MATTR CORP.

(TSX: MATR)

PRESS RELEASE
MATTR ANNOUNCES SECOND QUARTER 2024 RESULTS

TORONTO, August 8, 2024 – Mattr Corp. ("Mattr" or the "Company") (TSX: MATR) reported today its operational and financial results for the three and six months ended June 30, 2024. This press release should be read in conjunction with the Company's management's discussion and analysis ("MD&A") and interim consolidated financial statements for the three and six months ended June 30, 2024, which are available on the Company's website at www.mattr.com and at www.sedarplus.ca.

Highlights from the second quarter include:

- Consolidated revenue was $254 million, operating income from Continuing Operations was $29 million and Adjusted EBITDA[1] was $43 million;
- Composite Technologies segment revenue was $153 million, a slight increase from the $150 million delivered in the prior year's quarter and a new quarterly record;
- Connection Technologies segment revenue was $89 million, substantially similar to the $90 million delivered in the prior year's quarter;
- On a consolidated basis, Mattr reported a Net Income of $2.1 million, fully diluted Earnings Per Share ("EPS") of $0.03 and fully diluted Adjusted EPS[1] of $0.31 during the quarter;
- Subsequent to the quarter, the Company announced first production from new, state-of-the-art, Composite Technologies manufacturing sites in Rockwall, Texas and Blythewood, South Carolina. The Company remains on-time and on-budget in its deployment of organic growth capital to establish all four of its new North American production facilities;
- The Company closed on an upsized offering of $175 million aggregate principal amount of 7.25% senior unsecured notes due 2031 and utilized the proceeds to fund the redemption of its outstanding 9.0% senior unsecured notes due 2026, to pay related fees and expenses and for general corporate purposes;
- The Company amended its US$300 million senior secured revolving credit facility to, among other things, extend its term through April 2028;
- The Company renewed its Normal Course Issuer Bid ("NCIB"), with the new NCIB commencing on June 28, 2024. The Company repurchased 30,099 common shares during the second quarter of 2024 for an aggregate repurchase price of approximately $0.5 million. Subsequent to the quarter and as of July 31, 2024, the Company has repurchased 279,199 shares for an aggregate repurchase price of approximately $4.8 million; and
- Subsequent to the quarter, the Company entered into a binding agreement with Tenaris S.A. ("Tenaris") to resolve all remaining elements of the working capital adjustment process related to the sale of the Pipeline Performance Group business, which was completed in the fourth quarter of 2023.

1 EBITDA, Adjusted EBITDA and Adjusted EPS, are non-GAAP measures. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See *"Section 5.0 – Reconciliation of Non-GAAP Measures"* for further details and a reconciliation of these non-GAAP measures.

“Mattr’s talented and committed employees achieved strong operational results during the second quarter of 2024, despite a number of market and geopolitical challenges,” said Mike Reeves, President and CEO of Mattr. “In parallel, we made substantial progress on our North American production footprint modernization, expansion and optimization (“MEO”) strategy, with production commencing in the first two of our four new sites at mid-year.”

Mr. Reeves continued, “Our Composite Technologies segment emerged from its early-year seasonal lows to deliver a robust step-up in revenue and Adjusted EBITDA during the second quarter of 2024. Within the segment, our Xerxes business saw fuel tank shipments to customer sites rise by over 35% when compared to the prior year period, as customers demonstrated their ability to better navigate underlying permitting delay challenges. In parallel, our Flexpipe business out-performed North American rig count trends, setting a new quarterly revenue record despite an 18.5% year-over-year decline in US land drilling rig count. Our Connection Technologies segment continued to drive year-over-year growth across its industrial and infrastructure markets. The segment delivered second quarter revenue and Adjusted EBITDA marginally below the prior year period, as particularly robust project activity within the Canadian utility sector almost entirely offset continued interest rate driven weakness in the Canadian distributor ‘stock’ market and the non-recurrence of a large aerospace order which significantly enhanced results in the second quarter of 2023.”

“Working closely with our customers, the Company continues to note adjustments in the expected timing of large, project driven orders, with a number of smaller projects originally scheduled for the third quarter of 2024 ultimately delivered in the second quarter of 2024, and one particularly large international Flexpipe project deferred out of 2024. Consequently, the Company now anticipates its consolidated Adjusted EBITDA in the third quarter of 2024 will be below the second quarter of 2024. Our belief is unchanged that full year 2024 revenue will be higher than that of Continued Operations in 2023, with underlying profitability now likely to be similar to last year.”

“Our businesses serve large and growing end markets, we have a robust balance sheet, have made significant investments intended to continue driving high return organic growth in future years, are actively seeking to complete meaningful, accretive acquisitions and have renewed our NCIB program. While market specific and broader geopolitical risks persist, our talented teams continue to secure new customers and develop new, high-value, products. Management continues to believe that Mattr is well positioned to deliver substantial value creation for shareholders and to meet our stated growth, profitability and free-cash-flow conversion objectives over the coming years.”

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended June 30				Six Months Ended June 30			
	2024		2023		**2024**		2023	
	$	**%**	$	%	**$**	**%**	$	%
Revenue	**253,857**		250,365		**478,318**		489,097	
Gross Profit	**80,627**	**32%**	83,071	33%	**145,975**	**31%**	157,169	32%
Operating Income from Continuing Operations [(a)]	**28,612**	**11%**	22,971	9%	**36,337**	**8%**	53,248	11%
Net Income from Continuing Operations	**12,163**		14,670		**11,929**		35,378	
Net (Loss) Income from Discontinued Operations	**(10,087)**		(1,648)		**(15,492)**		2,873	
Net Income (Loss) for the period	**2,076**		13,022		**(3,563)**		38,251	
Earnings (loss) per share:								
Basic	**0.03**		0.19		**(0.05)**		0.55	
Diluted	**0.03**		0.19		**(0.05)**		0.54	
Adjusted EBITDA from Continuing Operations [(b)]	**42,824**	**17%**	50,763	20%	**72,893**	**15%**	91,229	19%
Adjusted EBITDA from Discontinued Operations [(b)]	**—**	**—**	16,513	11%	**—**	**—**	30,576	11%
Total Adjusted EBITDA from Total Operations [(b)]	**42,824**	**17%**	67,276	17%	**72,893**	**15%**	121,805	16%
Total Adjusted EPS from Operations [(b)]								
Basic	**0.32**		0.49		**0.48**		0.85	
Diluted	**0.31**		0.48		**0.48**		0.85	

(a) Operating income in the three months ended June 30, 2024 includes $0.3 million restructuring costs and other, net; while operating income in the three months ended June 30, 2023 included no restructuring costs and other, net. Operating income in the six months ended June 30, 2024 includes $3.5 million restructuring costs and other, net while operating income in the six months ended June 30, 2023, includes no restructuring costs and other, net.

(b) Adjusted EBITDA and Adjusted EPS are non-GAAP measures. