



Unaudited Condensed Interim Consolidated Financial

For the three months ended March 31, 2025 and 2024
(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and reviewed by the Audit Committee and Board of Directors of the Company.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of condensed interim consolidated financial statements by an entity's auditor.

Atlas Engineered Products Ltd.
Condensed Interim Consolidated Statements of Financial Position
As at March 31, 2025 and December 31, 2024
(Unaudited - expressed in Canadian dollars)

	Note	March 31, 2025	December 31, 2024
		\$	\$
Assets			
Current			
Cash and cash equivalents		8,406,069	13,128,028
Accounts receivable	3, 14, 17	7,757,133	7,986,127
Income taxes receivable		1,444,803	838,736
Inventories	4	10,453,050	8,144,312
Prepaid expenditures		380,455	320,722
Deposits		203,072	350,935
		28,644,582	30,768,860
Non-current			
Buildings and equipment	5	22,456,757	21,745,372
Intangible assets	6	7,000,677	7,361,831
Goodwill	7	19,752,336	19,752,336
Deferred tax assets		1,054,911	625,798
Total Assets		78,909,263	80,254,197
Liabilities			
Current			
Accounts payable and accrued liabilities	8, 14	2,956,700	2,972,429
Customer deposits		841,286	585,379
Lease obligations – current portion	9	1,043,268	1,126,557
Long-term debt – current portion	10	3,081,260	3,081,260
		7,922,514	7,765,625
Non-current			
Lease obligations	9	2,282,255	2,487,809
Long-term debt	10	17,085,991	17,856,306
Deferred tax liability		3,771,491	3,538,596
		31,062,251	31,648,336
Shareholders' Equity			
Share capital	11	35,431,777	35,570,408
Contributed surplus	11	2,271,656	2,045,543
Retained Earnings		10,143,579	10,989,910
		47,847,012	48,605,861
Total Liabilities and Shareholders' Equity		78,909,263	80,254,197

APPROVED BY THE DIRECTORS ON MAY 26, 2025

DON HUBBARD

Director

KEVIN SMITH

Director

Atlas Engineered Products Ltd.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss For the three months ended March 31, 2025 and 2024

(Unaudited - expressed in Canadian dollars)

	Note	March 31, 2025	March 31, 2024
		\$	\$
Revenue	12	11,010,715	9,121,059
Cost of sales	13	(9,270,120)	(7,693,906)
Gross profit		1,740,595	1,427,153
Operating expenses			
Administrative and office	14	589,247	543,241
Depreciation and amortization	5, 6	636,641	505,317
Bad debt expense (recovery)		160	(1,163)
Professional fees		115,827	89,170
Salaries and benefits	14	943,390	1,078,270
Share-based payments	11(c), 14	226,113	33,245
Operating loss		(770,783)	(820,927)
Other income		76,176	97,312
Interest expense		(323,369)	(568,386)
Finance charge on leases	9, 14	(53,397)	(68,147)
Foreign exchange gain		2,185	612
Loss on asset disposal		(31)	-
Loss before income tax		(1,069,219)	(1,359,536)
Income taxes			
Current income tax recovery		26,671	179,286
Deferred income tax recovery		196,217	186,814
		222,888	366,100
Net loss and comprehensive loss for the period		(846,331)	(993,436)
Loss per share			
Basic		(0.01)	(0.02)
Diluted		(0.01)	(0.02)
Weighted average number of shares outstanding			
Basic		70,495,551	59,267,649
Diluted		74,153,551	62,032,117

Atlas Engineered Products Ltd.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited - expressed in Canadian dollars)

	Number of Common Shares (Note 11)	Share Capital (Note 11)	Contributed Surplus (Note 11)	Retained Earnings	Total
		\$	\$	\$	\$
Balance, December 31, 2023	59,166,081	21,453,733	1,773,815	11,202,038	34,429,586
Share-based payments	-	-	33,245	-	33,245
Shares repurchased for cancellation	(19,100)	(21,774)	-	-	(21,774)
Stock options exercised	300,000	174,384	(84,384)	-	90,000
Net loss for the period	-	-	-	(993,436)	(993,436)
Balance, March 31, 2024	59,446,981	21,606,343	1,722,676	10,208,602	33,537,621
Share-based payments	-	-	422,805	-	422,805
Shares issued for cash	10,787,300	14,562,855	-	-	14,562,855
Shares issue costs	-	(831,953)	-	-	(831,953)
Stock options exercised	301,666	233,163	(99,938)	-	133,225
Net income for the period	-	-	-	781,308	781,308
Balance, December 31, 2024	70,535,947	35,570,408	2,045,543	10,989,910	48,605,861
Share-based payments	-	-	226,113	-	226,113
Shares repurchased for cancellation (Note 11b)	(103,700)	(138,631)	-	-	(138,631)
Net loss for the period	-	-	-	(846,331)	(846,331)
Balance, March 31, 2024	70,432,247	35,431,777	2,271,656	10,143,579	47,847,012

