

Matr Corp.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

June 30, 2024

Mattr Corp.

Condensed Interim Consolidated Statements of Income (Loss) (Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands of Canadian dollars, except per share amounts)	2024	2023	2024	2023
Revenue				
Sale of products	\$ 237,469	\$ 236,205	\$ 444,770	\$ 459,130
Rendering of services	16,388	14,160	33,548	29,967
	253,857	250,365	478,318	489,097
Cost of Goods Sold and Services Rendered	173,230	167,294	332,343	331,928
Gross Profit	80,627	83,071	145,975	157,169
Selling, general and administrative expenses	36,264	48,963	76,782	80,414
Research and development expenses	2,529	2,012	4,922	4,151
Foreign exchange losses (gains)	3,075	(45)	5,590	1,165
Depreciation and amortization	9,822	9,170	18,818	18,191
Restructuring costs and other, net	325	–	3,526	–
Operating Income from Continuing Operations	28,612	22,971	36,337	53,248
Finance costs, net (note 5)	(4,341)	(4,974)	(6,483)	(9,958)
Cost associated with repayment of senior note	(6,750)	–	(6,750)	–
Operating Income from Continuing Operations before Income Taxes	17,521	17,997	23,104	43,290
Income tax expense (note 6)	5,358	3,327	11,175	7,912
Net Income from Continuing Operations	12,163	14,670	11,929	35,378
Net (Loss) Income from Discontinued Operations, net of income tax expense (note 3)	(10,087)	(1,648)	(15,492)	2,873
Net Income (Loss)	\$ 2,076	\$ 13,022	\$ (3,563)	\$ 38,251
Net Income from Continuing Operations Attributable to:				
Shareholders of the Company	\$ 12,181	\$ 14,711	\$ 11,744	\$ 35,419
Non-controlling interests	(18)	(41)	185	(41)
Net Income from Continuing Operations	\$ 12,163	\$ 14,670	\$ 11,929	\$ 35,378
Net (Loss) Income from Discontinued Operations Attributable to:				
Shareholders of the Company	\$ (10,087)	(1,648)	\$ (15,492)	\$ 2,873
Non-controlling interests	–	–	–	–
Net (Loss) Income from Discontinued Operations	\$ (10,087)	\$ (1,648)	\$ (15,492)	\$ 2,873
Earnings (Loss) per Share ("EPS") (note 7)				
Basic	\$ 0.03	\$ 0.19	\$ (0.05)	\$ 0.55
Diluted	\$ 0.03	\$ 0.19	\$ (0.05)	\$ 0.54
Earnings per Share ("EPS") – Continuing Operations (note 7)				
Basic	\$ 0.18	\$ 0.21	\$ 0.18	\$ 0.51
Diluted	\$ 0.18	\$ 0.21	\$ 0.18	\$ 0.50
Weighted Average Number of Shares Outstanding (000s) (note 7)				
Basic	66,360	69,592	66,338	69,882
Diluted	66,798	70,168	66,826	70,421

Mattr Corp.

Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net Income (Loss)	\$ 2,076	\$ 13,022	\$ (3,563)	\$ 38,251
Other Comprehensive Income (Loss) to be Reclassified to Net Income (Loss) in Subsequent Periods				
Exchange differences on translation of foreign operations	\$ 7,742	\$ (13,560)	\$ 20,963	\$ (13,705)
Other Comprehensive Income (Loss) not to be Reclassified to Net Income (Loss) in Subsequent Periods				
Actuarial gain on defined benefit plans	2	14	2	26
Income tax expense	–	(6)	–	(19)
Net Other Comprehensive Income not to be Reclassified to Net Income (Loss) in Subsequent Periods	2	8	2	7
Total Other Comprehensive Income (Loss), Net of Income Tax	7,744	(13,552)	20,965	(13,698)
Total Comprehensive Income (Loss)	\$ 9,820	\$ (530)	\$ 17,402	\$ 24,553
Comprehensive Income (Loss) Attributable to:				
Shareholders of the Company	\$ 9,841	\$ (494)	\$ 17,228	\$ 24,484
Non-controlling interests	(21)	(36)	174	69
Total Comprehensive Income (Loss)	\$ 9,820	\$ (530)	\$ 17,402	\$ 24,553
Comprehensive Income (Loss) from Continuing Operations Attributable to:				
Shareholders of the Company	\$ 19,928	\$ 7,908	\$ 32,720	\$ 29,822
Non-controlling interests	(21)	(36)	174	69
Comprehensive Loss from Discontinued Operations Attributable to:				
Shareholders of the Company	\$ (10,087)	\$ (8,402)	\$ (15,492)	\$ (5,338)
Non-controlling interests	–	–	–	–
Continuing Operations	\$ 19,907	\$ 7,872	\$ 32,894	\$ 29,891
Discontinued Operations	(10,087)	(8,402)	(15,492)	(5,338)
Total Comprehensive Income (Loss)	9,820	(530)	17,402	24,553

Mattr Corp.

