MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2019

Management's Discussion and Analysis

INTRODUCTION

This Management's Discussion and Analysis (the "MD&A"), dated as April 29th, 2020, is for the fiscal year ended December 31, 2019. This MD&A should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2019, the period ended December 31, 2018, and the year ended May 31, 2018, available under Atlas Engineered Products Ltd's ("AEP" or "the Company") profile on SEDAR at www.sedar.com.

The referenced unaudited 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.

CHANGE OF FISCAL YEAR-END

To better align its financial reporting with the calendar year and that of its industry peers, the Company changed its fiscal year-end to December 31, from May 31. The Company's transition year is the seven-month period ended December 31, 2018. As such, the comparative periods for the Company's year ended December 31, 2019 are the seven-month period ended December 31, 2018 and the year ended May 31, 2018. For additional information see the Notice of Change of Year End filed on SEDAR on January 2, 2019.

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"), formerly Archer Petroleum Corp., was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on January 18, 1999. The Company's corporate office is located at 6551 Aulds Road, Unit 102, Nanaimo, British Columbia V9T 6K2.

The Company designs, manufactures and sells roof trusses, floor trusses, wall panels, and windows. The Company also distributes I-joists, engineered beams, 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.

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"), Pacer Building Components ("Pacer"), Clinton Building Components ("Clinton"), Satellite Building Components ("Satellite"), South Central Building Systems ("SC") and Coastal Windows & Doors ("Coastal").

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 still in the process of integrating these operations.

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 expensive 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 engineered wood (I-joist & engineered beams), 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; and
- Replicable operational practices and methods.

Due to truss size, quality and shipping constraints, there is a maximum geographical radius where it is logistically feasible to transport trusses. Most metropolitan areas have several truss plants who compete aggressively and generally serve a limited geographical radius. Outside of large metropolitan areas, truss production facilities generally serve wide geographical areas in which there are limited competitors, very loyal customers and a more varied range of building types than those constructed by their counterparts in more metropolitan markets. Through strategic market consolidation, the Company will be able to acquire significant market share in key geographies, leverage additional revenue and profit from the acquired

entities through business improvement opportunities and cost savings available at scale, and drive growth by diversifying product mix to include pre-fabricated floor and wall panels where not currently offered.

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 continued growth.

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

- Overall revenue for the year ended December 31, 2019 was $34,763,527 compared to revenue of $13,352,676 and $11,597,176 for the seven months ended December 31, 2018 and the year ended May 31, 2018, respectively. This represents overall growth in revenue from the prior comparative period of 160% and 200%, respectively. The Company also experienced 9% revenue growth for the three months ended December 31, 2019 as compared to the four months ended December 31, 2018. This was despite the period ending December 31, 2018 having included one extra month during the busier fall season than the comparative period ended December 31, 2019. These results reflect the positive impact of the Company's overall strategy, taking into account the seasonality and acquisition growth of the business, despite the fact that some significant construction projects were pushed by customers to the beginning of the 2020 fiscal year.

- The Company generated positive adjusted EBITDA margin of 11% for the year ended December 31, 2019 as compared to (-5%) for the seven months ended December 31, 2018. Normalized EBITDA margin for the year ended December 31, 2019 increased to 13% as compared to 9% for the seven months ended December 31, 2018. Adjusted EBITDA margin and normalized EBITDA margin for the year ended December 31, 2019 was comparable to the Company's adjusted EBITDA margin of 12% and normalized EBITDA margin of 13% for the year ended May 31, 2018, which mainly represented the Company's flagship Atlas operations in Nanaimo, BC. The Company's acquisition targets have typically been higher cost, lower margin operations than the Company's flagship operations. As a result, the Company expects these acquisitions to initially lower profit margins until its integration and optimization strategies can be implemented. The Company believes the return of adjusted EBITDA margin and normalized EBITDA margin to the levels represented by its flagship operations demonstrates the ongoing success of its integration and optimization activities.

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, Operational Excellence, Organizational Development & Human Resources, Operations, Finance, Procurement, and IT Infrastructure.

