carrying value. The carrying value of the customer deposits would approximate their fair value. The fair value of long-term debt is not materially different from their carrying value.

Classification of financial instruments

The Company's financial instruments consist of cash, trade accounts receivable, accounts payable and accrued liabilities, customer deposits, and long-term debt. The Company classified and measured its cash and accounts receivable as subsequently measured at amortized cost. The accounts payable and accrued liabilities, customer deposits, and long-term debt notes are classified and measured at amortized cost.

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include market risk, interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors who actively focus on securing the Company's cash flows by minimizing the exposure to volatile financial instrument risks.

Financial and capital risk management

The Company thoroughly examines the various financial instruments and risks to which it is exposed and assesses the impact and likelihood of those risks. These risks include interest rate risk, credit risk, and liquidity risk. Where material, these risks are reviewed and monitored by the Board of Directors.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The critical judgments that the Company's management has made in the process of applying the Company's accounting policies with the most significant effect on the amounts recognized in the Company's financial statements are as follows:

Key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS as issued by the IASB requires management to make estimates and judgements that affect the amount reported in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are subject to measurement uncertainty. Actual results may differ from these estimates.

SECURITIES OUTSTANDING

As at April 15th, 2021, the Company's outstanding share information was as follows:

Security	Number	Exercise Price	Expiry Date
Issued and outstanding common shares	57,725,730	NA	NA
Stock options	1,200,000	0.49	08-Nov-22
Stock options	450,000	0.60	05-Feb-23
Stock options	145,000	0.53	21-Feb-23
Stock options	1,140,000	0.30	03-Mar-24
Total Options	**2,935,000**		

The Company also has 17,313,019 outstanding warrants that can be exercised at $0.60. 5,165,000 of these warrants originally were set to expire on October 31, 2020 and on December 3, 2020, but the Company extended these warrants to October 31, 2021 and December 3, 2021, respectively. The remaining 12,148,019 expire on February 6, 2022.

DISCLOSURE CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 - *Certification of Disclosure in Issuer's Annual and Interim Filings* ("NI 52-109"), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the consolidated financial statements for the year ended December 31, 2020 and this accompanying MD&A.

In contrast to the full certificate under NI 52-109 the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with its filings on SEDAR at www.sedar.com.

RISKS AND UNCERTAINTIES

The Company's business and financial prospects are subject to several risks and uncertainties, including operational, financial and regulatory risks. The risks described below are not the only ones that the Company may face. If any of these risks occur, the Company's business, financial position and its results of operation could be materially and adversely affected.

Business Development, Marketing and Sales Risk

The Company's future growth and profitability will depend on the effectiveness and efficiency of its national and potentially future international business development and marketing and sales strategy, including the Company's ability to (i) consolidate the market via strategic acquisitions; (ii) determine appropriate business development, marketing and sales strategies and (iii) maintain acceptable operating margins on such costs. There can be no assurance that business development, marketing and sales costs will result in revenues for the Company in the future or will generate awareness of the Company's products and services. In addition, no assurance can be given that the Company will be able to manage the Company's business development, marketing and sales costs on a cost-effective basis.

Brand Awareness

The Company's expansion of its products and services depends on increasing market consolidation through strategic acquisitions and through this maintaining customer loyalty in these captive markets before another company decides to move into the market and follow a similar business objective of market consolidation through acquisition. There is no assurance that the Company will be able to increase brand awareness. In addition, the Company must successfully develop a market for its products in order to sell its products. If the Company is not able to successfully develop a market for its products, then such failure will have a material adverse effect on the business, financial condition and operating results of the Company.

Growth Risk

A key component of the Company's strategy is to continue to grow, both by increasing sales and earnings in existing markets with existing products, and by expanding into new markets and products. There can be no assurance that the Company will be successful in growing its business or in managing its growth. The Company's growth depends on, among other things:

- identifying and developing new markets and products;
- identifying and acquiring other businesses that are suitable acquisition candidates;
- successfully integrating any acquired businesses with existing operations;
- establishing and maintaining favourable relationships with customers in new markets, and maintaining these relationships in existing markets;
- establishing and maintaining favourable relationships with suppliers in new markets, and maintaining these relationships in existing markets; and
- successfully managing expansion and obtaining required financing.