Condensed Interim Consolidated Balance Sheet (Unaudited)

	June 30, 2024	December 31, 2023
<hr/> <small>(in thousands of Canadian dollars)</small> <hr/>		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 253,632	\$ 334,061
Accounts receivable	199,323	157,689
Contract assets	9,887	10,596
Income taxes receivable	7,805	4,510
Inventory	136,166	122,536
Prepaid expenses	9,750	6,544
Derivative financial instruments (note 2)	–	894
Total current assets	616,563	636,830
Non-current Assets		
Property, plant and equipment	250,109	203,980
Right-of-use assets	150,959	76,396
Intangible assets	142,533	144,542
Deferred income tax assets	42,565	45,163
Goodwill	163,068	163,143
Other assets	7,399	8,245
Total non-current assets	756,633	641,469
TOTAL ASSETS	\$ 1,373,196	\$ 1,278,299
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 184,803	\$ 178,807
Provisions	15,317	12,157
Income taxes payable	9,622	8,865
Contract liabilities	32,770	39,494
Lease liabilities	10,597	11,330
Other liabilities	22,970	28,656
Total current liabilities	276,079	279,309
Non-current Liabilities		
Long-term debt (note 10)	165,791	144,201
Lease liabilities	155,962	76,933
Provisions	12,263	11,903
Contract liabilities	–	1,101
Employee future benefits	6,334	6,145
Deferred income tax liabilities	13,173	19,565
Other liabilities	8,970	9,463
Total non-current liabilities	362,493	269,311
Total liabilities	638,572	548,620
Equity		
Share capital (note 11)	669,987	681,865
Contributed surplus	23,068	23,450
Retained deficit	(96,786)	(92,841)
Non-controlling interests	(307)	(481)
Accumulated other comprehensive income	138,662	117,686
Total equity	734,624	729,679
TOTAL LIABILITIES AND EQUITY	\$ 1,373,196	\$ 1,278,299

Mattr Corp.

Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Deficit	Non- controlling Interests	Accumulated Other Comprehensive Income	Total Equity
Balance – December 31, 2023	\$ 681,865	\$ 23,450	\$ (92,841)	\$ (481)	\$ 117,686	\$ 729,679
Net income	–	–	(3,748)	185	–	(3,563)
Other comprehensive (loss) income	–	–	–	(11)	20,976	20,965
Comprehensive (loss) income	–	–	(3,748)	174	20,976	17,402
Issued on exercise of stock options	637	–	–	–	–	637
Compensation cost on exercised options	222	(222)	–	–	–	–
Compensation cost on exercised Restricted Share Units	1,343	(1,343)	–	–	–	–
Share-based compensation expense	–	1,183	–	–	–	1,183
Purchase – NCIB (note 11)	(310)	–	–	–	–	(310)
Share repurchase – ASPP (note 11)	(13,770)	–	–	–	–	(13,770)
Excess of purchase price over stated value of shares	–	–	(197)	–	–	(197)
Balance – June 30, 2024	\$ 669,987	\$ 23,068	\$ (96,786)	\$ (307)	\$ 138,662	\$ 734,624
Balance – December 31, 2022	\$ 707,400	\$ 25,717	\$ (161,212)	\$ 275	\$ 127,473	\$ 699,653
Net Income (loss)	–	–	38,292	(41)	–	38,251
Other comprehensive income (loss)	–	–	–	110	(13,808)	(13,698)
Comprehensive Income (loss)	–	–	38,292	69	(13,808)	24,553
Purchase of non-controlling interests	–	–	–	(898)	298	(600)
Issued on exercise of stock options	1,109	–	–	–	–	1,109
Compensation cost on exercised options	416	(416)	–	–	–	–
Compensation cost on exercised Restricted Share Units	3,547	(3,547)	–	–	–	–
Share-based compensation expense	–	1,184	–	–	–	1,184
Purchase – NCIB	(10,596)	–	–	–	–	(10,596)
Share repurchase – ASPP	(5,900)	–	–	–	–	(5,900)
Excess of purchase price over stated value of shares	–	–	(2,291)	–	–	(2,291)
Balance – June 30, 2023	\$ 695,976	\$ 22,938	\$ (125,211)	\$ (554)	\$ 113,963	\$ 707,112

Mattr Corp.

Condensed Interim Consolidated Cash Flow (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Operating Activities				
Net income	\$ 12,163	\$ 14,670	\$ 11,929	\$ 35,378
Add (deduct) items not affecting cash				
Depreciation and amortization	9,822	9,170	18,818	18,191
Interest expense on lease liabilities (note 5)	2,556	352	3,914	622
Share-based compensation and incentive-based compensation (note 8)	1,642	18,666	9,275	18,625
Deferred income taxes	(2,953)	(9,711)	(1,810)	(1,268)
Loss (gains) on disposal of property, plant and equipment	218	(567)	(369)	(1,039)
Unrealized (gain) loss on derivative financial instruments	(97)	278	894	1,706
Other	8,995	(1,645)	12,476	4,683
Change in non-cash working capital and foreign exchange (note 9)	(41,388)	36,123	(53,716)	(16,115)
Cash (Used in) Provided by Operating Activities from Continuing Operations	(9,042)	67,336	1,411	60,783
Cash Used in Operating Activities from Discontinued Operations	–	(36,820)	–	(61,892)
Cash (Used in) Provided by Operating Activities	\$ (9,042)	\$ 30,516	\$ 1,411	\$ (1,109)
Investing Activities				
Decrease in loan receivable	271	–	271	–
Purchase of property, plant and equipment	(28,635)	(24,252)	(59,256)	(32,175)
Proceeds on disposal of property, plant and equipment	792	1,533	2,893	2,336
Business acquisition, net of cash acquired	–	–	–	(8,589)
Purchase of non-controlling interests	–	(600)	–	(600)
Cash Used in Investing Activities from Continuing Operations	(27,572)	(23,319)	(56,092)	(39,028)
Cash Used in Investing Activities from Discontinued Operations	(37,410)	(24,840)	(37,410)	(39,539)
Cash Used in Investing Activities	\$ (64,982)	\$ (48,159)	\$ (93,502)	\$ (78,567)
Financing Activities				
Repayment of credit facilities (note 10)	–	(5,000)	–	(30,000)
Repayment of senior notes (note 10)	(156,750)	–	(156,750)	–
Payment of long-term debt finance cost	(5,588)	(10)	(5,676)	(88)
Proceeds from issuance of senior notes (note 10)	175,000	–	175,000	–
Repayment of lease liabilities	(2,670)	(2,823)	(5,231)	(5,469)
Repurchase of shares – Normal Course Issuer Bids (note 11)	–	(5,475)	–	(12,513)
Proceeds from stock options exercised (note 11)	570	1,029	637	1,109
Cash Provided by (Used in) Financing Activities from Continuing Operations	10,562	(12,279)	7,980	(46,961)
Cash Used in Financing Activities from Discontinued Operations	–	(4,985)	–	(10,144)
Cash Provided by (Used in) Financing Activities	\$ 10,562	\$ (17,264)	\$ 7,980	\$ (57,105)
Effect of Foreign Exchange on Cash and Cash Equivalents	1,108	(2,568)	3,682	(2,675)
Net decrease in Cash and Cash Equivalents	(62,354)	(37,475)	(80,429)	(139,456)
Cash and Cash Equivalents – Beginning of Period	315,986	162,009	334,061	263,990
Cash and Cash Equivalents – End of Period	\$ 253,632	\$ 124,534	\$ 253,632	\$ 124,534
Cash	\$ 211,540	\$ 124,534	\$ 211,540	\$ 124,534
Cash Equivalents	42,092	–	42,092	–
Total Cash and Cash Equivalents	\$ 253,632	\$ 124,534	\$ 253,632	\$ 124,534
Supplemental Cash Flow Information				
Interest paid	\$ 4,643	\$ 8,039	\$ 4,962	\$ 9,310
Interest received	\$ 3,607	\$ 739	\$ 7,707	\$ 1,834
Income taxes paid	\$ 14,243	\$ 3,500	\$ 13,675	\$ 4,962