- Included in the Company's results for the year ended December 31, 2019 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,

- o Equipment relocation and installation to maximize capacity and equipment usage,
- o Product development to prepare for rapid sales growth through the busy construction season laying ahead,
- o 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 revenue objectives for 2020 are to reach an annualized revenue run rate of up to $45 million on an organic basis, with an EBITDA margin of 10-15%. The Company is currently assessing whether 2020 targets set in the last quarter of 2019 will continue to be achievable due to the economic conditions associated with the Covid-19 pandemic subsequent to the year ended December 31, 2019.

On a pro-forma basis, taking seasonality into account, management believes the targeted acquisitions, the addition of new product lines and sales staff to specific regions, and the focus on improved costs, should enable those targets to still be achievable, but will greatly depend on the ongoing and lasting impacts of the Covid-19 pandemic. The Company continues to be optimistic that an EBITDA margin of up to 15% may be achievable this year. However, adjustments such as physical distancing and increased cleaning required subsequent to the Company's 2019 year end, may affect efficiencies in the Company's plants for a period of time.

FINANCIAL HIGHLIGHTS

The Company's results for the year and three months ended December 31, 2019 include full period results from Atlas in Nanaimo, BC, Clinton in Clinton, ON, Satellite in Merrickville, ON, Coastal in Nanaimo, BC, and Pacer in Ilderton, ON, and results from March 1, 2019 from SC in Carman, MB.

Summary of Financial Results

Revenue:

- Overall revenue for the year ended December 31, 2019 was $34,763,527 up from $13,352,676 and $11,597,176 for the seven months ended December 31, 2018 and year ended May 31, 2018. This represents overall growth in revenue of 160% in comparison to the seven months ended December 31, 2018 and a 200% increase in comparison to the year ended May 31, 2018.

- Revenues during the fiscal quarters ended December 31, 2019, September 30, 2019 and June 30, 2019 were significantly higher than revenues during the Company's first fiscal quarter ended March 31, 2019. This growth was attributable to seasonality, organic growth, and the acquisition of SC.

SUMMARY OF QUARTERLY REVENUES	Dec-19	Sep-19	Jun-19	Mar-19
Revenues	$9,027,723	$10,451,562	$9,067,334	$6,216,908

- Revenue from new acquisitions (SC) for the year ended December 31, 2019 was $2,825,332 compared to $2,875,461 for the seven months ended December 31, 2018 (Satellite from August 1, 2018, Coastal from October 1, 2018, and Pacer from November 19, 2018). This represents consistent new revenues from acquisitions as compared to the prior period.

- The Company had a 14% decrease in revenues from the third quarter of 2019 to the fourth quarter of 2019. This was mainly due to some significant jobs being pushed by customers into the 2020 year, as well as some seasonality experienced due to early winter conditions across some areas of the Company. The Company's fiscal year ended December 31, 2019 demonstrated strong organic revenue growths are achievable, post acquisitions.

Cost of Sales & Gross Margin:

- Cost of sales for the year ended December 31, 2019 was $26,303,594 compared to $10,241,447

for the seven months ended December 31, 2018, and $8,725,350 for the year ended May 31, 2018. This increase in cost of sales was primarily due to increased sales and new acquisitions.

- Gross margin for the year ended December 31, 2019 was 24%, which was reasonably consistent with gross margin of 23% for the seven months ended December 31, 2018, and 25% for the year ended May 31, 2018. Gross margins at Satellite, Coastal, Pacer and SC were significantly lower when acquired, and through the Company's integration and optimization activities, gross margins at these operations have been improved. These improvements are not fully reflected in our gross margin for the year ended December 31, 2019 due to the various timings of each acquisition and the various stages at which the acquisitions are in the integration process. The Company anticipates that many of its acquisitions will operate more efficiently as those operations are fully integrated with the Company's operations. The Company is also in the process of expanding product lines at some of the locations. This has resulted in an initial higher cost of sales as the product lines are established and efficiencies maximized.

SUMMARY OF QUARTERLY GROSS MARGINS	Dec-19	Sep-19	Jun-19	Mar-19
Revenues	$9,027,723	$10,451,562	$9,067,334	$6,216,908
Gross Margin	24%	25%	28%	19%

- The Company is also in the process of expanding product lines at some of the locations. This has resulted in an initial higher cost of sales as the product lines are established and efficiencies maximized.

- The Company believes it will be able to continue to lower cost of sales as its acquisitions become more fully integrated with the Company, greater economies of scale are realized, and efficiencies are developed for all new product lines at each location.

