Atlas Engineered Products Reports Record Second Quarter Financial and Operating Results

YTD Revenues Increased 24%, Net Income Increased 112%

NANAIMO, BC, Aug. 22, 2022 /CNW/ - Atlas Engineered Products ("AEP" or the "Company") (TSXV: AEP) (OTC Markets: APEUF) is pleased to announce its financial and operating results for the three and six months ended June 30, 2022. All amounts are presented in Canadian dollars.

"We are pleased with another successful quarter of organic growth, as well as, the contribution from our latest acquisition, Hi-Tec Industries Ltd," said Hadi Abassi, CEO & President, Founder. "In addition to the ongoing operational improvements and growth of our legacy facilities, we have seen an immediate improvement in both revenues and margins from Hi-Tec. Our order book for the remainder of 2022 continues to be strong and we anticipate another year of record results for the Company."

Financial Highlights for Q2 2022:

- Revenue increased 17% to $16,836,329 for the three months ended June 30, 2022 from $14,408,430 for the three months ended June 30, 2021. Additionally, revenue increased 24% to $29,270,743 for the six months ended June 30, 2022 from $23,538,063 for the six months ended June 30, 2021. This increase now represents the Company's best second quarter to date.
- Non-IFRS EBITDA for the three and six months ended June 30, 2022 was $3,581,190 and $6,463,031, respectively, with an EBITDA margin of 21% and 22%, respectively. EBITDA for the three and six months ended June 30, 2021 was $2,827,271 and $3,654,283, respectively, with an EBITDA margin of 20% and 16%. EBITDA and EBITDA margin for the three and six months ended June 30, 2022 increased compared to the three and six months ended June 30, 2021 due to increased net income for the period resulting from increased sales and improved gross margins.

EBITDA SUMMARY	Three Months Ended		Six Months Ended	
	June 2022	June 2021	June 2022	June 2021
EBITDA	$3,581,190	$2,827,271	$6,463,031	$3,654,283
Adjusted EBITDA	3,665,814	2,866,434	6,623,260	3,722,108
Normalized EBITDA	3,665,814	2,866,434	6,623,260	4,053,810

- Gross margin for the three and six months ended June 30, 2022 was 28% and 29%, which was up from a gross margin of 26% and 23% for the three and six months ended June 30, 2021. Gross margins increased due to pricing assessments and updates being completed at all locations due to the fluctuating costs of raw materials and labour. The Company has also focused on improving efficiencies on new product lines and acquisitions.
- Net income after taxes was $2,044,118 and $3,607,419 for the three and six months ended June 30, 2022 compared to net income after taxes of $1,649,359 and $1,700,567 for the three and six months ended June 30, 2021. This increase was primarily due to the increase in revenues, improvements in gross margin, and the new acquisition of Hi-Tec Industries Ltd. ("Hi-Tec").

SELECTED FINANCIAL RESULTS	Three Months Ended		Six Months Ended	
	June 2022	June 2021	June 2022	June 2021
Revenue from the Business	$16,836,329	$14,408,430	$29,270,743	$23,538,063
Cost of Sales	12,092,488	10,614,204	20,640,545	18,015,114
Gross Profit	**4,743,841**	**3,794,226**	**8,630,198**	**5,522,949**
Gross Margin %	28 %	26 %	29 %	23 %
Operating Expenses	1,841,872	1,603,062	3,476,056	3,132,966
Operating Income	**2,901,969**	**2,191,164**	**5,154,142**	**2,389,983**
Net Income After Adjustments and Taxes	2,044,118	1,649,359	3,607,419	1,700,567

Adjusted EBITDA	**3,665,814**	**2,866,434**	**6,623,260**	**3,722,108**
Adjusted EBITDA Margin %	22 %	20 %	23 %	16 %
Normalized EBITDA	**3,665,814**	**2,866,434**	**6,623,260**	**4,053,810**
Normalized EBITDA Margin %	22 %	20 %	23 %	17 %
Weighted Average Number of Shares, Basic	59,245,049	57,725,730	58,914,880	57,725,730
Adjusted EBITDA per Share ($ per share)	0.06	0.05	0.11	0.06
Income per Share, Basic ($ per share)	0.03	0.03	0.06	0.03
Income per Share, Fully Diluted ($ per share)	0.03	0.02	0.06	0.02