Mattr Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Mattr Corp. is a publicly listed company incorporated in Canada with its shares listed on the Toronto Stock Exchange under ticker symbol MATR. Mattr Corp., together with its wholly owned subsidiaries (collectively referred to as the “Company” or “Mattr”), is a growth oriented, global materials technology company broadly serving critical infrastructure markets including transportation, communication, water management, energy and electrification. The Company operates through a network of fixed manufacturing facilities within two operating units. These operating units are reported as two business segments, Composite Technologies and Connection Technologies which enable responsible renewal and enhancement of critical infrastructure while lowering risk. Further information as it pertains to the nature of operations is set out in note 4.

In November 2023, the Company closed the sale of a substantial part of what was previously referred to as its Pipeline and Pipe Services (“PPS”) segment and it is accounted for as discontinued operations (note 3).

The head office, principal address and registered office of the Company is 25 Bethridge Road, Toronto, Ontario, M9W 1M7, Canada.

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1 Basis of Financial Statement Preparation

Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and thus should be read in conjunction with the Company’s audited annual consolidated financial statements for the year ended December 31, 2023 (“Annual Consolidated Financial Statements”).

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain current assets and financial instruments, which are measured at fair value, as explained in note 2 of the accounting policies in the Company’s Annual Consolidated Financial Statements.

Mattr Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

The condensed interim consolidated financial statements comprise the financial statements of the Company and the entities under its control and the Company's equity accounted interests in joint ventures and associates. The results of the subsidiaries acquired during the period are included from the date of the acquisition. Adjustments are made, where necessary, to the financial statements of the subsidiaries, joint arrangements and associates to ensure consistency with those policies adopted by the Company. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The condensed interim consolidated financial statements and accompanying notes as at and for the three-month and six-month periods ended June 30, 2024 were authorized for issue by the Company's Board of Directors on August 8, 2024.

b) Use of Estimates and Judgements

The preparation of condensed interim consolidated financial statements in conformity with IFRS Accounting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these condensed interim consolidated financial statements, are described in note 2 of the Company's Annual Consolidated Financial Statements.

c) Accounting policies

Except for as described below, regarding the amendments to IAS 1: Presentation of Financial Statements, the condensed interim consolidated financial statements are based on accounting policies consistent with those described in note 2 of the accounting policies in the Company's Annual Consolidated Financial Statements.

The Company has considered the amendments to IAS 1: Presentation of Financial Statements, IAS 7: Statement of Cash Flows and Errors, IFRS 7: Financial Instruments: Disclosures and IFRS 16: Leases, which are effective for annual periods beginning on or after January 1, 2024 and has concluded that these amendments have no impact on the Company's condensed interim consolidated financial statements.

2 Financial Instruments

The Company has classified its financial instruments as follows:

(in thousands of Canadian dollars)	June 30, 2024	December 31, 2023
Financial assets, Measured at Amortized Cost		
Cash and cash equivalents	\$ 253,632	\$ 334,061
Accounts receivable	199,323	157,689
Contract assets	9,887	10,596
Loans receivable	573	1,067
Deposit guarantee	123	485
Income taxes receivable	7,805	4,510
Fair Value through Profit or Loss		
Derivative financial instruments – assets	\$ –	\$ 894
Redemption option derivative asset	3,949	–
Financial Liabilities, Measured at Amortized Cost		
Accounts payable	\$ 79,907	\$ 54,507
Contract liabilities	32,770	39,494
Lease liabilities	166,559	88,263
Income taxes payable	9,622	8,865
Long-term debt, excluding redemption option derivative asset (note 10)	175,000	150,000

Mattr Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Fair Value

IFRS 13, *Fair Value Measurement*, provides a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs are those that reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions with respect to how market participants would price an asset or liability. These two inputs, which are used to measure fair value, fall into the following three different levels of the fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical instruments that are observable.
- Level 2 – Quoted prices in active markets for similar instruments; inputs other than quoted prices that are observable and derived from or corroborated by observable market data.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The hierarchy requires the use of observable market data when available.

The following table presents the fair value of financial assets and liabilities in the fair value hierarchy as at June 30, 2024, where the carrying value does not approximate the fair value.

