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# UNIQUELY POSITIONED FOR GROWTH

April 2021

TSX.V:AEP OTC:APEUF

**AEP** ATLAS ENGINEERED  
PRODUCTS

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# Forward Looking Statements

## Disclaimer

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# AEP Family of Companies

## A growing national footprint

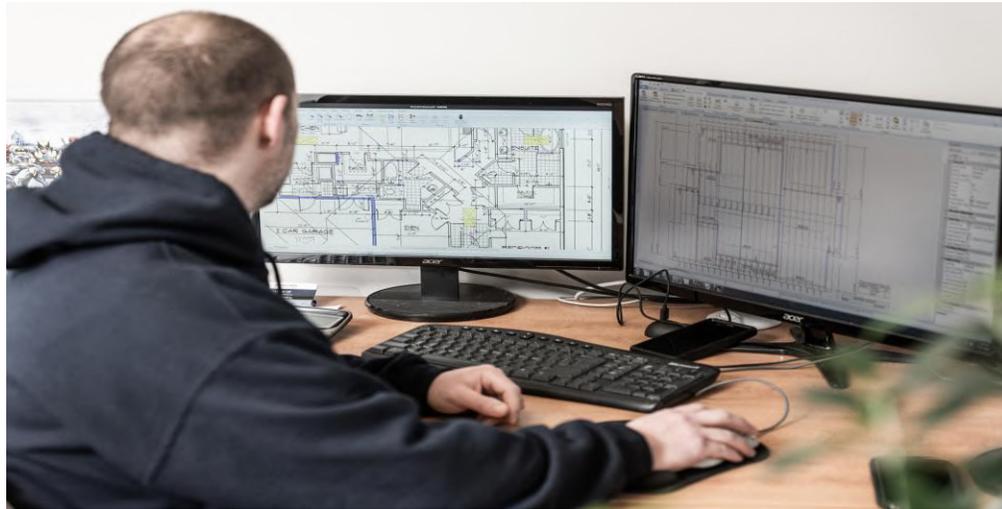
Since our inception as AEP in November 2017 with one plant, we have acquired six subsequent companies.

Our vision is to create a national family of operating companies deeply entrenched in serving regional construction markets. We are strengthening financial and operational performance of these acquired companies through standardized best practices, dedicated sales outreach, cost efficiencies and extended product mix. And we intend to continue our strategic acquisition path.



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# What We Do



## Services

Design, Engineering and Permitting,  
Project Management and Site Assembly.



## Products

Floor Joists, Floor Trusses, Floor Panels,  
Roof Trusses, Wall Panels.

# Our Services

## Design, Engineering & Permitting

Our specialist design team uses cutting edge design and engineering technology that ensures you get consistent, accurate, top quality product from our facility. We even help with acquiring building permits.

AEP's team of designers employs state-of-the-art BIM (Building-Information-Modeling) software, laser precision cutting equipment and automated assembly equipment to produce your orders in a controlled indoor factory environment.



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# Our Products

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## Floor Systems & Trusses

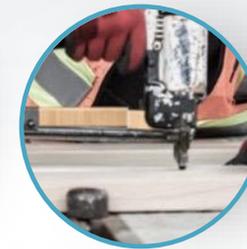
A cost-effective alternative to framing onsite, our custom-built floor panels give you greater quality control and ensure seamless integration with your wall and roof components.