Atlas Engineered Products Ltd.
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in Canadian dollars)

	March 31, 2025	March 31, 2024
	\$	\$
Operating activities		
Net loss for the period	(846,331)	(993,436)
<i>Add back non-cash items</i>		
Depreciation and amortization	1,131,336	1,035,420
Loss on disposal of assets	31	-
Unrealized foreign exchange loss (gain)	27,273	(49)
Deferred tax recovery	(196,218)	(179,286)
Share-based payments	226,113	33,245
Changes in non-cash working capital items:		
Accounts receivable	201,721	1,268,446
Inventories	(2,308,738)	(894,707)
Prepaid expenditures	(59,733)	(60,723)
Deposits	147,863	(15,049)
Accounts payable and accrued liabilities	(15,729)	464,220
Customer deposits	255,907	16,452
Corporate income taxes receivable	(606,067)	(833,763)
Cash used in by operations	(2,042,572)	(159,230)
Investing activities		
Acquisition of buildings and equipment	(1,483,598)	(74,216)
Proceeds from disposition of equipment	2,000	-
Cash used in investing activities	(1,481,598)	(74,216)
Financing activities		
Repayment of principal lease obligations (Note 9)	(288,843)	(256,992)
Repayment of long-term debt (Note 10)	(770,315)	(7,100,074)
Shares repurchased for cancellation (Note 11b)	(138,631)	(21,774)
Proceeds from stock option exercise (Note 11b)	-	90,000
Cash used in financing activities	(1,197,789)	(7,288,840)
Decrease in cash	(4,721,959)	(7,522,286)
Cash - beginning of period	13,128,028	14,747,369
Cash - end of period	8,406,069	7,225,083
Cash paid during the period for:		
Interest	376,767	636,533
Income taxes	653,523	1,214,071

Supplemental cash flow information – Note 15

Atlas Engineered Products Ltd.

Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2025 and 2024

(Unaudited - expressed in Canadian dollars)

1. Nature of Operations

Atlas Engineered Products Ltd. (the “Company” or “Atlas”) was incorporated pursuant to the provisions of the Business Corporations Act (British Columbia) on January 18, 1999. Atlas Engineered Products Ltd. is a leading manufacturer of trusses, wall panels, and supplier of engineered wood products. Atlas operates manufacturing and distribution facilities in British Columbia, Manitoba, Ontario and New Brunswick to meet the needs of residential and commercial builders.

The Company's registered office is located at 2005 Boxwood Road, Nanaimo, British Columbia V9S 5X9.

2. Material Accounting Policies

Basis of presentation

These consolidated financial statements have been presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”), effective for the Company's reporting for the three months ended March 31, 2025.

These consolidated financial statements have been prepared under the historical cost basis and are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

The accounts of the subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

The preparation of these consolidated financial statements requires management to make judgments and estimates and form assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of financial position and the reported amount of revenues and expenses during the reporting year. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

These consolidated financial statements were approved for issue by the Board of Directors on May 26, 2025.

Basis of consolidation

The Company's consolidated financial statements consolidate those of the parent company and all its subsidiaries as of the date that control was obtained over those subsidiaries. The Company has eight subsidiaries, all located in Canada, Clinton Building Components Ltd. (“Clinton”), Satellite Building Components Ltd. (“Satellite”), Atlas Building Systems Ltd. (“ABS”), Pacer Building Components Ltd. (“Pacer”), South Central Building Systems Ltd. (“SC”), Novum Building Components Ltd. (“Novum”), Hi-Tec Industries Ltd. (“Hi-Tec”), and Léon Chouinard et Fils Co. Ltd./Ltée. (“LCF”). The Company owns 100% of the issued and outstanding shares of all of these subsidiaries.