(in thousands of Canadian dollars)	Fair Value	Level 1	Level 2	Level 3
Assets				
Redemption option derivative asset	\$ 3,949	\$ –	\$ 3,949	\$ –
Liabilities				
Long-term debt, excluding derivative asset	\$ 233,091	\$ –	\$ 233,091	\$ –

The redemption option derivative asset (Note 10) associated with the senior secured notes is an embedded derivative separately recognized to reflect the redemption features of the senior secured notes and is classified as fair value through profit and loss with fair value based on models using observable interest rate inputs. Future changes in fair value are recorded in finance costs.

Total long-term debt is comprised of the amounts drawn on Senior Notes, unsecured of \$175 million, excluding the redemption option derivative asset (Note 10). The Senior Notes, unsecured have a fair market value of \$233.1 million which is higher than the carrying amount as the fixed interest rate is higher than the market rate of interest for this grade of Senior Note as at June 30, 2024. The Credit Facility is subject to a variable interest rate and therefore the carrying amount is approximately equal to the fair market value.

Financial Risk Management

The Company's operations expose it to a variety of financial risks including market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of the Company's management. Material risks are monitored and are regularly reported to the Board of Directors.

Market Risk

Foreign Exchange Risk

The majority of the Company's business is transacted outside of Canada through subsidiaries operating in many countries. The net investments in these subsidiaries as well as their revenue, operating expenses and non-operating expenses are denominated in foreign currencies. As a result, the Company's consolidated revenue, expenses and financial position may be impacted by fluctuations in foreign exchange rates as these foreign currency amounts are translated into Canadian dollars. As at June 30, 2024, fluctuations of +/- 5% in the Canadian dollar, relative to those foreign currencies, would impact the Company's consolidated revenue, income from operations, and net income (attributable to shareholders of the Company) for the six-month period ended June 30, 2024 by approximately \$16.3 million, \$0.5 million, and \$0.5 million, respectively, prior to foreign exchange forward contract activities. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by approximately \$43.8 million, \$11.6 million, and \$32.2 million, respectively, as at June 30, 2024.

Matr Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures associated with the Company's foreign currency denominated cash streams and the resulting variability of the Company's earnings. The Company utilizes foreign exchange forward contracts to manage this foreign exchange risk. The Company does not enter into foreign exchange forward contracts for speculative purposes.

Foreign Exchange Forward Contracts

The Company utilizes financial instruments to manage the risk associated with foreign exchange rates.

The following table sets out the notional amounts outstanding under foreign exchange forward contracts, the average contractual exchange rates and the settlement of these contracts as at:

(in thousands, except weighted average rate amounts)	June 30, 2024	December 31, 2023
U.S. dollars sold for Euros		
Less than one year	–	U.S.\$13,014
Weighted average rate	–	0.94
Canadian dollars sold for British pounds		
Less than one year	–	Can\$3,734
Weighted average rate	–	0.61

The Company does not apply hedge accounting to account for its foreign exchange forward contracts.

As at June 30, 2024, the Company does not have any outstanding foreign exchange forward contracts, therefore the unrealized foreign exchange gain (loss) on these forward contracts is nil (December 31, 2023 – \$20.9 million of foreign exchange forward contracts outstanding and \$0.9 million net unrealized gain from foreign exchange forward contracts).

3 Discontinued Operations

In the year ended December 31 2023, through a coordinated plan to dispose of a major line of business, the Company disposed of various operations within what was formerly referred to as the PPS segment, and thus the related results of the disposed operations are presented as discontinued operations. The comparative consolidated statement of income (loss), statement of comprehensive income (loss) and other relevant notes have been restated to separately show the results from the discontinued operations from the Company's continuing operations.

During the fourth quarter of 2023, the Company completed the sale of a substantial majority of the assets of its pipe coating business to Tenaris S.A. The Company received gross proceeds of \$241.2 million, which included the agreed-upon purchase price of \$225.4 million and an initial working capital estimate. The final net cash proceeds, which were contingent upon a customary final true-up of the working capital calculation as set forth in the definitive purchase and sale agreement, were ultimately determined after an agreement between Matr and Tenaris was reached subsequent to the second quarter of 2024. The agreed upon total net cash outflow to settle the working capital adjustment was \$47.5 million, of which \$36.6 million was disbursed in June 2024 with the balance disbursed in August 2024. The second quarter of 2024 reflects an additional \$9.3 million loss from the sale of the Pipeline Performance Group ("PPG") business in Discontinued Operations, predominantly driven by the working capital item noted here.

In the second quarter of 2024, an agreement for \$0.8 million (or 0.5 million GBP) was reached to settle costs related to the sale of the specialty pipe coating business and related assets in Ellon, Scotland ("Ellon"). The sale of Ellon was completed on May 23, 2023. This agreement and subsequent payment has been recorded as a loss within discontinued operations in the second quarter of 2024.

Mattr Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

The Net (Loss) Income from discontinued operations for the three and six months ended June 30 are as follows:

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue - External	\$ –	\$ 150,267	\$ –	\$ 275,940
Operating expenses ^(a)	–	136,654	–	247,392
Research and development expenses	–	398	–	710
Foreign exchange gain	–	(3,120)	–	(4,059)
Depreciation and amortization	–	10,860	–	21,069
Income from Operations	\$ –	\$ 5,475	\$ –	\$ 10,828
Loss on sale of operating unit	(10,087)	(3,738)	(15,492)	(3,738)
Finance Costs	–	(554)	–	(714)
Net (Loss) Income before Income Tax	(10,087)	1,183	(15,492)	6,376
Income tax expense from discontinued operations	–	2,831	–	3,503
Net (Loss) Income from Discontinued Operations	\$ (10,087)	\$ (1,648)	\$ (15,492)	\$ 2,873

(a) Operating expenses include cost of goods and services rendered, and selling, general and administrative expenses.