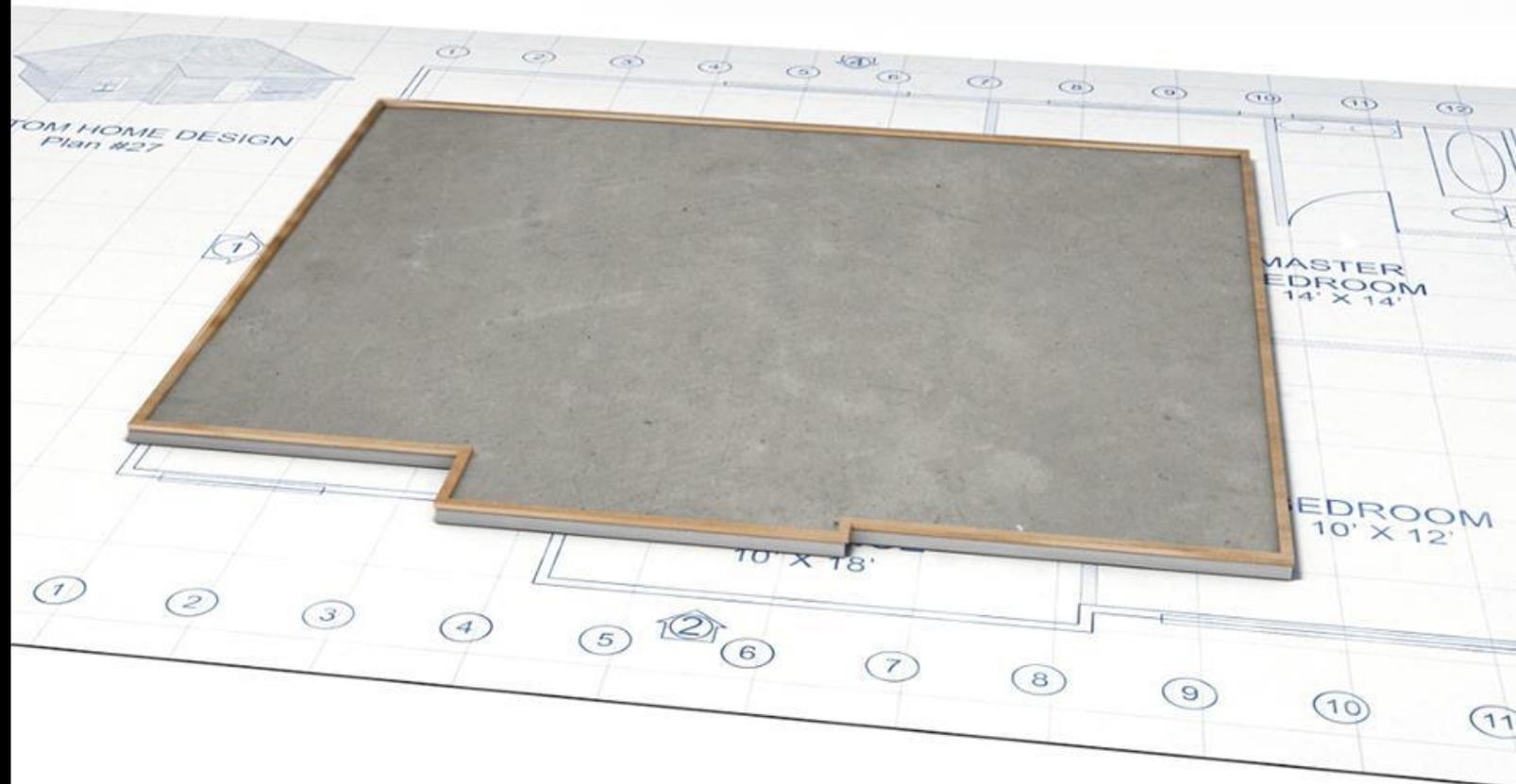
**FLOOR  
JOISTS**



**FLOOR  
TRUSSES**



**FLOOR  
PANELS**



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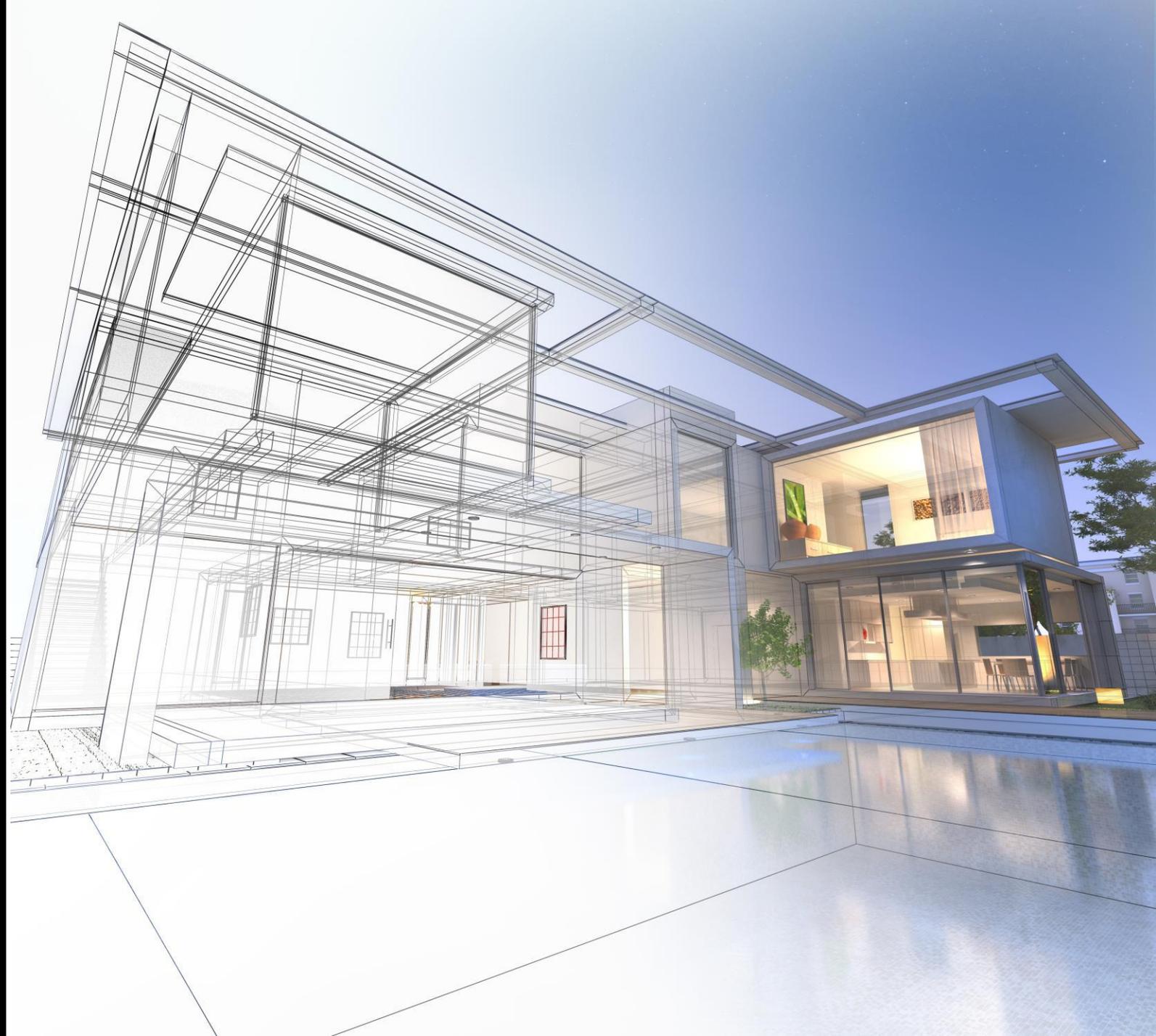
# Our Products

