



MANAGEMENT'S DISCUSSION AND ANALYSIS
For the fiscal period ended December 31, 2018

Management's Discussion and Analysis

INTRODUCTION

This Management's Discussion and Analysis (the "MD&A"), dated as April 29, of 2019, is for the fiscal year ended December 31, 2018 and should be read in conjunction with the audited consolidated financial statements for the seven months year ended December 31, 2018 and 12 months year ended May 31, 2018, available under Atlas's 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.

Atlas'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 months ended December 31, 2018, and the comparative period is the twelve months ended May 31, 2018. For additional information see Notice filed on SEDAR on January 2, 2019.

FORWARD-LOOKING INFORMATION

This accompanying MD&A contain 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 the 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.

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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" and "adjusted 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. 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.

AEP is a recently listed company that is acquiring and operating well-established companies in Canada's truss and engineered products industry. 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 include: Atlas Building Systems (B.C), Pacer Building Components (Ontario), Clinton Building Components (Ontario), Satellite Building Components (Ontario), South Central Building Systems (Manitoba) and Coastal Windows & Doors (B.C.)

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.

OVERALL STRATEGY

The Company's strategy is focused on profitability and sales revenue growth within its current markets, and the pursuit of a roll-up acquisition strategy to consolidate similar companies operating in the truss and 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. (While most acquisition targets the Company is evaluating manufacture trusses, I-joists and engineered beams, only a few supply engineered floor trusses and floor- and wall-panel systems and other components.)
- 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;
- Built-in loyal clients;
- scalability of operations; and
- operational practices and methods that are replicable.

Due to truss size, quality, and shipping constraints, there is a maximum geographical radius within which it is logistically feasible to transport trusses. Most metropolitan areas have several truss plants who compete aggressively on price and consequently struggle to achieve consistently high profit margins. Outside large metropolitan areas, truss production facilities generally serve wide geographical areas in which there are limited competitors, very loyal customers, and significantly higher margins than those enjoyed by their counterparts in more crowded 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 their product mix to include pre-fabricated floor and wall panels where they are not currently offered.

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The strong performance of the Company's founding operations in Nanaimo, BC, now carried on through the Company's wholly owned subsidiary, Atlas Building Systems Ltd., 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 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 AND SIGNIFICANT SUBSEQUENT EVENTS

Financial

- Overall revenue for the seven months year ended December 31, 2018 was \$13,352,676, up from \$11,597,176 for the previous year twelve months ended May 31, 2018, representing an overall growth in revenue from the prior period of 15.1%.
- Raised \$3.8 million in a non-brokered private placement financing

Acquisitions

Since our inception as AEP in November 2017 with one plant, we have acquired five subsequent companies. During the fiscal year and subsequently we completed four acquisitions, including:

- Acquisition of Satellite Truss Ltd.: On August 1, 2018, the Company completed the acquisition of Satellite Truss Ltd. of Merrickville, Ontario. The Company acquired all the issued and outstanding shares of Satellite for \$1,291,844 in cash. A significant portion of the cash required to complete the transaction was provided by a mortgage and equipment term loan advanced by a major Canadian chartered bank.
- Acquisition of Coastal Windows Ltd.: On October 1, 2018, the Company completed the acquisition of (the "Coastal DA") with the new Coastal Windows Ltd. ("Coastal") (BC Incorpor. No. 1119866) whereby the Company acquired all the issued and outstanding shares of Coastal for \$650,000 consisting of \$250,000 in cash and \$400,000 in Atlas common shares. This is the new Coastal and the Company has acquired all of assets and operations of the window manufacturing business with this share purchase.
- Acquisition of Pacer: On November 19, 2018, the Company completed the acquisition of Pacer Building Components and Tandelle Specialty Inc. ("Pacer") of Ilderton, Ontario for \$9.45 million, the purchase price consists of \$500,000 in Atlas common shares, and \$8,950,588 in cash.
- Acquisition of South Central Building Systems Ltd.: Subsequent to year-end, on March 1, 2019, the Company announced it paid the outstanding closing cash payment related to its acquisition of South Central Building Systems Ltd. ("South Central"). To acquire South Central, AEP agreed to pay an aggregate purchase price of \$3.4 million, consisting of \$2.5 million payable on closing in the form of cash and assumed or refinanced debts, one million AEP common shares valued at an agreed upon price of \$0.40 per share, and \$500,000 payable in five equal monthly instalments.