The table below sets forth, by geographical region, revenue for the three and six months ended June 30, 2023 for the discontinued operations. No revenue is associated with discontinued operations in the six months ended June 30, 2024.

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
North America	\$ –	\$ 28,478	\$ –	\$ 65,396
Latin America	–	52,821	–	81,455
EMEA ^(a)	–	9,336	–	41,250
Asia Pacific	–	59,632	–	87,839
Total revenue from discontinuing operations	\$ –	\$ 150,267	\$ –	\$ 275,940

(a) Refers to the Europe, Middle East, and Africa

4 Segment Information

Mattr's operating segments are being reported based on the financial information provided to the Chief Executive Officer, who has been identified as the Chief Operating Decision Maker ("CODM") in monitoring segment performance and allocating resources between segments. The CODM assesses segment performance based on segment operating income or loss, which is measured differently than income from operations in the condensed interim consolidated financial statements. Income taxes are managed at a consolidated level and are not allocated to the reportable operating segments.

Inter-segment transactions, if any, among Composite Technologies, and Connection Technologies are accounted for at negotiated transfer prices. Financial, Corporate and Others represents operating income, property, plant and equipment, and Corporate office costs that are not allocated to the Composite Technologies or Connection Technologies Segment and property, and plant and equipment not sold in the Pipeline, Pipe and Services Segment. The aggregation of the reportable segments is based on the customers and markets that the Company services.

What was previously referred to as the PPS reportable segment, excluding the entities in Malaysia, Italy, the United Kingdom and Brazil, which were not sold, has been presented as discontinued operations.

Mattr Corp.

Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Segment

The following table sets forth information by segment for the three months ended June 30:

(in thousands of Canadian dollars)	2024						
	Composite Technologies	Connection Technologies	Financial, Corporate, and Others	Eliminations and Adjustments	Total Continuing Operations	Discontinued Operations	Total Continuing and Discontinued Operations
	\$	\$	\$	\$	\$	\$	\$
Revenue							
External	152,509	88,758	12,590	–	253,857	–	253,857
Total Revenue	152,509	88,758	12,590	–	253,857	–	253,857
Income (Loss) from Operations	20,456	14,532	(6,376)	–	28,612	–	28,612
Additions to property, plant and equipment, net of disposals ^(a)	20,646	7,682	84	–	28,412	–	28,412

(a) In the second quarter of 2024, the Company made purchases of property, plant and equipment of \$29.3 million largely related to investments in the new operating facilities to increase production capacity and efficiency for the Composite Technologies and Connection Technologies segments. The Company also reflected \$77.2 million in new ROU assets in support of these strategic expansions of its operations for both Connection Technologies and Composite Technologies segments.

(in thousands of Canadian dollars)	2023						
	Composite Technologies	Connection Technologies	Financial, Corporate, and Others	Eliminations and Adjustments	Total Continuing Operations	Discontinued Operations	Total Continuing and Discontinued Operations
	\$	\$	\$	\$	\$	\$	\$
Revenue							
External	150,381	89,549	10,435	–	250,365	150,267	400,632
Total Revenue	150,381	89,549	10,435	–	250,365	150,267	400,632
Income (Loss) from Operations ^(a)	25,580	16,346	(18,955)	–	22,971	5,475	28,446
Additions to property, plant and equipment, net of disposals	20,842	3,914	2,266	–	27,022	31,329	58,351

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, the comparative figures for the second quarter of 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of \$0.7 million were reflected in Income (Loss) from Operations for the second quarter of 2023.

The following table sets forth information by segment for the six months ended June 30:

(in thousands of Canadian dollars)	2024						
	Composite Technologies	Connection Technologies	Financial, Corporate, and Others	Eliminations and Adjustments	Total Continuing Operations	Discontinued Operations	Total Continuing and Discontinued Operations
	\$	\$	\$	\$	\$	\$	\$
Revenue							
External	271,791	179,515	27,012	–	478,318	–	478,318
Total Revenue	271,791	179,515	27,012	–	478,318	–	478,318
Income (Loss) from Operations	24,473	29,075	(17,211)	–	36,337	–	36,337
Additions to property, plant and equipment, net of disposals ^(a)	38,706	12,469	534	–	51,709	–	51,709
As at June 30, 2024							
Goodwill	145,753	17,315	–	–	163,068	–	163,068
Total assets	673,262	334,400	341,451	24,083	1,373,196	–	1,373,196
Total liabilities	205,559	181,160	247,166	4,687	638,572	–	638,572

(a) In the first six months of 2024, the Company made purchases of property, plant and equipment of \$53.9 million largely related to investments in the new operating facilities to increase production capacity and efficiency for the Composite Technologies and Connection Technologies segments. The Company also reflected \$79.0 million in new ROU assets in support of these strategic expansions of its operations for both Connection Technologies and Composite Technologies segments.

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

(in thousands of Canadian dollars)	2023						
	Composite Technologies	Connection Technologies	Financial, Corporate, and Others	Eliminations and Adjustments	Total Continuing Operations	Discontinued Operations	Total Continuing and Discontinued Operations
	\$	\$	\$	\$	\$	\$	\$
Revenue							
External	282,930	184,236	21,931	–	489,097	275,940	765,037
Total Revenue	282,930	184,236	21,931	–	489,097	275,940	765,037
Income (Loss) from Operations ^(a)	46,302	33,339	(26,393)	–	53,248	10,828	64,076
Additions to property, plant and equipment, net of disposals	25,686	6,155	3,258	–	35,099	49,503	84,602
As at December 31, 2023							
Goodwill	145,889	17,254	–	–	163,143	–	163,143
Total assets	611,457	227,104	417,213	22,525	1,278,299	–	1,278,299
Total liabilities	182,270	101,241	260,981	4,128	548,620	–	548,620

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, the comparative figures for the six months ended June 30, 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of \$1.3 million were reflected in Income (Loss) from Operations for the six months ended June 30, 2023.