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## Wall Panels

A cost-effective alternative to framing onsite, AEP wall panels give you greater quality control and ensure seamless integration with your floor and roof components.

Our specialized design software and manufacturing capacity ensures that your walls are square, with proper nailing patterns, with studs and headers engineered to support applied loads.



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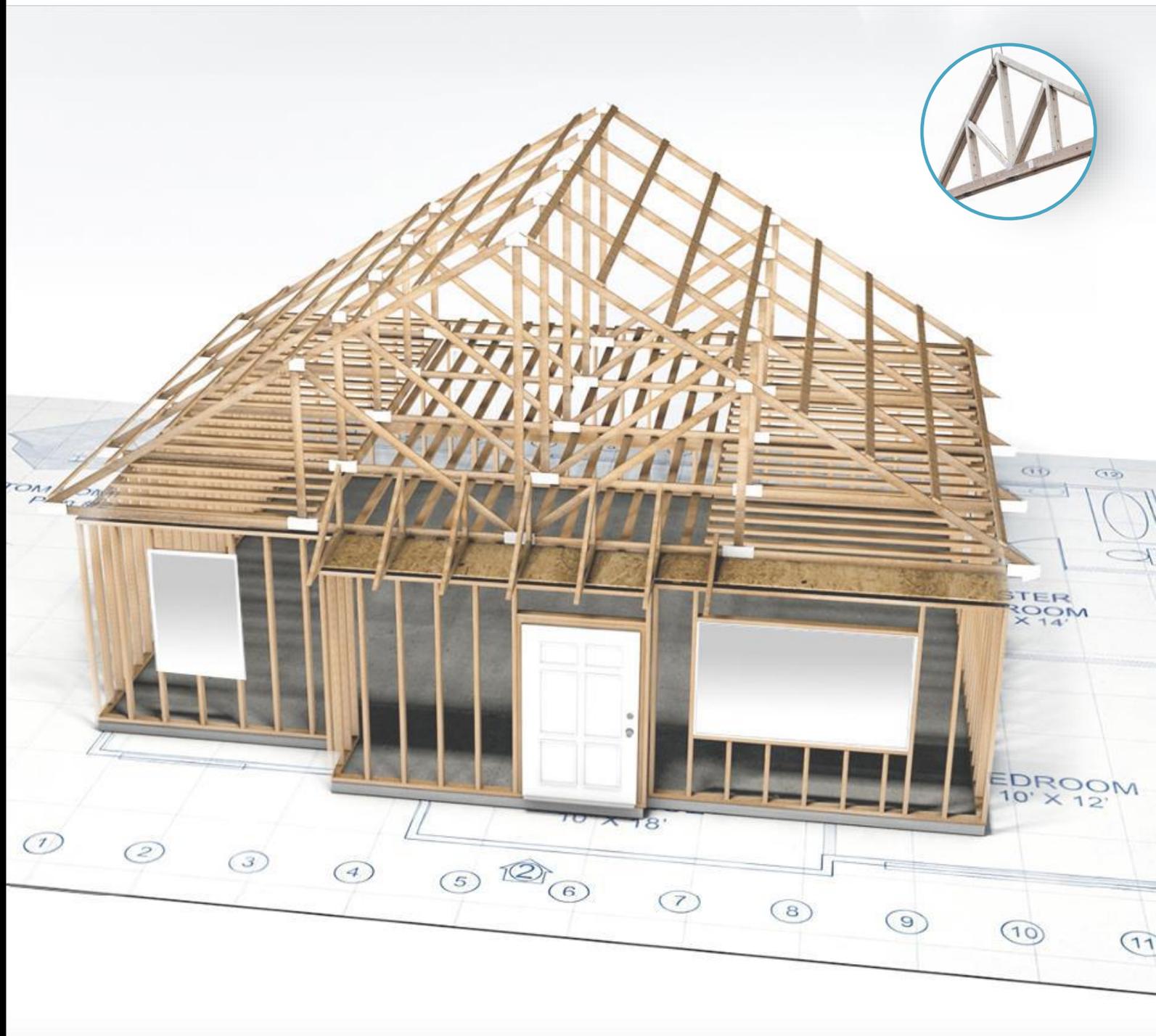
# Our Products

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## Roof Systems & Trusses

Reduce installation times, increase your span options and employ our cost effective, cutting edge design and engineering team.

From the simplest out building to the most complex residential designs, AEP roof trusses can be a cost effective and efficient part of your construction project.