EBITDA, Adjusted EBITDA & Normalized EBITDA:

- Non-IFRS measures adjusted EBITDA and adjusted EBITDA margin grew significantly from $(658,421) for the seven months ended December 31, 2018 and $1,429,940 the year ended May 31, 2018. Adjusted EBITDA margin was also significantly higher during the year ended December 31, 2019 (11%) than the seven months ended December 31, 2018, and reasonably consistent with the year ended May 31, 2018. (See "Non-IFRS Financial Measures on page 10").

EBITDA SUMMARY	Year Ended Dec 2019	Seven Month Ended Dec 2018	Year Ended May 2018
EBITDA Margin	8%	-7%	-36%
Adjusted EBITDA Margin	11%	-5%	12%
Normalized EBITDA Margin	13%	9%	13%

- EBITDA margin, adjusted EBITDA margin, and normalized EBITDA margin have also seen significant growth during the year ended December 31, 2019 as compared to the seven-month period ended December 31, 2018, and are reasonably consistent with the year ended May 31, 2018.

During the year ended December 31, 2019, the Company absorbed $773,454 in one-time costs related to severance and acquisitions. (See *"Results of Operations"* for one-time costs summary).

SELECTED FINANCIAL RESULTS	Year Ended Dec 2019	Seven Month Ended Dec 2018	Year Ended May 2018
Revenue from the Business	$31,938,195	$10,477,215	$10,340,571
Revenue from New Acquisitions	2,825,332	2,875,461	1,256,605
Total Revenue	**34,763,527**	**13,352,676**	**11,597,176**
Cost of Sales	26,303,594	10,241,447	8,725,350
Gross Profit	**8,459,933**	**3,111,229**	**2,871,826**
Gross Margin %	24%	23%	25%
Operating Expenses	7,795,540	4,685,262	2,700,621
Operating Income (Loss)	**664,393**	**(1,574,033)**	**171,205**
Net Income (Loss) After Adjustments and Taxes	(755,147)	(1,250,086)	(4,954,765)
Adjusted EBITDA	**3,690,198**	**(658,421)**	**1,429,940**
Adjusted EBITDA Margin %	11%	-5%	12%
Normalized EBITDA	**4,463,652**	**1,250,925**	**1,549,340**
Normalized EBITDA Margin %	13%	9%	13%
Weighted Average Number of Shares	45,883,784	35,128,037	17,344,229
Adjusted EBITDA per Share ($ per share)	0.08	(0.02)	0.08
Income (Loss) per Share, Basic and Fully Diluted ($ per share)	(0.02)	(0.04)	(0.29)

Selected Financial Information as at:			
	Dec 2019	Dec 2018	May 2018
Total Assets	$26,762,977	$26,061,954	$9,208,284
Total Non-Current Liabilities	6,221,430	5,012,861	1,274,300

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-19	Sep-19	Jun-19	Mar-19	Dec-18	Aug-18	May-18	Feb-18
	[3 MTH Quarter]	[3 MTH Quarter]	[3 MTH Quarter]	[3 MTH Quarter]	[4 MTH Quarter]	[3 MTH Quarter]	[3 MTH Quarter]	[3 MTH Quarter]
Revenues	$9,027,723	$10,451,562	$9,067,334	$6,216,908	$8,269,618	$5,083,058	$3,987,449	$2,079,046
Net income (loss) [2]	($1,010,096)	$531,710	$162,876	($439,637)	($1,193,675)	($56,411)	($485,317)	($295,757)
Net income (loss) per share [1]	(0.11)	0.01	0.01	(0.01)	(0.04)	(0.00)	(0.04)	(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.

- One time, non-recurring costs, impairments, write-offs, and other factors lead to the decrease in net income during the fourth quarter ended December 31, 2019.

RESULTS OF OPERATIONS

Three Months Ended December 31, 2019

Due to the change in the Company's year end to December 31, the comparative period for the three month period ended December 31, 2019 is the four month period ended December 31, 2018.