Integration/Optimization

- We achieved strong organic growth through integrating and optimizing our operations. Our Atlas and Clinton operations grew revenues 19% and 24%, respectively, for the same seven-month period in 2018 over 2017. The 2017 numbers were made available from the previous owners which may or may not have been reviewed and audited.

- The Company has decentralized corporate structure with regional hubs supported by a lean head office to provide the most effective means of managing a geographically diverse operation. The head office team has been structured to provide corporate support to regional management teams in the areas of Corporate Strategy, Operational Excellence, Organizational Development and Human Resources, Finance, Procurement, and IT Infrastructure.
- Combined, the Company currently employs 179 employees, as of year-end. It comprised four executive team members, six senior team leaders (mainly comprising of operational leadership) and 169 operational staff dispersed throughout our locations. Forty percent of the executive and senior leadership team are female.

OUTLOOK

The Company's revenue objective for 2019 is to have reached an annualized revenue run rate in the \$45 million to \$55 million range with a 10% to 15% EBITDA margin. On a pro-forma basis, management believes the acquisitions the Company has completed, the addition of new product lines and sales staff to specific regions, and the focus on improved costs, should enable those targets to be achievable.

FINANCIAL HIGHLIGHTS

The Company's results for the seven and four month periods ending December 31, 2018 include results from the Atlas Building Components Ltd. ("Atlas Nanaimo") operations in Nanaimo, BC and the Clinton Building Components Ltd. ("Clinton") operations in Clinton, ON, as well as the Satellite Building Components Ltd. ("Satellite") operations in Merrickville, ON from August 1, 2018, the Coastal Windows Ltd. ("Coastal") operations from October 1, 2018, and the Tandelle Specialty Inc. and Pacer Building Components Inc. (collectively, "Pacer") operations in Ilderton, ON from November 19, 2018.

Summary of Annual Financial Results

Overall revenue for the seven months ended December 31, 2018 was \$13,352,676, up from \$11,597,176 for the twelve months ended May 31, 2018, representing an overall growth in revenue from the prior period of 15.1%, accomplished during a shortened seven-month year end resulting from the change in the Company's fiscal year end. The Company expects that overall revenue growth would be significantly higher if comparable twelve month periods had been used.

Revenue for the seven months ended December 31, 2018 from the Atlas Nanaimo operations was \$7,294,577 as compared to revenues of \$6,151,331 for the comparable seven-month period ended December 31, 2017, representing period-over-period organic growth of 18.6%. Revenue for the seven months ended December 31, 2018 from the Clinton operations was \$3,182,638 as compared to revenues of \$2,557,687 for the comparable seven-month period ended December 31, 2017, representing period-over-period organic growth of 24%. Clinton's prior period revenue source is from the previous ownership which may or may not have been reviewed or audited. Revenue from acquisitions for the seven months ended December 31, 2018 was \$2,875,461 (twelve months ended May 31, 2018 was \$1,256,605), representing 21.5% the Company's total revenues for the period.

Adjusted EBITDA, a non-IFRS financial measurement, for the seven months ended December 31, 2018 was (\$658,423), representing a (4.9)% Adjusted EBITA Margin, compared with \$1,420,554 Adjusted EBITDA and 12.2% Adjusted EBITA Margin for the prior twelve months ended May 31, 2018 (See "Non-IFRS Financial Measures on page 11").

During the seven months year ended December 31, 2018, the Company absorbed \$1,909,346 in new costs for one-time costs related to severance, restructuring, cancellation of contracts, CEO search, private placements financing and acquisitions. This is compared to \$119,400 for the year ended May 31, 2018 which related to the CFO search and *acquisitions* (See "Results of Operations" for one-time costs summary).