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# Our Clients



**Individual  
Home Builders**



**Single family home  
building, Multi-family,  
Highrise &  
Sub-Division  
Developers**



**Lumber & Specialty  
Building Yards**



**Commercial &  
Industrial  
Developers**

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# Why Do Clients Choose Us?



## We save them money

- + Cost effective and efficient
- + National buying power
- + Best-in class design, production and automation technology



## We save them time

Offsite customized manufactured panels and trusses can be installed onsite up to 5x's faster than traditional stick frame construction



## We provide expanded product offerings

Floor, roof and wall systems and engineered components – true turnkey one-stop product delivery



## We are environmental friendly

- + Uses less energy to manufacture
- + Responsible and renewable
- + Fewer emissions and waste

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## First Mover Advantage

# Hundreds of small regional operators with sales in the range of \$3 - \$15 million

### Fragmentation

The engineered product manufacturing segment of the construction supply industry is characterized by hundreds of small regional operators with sales in the range of \$3 million to \$15 million, headed by owner-managers that need succession planning

### Opportunity

Atlas has become the preferred exit choice for many of these small operators. Their choice gives Atlas:

- + Opportunities to profit from operational efficiencies, technological advances, advantages of scale in procurement, and expanded product distribution
- + Opportunities for arbitrage as acquired companies transition from private ownership to public amid varying transaction structures and prices

# Manufactured Wood Products

## Size of Market<sup>1</sup>

Large fragmented market  
unprepared for disruption

**6,309**

Wood product  
manufacturing business

**\$2.5Bn**

Total industry revenue

**\$700K**

Average revenue

**92%**

Of companies employ  
<100 people

## Adoption of Technology<sup>2</sup>

Need for innovation is crucial to survival  
but companies are slow to adapt

**70%**

believe those who  
do not adopt digital  
tools will go out of  
business

**30%**

of employees blame  
management hesitation  
as barrier to adopt new  
technologies

**41%**

percent of  
construction  
companies only in  
the early stages of a  
digital transformation

**38%**

percent of companies  
identifying budgeting  
as a key limitation

## Industry Challenges

Labour market is the tightest since 1990  
and projected to become even tighter

**300K**

Number of additional  
construction workers  
in Canada needed by  
2028<sup>3</sup>

**48%**

Proportion of  
construction  
companies in  
Canada that have  
difficulty hiring<sup>4</sup>

**127K**

Number of  
residential  
construction  
workers  
required by 2028<sup>6</sup>

**250K**

Number of  
construction works  
expected to retire  
over the next 10-years  
(~21% of the  
workforce)<sup>3</sup>

**93%**

Capacity utilization measured  
against productivity is the  
highest since 1990<sup>6</sup>

**AEP is the well positioned to eliminate  
the industry's two biggest pain-points.**

<sup>1</sup> Source: Government of Canada <sup>2</sup> Source: Visual Capitalist <sup>3</sup> Source: On-Site <sup>4</sup> Source: House of Commons Canada <sup>5</sup> Source: BDC <sup>6</sup> Source: BuildForce Canada

## CDN & US Market Trends in Our Favour

01

Gaps in business succession in the truss manufacturing industry lead to **advantageously priced acquisition opportunities**

02

Growth in the popularity of multi-family and multi-floor residential wood-framed buildings as affordable housing drives **greater consumption of engineered products**

03

Shortages of skilled labour for traditional construction jobs drive **demand for easily assembled components**

04

Software to design each step in the process places **control of the construction value chain with the 'first touch point' supplier**

05

Fragmented industry populated by independents **unable to invest in transformation**

# Canada's Industry

## Steady Outlook

Structural wood products is a mature industry with low volatility in revenue. The same is true for the truss manufacturing and engineered wood segment of the construction supply industry

## Key Drivers

- + Value of residential construction
- + Housing starts
- + Value of non-residential construction
- + Canadian-dollar exchange rate

## Addressable Market

- + **\$1 billion** for trusses, joists, and engineered beams
- + **\$2.5 billion** for trusses, joists, engineered beams, PLUS prefabricated walls and floors