Geographical Segment Revenue Information

The table below sets forth, by geographical region, revenue for the following periods for the Composite Technologies Segment:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
North America	\$ 148,065	\$ 149,750	\$ 265,271	\$ 281,866
EMEA ^(a)	456	631	1,543	1,035
Asia Pacific	3,988	–	4,977	29
Total revenue	\$ 152,509	\$ 150,381	\$ 271,791	\$ 282,930

(a) Refers to the Europe, Middle East, and Africa

The table below sets forth, by geographical region, revenue for the following periods for the Connection Technologies Segment:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
North America	\$ 61,754	\$ 61,767	\$ 123,131	\$ 127,652
EMEA	23,055	23,823	48,842	48,622
Asia Pacific	3,949	3,959	7,542	7,962
Total revenue	\$ 88,758	\$ 89,549	\$ 179,515	\$ 184,236

The table below sets forth, by geographical region, revenue for the following periods for Finance, Corporate, and Others:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
Latin America	\$ 12,590	\$ 10,435	\$ 27,012	\$ 21,931
Total revenue	\$ 12,590	\$ 10,435	\$ 27,012	\$ 21,931

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

5 Finance Costs

The following table sets forth the Company's finance costs for the following periods:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Interest income	\$ (3,577)	\$ (450)	\$ (7,271)	\$ (945)
Interest expense on long-term debt	3,228	4,146	6,594	8,335
Interest expense, other	2,134	926	3,246	1,946
Interest expense on lease liabilities	2,556	352	3,914	622
Finance Costs – net	\$ 4,341	\$ 4,974	\$ 6,483	\$ 9,958

6 Income Taxes

The following table sets forth a reconciliation of the Company's effective income tax for the six months ended June 30:

	Six Months Ended	
	June 30,	
	2024	2023
Expected income tax expense based on statutory rate	\$ 5,651	\$ 10,484
Tax rate differential on earnings of foreign subsidiaries	871	912
Benefit of previously unrecognized tax losses	(314)	(9,591)
Deferred tax not recognized	7,951	225
Adjustment to prior year provisions	146	(184)
Non-deductible amounts	1,391	4,547
Withholding taxes	377	538
Recognition of previously unrecognized temporary difference on investment in subsidiary	(1,485)	–
Movement in uncertain tax positions	(3,278)	597
State tax and other	(135)	384
Income Tax Expense	\$ 11,175	\$ 7,912

On June 19, 2024, the Government of Canada substantively enacted legislation implementing the Global Minimum Tax Act (“GMTA”), which includes the introduction of a 15% global minimum tax (“top-up tax”) that applies to large multinational enterprise groups with global consolidated revenues over €750 million, similar to previously enacted Pillar Two legislation in other jurisdictions in which the Company operates. As a result, the Company will be subject to the top-up tax rules for its financial year beginning January 1, 2024. The GMTA did not have a material impact on the Company for the six months ended June 30, 2024, as none of our current jurisdictions were subject to any material top up tax amount. In accordance with the amendments to IAS 12 “Income Taxes” issued by the IASB on May 23, 2023, the Company has applied a temporary mandatory exception from deferred tax accounting for the impacts of the top-up tax and will account for it as a current tax when incurred.

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

7 Earnings Per Share

The following table details the weighted average number of shares outstanding for the purposes of calculating basic and diluted EPS:

(in thousands of Canadian dollars, except share and per share amounts)	Three Months Ended June 30, 2024		
	Continuing Operations	Discontinued Operations	Total
Net income (loss) (attributable to shareholders of the Company) for the period	\$ 12,181	\$ (10,087)	\$ 2,094
Weighted average number of shares outstanding – basic (000s)	66,360	66,360	66,360
Basic EPS	\$ 0.18	\$ (0.15)	\$ 0.03
Net income (loss) (attributable to shareholders of the Company) for the period	\$ 12,181	\$ (10,087)	\$ 2,094
Weighted average number of shares outstanding – diluted (000s)	66,798	66,360	66,798
Diluted EPS ^(a)	\$ 0.18	\$ (0.15)	\$ 0.03

(a) The potentially dilutive instruments for discontinued operations is anti-dilutive and therefore not included in the calculation of EPS.

(in thousands of Canadian dollars, except share and per share amounts)	Three Months Ended June 30, 2023		
	Continuing Operations	Discontinued Operations	Total
Net income (loss) (attributable to shareholders of the Company) for the period	\$ 14,711	\$ (1,648)	\$ 13,063
Weighted average number of shares outstanding – basic (000s)	69,592	69,592	69,592
Basic EPS	\$ 0.21	\$ (0.02)	\$ 0.19
Net income (loss) (attributable to shareholders of the Company) for the period	\$ 14,711	\$ (1,648)	\$ 13,063
Weighted average number of shares outstanding – diluted (000s)	70,168	69,592	70,168
Diluted EPS ^(a)	\$ 0.21	\$ (0.02)	\$ 0.19

(a) The potentially dilutive instruments for discontinued operations is anti-dilutive and therefore not included in the calculation of EPS.

(in thousands of Canadian dollars, except share and per share amounts)	Six Months Ended June 30, 2024		
	Continuing Operations	Discontinued Operations	Total
Net income (loss) (attributable to shareholders of the Company) for the period	\$ 11,744	\$ (15,492)	\$ (3,748)
Weighted average number of shares outstanding – basic and diluted (000s)	66,338	66,338	66,338
Basic EPS	\$ 0.18	\$ (0.23)	\$ (0.05)
Net income (loss) (attributable to shareholders of the Company) for the period	\$ 11,744	\$ (15,492)	\$ (3,748)
Weighted average number of shares outstanding – diluted (000s)	66,826	66,338	66,826
Diluted EPS ^(a)	\$ 0.18	\$ (0.23)	\$ (0.05)

(a) The potentially dilutive instruments for discontinued operations is anti-dilutive and therefore not included in the calculation of EPS.