All transactions and balances between the Companies are eliminated on consolidation, including unrealized gains and losses on transactions between the companies. Amounts reported in the unaudited condensed interim consolidated financial statements of the subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

3. Accounts receivable

Atlas Engineered Products Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in Canadian dollars)

Trade and other receivables were as follows:

	March 31, 2025	December 31, 2024
	\$	\$
Trade accounts receivable	7,583,359	7,504,814
Other receivables	182,694	490,073
Loss allowance	(8,920)	(8,760)
	7,757,133	7,986,127

Trade and other receivables are non-interest bearing and are carried at amortized cost, and impaired using the simplified approach which records impairment at the lifetime expected credit losses. During the three months ended March 31, 2025, the estimated credit loss amounted to \$8,920 (December 31, 2024 - \$8,760).

4. Inventories

	March 31, 2025	December 31, 2024
	\$	\$
Raw materials	8,432,840	7,234,987
Work in progress	358,405	216,543
Finished goods	1,513,448	532,799
Other	148,357	159,983
	10,453,050	8,144,312

During the three months ended March 31, 2025, \$4,659,102 (March 31, 2024 - \$3,612,757) in raw materials was expensed through cost of sales. It was determined that there was no requirement to write down any raw materials, work in progress, or finished goods inventory during the three months ended March 31, 2025.

5. Buildings and equipment

Atlas Engineered Products Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in Canadian dollars)

	Land and Buildings	Office Furniture and Equipment	Vehicles	Production Equipment	Computer Equipment and Software	Signage and Land Improv	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, December 31, 2023	14,281,181	395,513	5,555,685	9,091,583	448,417	229,421	30,001,800
Additions	3,669,378	35,694	520,744	77,915	28,389	-	4,332,120
Additions through business combination	-	-	-	-	-	-	-
Disposals	-	-	(57,135)	-	-	-	(57,135)
Balance, December 31, 2024	17,950,559	431,207	6,019,294	9,169,498	476,806	229,421	34,276,785
Additions	696,005	-	175,948	603,068	8,577	-	1,483,598
Additions through business combination	-	-	-	-	-	-	-
Disposals	-	-	(20,000)	-	-	-	(20,000)
Balance, March 31, 2025	18,646,564	431,207	6,175,242	9,772,566	485,383	229,421	35,740,383
Accumulated depreciation							
Balance, December 31, 2023	1,656,230	196,488	2,476,990	4,298,589	334,050	152,009	9,114,356
Additions	1,404,641	43,598	1,000,371	963,432	36,605	6,732	3,455,379
Disposals	-	-	(38,322)	-	-	-	(38,322)
Balance, December 31, 2024	3,060,871	240,086	3,439,039	5,262,021	370,655	158,741	12,531,413
Additions	348,856	9,636	196,416	205,630	8,123	1,521	770,182
Disposals	-	-	(17,969)	-	-	-	(17,969)
Balance, March 31, 2025	3,409,727	249,722	3,617,486	5,467,651	378,778	160,262	13,283,626
Carrying amount at December 31, 2024	14,889,688	191,121	2,580,255	3,907,477	106,151	70,680	21,745,372
Carrying amount at March 31, 2025	15,236,837	181,485	2,557,756	4,304,915	106,605	69,159	22,456,757

Depreciation for tangible assets during the three months ended March 31, 2025 was \$770,182 (March 31, 2024 - \$842,200) During the three months ended March 31, 2025, \$494,695 (March 31, 2024 - \$530,103) of the depreciation was included in cost of sales.

5. Buildings and equipment (continued)

The above buildings and equipment schedule includes right-of-use assets. The following summarizes those right-of-use assets and their depreciation for the period ended March 31, 2025 and 2024.