## Industry Key Statistics

Annual growth

**8.8%**

2012-2017

**2.9%**

2017-2022

Profit

**\$1.1 billion**

Revenue

**\$7.8 billion**

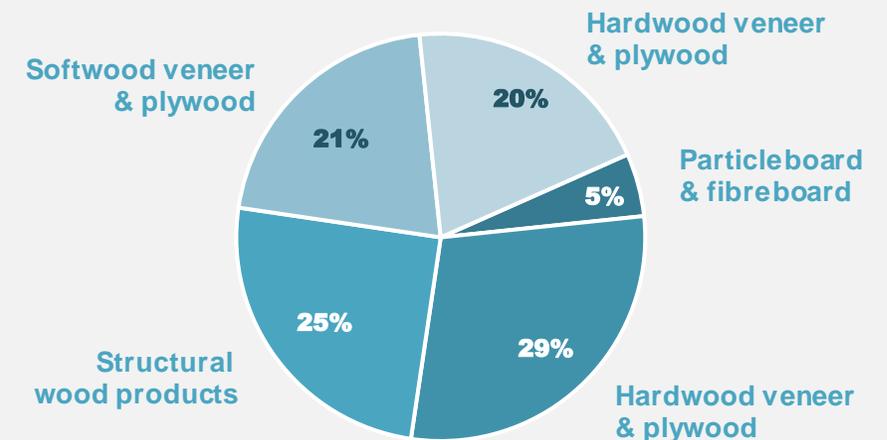
Exports

**\$4.2 billion**

Businesses

**538**

## Product & Services Segmentation 2017

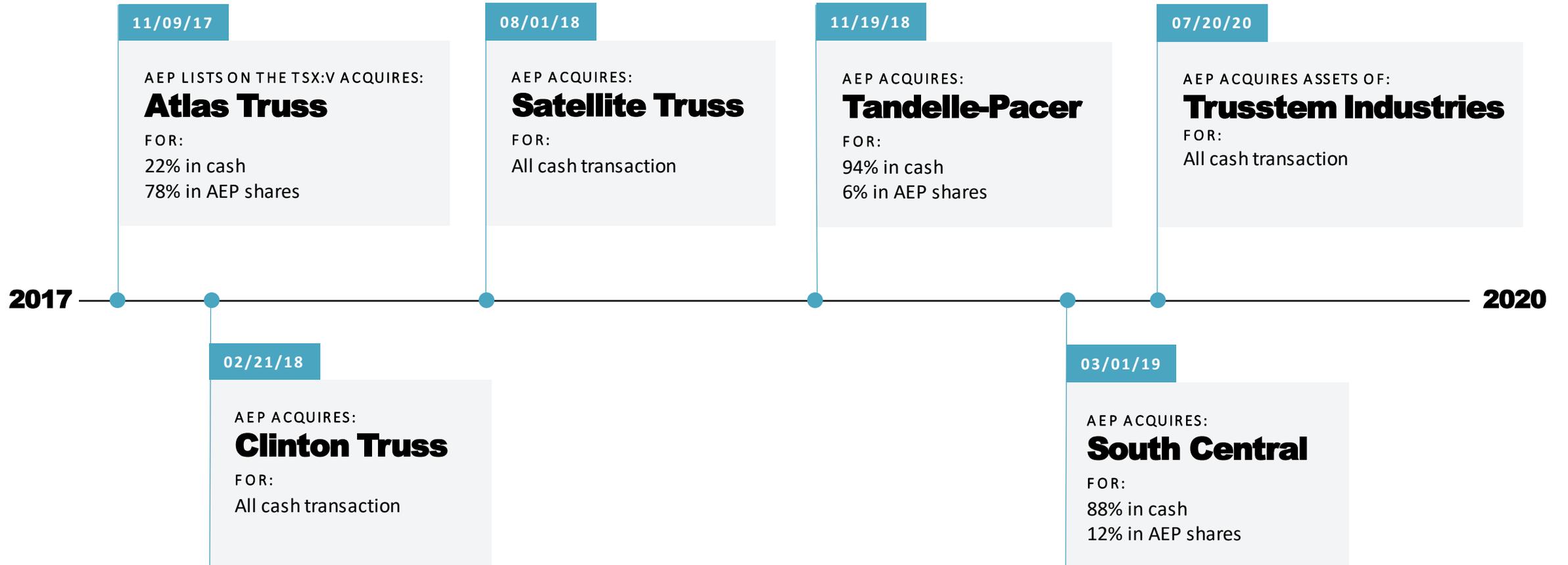


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## The AEP Opportunity

**In the small-cap environment, many companies have not commercialized their idea, generated operating revenues or realized growth. AEP has done all three. In less than two years.**

# Acquisition Structure



# Continued Success with Defined Business Model

## Key Drivers

- + Newly formed Executive Team in May 2019
- + Since May, AEP's management has executed on its acquisition plan and increased operational efficiencies across all operations
- + As a result, revenues have increased and EBITDA margins have expanded in 2019
- + Even despite COVID-19, Management plans to continue to increase margins by automating key aspects of plants, further increasing efficiency and reducing labour costs



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# Delivered to Date



**26%**

## **Gross Margin**

24% for the year ending December 31, 2019, vs 19% comparing to the 3 months ending March 31, 2019, after all acquisitions completed.



**200%**

## **Revenue**

\$35m for the year ending December 31, 2019, vs \$13.4m for the 7 months ending December 31, 2018 (160% growth) & \$11.6m for the year ending May 31, 2018 (200% growth).



**320%\***

## **EBITDA Growth**

Adjusted EBITDA increased to 11% for the year ending December 31, 2019 from -5% for the seven months ending December 31, 2018.

Normalized EBITDA reached 13% by the end of fiscal 2019, up from 11% at the end of the prior period.