Revenue for the three months ended December 31, 2019 was $9,027,723 compared to revenue of $8,269,618 for the four months ended December 31, 2018. The revenue increase was due to organic growth and the timing of the Company's acquisitions. Revenue from the Company's acquisitions were fully integrated in the Company's results for the three months ended December 31, 2019, whereas revenue from acquisitions during the four months ended December 31, 2018 were included from the date the acquisitions were completed. Revenues for our operations are also subject to seasonal fluctuations as construction activities tend to be higher in spring, summer, and fall, and slower in winter. Seasonal fluctuations are expected to be greater in the Company's eastern divisions as seasonal weather on the West Coast tends to be milder than on the East Coast.

Cost of sales for the three months ended December 31, 2019 was $6,878,726 compared to $6,538,414 for the four months ended December 31, 2018 and $3,141,380 for the three months ended May 31, 2018. Cost of sales has continued to increase due to increased sales and new acquisitions that had higher cost of sales when acquired.

Gross margin for the three months ended December 31, 2019 was 24%, slightly higher than gross margin of 23% for the four months ended December 31, 2018, and higher than gross margin of 21% for the three months ended May 31, 2018. Gross margins for Satellite, Coastal, Pacer and SC were significantly lower when acquired and, through the Company's integration activities, these margins have been improved. These improvements are not fully reflected in the Company's annual gross margin due to the timing of each acquisition and the various stages which the acquisitions are at in the integration process. The Company anticipates that many of its acquisitions will operate more efficiently as those operations are fully integrated with the Company's operations. The Company is also in the process of expanding product lines at some of the locations. This has resulted in an initial higher cost of sales as the product lines are established and efficiencies maximized.

The Company recorded a net loss of $(1,010,097) ($-0.02 per share) for the three months ended December 31, 2019 compared to a net loss of $(1,193,675) ($-0.04 per share) for the four months ended December 31, 2018 and a net loss of $(485,317) ($-0.02) for the three months ended May 31, 2018. The Company recorded a net loss in the current period due to goodwill and loan receivable impairments. The Company elected to write off the full value of Coastal's goodwill and the loan receivable in the current period. The goodwill was written off due to an assessed impairment and management's election to write off any remaining balance due to costs of maintaining an immaterial goodwill balance for Coastal. The loan receivable was written off due to lack of principal payments received during the period. Subsequent to the year end, the Company did receive interest only payments and are still working to obtain principal payments.

Administrative and office for the three months ended December 31, 2019 $713,941 (four months ended December 31, 2018 – $423,002, the three months ended May 31, 2018 – $177,794). Administrative and office expenses have increased due to higher recruitment fees, investor and marketing fees, and office related expenses. The increase in sales plus preparation for further acquisitive activities has resulted in a greater need for staff to support higher sales, and bigger focus on integration for targeted future acquisitions which resulted in increased recruitment fees, onboarding costs, and other office expenses. Part of the increase is also attributable to the timing of the acquisitions in 2018. Administrative and office costs for the Company's acquisitions for the comparative periods ended December 31, 2018 and May 31, 2018 are included from the date of acquisition rather than for a full four or three month period. For example, the Pacer acquisition was completed on November 18, 2018, resulting in the inclusion of administrative and office expenses attributable to Pacer for 6 weeks during the four month period ended December 31, 2018. In comparison, administrative and office expenses attributable to Pacer are included for a full 12 weeks during the three months ended December 31, 2019.

Depreciation for the three months ended December 31, 2019 $440,106 (four months ended December 31, 2018 – $197,666, the three months ended May 31, 2018 – $118,490). Overall depreciation increased due to building and equipment and intangible assets that were acquired with the Company's acquisitions. Part of the increase is also attributable to the timing of acquisitions. The comparative periods ended December 31, 2018 and May 31, 2018 include depreciation attributable to acquisitions from the date those acquisitions were completed rather than for a full four or three month period. During the three months ended December 31, 2019, $308,097 in additional depreciation was included in cost of sales (four months ended December 31, 2018 – $211,759, the three months ended May 31, 2018 – $141,012).

Management fees for the three months ended December 31, 2019 $72,000 (four months ended December 31, 2018 – $365,661, the three months ended May 31, 2018 – $216,791). Management fees decreased due to the restructuring of the parent office resulting in the reduction of positions and the change from management contracts to employment contracts.