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

(in thousands of Canadian dollars, except share and per share amounts)	Six Months Ended June 30, 2023		
	Continuing Operations	Discontinued Operations	Total
Net income (attributable to shareholders of the Company) for the period	\$ 35,419	\$ 2,873	\$ 38,292
Weighted average number of shares outstanding – basic (000s)	69,882	69,882	69,882
Basic EPS	\$ 0.51	\$ 0.04	\$ 0.55
Net income (attributable to shareholders of the Company) for the period	\$ 35,419	\$ 2,873	\$ 38,292
Weighted average number of shares outstanding – diluted (000s)	70,421	70,421	70,421
Diluted EPS	\$ 0.50	\$ 0.04	\$ 0.54

8 Share-based and Other Incentive-based Compensation

The Company employs a number of long-term incentive plans that include a stock option plan without Tandem Share Appreciation Rights, a stock option plan with Tandem Share Appreciation Rights (SARs), a Restricted Share Unit (“RSU”), a Deferred Share Unit Plan (“DSU”) and a Mattr Cash Performance Share Unit Plan (“CPSU”).

The following tables summarize the information related to these plans and set forth the incentive-based compensation expense (recovery) for the period indicated:

(in thousands of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Stock option expense	\$ 54	\$ 105	\$ 139	\$ 269
DSU (recovery) expense	(408)	5,084	1,629	4,550
RSU expense	502	424	1,045	915
SARs expense	219	1,899	435	1,745
CPSU expense	1,275	11,254	6,027	11,305
Other plans recovery	–	(99)	–	(159)
Total Share-based and Other Incentive-based Compensation Expense – Continuing Operations	\$ 1,642	\$ 18,667	\$ 9,275	\$ 18,625
CPSU expense	\$ –	\$ 3,296	\$ –	\$ 2,736
Total Share-based and Other Incentive-based Compensation Expense – Discontinued Operations	\$ –	\$ 3,296	\$ –	\$ 2,736

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Six Months Ended June 30, 2024								
	Stock Options without Tandem Share Appreciation Rights ("SARs")		Stock Options with Tandem Share Appreciation Rights		Restricted Share Units ("RSU")		Deferred Stock Units ("DSU")	
	Total Shares	Weighted Average Share Price	Total Shares	Weighted Average Share Price ^(a)	Total Shares	Weighted Average Share Price ^(b)	Total Shares	Weighted Average Share Price ^(b)
Balance Outstanding – Beginning of Period	1,282,198	\$ 19.21	600,345	\$ 3.91	551,377	\$ 9.76	665,787	\$ 14.44
Granted	–	–	–	–	136,846	15.17	35,818	17.03
Exercised	(56,418)	7.26	(35,089)	6.48	(136,297)	9.85	(26,659)	16.53
Cancelled/Forfeited	(219,135)	10.70	(63,274)	8.72	(83,117)	6.72	–	–
Expired	–	–	(80,800)	24.59	(291)	40.48	–	–
Balance Outstanding – End of Period	1,006,645	\$ 21.73	421,182	\$ 7.02	468,518	\$ 11.83	674,946	\$ 14.49
Exercisable	919,731	\$ 23.22	273,759	\$ 5.97	88,329	\$ 13.14	100,000	\$ 5.60

(a) The weighted average share price refers to the fair value of the underlying shares of the Company on the grant date of the SARs.

(b) RSU and DSU awards do not have an exercise price; their weighted average Share Price is the weighted average trading price of the common shares over the five trading days preceding the grant date.

The fair value of options granted will be amortized to compensation expense over the five-year vesting period of the options. The compensation cost from the amortization of stock options for the six-month period ended June 30, 2024, included in selling, general and administrative expenses, was \$0.1 million (six-month period ended June 30, 2023 – \$0.3 million).

The mark-to-market liability for the stock options with SARs as at June 30, 2024 is \$3.0 million (December 31, 2023 – \$2.5 million), all of which is included in current other liabilities on the condensed interim consolidated balance sheets.

The mark-to-market liability for the DSUs as at June 30, 2024 is \$11.3 million (December 31, 2023 – \$10.1 million), all of which is included in current other liabilities on the condensed interim consolidated balance sheet.

The CPSU liability as at June 30, 2024 is \$11.8 million (December 31, 2023 – \$19.9 million), of which \$8.2 million is included in current other liabilities and \$3.6 million in non-current other liabilities on the condensed interim consolidated balance sheet.

9 Supplemental Cash Flow Information

The following table sets forth the supplemental cash flow information on net change in non-cash working capital and foreign exchange for the three months and six months ended:

	Three Months Ended		Six Months Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
(in thousands of Canadian dollars)				
Accounts receivable	\$ (8,629)	\$ 5,057	\$ (41,634)	\$ (24,028)
Inventories	(9,719)	(13,183)	(13,630)	(27,080)
Prepaid expenses	2,060	965	(3,206)	(3,703)
Contract assets	(2,268)	2,390	709	3,351
Contract liabilities	(12,698)	5,244	(7,825)	7,290
Accounts payable and accrued liabilities, income taxes, and other liabilities	1,377	36,555	19,690	9,605
Foreign exchange losses and other	(11,511)	(905)	(7,820)	18,450
Total change in non-cash working capital from continuing operations	\$ (41,388)	\$ 36,123	\$ (53,716)	\$ (16,115)

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10 Long-term Debt and Credit Facilities

The following table sets forth the Company's total long-term debt as at:

(in thousands of Canadian dollars)	June 30, 2024	December 31, 2023
Senior Notes, unsecured ^(a)	178,949	150,000
Redemption option derivative asset	(3,949)	–
Deferred transaction costs	(9,209)	(5,799)
Total Long-term Debt	\$ 165,791	\$ 144,201

(a) The Senior Notes includes initial redemption option of \$3.9 million as of June 30, 2024.