\*ABS method for calculation

# Atlas Growth Mandate

## Profit Growth

### We FOCUS on growing profitability in our currently owned assets through:

- + Gross Margin improvements
- + Lowest Cost Producer Methodology
- + Economies of Scale
- + Buying Power Savings
- + Lean and Nimble Overheads
- + Capitalizing on Synergies
- + Best Practices in Processes
- + Standardized Policies & Procedures

## Organic Growth

### Strong organic growth driven by:

- + Offering additional products through traditional channels. Flooring systems, floor panels, and wall panels are produced and sold by few locations yet represent a significant opportunity to grow 'wallet share' of building projects.
- + Adding sales talent at all locations to capture market share and drive revenue growth

## Acquisitions Growth

### To achieve our goal of over \$100m Revenue Goal by year 2021, we will:

- + Acquire targets with strong financial performance, satisfying our SMART Acquisition criteria, using structures that minimize dilution
- + Maintain strong share value as a currency for acquisitions
- + Be prudent in our due diligence
- + Integrate intelligently at lowest cost

1<sup>st</sup> Priority

2<sup>nd</sup> Priority

3<sup>rd</sup> Priority

# Quarter Over Quarter 2020 Financial & Operating Results

## Steady Outlook

Quarter over quarter revenue growth was 22% from the 2nd quarter to the 3rd quarter of 2020. This compared to the 15% increase from the 2nd quarter to the 3rd quarter of 2019.

### For example:

- + Gross margin dropped slightly from 24% in the 2nd quarter to 22% in the 3rd quarter. The Company experienced some impacts of significantly rising lumber prices and startup costs of new product lines and locations, but still had significant improvement from the 1st quarter."
- + Normalized EBITDA has held steady at 14% for the 3rd quarter compared to the 2nd quarter.
- + Comprehensive cost saving strategies helped to keep the Company's G&A costs lower despite the significant increase in revenues which needed additional overhead support. G&A costs held steady at \$1,641,994 compared to \$1,620,503 of the previous quarter, but decreased substantially from \$1,909,014 in G&A costs of the three months ended September 30, 2019.

	<b>Q3</b> Ending September 30, 2020	<b>Q2</b> Ending June 30, 2020	<b>Q1</b> Ending March 31, 2020
<b>Total Revenue</b>	9,677,692	7,900,805	7,097,979
<b>Gross Profit</b>	2,124,812	1,869,178	1,112,674
<b>Gross Margin %</b>	22%	24%	16%
<b>Operating Profit (Loss)</b>	482,818	248,675	(866,084)
<b>Net Income (Loss) after adjustments and taxes</b>	419,589	220,601	(762,961)
<b>Income (Loss) per share, basic and fully diluted (\$ per share)</b>	0.01	0.00	(0.01)
<b>Normalized EBITDA</b>	1,363,275	1,077,046	102,042
<b>Normalized EBITDA Margin %</b>	14%	14%	1%
<b>Cash and cash equivalents on hand</b>	2,603,369	3,033,576	3,244,684

# Capital Structure

## Atlas Engineered Products Ltd.

TSX.V:AEP OTC:APEUF

Current Price	\$0.35 (as of November 27, 2020)
Market Capitalization	\$20.2M
Shares Outstanding (Basic)	57.7M
Average Daily Volume	\$65.3K
52 Week High	\$0.52
52 Week Low	\$0.19
Insider Ownership	28.58% (16,495,409 shares)



# COVID-19 Impacts on Industry

## AEP deemed an ESSENTIAL SERVICE

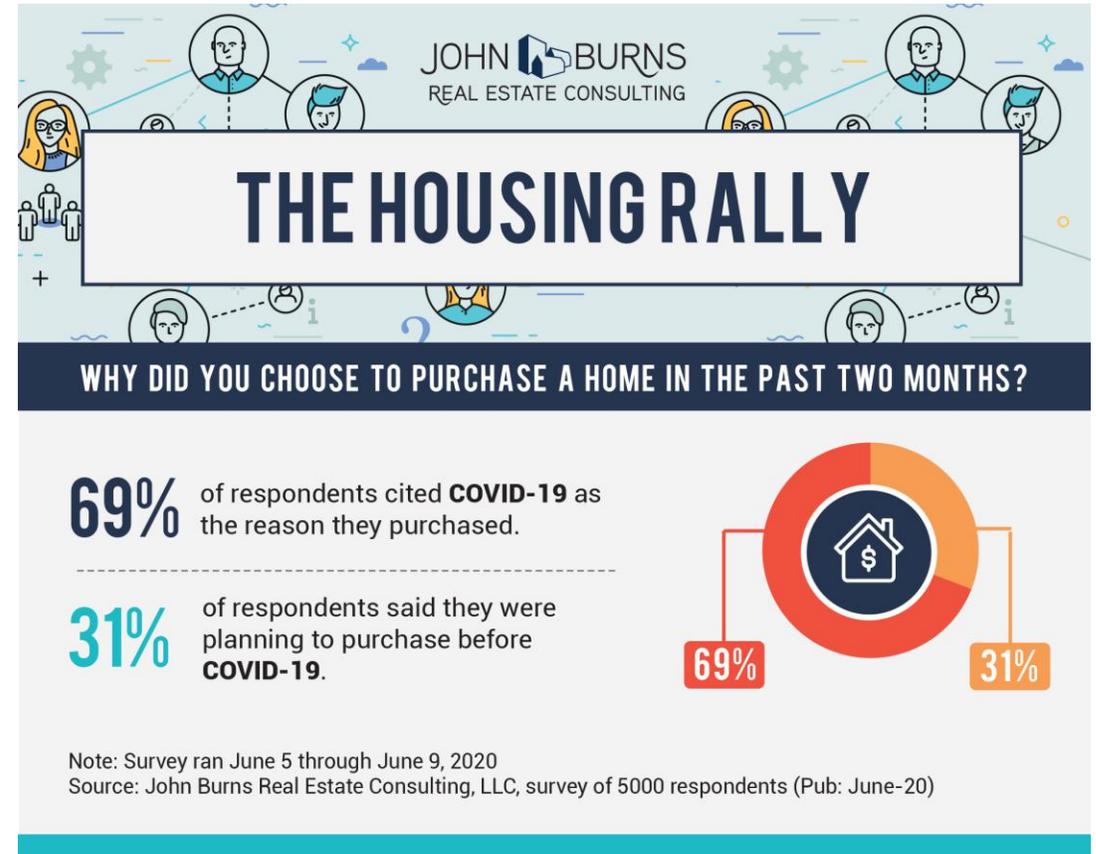
- + ALL locations have remained open for business throughout the pandemic so far