Professional fees for the three months ended December 31, 2019 $123,113 (four months ended December 31, 2018 – $438,022, the three months ended May 31, 2018 – $225,919). No acquisitions occurred during the three months ended December 31, 2019 which has resulted in reduced professional fees associated with the Company's high acquisition activities in both comparative periods of 2018.

Salaries and benefits for the three months ended December 31, 2019 $1,081,246 (four months ended December 31, 2018 – $918,077, the three months ended May 31, 2018 – $87,384). There has continued to be an increase in salaries and benefits due to staffing increases from May 2018 to December 2019 in the parent office and with acquisitions. A large portion of this is due to the Company's acquisitions of Clinton, Satellite, Coastal, Pacer, and SC, each of which have their own operating salaries and benefits. Some positions in the prior period were also under management contracts, which were accounted for as management fees, that have now been changed to employment agreements during this period and accounted for as salaries and benefits. Part of the increase is also attributable to the timing of the acquisitions as previously mentioned.

Share-based payments for the three months ended December 31, 2019 $46,698 (four months ended December 31, 2018 – $98,600, the three months ended May 31, 2018 – $209,977). 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 large number of options were issued upon completion of the reverse-takeover transaction with Archer Petroleum Corp. (the "RTO") which has resulted in a larger expense over the vesting period for these options. Options are expensed over eighteen months as they vest and any unvested options on termination are credited back to share based payment expense. This current period expense is also reduced due to the forfeiture of a number of options that had been issued from November 2017 to date.

Year Ended December 31, 2019

Due to the previously mentioned change in Company's year end to December 31, the comparative periods for the Company's year ended December 31, 2019 are the seven-month period ended December 31, 2018 and the year ended May 31, 2018.

Revenue for the year ended December 31, 2019 was $34,763,527 compared to $13,352,676 for the seven months ended December 31, 2018, and $11,597,176 for the year ended May 31, 2018. The revenue increase is due to the strong organic growth and the Company's acquisitions. Additional revenue from new acquisitions for the year ended December 31, 2019 was $2,825,332 (SC) compared to $2,875,461 (Satellite, Coastal & Pacer) for the seven months ended December 31, 2018, and $1,256,605 (Clinton) for the year ended May 31, 2018.

Cost of sales for the year ended December 31, 2019 was $26,303,594 compared to $10,241,447 and $8,725,350 for the seven months ended December 31, 2018 and year ended May 31, 2018 due to increased

sales and new acquisitions.

Gross margin was reasonably consistent at 24% for the year ended December 31, 2019 and 23% for the seven months ended December 31, 2018, and 25% for the year ended May 31, 2018. Gross margins for Satellite, Coastal, Pacer and SC were significantly lower when acquired, and through the Company's integration activities, these margins have been improved. These improvements are not fully reflected in the Company's gross margin due to the various timings of each acquisition and various stages which these acquisitions are at in the integration process. The Company anticipates that many of its acquisitions will operate more efficiently as those operations are fully integrated with the Company's operations. The Company is also in the process of expanding product lines at some of the locations. This has resulted in an initial higher cost of sales as the product lines are established and efficiencies maximized.

The Company recorded a net loss of $(755,147) ($-0.02 per share) for the year ended December 31, 2019 compared to a net loss of $(1,250,086) ($-0.04 per share) for the seven months ended December 31, 2018 and a net loss of $(4,954,765) ($-0.29 per share) for the year ended May 31, 2018. The increase period of period is mainly due to increased sales from organic and acquisitive growth and a decrease in costs associated with the Company's acquisition activities in 2018. Support staff was increased to help with operations and acquisitions, but also led to previous losses. The Company also recorded a net loss in the current period due to goodwill and loan receivable impairments. The Company elected to write off the full value of Coastal's goodwill and the loan receivable in the current period. The goodwill was written off due to an assessed impairment and management's election to write off any remaining balance due to costs of maintaining an immaterial goodwill balance for Coastal. The loan receivable was written off due to lack of principal payments received during the period. Subsequent to the year end, the Company did receive interest only payments and are still working to obtain principal payments.