Credit Facilities

The following table sets forth the Company's total credit facilities as at:

(in thousands of Canadian dollars)	June 30, 2024	December 31, 2023
Standard letters of credit for financial guarantees, performance and bid bonds	\$ 28,653	\$ 57,728
Total utilized credit facilities	\$ 28,653	\$ 57,728
Total available credit facilities ^{(a) (b)}	521,713	503,594
Unutilized Credit Facilities ^(b)	\$ 493,060	\$ 445,866

(a) The Company guarantees the bank credit facilities of its subsidiaries.

(b) Subject to covenant restrictions

The Company was in full compliance with financial covenants on both long-term debt and credit facilities as at June 30, 2024.

Credit Facility Renewal

On April 22, 2024, the Company renewed the Credit Facility with Toronto-Dominion Bank and National Bank Financial as co-lead arrangers and HSBC Bank Canada, JP Morgan Chase Bank, ATB Financial and Export Development Bank as lenders to further extend the maturity date to April 19, 2028. Under the amendment, the Company is required to maintain an Interest Coverage Ratio of not less than 2.50:1.00 and a Secured Net Debt to Adjusted EBITDA covenant of not greater than 3.00:1.00. The Company will pay a floating interest rate on this Credit Facility that is a function of the Company's Net Debt to EBITDA and other adjustments. For calculating the Secured Leverage Ratio, Secured Net Debt excludes the Senior Notes and the first \$100 million of performance and bid bond letters of credit and all standard letters of credit that are guaranteed by Export Development Canada ("EDC"). The Company incurred fees and expenses of \$1.1 million to implement this renewal.

Senior Notes

On April 2, 2024, the Company closed its private offering (the "2024 Notes Offering") of \$175 million aggregate principal amount of 7.25% senior unsecured notes (the "2024 Senior Notes") due 2031. The 2024 Senior Notes were issued at a price of \$1,000 per \$1,000 principal amount of 2024 Senior Notes. The Company utilized proceeds of the 2024 Notes Offering to fund the redemption of its outstanding 2021 Senior Notes, and to pay related fees and expenses and for general corporate purposes. The 2024 Notes Offering was underwritten by a syndicate led by National Bank Financial and TD Securities. The Company incurred and paid \$4.5 million fees and expenses on issuing the 2024 Senior Notes and \$6.8 million cost associated with redemption of its 2021 Senior Notes.

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The 2024 Senior Notes are redeemable by the Company in whole or in part, for cash:

1. At any time prior to April 2, 2027, up to 40% of the original aggregate principal amount of the 2024 Senior Notes with the net cash proceeds of one or more equity offerings at a redemption price equal to 107.25% of the aggregate principal amount of the 2024 Senior Notes redeemed, plus accrued and unpaid interest.
2. At any time prior to April 2, 2027, at a redemption price equal to 100% of the aggregate principal amount of the 2024 Senior Notes, accrued and unpaid interest and a premium at the greater of 1% of the principal value of the notes to be redeemed, or the present value of remaining interest to April 2, 2027, discounted at the treasury yield plus 100 basis points.
3. On and after the dates provided below, at the redemption prices, expressed as a percentage of principal amount of the notes to be redeemed, set forth below, plus accrued and unpaid interest on the senior notes

<u>Date</u>	<u>Percentage</u>
April 2, 2027	103.625%
April 2, 2028	101.813%
April 2, 2029 and thereafter	100.00%

The redemption features described above constitute an embedded derivative which was separately recognized at its fair value of \$3.9 million on initial recognition of the 2024 Senior Notes and recorded in other assets. The embedded derivative is classified as fair value through profit and loss. Future changes in fair value will be recognized in finance costs in the condensed consolidated statements of comprehensive income (loss).

The 2024 Senior Notes are subject to customary terms, conditions and covenants. The Company is in compliance with these covenants at June 30, 2024.

11 Share capital

There are an unlimited number of common shares authorized. Holders of common shares are entitled to one vote per share. All shares have been issued and fully paid and have no par value.

On June 26, 2024, the Company announced the approval by the Toronto Stock Exchange of the Company's notice to renew its NCIB (the "New Bid") for common shares of the Company. Under the New Bid, the Company may purchase for cancellation up to 4.98 million common shares, representing approximately 10% of the Company's public float as at June 14, 2024.

In the first six months of 2024, the Company repurchased for cancellation a total of 30 thousand of its common shares for an aggregated repurchase price of approximately \$508 thousand (including \$198 thousand par value adjustment) at a weighted average price of approximately \$16.87 per common share. Settlement of these repurchases occurred subsequent to the quarter. On June 30, 2024 the Company initiated the application of an automatic repurchase plan ("ASPP") applicable between July 4 and August 12, 2024, which represents a potential maximum obligation of \$13.8 million. The Company has recorded this obligation and the corresponding reduction in share capital.

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The following table sets forth the changes in the Company's shares for the periods indicated:

(all dollar amounts in thousands of Canadian dollars)

Number of shares

Balance – December 31, 2023	66,230,182
Issued on exercise of stock options	91,507
Issued on exercise of RSUs	136,297
Purchase – NCIB	(30,099)
Balance – June 30, 2024	66,427,887

Stated value

Balance – December 31, 2023	\$ 681,865
Issued – stock options	637
Compensation cost on exercised options	222
Compensation cost on exercised RSUs	1,343
Purchase - NCIB	(310)
Share repurchase – ASPP	(13,770)
Balance – June 30, 2024	\$ 669,987