Selected Financial Information as at:		
	June 2022	**Dec 2021**
Total Assets	$49,207,292	$35,780,659
Total Non-Current Liabilities	15,561,306	9,187,195

Expansion for 2022:

On February 28, 2022, the Company acquired Hi-Tec ("Hi-Tec Acquisition"), located in Lantzville, BC on Vancouver Island. The shares of Hi-Tec were acquired for $5.8 million in cash, with a working capital adjustment of $454,981 that was finalized subsequent to the three months ended March 31, 2022. The land and buildings of Hi-Tec were also acquired by the Company for the appraised value of $3.25 million in cash. The Company financed the Hi-Tec Acquisition with a term loan for $5.8 million and a mortgage for $2,437,500. During its last fiscal year ended August 31, 2021, Hi-Tec earned unaudited revenues of just over $5.0 million, net income before taxes of just over $1.0 million, and a normalized EBITDA of $1.25 million, resulting in a normalized EBITDA margin of 25%. (Financial information for Hi-Tec for the year ended August 31, 2021 was unaudited and unreviewed.)

Since purchasing Hi-Tec Industries on February 28, 2022, this operation contributed $2,227,555 in revenues and approximately $667,827 in EBITDA for the three months ended June 30, 2022 and $2,855,014 in revenues and approximately $839,496 in EBITDA for the six months ended June 30, 2022.

Normal Course Issuer Bid ("NCIB") Update:

From the commencement of the NCIB on November 3, 2021, the Company has acquired 1,170,500 shares for cancellation. Once all shares are cancelled that have been acquired the number of shares outstanding would be 58,713,049. The NCIB is ongoing until November 3, 2022 and the Company may purchase up to 2,886,286 common shares of the Company. All purchases of common shares will be made on the open market through the facilities of the TSXV and will be purchased for cancellation.

AEP's board of directors continues to believe that the current market price for the Company's common shares do not currently reflect the underlying value of the Company. As a result, depending on the future price movements and other factors, AEP's board of directors believes that the purchase of the shares is an appropriate use of AEP's funds and in the best interests of AEP's shareholders.

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". For a description of the composition of these measures, please refer to AEP's Management's Discussion and Analysis for the period ended March 31, 2022 under "Non-IFRS / Non-GAAP Financial Measures", available on AEP's website at www.atlasengineeredproducts.com or on SEDAR at www.sedar.com.

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 six months ended June 30, 2022. 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.

SELECTED FINANCIAL INFORMATION

Except as noted below, the financial information provided in this news release is derived from the AEP's audited financial statements for the three and six months ended June 30, 2022 and the related notes thereto as prepared in accordance with International Financial Reporting Standards ("IFRS") and related IFRS Interpretations Committee ("IFRICs") as issued by the International Accounting Standards Board ("IASB"). A copy of AEP's financial statements for the three and six months ended June 30, 2022 and the related Management's Discussion and Analysis is available on AEP's website at www.atlasengineeredproducts.com or on SEDAR at www.sedar.com.

Financial information for AEP's acquisitions are included in AEP's unaudited financial statements from the date of acquisition. Financial information for acquired businesses for periods prior to the date of acquisition were prepared by management and have not been reviewed or audited by independent auditors.

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.

SOURCE Atlas Engineered Products Ltd.

View original content: http://www.newswire.ca/en/releases/archive/August2022/22/c4502.html

%SEDAR: 00009227E

For further information: Atlas Engineered Products Ltd., Phone: 1-250-754-1400, Email: info@atlasep.ca, PO Box 37036 Country Club PO, Nanaimo, BC V9T 6N4, www.atlasengineeredproducts.com; For investor relations please contact: Jake Bouma, IR Consultant for AEP, Phone: 1-604-317-3936, Email: jake.bouma@atlasaep.ca

CO: Atlas Engineered Products Ltd.

CNW 08:00e 22-AUG-22