In addition, the Company will depend on its ability to implement and integrate the following elements of its growth strategy:

- develop and expand sales through acquisitions;
- introduce new product lines; and
- carry out acquisitions, including identifying to the extent possible liabilities of the newly acquired businesses.

Management of Growth

The inability of the Company to successfully manage its growth could have a material adverse effect on its operating results and cause its results from operations to fluctuate. As part of the Company's growth strategy, it intends to introduce new product lines, pursue acquisitions and expand sales to existing and new customers, in new and existing territories. The Company's expense levels are based, in part, on expected future revenues and the Company is constrained in its ability to reduce expenses quickly if for any reason its sales levels do not meet expectations in a quarter or period. Furthermore, rapid expansion may place a significant strain on the Company's senior management team and other key personnel as well as its business processes, operations and other resources. The Company's ability to manage growth will also depend in part on its ability to continue to enhance its management information systems in a timely fashion, particularly if customer demands change in ways that the Company does not anticipate. Any inability to manage growth could result in delivery delays and cancellation of customer orders, which could have a material adverse effect on the Company's business.

Maintenance Obligations and Facility Disruptions

The Company's manufacturing processes are vulnerable to operational problems that could impair the ability to manufacture products. The Company could experience a breakdown in any of their machines or other important equipment, and from time to time, planned or unplanned maintenance outages that cannot be performed safely or efficiently during normal hours of operation. Such disruptions could cause a loss of production, which could potentially have a material adverse effect on the business, financial conditions and operating results.

Dependence on the Housing, Construction, Repair and Remodelling Market

The demand for the Company products is primarily affected by the level of new wood-framed residential and commercial construction activity and, to a lesser extent, repair and remodeling activity and other industrial uses, which are subject to fluctuations due to changes in general economic conditions. Decreases in the level of residential construction activity generally result in lower revenues, profits and cash flows for builders who are important customers to the Company.

Fluctuations in Prices and Demand for and Selling Price of Lumber

The Company's financial performance principally depends on the demand for and selling price of its products. The markets for lumber products are cyclical and are subject to significant fluctuations. The markets for lumber are highly volatile and are affected by factors such as North American economic conditions, including the strength of the Canadian and U.S. housing market, the growing importance of the Asian market, changes in industry production capacity, changes in inventory levels and other factors beyond the Company's control. In addition, interest rates have a significant effect on residential construction and renovation activity, which in turn influences the demand for and price of lumber.

Product Liability Claims

The Company produces engineered products and each product design is certified by a professional engineer. Each of these certified products is then inspected and is subject to the building plan and permit which in turn is covered by new homes and buildings protection liability insurance policies.

Although the Company believes that it maintains adequate insurance coverage, it may from time to time be subject to claims for damages resulting from defects in products that it supplies. Product liability claims, even if unsuccessful, may result in significant litigation costs to defend the claims as well as other costs incurred to remedy the problem, such as product recalls, which could substantially increase the Company's expenses. Successful or partially successful product liability claims could result in significant monetary liability and could seriously disrupt the Business, particularly if the Company's insurance coverage is inadequate or unavailable in respect of any such claims.

Furthermore, a highly publicized actual or perceived problem with products that the Company supplies could adversely affect the market's perception of its products which may result in a decline in demand for products supplied by the Company, thereby reducing the Company's revenues and operating results, which could have a material adverse effect on its business.

Uninsured or Uninsurable Risk

The Company may become subject to liability for risks against which it cannot insure or against which the Company may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for the Company's usual business activities. Payment of liabilities for which the Company does not carry insurance may have a material adverse effect on the Company's financial position and operations.