Selected Financial Results for the Seven Months Ended December 31 and Twelve Months Ended May 31			
	Dec 2018	May 2018	May 2017
Revenue from the Business	\$10,477,215	\$10,340,571	\$8,076,027
Revenue from New Acquisitions	2,875,461	1,256,605	-
Total Revenue	13,352,676	11,597,176	8,076,027
Cost of Sales	10,241,447	8,725,350	5,987,828
Gross Profit	3,111,229	2,871,826	2,088,199
Gross Margin %	23.3%	24.8%	25.9%
Operating Expenses	4,685,262	2,700,621	669,463
Operating (Loss) Income	(1,574,033)	171,205	1,418,736
Net Loss After Adjustments and Taxes	(1,250,086)	(4,954,765)	(739,043)
Adjusted EBITDA	(658,423)	1,420,554	1,790,954
Adjusted EBITDA Margin %	-4.9%	12.2%	22.2%
Weighted Average Number of Shares	35,128,037	17,344,229	NA
Adjusted EBITDA per Share (\$ per share)	(0.02)	0.08	NA
Loss per Share, Basic and Fully Diluted (\$ per share)	(0.04)	(0.29)	NA
Total Assets	26,061,954	9,208,284	3,658,553
Total Non-Current Liabilities	5,012,861	1,274,300	1,497,908
Dividends	-	576,483	-

*Dividends from May 2018 were declared prior to completion of the Archer Transaction

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.

Revenue for the four-month quarter ended December 31, 2018 was \$8,269,618. Revenue achieved during the four-month quarter ended December 31, 2018 recognizes the full impact of the Satellite acquisition. The three-month period ended August 31, 2018 only included one month of operations from Satellite due to the acquisition timing.

Summary of Quarterly Results				
	Four Months Ended	Three Months Ended		
	31-Dec-18	31-Aug-18	31-May-18	28-Feb-18
Revenues	\$ 8,269,618	\$ 5,083,058	\$ 3,987,449	\$ 2,079,046
Net (loss) income (3)	(1,193,675)	(56,411)	(485,317)	(295,757)
Net (loss) income per share (basic and diluted) (1)	(0.04)	0.00	(0.02)	(0.01)
		Three Months Ended		
	30-Nov-17	31-Aug-17	31-May-17	28-Feb-17
Revenues	\$ 2,791,623	\$ 2,739,058	\$ 2,062,762	\$ 1,757,922
Net (loss) income (2)	(4,506,473)	332,782	(1,541,291)	140,215
Net (loss) income per share (basic and diluted)(1)	(0.55)	309.00	(1,526.00)	139.00

(1) The basic and diluted income per share calculations result in the same amount due to there not being any

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- outstanding instruments that would be anti-dilutive.
- (2) The net loss for the three months ended May 31, 2017 resulted from a write-down of \$1,755,671 due from related party amount.
 - (3) The net loss for the three months ended November 30, 2017 resulted from the listing expense of \$4,832,341 resulting from the RTO transaction.

RESULTS OF OPERATIONS

Seven months ended December 31, 2018

Revenue for the seven months ended December 31, 2018 was \$13,352,676 compared to revenue of \$11,597,176 for the 12 months ended May 31, 2018. The revenue increase is due to the organic growth of our original divisions and our new acquisitions. The revenue increase from acquisitions for the seven months ended December 31, 2018 was \$2,875,461 compared to \$1,256,605 for the 12 months end May 31, 2018. For December 31, this represents the new acquisitions of Satellite, Coastal, and Pacer.

The cost of sales for the seven months ended December 31, 2018 was \$10,241,447 compared to \$8,725,350 for the 12 months ended May 31, 2018 due to increased sales and new acquisitions that had higher cost of sales. Gross margins slipped from 25.9% to 23.3%. As we acquire new acquisitions there is an integration process that needs to occur. The Company is applying best practices and pricing advantages to these new acquisitions, but until this is completed, they are still performing at a lower margin than the core divisions.

The Company recorded a net loss of \$1,250,086 (\$-0.04 per share) for the seven months ended December 31, 2018 compared to a net loss of \$4,954,765 (\$-0.29 per share) for the twelve months ended May 31, 2018.

Administrative and office seven months ended December 31, 2018 \$568,068 (12 months ended May 31, 2018 – \$302,585). Administrative and office expenses have increased due to the increased in marketing, investor relations and travel associated with the private placement. Other costs include the recruitment fees, acquisition fees, and office related expenses.

Depreciation \$274,717 seven months ended December 31, 2108 (12 months ended May 31, 2018 – \$225,561). Depreciation increased over the seven months ended December 31, 2018 compared to the twelve months ended May 31, 2018. This is due to the building and equipment that was acquired with the acquisitions. During the seven months ended December 31, 2018, \$332,316 in additional depreciation was included in cost of sales (twelve months ended May 31, 2018 – \$336,323).

