

Atlas Engineered Products Announces New Credit and Banking Arrangements of up to \$14.3m

NANAIMO, BC, Dec. 23, 2020 /CNW/ - Atlas Engineered Products ("AEP" or the "Company") (TSX-V: AEP) (OTC Markets: APEUF) is pleased to announce that they have signed a new credit and banking agreement with TD Canada Trust. All following amounts mentioned are presented in Canadian dollars.

"We are excited with this new financing and credit partnership with TD Canada Trust of up to \$14.3 million. With this agreement we replace our current, more restrictive, credit facilities with increased financing options, a group of credit products and a structure that is tailored to our high growth business needs. It replaces the bulk of our current debt, supports our day to day banking, while meeting the demands of our future financing needs that will support our growth. The Company has good liquidity, and this agreement positions AEP to continue our M&A activities, as well as allows for our continued focus on plant upgrades, automation, and product expansion," said AEP CEO & President, Dirk Maritz.

The new credit facilities include a \$2.0 uncommitted million revolving line of credit (the "LOC"), a \$4.8 million reducing term loan (the "Term Loan"), a \$5.5 million committed revolving line of credit (the "Revolver") and a \$2.0m non-revolving equipment leasing line (the "Equipment LOC").

The LOC will be available to finance the Company's working capital needs, small capital expenditures, and for general corporate purposes. Repayment will be on demand and interest will be payable monthly. The Term Loan will be used to refinance existing debt and will be amortized over 7 years with monthly payments of principal and interest. The Revolver will be a credit facility available to the Company for general corporate purposes and acquisitions as needed. This Revolver has a term of 3 years which can be extended by agreement of the parties and interest will be payable monthly. The Equipment LOC is a facility available to the company that will be available to finance new assets, upgrading existing assets and/or could be used in combination for equipment in acquisitions. Amounts advanced under the Equipment LOC will be amortized for up to 84 months depending on the class of asset, with principal and interest payable monthly.

The new agreement will have updated financial covenants which include a maximum total debt to adjusted EBITDA (the "Total Leverage Ratio") and a minimum fixed charge coverage ratio (the "FCC Ratio"). Both covenants will be tested quarterly on a twelve month rolling basis. The Total Leverage Ratio will be stepping down as follows: less than or equal to 3.00x on December 31, 2020, less than or equal to 2.75x on December 31, 2021. The FCC Ratio must be greater than or equal to 1.15x.

Interest on the Term Loan and the Revolver will be at a variable rate tied to the Total Leverage Ratio, current prime rates, and LIBOR. Based on the current Canada prime rate, the interest will be between 3.7% and 5.95% per annum on drawn amounts and between 0.25% and 0.50% per annum on any undrawn amounts of the Revolver. These credit facilities are secured by a General Security Agreement in all undertakings, property, and assets of the Company, and a guarantee and pledge of shares from the Company and all subsidiaries. The Company is also subject to other terms, reporting covenants, fees, and cost reimbursements standard and customary for similar agreements.

In addition to the new credit facilities, TD Canada Trust will also provide the Company with day-to-day banking and access to their other services as required.

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, 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 year ended December 31, 2019 and for the interim period ended September 30, 2020. 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.

This news release also includes future oriented financial information and financial outlooks (collectively, "FOFI") with respect to expected future revenues, profitability and cost reductions. The FOFI contained in this news release is subject to the same assumptions, risk factors, limitations and qualifications relating to other forward-looking statements contained in this news release. The FOFI contained in this news release 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.

Except as required under applicable securities legislation, AEP undertakes no obligation to publicly update or revise forward-looking information, including FOFI.

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 include "adjusted EBITDA". "Adjusted EBITDA" is defined as earnings before interest, taxes, depreciation, amortization, plus/minus extraordinary losses/gains, non-cash losses/gains, and non-recurring items.

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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