Atlas Engineered Products Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in Canadian dollars)

	Building	Total
	\$	\$
Balance, December 31, 2023	4,498,931	4,498,931
Additions	113,812	113,812
Disposals, net	-	-
Depreciation charge for the year	(1,192,953)	(1,192,955)
Balance, December 31, 2024	3,419,790	3,419,790
Additions	-	-
Disposals, net	-	-
Depreciation charge for the period	(301,670)	(301,670)
Balance, March 31, 2025	3,118,120	3,118,120

6. Intangible assets

	Customer Relationships	Brand	Non-Compete Agreements	Total
	\$	\$	\$	\$
Cost				
Balance, December 31, 2023	7,386,000	2,581,000	2,720,000	12,687,000
Additions	-	-	-	-
Disposal	-	-	(477,000)	(477,000)
Balance, December 31, 2024	7,386,000	2,581,000	2,243,000	12,210,000
Additions	-	-	-	-
Disposal	-	-	-	-
Balance, March 31, 2025	7,386,000	2,581,000	2,243,000	12,210,000
Accumulated amortization				
Balance, December 31, 2023	2,263,915	612,523	757,569	3,634,007
Additions	827,733	307,305	556,124	1,691,162
Disposal	-	-	(477,000)	(477,000)
Balance, December 31, 2024	3,091,648	919,828	836,693	4,848,169
Additions	184,611	64,499	112,044	361,154
Disposal	-	-	-	-
Balance, March 31, 2025	3,276,259	984,327	948,737	5,209,323
Carrying amount at December 31, 2024	4,294,352	1,661,172	1,406,307	7,361,831
Carrying amount at March 31, 2025	4,109,741	1,596,673	1,294,263	7,000,677

Amortization for intangible assets during the three months ended March 31, 2025 was \$361,154 (March 31, 2024 - \$193,220).

As at March 31, 2025, the Company completed a quarterly assessment of the intangible assets and determined there were no circumstances leading to an impairment of these intangible assets.

7. Goodwill

The following summarizes the Company's goodwill as at March 31, 2024 and 2023.

Clinton	Satellite	Pacer	Total
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Atlas Engineered Products Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in Canadian dollars)

				SC	Hi-Tec	LCF	
	\$	\$	\$	\$	\$	\$	\$
Cost							
Balance, December 31, 2023	474,428	136,446	2,284,327	883,275	2,956,023	11,470,107	18,204,606
Additions	-	-	-	-	-	1,547,730	1,547,730
Balance, December 31, 2024	474,428	136,446	2,284,327	883,275	2,956,023	13,017,837	19,752,336
Additions	-	-	-	-	-	-	-
Balance, March 31, 2025	474,428	136,446	2,284,327	883,275	2,956,023	13,017,837	19,752,336

The Company uses the value in use method to evaluate the carrying amount of goodwill as at October 31 on an annual basis, but management still assesses for impairments indicators throughout the year. The Company has determined that there was no impairment to goodwill as at March 31, 2025.

8. Accounts payable and accrued liabilities

	March 31, 2025	December 31, 2024
	\$	\$
Trade accounts payable	1,634,081	1,686,808
Sales taxes payable	10,010	172,713
Salaries and vacation payable	853,714	740,009
Other accounts payable	25,416	50,953
Accrued liabilities	433,479	321,946
	2,956,700	2,972,429

9. Lease obligations

Certain buildings and equipment of the Company's are held as right-of-use assets under lease obligations. The terms and the outstanding balances of the lease obligations as at March 31, 2025 and December 31, 2024 are as follows:

	March 31, 2025	December 31, 2024
	\$	\$

Atlas Engineered Products Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2025 and 2024
(Unaudited - expressed in Canadian dollars)

Building under right-of-use asset lease repayable in monthly instalments of \$25,500 inclusive of implied interest of 5.95% per annum, residual value of \$nil, maturing in December 2025 (Note 14).	228,430	302,457
Building under right-of-use asset lease repayable in monthly instalments of \$67,160 inclusive of implied interest of 6.7% per annum, residual value of \$nil, maturing October 2028.	2,811,824	2,975,774
Building under right-of-use asset lease repayable in monthly instalments of \$6,646 inclusive of implied interest of 3.95% per annum, residual value of \$nil, maturing in June 2027.	171,563	189,744
Building under right-of-use asset lease repayable in monthly instalments of \$9,074 inclusive of implied interest of 6.7% per annum, residual value of \$nil, maturing in June 2025.	27,523	54,797
Vehicle under right-of-use asset lease repayable in monthly instalments Of \$2,377 with interest of 7.64% per annum, residual value of \$32,543, maturing in June 2027.	86,183	91,594
Total lease obligation	3,325,523	3,614,366
Current portion	(1,043,268)	(1,126,557)
Non-current portion	2,282,255	2,487,809

The following is a schedule of the total lease payments made during the three months ended March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
	\$	\$
Principal payment	288,843	256,992
Interest expense	53,397	68,147
Total lease payments	342,240	325,139

During the three months ended March 31, 2025 no assets were purchased under a right-of-use lease (March 31, 2024 – no assets were purchased under a right-of-use lease).