Management fees seven months ended December 31, 2018 \$703,726 (12 months ended May 31, 2018 – \$348,957). Management fees increased due to the restructuring of the parent office resulting in the reduction on positions and the payment of severance.

Professional fees for the seven months ended December 31, 2018 \$825,911 (12 months ended May 31, 2018 – \$458,803). Professional fees increased due to the Company receiving legal assistance for general corporate matters and incurring accounting fees resulting from the Company's increased activity. A significant portion of the professional fees paid were for time spent in relation to the Company's acquisition activities and included valuation and appraisal fees.

Salaries and benefits for the seven months end December 31, 2018 \$1,020,279 (12 months ended May 31, 2018 – \$280,348). Many of the positions in the prior period were under management contracts which have been changed to employment agreements during this period. Other expenses included severances related to the reorganizational structure.

Share-based payments for the seven months ended December 31, 2108 \$308,577 (12 months end May 31, 2018 – \$696,581). During the seven months ended December 31, 2018, 230,000 options were granted to employees, consultants, and directors compared to 2,889,167 options granted for the twelve months ended May 31, 2018. Options are expensed over eighteen months of vested and any unvested options on

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termination are credited back to share based payment expense.

One-time Costs

Summary of One Time Costs		
The following were included in our December 31, 2018 and May 31, 2018 income statements, but were one time costs:		
	December 2018	May 2018
Severance payments	\$ 420,250	\$ -
Legal - severance	32,443	-
Restructuring/Moving Assets	497,302	-
Accounting fees for year end change and acquisitions	170,833	22,000
ADP	73,143	-
Netsuite	68,592	-
Clinton - truck write off	28,050	-
CEO search, CFO search	80,000	27,500
Marketing, etc for private placement	82,640	-
Legal - private placement	20,087	-
Legal - acquisitions	91,073	30,000
Travel - acquisition	141,299	25,000
Appraisals	97,520	14,900
Lightpath	41,850	-
TSX - acquisition	28,100	-
GST not claimable - pre-acquisition	36,164	-
Total	\$ 1,909,346	\$ 119,400

Four months ended December 31, 2018

Revenues for the four months ended December 31, 2018 were \$8,269,618 as compared to revenue of \$3,987,449 for the three months ended May 31, 2018, which represents a 107% increase in revenues. The increase was primarily the result of the Company's acquisition of Satellite, Coastal, & Pacer, organic growth from Atlas & Clinton, and the change in year end that has resulted in a 4 month quarter.

Cost of sales for the four months ended December 31, 2018 were \$6,538,414 compared to \$3,141,380 for the three months ended May 31, 2018.

The Company recorded a net loss of \$1,193,675 (\$-0.04 per share) for the four months ended December 31, 2018 as compared to a net loss of \$485,317 (\$-0.02 per share) for the three months ended May 31, 2018. The loss during the four months ended December 31, 2018 was primarily due to the one time costs listed above. The loss for the three months ended May 31, 2018 was largely the result of additional management costs related to the company's acquisition and integration activities.

The difference in operating expenses for the four months ended December 31, 2018 and the three months ended May 31, 2018 is mainly due to the following:

Administrative and office \$423,002 (May 2018 – \$177,794). Administrative and office expenses have increased the costs associated with marketing the private placement, recruitment, travel, and office related expenses.

Depreciation \$197,666 (May 2018 – \$118,490). Depreciation increased over the four months ended December 31, 2018 as compared to the three months ended May 31, 2018. This is due to the building and equipment that was acquired with the acquisitions. Note that during the four months ended December 31,

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2018, \$211,759 in additional depreciation was included in cost of sales (May 2018 – \$141,012).

Management fees \$365,661 (May 2018 – \$216,791). Management fees increased due to the reduction of a position resulting in a severance payout.

Professional fees \$438,022 (May 2018 – \$225,919). Professional fees increased due to the Company receiving legal assistance for general corporate matters and incurring accounting fees resulting from the Company's increased activity. A significant portion of the professional fees paid were for time spent in relation to the Company's acquisition activities and included valuation and appraisal fees.