Administrative and office for the year ended December 31, 2019 $2,249,119 (seven months ended December 31, 2018 – $1,142,093, year ended May 31, 2018 – $660,493). Administrative and office expenses have increased due to higher recruitment fees, investor and marketing fees, and office related expenses. The increase in sales has resulted in a greater need for staff to support higher sales which resulted in increased recruitment fees, onboarding costs, and other office expenses. Part of the increase is also attributable to the timing of acquisitions. The current year includes a number of acquisitions for a full year that were completed at various timings during the prior two comparable periods and therefore did not include a full cost representation for the full period or year end.

Depreciation for the year ended December 31, 2019 $1,482,311 (seven months ended December 31, 2018 – $274,717, year ended May 31, 2018 – $225,561). Depreciation increased due to building and equipment and intangible assets that were acquired with the Company's acquisitions. Part of the increase is also attributable to the timing of acquisitions. The current year includes a number of acquisitions for a full year that were completed at various timings during the prior two comparable periods and therefore did not include a full cost representation for the full period or year end. During the year ended December 31, 2019, $1,208,274 in additional depreciation was included in cost of sales (seven months ended December 31, 2018 – $332,316, year ended May 31, 2018 – $336,323).

Management fees for the year ended December 31, 2019 $289,200 (seven months ended December 31, 2018 – $703,726, year ended May 31, 2018 – $348,957). Management fees decreased due to the restructuring of the parent office resulting in the reduction of positions and the change from management contracts to employment contracts.

Professional fees for the year ended December 31, 2019 $489,203 (seven months ended December 31, 2018 – $825,911, year ended May 31, 2018 – $458,803). This decreased due to fewer acquisitions in the current year compared to the seven months ended December 31, 2018. Acquisitions lead to higher legal and accounting fees and will vary based on the number of acquisitions completed in a year.

Salaries and benefits for the year ended December 31, 2019 $2,908,936 (seven months ended December 31, 2018 – $1,020,279, year ended May 31, 2018 – $280,348). There has been an increase in salaries and benefits due to the staffing increase and restructuring from May 2018 to December 2019 in the parent office,

severance payments, and salaries with acquisitions. A large portion of this is due to the Company's acquisition of five businesses that each have their own operating salaries and benefits. Some positions in the prior periods were also under management contracts which have been changed to employment agreements during this period. Part of the increase is also attributable to the timing of acquisitions. The current year includes a number of acquisitions for a full year that were completed at various timings during the prior two comparable periods and therefore did not include a full cost representation for the full period or year ends.

Share-based payments for the year ended December 31, 2019 $341,319 (seven months ended December 31, 2018 – $308,577, year ended May 31, 2018 – $696,851). This has slightly increased compared to the seven months ended December 31, 2018 due to the number of options granted during 2019 was higher than those granted in the seven months ended December 31, 2018. The current year end is also significantly reduced compared to the year ended May 31, 2018 because there was a large number of options granted upon completion of the RTO which has resulted in a larger expense over the vesting period for these options. Options are expensed over eighteen months as they vest and any unvested options on termination are credited back to share based payment expense.

One-time Costs

The Company incurred $773,454 in one-time and non-recurring costs related to severance, specific marketing and acquisitions during the year ended December 31, 2019. These costs are not expected to be ongoing each year and are added back into normalized EBITDA calculations. The Company incurred one-time and non-recurring costs of $1,909,346 for the seven months ended December 31, 2018 and $119,400 for the year ended May 31, 2018.

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.

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. The adjusted EBITDA margin has increased due to successful completion of some integration activities and increased sales.

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, 2019 was $2,945,022, with an EBITDA margin of 8%. EBITDA for the seven months ended December 31, 2018 was $(993,577), with an EBITDA margin of -7%, and EBITDA for the year ended May 31, 2018 was $(4,145,236), with an EBITDA margin of -36%. EBTIDA and EBITDA margin show significant improvement over the comparative periods ended December 31, 2018 and May 31, 2018 mainly due to integration and optimization strategies implemented by the Company and

reduced non-recurring costs associated with the Company's acquisition activities.

Adjusted EBITDA margin for the year ended December 31, 2019 was 11%, which is a significant improvement over -5% for the seven-month period ended December 31, 2018. This improvement was also mainly due to the integration and optimization strategies implemented by the Company. Adjusted EBITDA margin for the year ended May 31, 2018 was 12%, slightly higher than adjusted EBITDA margin for the year ended December 31, 2019 due to results for the comparative period ended May 31, 2018 being mainly attributable to the Company's flagship Atlas division in Nanaimo, BC which has been used as the Company's benchmark for efficiency.