9. Lease obligations (continued)

The following is a schedule of the Company's future minimum lease payments related to the building, equipment, and vehicles under lease obligations:

	March 31, 2025
	\$
2025	974,760
2026	974,810

Atlas Engineered Products Ltd.
Notes to the Condensed Interim Consolidated Financial Statements
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2027	979,633
2028	762,457
Total minimum lease payments	3,691,660
Less: imputed interest	(366,137)
Total present value of minimum lease payments	3,325,523

During the three months ended March 31, 2025, the Company did not enter into any low value leases (March 31, 2024 – no low value leases).

10. Long-term debt

The long-term debt consists of the following:

	March 31, 2025	December 31, 2024
	\$	\$
TD term loan ¹	16,508,333	17,233,333
TD mortgage ²	1,906,938	1,931,313
TD mortgage ³	1,751,980	1,772,920
	20,167,251	20,937,566
Less current portion of term debt	(3,081,260)	(3,081,260)
Total long-term portion of term debt	17,085,991	17,856,306

1. A term loan with a major Canadian bank bearing interest at a fixed rate (6.37% as at March 31, 2025) repayable at \$241,667 per month with maturity August 2033. The term of the loan is 120 months. The loan is secured by a general security interest granted by the Company and an assignment of share pledge agreement.
2. A mortgage with a major Canadian bank bearing interest at a fixed rate (6.37% as at March 31, 2025) repayable at \$8,125 per month with maturity February 2047. The loan is amortized over 300 months. The loan is secured by a general security interest granted by the Company and an assignment of share pledge agreement.
3. A mortgage with a major Canadian bank bearing interest at a fixed rate (6.37% as at March 31, 2025) repayable at \$6,980 per month with maturity August 2048. The loan is amortized over 300 months. The loan is secured by a general security interest granted by the Company and an assignment of share pledge agreement.

The Company applies judgement in the classification of long-term and short-term debt portions. The Company assumes that the prime interest rate will remain consistent or not change materially over the next twelve months. All loans are either no interest loans or have fluctuating payments that would change as the interest rate changes and the principal portion of those payments would remain constant.

The Company applies judgement in the classification of long-term and short-term debt portions. The Company assumes that the prime interest rate will remain consistent or not change materially over the next twelve months. All loans are either no interest loans or have fluctuating payments that would change as the interest rate changes and the principal portion of those payments would remain constant.

10. Long-term debt (continued)

On August 23, 2023, the Company entered into an amended and restated credit facility agreement with TD Canada Trust. The agreement has four facilities. The first facility is a committed, revolving credit facility of \$7,500,000 and the second facility is a committed non-revolving reducing term credit facility which was used to finance the LCF acquisition and refinance previous facilities with TD. The third facility is a committed non-revolving reducing term credit facility used to mortgage the land and buildings of the LCF acquisition and the fourth facility is a committed, non-revolving reducing term credit facility which was used to mortgage the land and buildings of the Hi-Tec acquisition.

The credit facility with TD Canada Trust contains two financial covenants. A total leverage ratio of less than or equal to 2.75 to 1 which is tested quarterly on a twelve-month rolling basis. The second financial covenant is a fixed

Atlas Engineered Products Ltd.
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charge coverage ratio of greater than or equal to 1.15 to 1 to be tested quarterly on a twelve-month rolling basis. As at March 31, 2025, the Company was in compliance with their covenants.

11. Share capital

a) Authorized

Unlimited common shares without par value.

b) Share capital transactions

On November 27, 2024 the Company commenced a Normal Course Issuer Bid (NCIB) which will be in effective until the earlier of November 27, 2025 and the date on which the Company has purchased the maximum permitted number of shares or such earlier times as the Company deems is appropriate. Pursuant to the NCIB, the Company may purchase up to 5,943,813 of its outstanding common shares representing approximately 10% of the public float of shares outstanding at market prices.

During the three months ended March 31, 2025, the Company purchased for cancellation 103,700 of shares pursuant to its NCIB for a total of \$138,631. The Company's share capital was reduced by the average carrying value of shares repurchased for cancellation.