Salaries and benefits \$918,077 (May 2018 – \$87,384). Salaries and benefits as management related contracts were switched to employment agreements. Additional expenses were incurred as a result of the organization restructuring resulting in severance payments.

Share-based payments \$98,600 (May 2018 – \$209,977). During the quarter 230,000 options were granted to employees and directors. The share-based payment amount includes the vesting of these options as well as the vesting and cancellation of 749,168 options granted in prior quarters.

Travel \$155,982 (May 2018 – \$103,870). Travel costs have decreased due to the realignment of the parent office.

Non-IFRS Financial Measures - EBITDA and Adjusted 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, amortization and depletion, 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-recurring 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.

EBITDA and Adjusted EBITDA Calculation for Seven Months Ended December 31 and Twelve Months Ended May 31		
	2018	2018
Net income (loss) for the period as reported	(\$1,250,086)	(\$4,954,765)
Interest earned	(67,601)	(28,995)
Interest expense	129,576	60,467
Income tax (recovery) expense	(466,359)	113,588
Accretion expense	5,154	20,716
Finance charge on leases	48,704	81,869
Depreciation	607,033	545,084
EBITDA	(993,579)	(4,162,036)
(Loss) gain on disposal of equipment	16,426	13,488
Foreign exchange loss	10,153	7,465
Share-based payments	308,577	696,851
Listing Expense	-	4,864,786
Adjusted EBITDA	(658,423)	1,420,554
Revenue	13,352,676	11,597,176
Adjusted EBITDA Margin %	-4.9%	12.2%

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

RELATED PARTY TRANSACTIONS

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 periods ended December 31, 2018 and May 31, 2018:

	December 31, 2018	May 31, 2018
	\$	\$
Salaries and benefits	174,981	62,942
Management fees	363,866	284,872
Finance charge on leases ¹	20,929	46,309
Share-based compensation	199,765	387,095
Professional fees	-	36,362
Cost of sales	-	151,025
Total related party transactions	759,541	968,605

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

	December 31, 2018	May 31, 2018
	\$	\$
Due from related party		
Accounts receivable	-	23,797
Total due from related party	-	23,797
Due to related parties		
Accounts payable and accrued liabilities	(76,620)	(1,040)
Lease obligation (Note 15) ¹	(515,635)	(648,706)
Exchangeable note – liability portion (Note 17)	-	(49,134)
Total due to related parties	(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, 2018 the Company held cash of \$1,593,762 and had working capital of (\$5,102,869) (May 31, 2018 – cash \$867,384 and working capital of \$370,448). The negative working capital is mainly due to the going concern reclassification of all long-term debt to current. During the seven months ended December 31, 2018, net cash provided by operating activities was \$1,300,981 (12 months ended May 31, 2018 – cash used in operating activities was \$619,002).

The increase in cash used in operations was primarily due to the private placement financing which was funded by shares issued for cash. Other impacts were the change in working capital items, the increase in accounts receivable, inventories and in accounts payable. Net cash used in investing activities was \$8,858,368 (May 2018 – \$2,462,890). The cash provided by investing activities related to the cash paid for the Satellite, Coastal & Pacer acquisitions. Cash provided by financing activities was \$8,283,765 (May 2018 – cash provided by of \$3,714,428). In the seven months ended December 31, 2018, this was mostly due to the shares issued in the private placement for gross proceeds of \$4,132,000 and proceeds from long-term debt of \$5,159,234 used to acquire Pacer and Satellite.

CAPITAL EXPENDITURES

During the seven months ended December 31, 2018, the Company used cash to acquire property, plant and equipment of \$159,132 (12 months end May 31, 2018 - \$35,917). Property, plant and equipment increased due to acquisitions.

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 and liability portion of the exchangeable notes are 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, long-term debt, and the liability portion of the exchangeable notes. The Company classified and measured its cash and trade accounts receivable as subsequently measured at amortized cost. The accounts payable and accrued liabilities, customer deposits, long-term debt, and the liability portion of the exchangeable notes 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 JUDGMENTS 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.