## AEP Geographic Footprint proved to be an asset during Pandemic

- + British Columbia remained buoyant and growing aggressively, Manitoba was minimally impacted early on and volumes remain ahead of 2019, while some Ontario locations were briefly impacted when new permits for construction was deemed non-essential

## Aggressive CASH Preservation & Cost Reduction Program Implemented

- + Safeguarded the cash proceeds from Over-Subscribed private placement – to have available for the Company's targeted future acquisitions
- + Significant cost reductions implemented from March 2020 that positively impacted company performance during the Q2 and Q3 of 2020



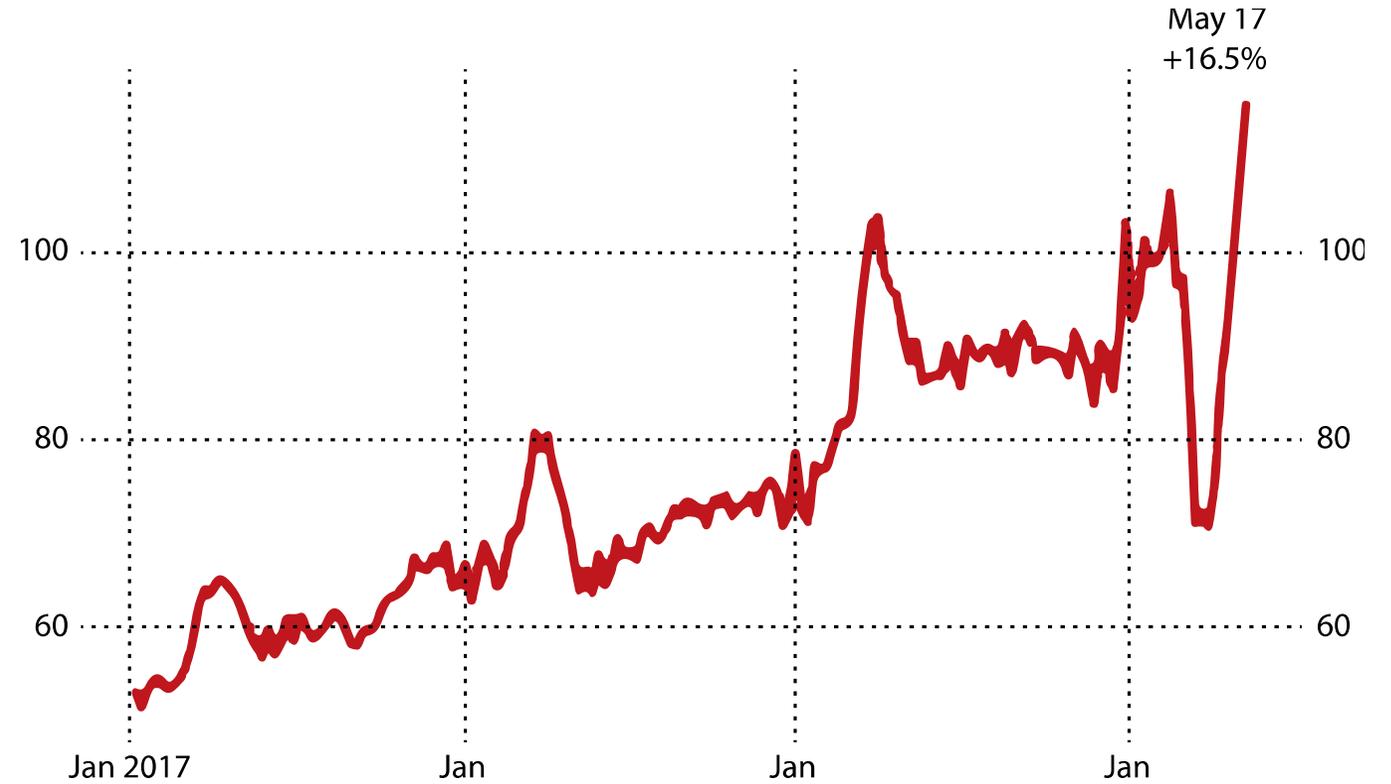
# COVID-19 Impacts on Industry

## Home Buying activity in V-shaped recovery

- + Homebuyer demand rebounded significantly in May and into June
- + De-urbanization, de-densification, and Sun Belt migration are key drivers for the homebuilding cycle witnessed
- + 69% of buyers citing Covid-19 as a factor in buying decisions
- + Homebuyers are attracted by historically low mortgage rates and limited existing re-sale inventory
- + COVID-19 is also causing renters to increasingly consider homeownership