11. Share capital (continued)

c) Options

The Company adopted a share option plan that allows for the issuance of up to 10% of the issued and outstanding shares as incentive share options to directors, officers, employees and consultants to the Company. Share options granted under the plan may be subject to vesting provisions as determined by the Board of Directors. Standard vesting provisions are in thirds every six months from the date of grant. The options are priced using the trading price at the end of the close on the date of the grant and they are exercisable within five years from the date of grant.

The Company's share options outstanding as at March 31, 2025 and December 31, 2024 and the changes for the periods then ended are as follows:

Atlas Engineered Products Ltd.
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	Number	Weighted average exercise price \$
Balance as at December 31, 2023	2,816,666	0.57
Granted	1,393,000	1.30
Exercised	(601,666)	0.37
Forfeited	-	-
Balance as at December 31, 2024	3,608,000	0.89
Granted	-	-
Exercised	-	-
Forfeited	-	-
Balance as at March 31, 2025	3,608,000	0.89

The total share-based payments recorded during the three months ended March 31, 2025 was \$226,113 (March 31, 2024 - \$33,245).

The following table summarizes information about the share options outstanding as at March 31, 2024:

Exercise price per share of options outstanding	Number of options outstanding	Weighted average remaining life (years) of options outstanding	Weighted exercise price of options exercisable	Number of options exercisable	Expiry date
\$0.49	100,000	0.76	\$0.49	100,000	January 4, 2026
\$0.29	300,000	1.06	\$0.29	300,000	April 21, 2026
\$0.60	397,500	1.76	\$0.60	397,500	January 4, 2027
\$0.64	200,000	2.06	\$0.64	200,000	April 21, 2027
\$0.60	100,000	2.65	\$0.60	100,000	November 22, 2027
\$0.73	717,500	2.72	\$0.73	717,500	December 20, 2027
\$0.74	400,000	2.76	\$0.74	400,000	January 4, 2028
\$1.30	1,393,000	4.39	\$1.30	402,646	August 21, 2029
\$0.89	3,608,000	3.03	\$0.73	2,617,646	

11. Share capital (continued)

c) Options (continued)

The Black-Scholes Pricing Model was used to estimate the fair value of the share options using the following assumptions on the grant date of the options:

Issue date	Expected option life (years)	Risk free interest rate	Dividend yield	Expected volatility	Expected forfeiture rate	Weighted average fair value
January 4, 2021	5.00	0.39%	Nil	127%	24.39%	\$0.42
April 21, 2021	5.00	0.94%	Nil	118%	24.26%	\$0.24
January 4, 2022	5.00	1.39%	Nil	94%	22.85%	\$0.43
April 21, 2022	5.00	2.78%	Nil	67%	22.08%	\$0.37

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November 22, 2022	5.00	3.23%	Nil	66%	20.58%	\$0.35
December 20, 2022	5.00	3.05%	Nil	66%	20.42%	\$0.42
January 4, 2023	5.00	3.25%	Nil	66%	20.03%	\$0.43
August 21, 2024	5.00	2.90%	Nil	61%	16.19%	\$0.70

The expected volatility is based on the historic volatility and adjusted for any expected material changes to future volatility due to publicly available information. Historical volatility is based on the daily volatility from the five years prior to the grant date due to the remaining life of the options at the grant date.

12. Revenue

The Company has three distinct revenue streams: trusses, engineered wood products and walls. The Company's revenues by these revenue streams for the three months ended March 31, 2025 and 2024 is as follows:

Period ended March 31, 2025

	Trusses	Engineered wood products	Walls	Total
	\$	\$	\$	\$
Total revenue	6,644,506	3,329,702	1,036,507	11,010,715

Period ended March 31, 2024

	Trusses	Engineered wood products	Walls	Total
	\$	\$	\$	\$
Total revenue	5,833,419	2,557,446	730,194	9,121,059

13. Cost of sales

Cost of sales for the three months ended March 31, 2025 and 2024 is as follows:

	March 31, 2025	March 31, 2024
	\$	\$
Materials	4,556,909	3,523,927
Labour	3,064,983	2,783,677
Maintenance and overhead	1,153,533	856,199
Depreciation and amortization	494,695	530,103
Total cost of sales	9,270,120	7,693,906

14. 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 includes directors and executive officers of the Company. Other than the

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amounts disclosed below, there was no other compensation paid or payable to key management personnel for the reported periods.