Competition

The Company may face significant competition in selling its products and services. Many competitors may have substantial marketing, financial, development and personnel resources. To remain competitive, the Company believes that it must effectively and economically provide: (i) products and services that satisfy customer demands, (ii) superior sales and customer service, (iii) high levels of quality and reliability, and (iv) dependable and efficient distribution networks. Increased competition may require the Company to reduce prices or increase spending on sales and marketing and customer support, which may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers or any occurrence of a price war among the Company's competitors and the Company may adversely affect the business and its results from operations.

Patent Infringement

While the Company believes that its products and operations will not violate the intellectual property rights of third parties, other parties could bring legal actions against the Company claiming damages and seeking to enjoin the marketing and sale of the Company's products for allegedly conflicting with patents held by them. Any such litigation could result in substantial cost to the Company and diversion of effort by its management and technical personnel. If any such actions are successful, in addition to any potential liability for damages, the Company could be required to obtain a license in order to continue to market the affected products. There can be no assurance that the Company would prevail in such action or that any license required under any such patent would be available on acceptable terms, if at all. Failure to obtain needed patents, licenses or proprietary information held by others may have material adverse effect on the Company's business. In addition, if the Company were to become involved in such litigation, it could consume a substantial portion of the Company's time and resources.

Cyber Security Risk

The Company relies on information technology systems and networks in its operations. The Company could be materially and adversely affected if the information technology systems or networks are compromised by malicious cyber attacks. This information technology infrastructure may be subject to security breaches or other cybersecurity incidents. In addition, these systems may be compromised by natural disasters or defects in software or hardware systems. The consequences of the Company's information technology systems being compromised potentially include material and adverse impacts on its financial condition, operations, production or sales, due to disruption of its business activities, and access to, and/or compromising of, proprietary sensitive information, including confidential customer or employee information, litigation and regulatory costs, devaluation of any intellectual property and reputation harm. While the Company believes it takes appropriate precautions considering cyber security risks, there can be no assurance that it may not be subject to cyber security risks or attack, which could have a material adverse effect on business or results of operations.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Company is unable to maintain a technological advantage, the Company's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

Results of Operations and Financing Risks

Management believes, based on its expectations as to the future performance of the Company, that the cash flow from its operations and funds available to it will be adequate to enable the Company to finance its operations, execute its business strategy and maintain an adequate level of liquidity. However, expected revenue and the costs of planned capital expenditures are only estimates. Actual cash flows from operations are dependent on regulatory, market and other conditions that will be beyond the control of the Company. As such, no assurance can be given that management's expectations as to future performance will be realized. In addition, management's expectations as to the future performance of the Company reflect the current state of its information about recently acquired assets or entities, assets or entities currently considered for acquisition, the operations related thereto and integration efforts, and there can be no assurance that such information is correct or complete in all material respects.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful with the Company's acquisition strategy and the overall development of its business. The Company does not currently know whether it will be able to secure additional funding or funding on terms acceptable to the Company. The Company's ability to obtain additional funding will be subject to several factors, including market conditions, investor sentiment and the Company's operating performance. These factors may take the timing, amount, terms and conditions of additional funding unattractive to the Company. If the Company is unable to raise additional funds on terms acceptable to the Company's management when needed, the Company's ability to execute its acquisition strategy could be impaired, which could lead to a material adverse impact on its business. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion or may not be able to further develop its business at all.

If the Company can obtain additional funds by way of an equity financing, the Company's existing shareholders may experience dilution. Any additional debt financing, if available, may involve restrictions on the Company's financing and operating activities.

Liquidity and Future Financing Risk

The Company does not currently have cash reserves for funding future growth and expansion and therefore may require additional financing in order to fund future growth in operations and expansion plans. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to the Company's management. If additional financing is raised by issuing Common Shares, control may change, and shareholders may suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan.

Changes in Law, Regulations and Guidelines

The Company's business will be subject to laws, regulations, and guidelines. Although the Company intends to comply with all laws and regulations, there is no guarantee that the governing laws and regulations will not change which will be outside of the Company's control.