Management estimates

a) Collectability of accounts receivable

In determining the collectability of a trade or other receivable, the Company performs a risk analysis by considering the type and age of the outstanding receivable and the creditworthiness of the customer. If an account is deemed uncollectible, an allowance for doubtful account is recognized. The Company also reviews the allowance for doubtful accounts on a regular basis to determine if any of the accounts provided should be written off.

b) Inventory valuation

Management estimates the net realizable values ("NRV") of inventories, considering the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by market driven changes that may affect future selling prices.

c) Depreciation and amortization and determining useful lives

Production equipment and other tangible assets used directly in manufacturing activities are depreciated on a declining balance basis.

Mobile and other equipment is depreciated, net of residual value, over its useful economic life. Depreciation commences when assets are available for use. The assets' useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each fiscal year end.

Significant judgement is involved in the determination of useful life and residual values. No assurance can be given that actual useful lives and residual values will not differ significantly from current assumptions.

d) Impairment of long-lived assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit ("CGU") at each reporting period to determine whether any indication of impairment exists. Where an indicator of impairment exists, an estimate of the recoverable amount will be made. These estimates and assumptions are subject to risk and uncertainty and therefore, there is a possibility that changes in circumstances will impact these projections, which may impact the recoverable amount of assets and/or CGUs.

e) Income taxes

Management estimates income taxes based on current tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. To the extent that future cash flows and taxable profit differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. Future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods.

f) Business combinations

Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including appraisals, markets, financial performances, and the acquirees' future profitability.

g) Calculation of share-based compensation

The amount expensed for share-based compensation is determined using the Black-Scholes Option Pricing Model based on estimated fair values of all share-based awards at the date of grant and is expensed to profit or loss over each award's vesting period. The Black-Scholes Option Pricing Model utilizes subjective assumptions such as expected price volatility, expected forfeiture rates, and expected life of the option. Changes in these input assumptions can significantly affect the fair value estimate.

SECURITIES OUTSTANDING

As at April 29, 2019, the Company's outstanding share information is as follows:

Security	Number	Exercise Price	Expiry Date
Issued and outstanding common shares	44,990,930	NA	NA
Stock options	1,394,166	0.49	8-Nov-22
Stock options	450,000	0.60	5-Feb-23
Stock options	302,500	0.53	21-Feb-23
Stock options	123,333	0.65	18-Apr-23
Stock options	100,000	0.55	18-Apr-23
Total Options	2,369,999		

DISCLOSURE OF CONTROLS AND PROCEDURES

In connection with National Instrument 52-109 (Certificate 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 seven months ended December 31, 2018 and this accompanying MD&A (together, the "Annual Filings").

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 and Marketing Strategy

The Company has devised a business development and marketing strategy, which it will implement to expand its products and services based on assessments by management and current market conditions. Management anticipates that the Company's business development and marketing strategies will play a significant role in determining whether the Company can expand its products and services. There is no guarantee that the business development and marketing strategies of the Company will be successful.

Brand Awareness

The Company's expansion of the Company's 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, inter alia, 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.

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.

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

Management's Discussion and Analysis

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.

Going-Concern Risk

As at December 31, 2018, the Company was in violation of the covenants of its long-term debt facilities (Note 18). Subsequent to period end, the Company obtained a waiver from the lender waiving compliance with this covenant as at December 31, 2018. Management has forecasted that the Company may also fail to meet those covenants at certain covenant compliance testing dates in 2019. There is no certainty that the Company would be able to obtain similar waivers at any or all of those points, which could result in the lender having the ability to demand repayment. If the lender demands repayment, the Company may not have sufficient cash to repay the debt and may not be able to secure debt on similar commercial terms or raise equity that could be used to repay the existing debt. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern.

The Company is currently in discussions with the lenders to negotiate amendments to the debt covenants. The Company's ability to continue as a going concern is dependent upon its ability to maintain debt financing to support its growth and operations. While the Company has been successful in obtaining financing in the past, and received a waiver from its lender for the December 31, 2018 covenant breach, the success of future initiatives cannot be assured.

Subsequent to the year end, the Company has continued to meet the financial obligations payments on the required due dates.

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

Management's Discussion and Analysis

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, should the former shareholders of Atlas Private 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 Escrowed Securities are subject to certain release provisions.

SUBSEQUENT EVENTS

Company announces the closing of South Central Building Systems

On February 2019, the Company announced the closing of the acquisition of South Central Building Systems for \$3,400,000 in cash, financed debt obligations, shares and deferred cash payments.

OTHER INFORMATION

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