## Attractive M&A Valuations

- + During pandemic company valuations became more competitive and deal structures more creative





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# Our Assets

- + Quality Leadership
- + Experienced Workforce
- + Great Facilities + Equipment
- + Stellar Available Capacity
- + Innovation + Automation
- + Economies of Scale
- + Physical Footprint
- + Research + Development

# Executive Team

## **Hadi Abassi**

**CEO/President, Founder**

Mr. Abassi founded AEP in 1999 at its Nanaimo facility to manufacture roof trusses on Vancouver Island. As Founder and Executive Vice President, Hadi is a strategic and solutions-oriented professional. Bringing more than 20 years of experience to the role, Hadi has executive responsibility for all aspects of sales across operations and leads a high-performing sales force nationally. Hadi is passionate about building relationships and is an integral member of the AEP Executives as he offers extensive experience in Sales, M&A and Strategic Partnership Development. Hadi received his degree in Mechanical Engineering from Swindon Technical College.

## **Gurmit Dhaliwal**

**VP: Operations**

As the Vice President of Operations, Ms. Dhaliwal leads the development of the overarching operational strategy, for all six locations across Canada. Gurmit is a results-oriented leader with 20 years experience in the Construction and Truss industry. Gurmit provides innovation and strategic methods to improve processes while demonstrating excellent decision quality and priority setting. Specialized in shaping operational strategies, Gurmit leads her team to achieve increased revenue, profitability, productivity and high-quality customer satisfaction. Gurmit holds a Business Administration Diploma in Finance from Vancouver Island University.

## **Melissa MacRae CPA, CA**

**Interim CFO**

As Interim CFO, Ms. MacRae provides overall direction for all AEP'S financial operations as she oversees accounting, financial planning and internal audit and reporting. Melissa started with Atlas in 2009 in the role of Accountant and progressed through several dynamic and challenging roles, including Controller, Group Controller and Director of Finance. In 2019, Melissa joined the Executive Team in her current role. Melissa possesses strong leadership skills, business acumen and execution skills with a passion to deliver results. In addition to her CPA designation, Melissa holds a Bachelor of BA from Vancouver Island University.

# Board of Directors

## **Don Hubbard, ICD.D**

### **Board Chair**

Mr. Hubbard is currently President and CEO of Hubbard Consulting Ltd., and Owner of RCR Mining LLP. He was also Board Chair of the Vancouver Island Health Authority from 2010-2017. Formerly Mr. Hubbard was General Manager of Lafarge North West Division and Island operations.

## **Hadi Abassi**

### **CEO/President, Founder, Director**

Mr. Abassi founded Atlas Engineered Products Ltd in 1999 and Coastal Windows, a manufacturer of custom doors and windows, in 2003. Mr. Abassi holds a degree in Mechanical Engineering from Swindon Technical & Engineering College.

## **Greg Smith**

### **Director**

Mr. Smith is President of Broadway Refrigeration & Air Conditioning Co. Ltd. and Omega Mechanical Ltd., and is Chairman of Lite Access Technologies. He previously held senior positions in investment banking before transitioning to private equity with the acquisition of one of the largest HVAC companies in Western Canada.

## **Kevin Smith**

### **Director**

Mr. Smith is a Chartered Accountant and was the Chief Financial Officer of IntraCorp Projects Ltd. from 2012-2020. He previously served as Chief Financial Officer, Executive Vice President, and Corporate Secretary at Whistler Blackcomb where he successfully led an initial public offering in 2010. He is a Director of Lite Access Technologies Inc. Mr. Smith holds a Bachelor of Science from the University of British Columbia.

## **Paul Andreola**

### **Director**

Mr. Andreola has over 20 years of business development and financial markets experience including senior management, marketing, and communications roles for early stage companies. Previously in his career, Mr. Andreola was a licensed investment advisor for over 10 years and has facilitated multiple early stage private and public companies in the resource and technology sectors. Mr. Andreola currently the CEO and director of Brisio Innovations Inc. (CSE: BZI) and Ironwood Capital Corp. (TSXV: IRN.P), and is a director of ImmunoPrecise Antibodies Ltd. (TSXV:IPA).

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# Key Points For Investors

-  **Market leader**
  - + AEP is the first national consolidator of the Canadian engineered wood products manufacturing industry, with operations across Canada in **British Columbia, Manitoba, and Ontario**
-  **Multiple avenues for growth**
  - + Fragmented industry ripe for consolidation and disruption
  - + Attractive profile of strong organic growth year over year
-  **Positive industry trends**
  - + Engineered wood products is a mature industry with low volatility and steady growth
  - + Quality prefabricated building components support new Physical distancing measures and ongoing skilled labour shortages in the construction industry
-  **Strong track record of profitability**
  - + Strong profitability with targeted revenue run rate of \$40 million, excluding acquisitions for 2020, and \$4 - 5 million of earnings before interest, taxes, depreciation, and amortization.
-  **Capable leadership team**
  - + Highly talented, experienced, and motivated team of employees
  - + Proven and accomplished management team with 15+ years average industry experience

# AEP

ATLAS ENGINEERED  
PRODUCTS

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