Atlas is the parent company and owns 100% of the following subsidiaries: Clinton, Satellite, ABS, Pacer, SC, Novum, Hi-Tec and LCF.

The Company incurred the following charges as part of the Company's consolidated statement of income and comprehensive income during the three months ended March 31, 2025 and 2024:

	March 31, 2025	March 31, 2024
	\$	\$
Salaries and benefits	251,795	215,033
Administrative and office	31,800	31,000
Finance charge on lease obligations ¹	3,973	8,069
Share-based payments	128,721	19,631
Total related party transactions	416,289	273,733

Due from/to related parties

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

	March 31, 2025	December 31, 2024
	\$	\$
Due from related party		
Accounts receivable and prepaid expenses	-	-
Total due from related party	-	-
Due to related parties		
Accounts payable and accrued liabilities	(13,874)	(25,255)
Lease obligation (Note 9) ¹	(228,429)	(302,457)
Total due to related parties	(242,303)	(327,712)

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

14. Related party transactions (continued)

These amounts were incurred in the normal course of operations and are recorded at exchange amounts as part of our consolidated statement of financial position. Accounts receivable and accounts payable and accrued liabilities are unsecured, non-interest bearing, and have no set terms of repayment.

15. Supplemental cash flow information

Investing and financing activities that do not have a direct impact on the current cash flows are excluded from the cash flow statements. During the three months ended March 31, 2025 and 2024, the Company had the following non-cash investing and financing activities:

Three months ended March 31, 2025

During the three months ended March 31, 2025, the Company had no investing or financing activities identified that did not have a direct impact on the current cash flows.

Three months ended March 31, 2024

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During the three months ended March 31, 2024, the Company had no investing or financing activities identified that did not have a direct impact on the current cash flows.

16. Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

	Long-term debt	Lease obligations	Total
	\$	\$	\$
Balance December 31, 2024	20,937,566	3,614,366	24,551,932
Repayments	(770,315)	(288,843)	(1,059,158)
Issuance	-	-	-
Non-cash – lease obligation	-	-	-
Non-cash – lease adjustment	-	-	-
Balance March 31, 2025	20,167,251	3,325,523	23,492,774

	Long-term debt	Lease obligations	Total
	\$	\$	\$
Balance December 31, 2023	33,689,544	4,577,023	38,266,567
Repayments	(12,751,978)	(1,073,899)	(13,825,877)
Issuance	-	111,242	111,242
Non-cash – lease obligation	-	-	-
Non-cash – lease adjustment	-	-	-
Balance December 31, 2024	20,937,566	3,614,366	24,551,932

17. Financial instruments

Classification of financial instruments

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

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

Market risk

a) Foreign exchange risk

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The Company is exposed to foreign exchange risk. The Company has US non-inventory expenditures and bank accounts in US currency. The Company has had revenues from sales to the US prior to March 2020 and anticipates having revenues from sales to the US again. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the Company. The risk is measured through a forecast of highly probable USD transactions.

The Company minimizes the risk of the volatility of the US currency cost by keeping USD funds received from sales in USD bank accounts. These USD funds are then used for expenditures that arise in the same currency. Only at the end of the year does the Company assess the risk of transferring the excess funds to a CDN bank account. If the risk is too high, then the funds will remain in the USD account until the risk is reduced.

Profit or loss is sensitive to the fluctuations of the USD to CDN foreign exchange rates on the US revenues. If the USD foreign exchange rate were to increase by 10% with a full year of USD sales transactions based on previous sales to the US, this is estimated by management to increase sales by \$64,200 annually.

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to minimize interest rate risk exposures on term financing. All leases and exchangeable notes have fixed rates. As at March 31, 2025, the Company is exposed to changes in market interest rates through the bank borrowings at a floating base rate. This risk is low because changes in the prime rate are not substantial and increases would not impact the consolidated financial statements significantly. If the rates were to increase 10% this would result in an increase in interest of approximately \$101,035 annually.

17. Financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty fails to meet its contractual obligation to the Company. The Company is exposed to the risk for various financial instruments through receivables from customers and placing deposits and the potential for cash fraud. The Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized as at March 31, 2025 and December 31, 2024 summarized below:

	March 31, 2025	December 31, 2024
	\$	\$
Classes of financial assets – carrying amounts		
Cash and cash equivalents	8,406,069	13,128,028
Trade accounts receivable, net of loss allowance	7,574,439	7,496,054
	15,980,508	20,624,082

The Company closely monitors cash by applying a sweep account function to the subsidiary accounts and a daily bank reconciliation. The Company also requires each division to detail weekly any collection attempts of receivables over 61 days and prepares an aging account receivable report weekly to monitor any progress.