Key Personnel Risk

The Company's success will depend on its directors' and officers' ability to develop the Company's business and manage its operations, and on the Company's ability to attract and retain the Chief Executive Officer and other key technical, sales, public relations and marketing staff or consultants to ramp up its business activities. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the Company's business. Competition for qualified technical, design, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future, which may adversely impact the Company's operations.

Conflicts of Interest Risk

Certain of the Company's directors and officers are also involved as advisors for other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers' conflict with or diverge from the Company's interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract, or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract.

In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Company. However, in conflict of interest situations, the Company's directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Intellectual Property Protection

The Company's intellectual property is protected primarily through trade secrets and copyright protection. The Company takes steps to document and protect its trade secrets and authorship of works protectable by copyright. However, there is no guarantee that such steps protect against the disclosure of confidential information, rights of employees, or that legal actions would provide sufficient remedy for any breach. Additionally, the Company's trade secrets might otherwise become known or be independently developed by competitors. If the Company's intellectual property cannot be protected, the business might be adversely affected.

Market Risk for Securities

The market price for the Company shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of the Company's Shares. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Absence of Cash Dividends

To date, the Company has not paid any cash dividends on its Common Shares and it does not anticipate the payment of any dividends on its Common Shares in the foreseeable future.

Smaller Companies

Market perception of smaller companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Company's securities may go down as well as up, and, the share price may be subject to sudden and large falls in value given the restricted marketability of the Common Shares, results of operations, changes in earnings estimates or changes in general market, economic and political conditions.

Future Sales by Significant Shareholders

Following release of shares from the resale restrictions imposed by the terms of the escrow agreement entered into by the former shareholders of the Company prior to its going public transaction with Archer Petroleum Corp., should the former shareholders of the Company determine to act in concert and sell their shares, the market price of the Common Shares may fall. This could result from the pressure on the market caused by such sales, or from concern that the sales signify problems in the Company's operations, or from some combination of the two. Mitigating this risk to some extent, though in no way eliminating it, is the fact that the securities subject to the escrow agreement are subject to certain release provisions.

Seasonality risk

As the Company continues its acquisitions across Canada there are several locations that will face extreme weather conditions that will impact manufacturing and delivery of products. It will also impact the Company's customers and deliveries could be delayed.

Macro-Economic risk

The Company may also be negatively affected by economic downturns or other disruptions to commercial and residential construction markets, which could affect the demand for the Company's products and services, and in turn negatively affect the Company's financial condition and results. Economic slowdowns may also affect capital or credit markets, affecting our ability to raise capital or credit for the purpose of achieving our business objectives.

Global Outbreak of COVID-19

In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. Pandemics, such as the COVID-19 pandemic, have the potential to disrupt the Company's operations, projects and business prospects through the disruption of operations at the Company's plants, disruption of the local, national and international supply chain and transportation services, and the loss of labour from quarantines and/or work restrictions, any of which may require the Company to temporarily reduce or shut down its operations. In addition, large scale epidemics, quarantines and work restrictions could negatively impact the construction market, the demand for the Company's products and services, or the collection of accounts receivable, any of which could have a material adverse affect on the Company's financial condition and results. To date, the Company has experienced minimal impacts compared to other industries; however there may be a material impact on the Company's financial position, results of operations, cash flows, and ability to obtain financing in future periods depending on the progress of the pandemic and any future potential lockdowns. In particular, there may be an increased risk of future goodwill and intangible asset impairments. These uncertainties arise from the inability to predict the ultimate duration of the outbreak, the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place world-wide to fight the virus as required.

SUBSEQUENT EVENTS

a) Options

As of January 4, 2021, the Company granted 100,000 options that can be exercised at $0.49 per common share. These options follow the share purchase plan of the Company. The fair value estimation of these options is $77,829 after taking into account a forfeiture rate of 24.38% based on actual forfeiture history.

b) Asset purchase

January 2021, the Company made a significant asset purchase that included a large amount of shop equipment, trailers, forklifts, and office equipment. These assets were purchased for $958,160 plus taxes. These assets will be installed at Novum and ABS during 2021 and enable to Company to increase its production capacity and efficiencies.

OTHER INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com.