Normalized EBITDA margin was 13% for the year ended December 31, 2019, as compared to 9% during the seven months ended December 31, 2018 and 13% for the year ended May 31, 2018. Improvements to normalized EBITDA margin for December 31, 2019 as compared to December 31, 2018, and a return to normalized EBITDA margin rates for the year ended May 31, 2018, further reflect the success and accelerated progress of the Company's acquisition integration activities.

EBITDA, Adjusted EBITDA, and Normalized EBITDA Calculation	Year Ended Dec 2019	Seven Month Ended Dec 2018	Year Ended May 2018
Net income (loss) for the period as reported	($755,147)	($1,250,086)	($4,954,765)
Interest earned	(22,488)	(67,601)	(28,995)
Interest expense	577,314	129,576	60,467
Income tax expense (recovery)	210,602	(466,359)	113,588
Accretion expense	-	5,154	20,716
Finance charge on leases	250,255	48,704	81,869
Depreciation	2,684,486	607,035	561,884
EBITDA	**2,945,022**	**(993,577)**	**(4,145,236)**
Loss (gain) on disposal of equipment	(1,979)	16,426	6,074
Foreign exchange (gain) loss	51,594	10,153	7,465
Share-based payments	341,319	308,577	696,851
Goodwill impairment	90,773	-	-
Loss on investment	263,469	-	-
Listing Expense	-	-	4,864,786
Adjusted EBITDA	**3,690,198**	**(658,421)**	**1,429,940**
Revenue	34,763,527	13,352,676	11,597,176
EBITDA Margin %	**8%**	**-7%**	**-36%**
Adjusted EBITDA Margin %	**11%**	**-5%**	**12%**
One time costs	773,454	1,909,346	119,400
Normalized EBITDA	**4,463,652**	**1,250,925**	**1,549,340**
Normalized EBITDA Margin %	**13%**	**9%**	**13%**

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

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 during the year ended December 31, 2019, seven months ended December 31, 2018, and the year ended May 31, 2018:

	December 31, 2019	December 31, 2018	May 31, 2018
	$	$	$
Salaries and benefits	748,697	174,981	62,942
Management fees	289,200	363,866	284,872
Finance charge on lease obligations[1]	24,525	20,929	46,309
Share-based compensation	295,664	199,765	387,095
Professional fees	-	-	36,362
Cost of sales	-	-	151,025
Total related party transactions	1,358,086	759,541	968,605

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

	December 31, 2019	December 31, 2018	May 31, 2018
	$	$	$
Due from related party			
Accounts receivable	95,787	-	23,797
Total due from related party	95,787	-	23,797
Due to related parties			
Accounts payable and accrued liabilities	(424,331)	(76,620)	(1,040)
Lease obligation (Note 18)[1]	(276,161)	(515,635)	(648,706)
Exchangeable note – liability portion (Note 20)	-	-	(49,134)
Total due to related parties	(700,492)	(592,255)	(698,880)

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 Truss 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.

As at December 31, 2019 the Company held cash of $1,553,005 and restricted cash of $204,400 due to private placement funds received prior to the closing date (See *"Subsequent Events"*). The Company also had working capital of ($5,088,333) (December 31, 2018 – cash $1,593,762 and working capital of ($5,102,869), May 31, 2018 – cash $867,384 and working capital of $370,448). Working capital has remained consistent due to the requirement to record loans with one major Canadian bank as current due to a covenant breach. On April 17, 2020, subsequent to the year ended December 31, 2019, the Company received a waiver of this covenant breach which extends up to December 31, 2020. During the year ended December 31, 2019, the Company also restructured some of its debt. Two loans with a major Canadian bank were restructured to one loan that is renewable every two years instead of every year. This new loan

will also have interest only payments from January to May and principal plus interest from June to December to allow for the Company to retain cash through the winter season. Another loan was also restructured to be renewable every two years instead of every year.

During the year ended December 31, 2019, net cash provided by operating activities was $2,817,143 (seven months ended December 31, 2018 – $1,300,981, and year ended May 31, 2018 – $619,002). The change during the year ended December 31, 2019 as compared to the prior periods is mainly due to the Company's acquisitions which have increased assets, depreciation, accounts receivable, and overall profitability.

