

Atlas Engineered Products Announces Letter of Intent for British Columbia Acquisition

NANAIMO, BC, Nov. 24, 2021 /CNW/ - Atlas Engineered Products ("AEP" or the "Company") (TSXV: AEP) (OTC Markets: APEUF) announced today that the Company has entered into a non-binding letter of intent ("LOI") with the shareholders of a truss manufacturing company located in British Columbia, Canada (the "Target") to acquire all of the issued and outstanding shares of the Target (the "Proposed Transaction").

AEP is looking to expand its footprint in British Columbia where seasonality and the effects of winter are not as impactful as the rest of Canada. "We are excited to announce the signing of this LOI. We have been fairly quiet on the merger and acquisition front while focusing on profitability and organic growth and now is the time to move forward with this strategic acquisition," said Hadi Abassi, AEP's CEO, President and Founder. "The Target will fit in nicely to our overall strategic goals and we are excited for them to potentially join the AEP group of companies."

Under the terms of the non-binding LOI, AEP intends to acquire all of the issued and outstanding shares of the Target for a proposed purchase price of \$5.8 million in cash, plus a working capital adjustment to be determined and finalized within 60 days of closing of the Proposed Transaction. In addition, AEP intends to acquire the land and buildings on which the Target's facilities are located for an estimated price of \$2.7 million, also to be acquired for cash, subject to the completion of an independent appraisal. The Target has earned average revenues of approximately \$4.6 million for the last three years, with an average normalized EBITDA margin of 24%. AEP believes it will have sufficient acquisition financing available through the Company's existing banking relationships and is currently assessing the most advantageous use of debt versus internally generated cash.

Closing of the Proposed Transaction remains subject to a number of conditions, including satisfactory completion by the Company of its due diligence investigation, the execution of a binding definitive agreement, and the approval of the TSX Venture Exchange (the "Exchange"), if such approval is required under the rules and policies of the Exchange.

About Atlas Engineered Products Ltd.

AEP is a growth company that is acquiring and operating profitable, well-established operations in Canada's truss and engineered products industry. We have a well-defined and disciplined acquisition and operating growth strategy enabling us to scale aggressively and apply new technologies, giving us a unique opportunity to consolidate a fragmented industry of independent operators.

Forward Looking Information

Information set forth in this news release contains forward-looking statements. These statements reflect management's current estimates, beliefs, intentions and expectations; they are not guarantees of future performance. Although AEP believes that the expectations reflected in the forward looking statements are reasonable, there is no assurance that such expectations will prove to be correct, or that such future events will occur in the disclosed time frames or at all. AEP cautions that all forward looking statements are inherently uncertain and that actual performance may be affected by a number of material factors, many of which are beyond AEP's control. Such factors include, among other things: Risks and uncertainties relating to AEP, including those to be described in the Management's Discussion and Analysis ("MD&A") for AEP's three and nine months ended September 30, 2021. Accordingly, actual and future events, conditions and results may differ materially from the estimates, beliefs, intentions and expectations expressed or implied in the forward-looking information. Except as required under applicable securities legislation, AEP undertakes no obligation to publicly update or revise forward-looking information.

Readers are cautioned that the financial results of the Target were prepared by management, and have not been audited by an independent auditor.

NON-GAAP/NON-IFRS FINANCIAL MEASURES

Certain financial measures in this news release do not have any standardized meaning under IFRS and, therefore are considered non-IFRS or non-GAAP measures. These non-IFRS measures are used by management to facilitate the analysis and comparison of period-to-period operating results for AEP and to assess whether AEP'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 news release may include "EBITDA", "EBITDA margin", "adjusted EBITDA", "adjusted EBITDA margin", "normalized EBITDA" and "normalized EBITDA margin". "EBITDA" is calculated as revenue less operating expenses before interest expense, interest income, amortization and depletion, impairment charges, and income taxes. "EBITDA margin" is EBITDA expressed as a percentage of revenues. "Adjusted EBITDA" is EBITDA after adjusting for share-based payments, foreign exchange gains or losses and non-recurring items. "Adjusted EBITDA margin" is adjusted EBITDA expressed as a percentage of revenues. "Normalized EBITDA" is EBITDA adjusted for one-time items. "Normalized EBITDA margin" is normalized EBITDA expressed as a percentage of revenues.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN THE POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

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For further information: Atlas Engineered Products Ltd., Phone: 1-250-754-1400, Email: info@atlassep.ca, PO Box 37036 Country Club PO, Nanaimo, BC V9T 6N4, www.atlasengineeredproducts.com; For investor relations please contact: Paul Andreola, Director, Phone: 1-604-644-0072, Email: paul@brisio.com; Atlas Engineered Products Ltd., PO Box 37036 Country Club PO, Nanaimo, BC V9T 6N4, www.atlasengineeredproducts.com

CO: Atlas Engineered Products Ltd.

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