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The Company also continuously monitors defaults of customers, identified individually, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and credit checks are obtained and used. The Company's policy is to deal only with creditworthy customers.

The Company has certain trade receivables that have not been settled by the contractual due date but are not considered to be impaired. The receivables and their aging as at March 31, 2025 and December 31, 2024 is summarized below:

	March 31, 2025	December 31, 2024
	\$	\$
Trade accounts receivable, net of loss allowance		
Current	3,935,477	2,986,674
Past due 1 to 30 days	1,621,473	2,408,667
Past due 31 to 60 days	984,154	854,791
Past due over 60 days	1,033,335	1,245,922
	7,574,439	7,496,054

17. Financial instruments (continued)

Credit risk (continued)

The loss allowance as at March 31, 2025 and December 31, 2024 was determined as follows for trade accounts receivable:

As at March 31, 2025

	Current	Past due 1 to 30 days	Past due 31 to 60 days	Past due over 60 days	Total
Expected loss rate	0.00%	0.00%	0.25%	0.62%	0.12%
Trade accounts receivable	3,935,477	1,621,473	986,620	1,039,789	7,583,359
Loss allowance	-	-	2,467	6,453	8,920

As at December 31, 2024

	Current	Past due 1 to 30 days	Past due 31 to 60 days	Past due over 60 days	Total
Expected loss rate	0.00%	0.00%	0.25%	0.53%	0.12%
Trade accounts receivable	2,986,674	2,408,667	856,933	1,252,540	7,504,814
Loss allowance	-	-	2,142	6,618	8,760

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The expected loss rates are based on historical credit losses and adjusted to reflect current and forward-looking information of the customers' ability to settle the receivables. This is affected and adjusted constantly based on acquisitions that bring in new customers and new information from economic conditions.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations. The Company may be exposed to liquidity risks if it is unable to collect its trade and other receivables balances in a timely manner, which could in turn impact the Company's long-term ability in meeting commitments under its current facilities.

The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities and debt servicing ratios. The Company also forecasts and manages cash inflows and outflows on a daily, weekly and monthly basis.

The Company considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular its cash resources and trade receivables. The Company's existing cash resources and trade receivables exceeds the current cash outflow requirements as our current ratio is currently 3.62:1. Cash flows from trade accounts receivable are all contractually due within thirty days.

As at March 31, 2025, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Current	Current	Non-current	Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	\$	\$	\$	\$
Lease obligations	656,279	561,088	2,474,293	-
Accounts payable and accrued liabilities	2,956,700	-	-	-
Income taxes payable	-	-	-	-
Long-term debt	2,167,460	2,108,936	17,554,998	3,744,024
Total	5,780,439	2,670,024	20,029,291	3,744,024

17. Financial instruments (continued)

Liquidity risk (continued)

As at December 31, 2024, the Company's non-derivative financial liabilities have contractual maturities (including interest payments where applicable) as summarized below:

	Current	Current	Non-current	Non-current
	Within 6 months	6 to 12 months	1 to 5 years	Later than 5 years
	\$	\$	\$	\$
Lease obligations	684,291	632,709	2,716,900	-
Accounts payable and accrued liabilities	2,972,429	-	-	-
Income taxes payable	-	-	-	-
Long-term debt	2,185,113	2,139,636	18,515,695	3,830,209
Total	5,841,833	2,772,345	21,232,595	3,830,209

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

18. Management of capital

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The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to continue operations. In the management of capital, the Company includes its components of long-term debt, lease obligations, cash and equity.

The amounts managed as capital by the Company are summarized as follows:

	March 31, 2025	December 31, 2024
	\$	\$
Long-term debt	20,167,251	20,937,566
Lease obligations	3,325,523	3,614,366
Less: Cash and cash equivalents	(8,406,069)	(13,128,028)
Net debt	15,086,705	11,423,904
Total equity	47,847,012	48,605,861
	62,933,717	60,029,765

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. From time to time, the Company purchases its own shares in the open market under a defined NCIB. All repurchased common shares are cancelled.

Management reviews its capital management policies on an ongoing basis.