Net cash used in investing activities for the year ended December 31, 2019 was $4,206,453 (seven months ended December 31, 2018 – $8,858,368, and year ended May 31, 2018 – $2,462,890). The significant reduction in cash used in investing activities during the year ended December 31, 2019 compared to the seven months ended December 31, 2018 and increase compared to the year ended May 31, 2018 was due to the number and value of completed acquisitions in each of the year/period ends. The year ended December 31, 2019 included the completion of one acquisition, SC compared to three acquisitions, Satellite, Coastal & Pacer, during the seven months ended December 31, 2018, and one acquisition, Clinton, during the year ended May 31, 2018. Cash used in investing activities for the year ended December 31, 2019 increased compared to the year ended May 31, 2018 due to a significant acquisition of equipment and vehicles.

Cash provided by financing activities for the year ended December 31, 2019 was $1,552,953 (seven months ended December 31, 2018 – $8,283,765, and year ended May 31, 2018 – $3,714,428). The change in cash provided by financing activities was due to the Company's acquisition activities varying between the three periods, similar to the investing activities. The Company spent cash during the year ended December 31, 2019 paying off debt and only incurred some debt for new capital expenditures and one acquisition compared to multiple acquisitions and shares issued for cash in the comparative periods.

CAPITAL EXPENDITURES

During the year ended December 31, 2019, the Company used cash to acquire equipment of $1,232,325 (seven months ended December 31, 2018 - $159,132, and year ended May 31, 2018 - $35,917). Overall buildings and equipment increased compared to the seven months ended December 31, 2018 and year ended May 31, 2018 due to the SC acquisition and the purchase of a new crane truck and automated saw for Atlas in order to support increased sales and deliveries.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

Due to the short-term nature of cash, restricted 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, restricted cash, trade accounts receivable, accounts payable and accrued liabilities, customer deposits, and long-term debt. The Company classified and measured its cash, restricted cash and trade accounts receivable as subsequently measured at amortized cost. The accounts payable and accrued liabilities, customer deposits, and long-term debt are measured at amortized cost.

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 29, 2020, the Company's outstanding share information is as follows:

Security	Number	Exercise Price	Expiry Date
Issued and outstanding common shares	57,725,730	NA	NA
Stock options	1,222,500	0.49	08-Nov-22
Stock options	450,000	0.60	05-Feb-23
Stock options	202,500	0.53	21-Feb-23
Stock options	1,210,000	0.30	04-Mar-24
Total Options	**3,085,000**		

The Company also has 17,313,019 outstanding warrants that can be exercised at $0.60. 5,165,000 of these warrants expire on October 31, 2020 and on December 3, 2020, while 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, 2019 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.

In addition, pandemics, such as the newly identified 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.

SUBSEQUENT EVENTS

a) Company closes non-brokered private placement financing for $4,597,254.

On December 16, 2019, the Company announced a private placement financing to raise up to $4,250,000 (the "Offering"). By December 31, 2019, $204,400 was received by the Company and has been included as restricted cash on the balance sheet.

On February 10, 2020, the Company announced the closing of the Offering for an oversubscribed total of $4,597,254. The Company issued 11,493,134 common shares at a price of $0.40 per share, as well as, 11,493,134 warrants that are exercisable for two years at $0.60. The Company also paid finders fees totaling $261,954 and issued 654,885 finders warrants. The net proceeds of the Offering will be used primarily for working capital, capital expenditures, and acquisition purposes. All regulatory approvals were received regarding this private placement.

b) RBC Loans

As of April 17, 2020, the Company has received a tolerance letter from RBC as the Company was in breach of certain covenants (Note 19). The waiver was received for the year ended December 31, 2019 and all periods up to December 31, 2020.

c) Covid-19 economic impact

Subsequent to the year ended December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "Covid-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, closure of non-essential businesses, self-imposed quarantine periods, and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the Covid-19 outbreak is unknown at this time.

The Company continues to monitor and assess the impact on its business activities. The potential impact is not yet determinable; however there may have a material impact on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be an increased risk of future goodwill and intangible asset impairments. As required by IFRS, we have not reflected these subsequent conditions in the financial results for the year ended December 31, 2019.

OTHER INFORMATION

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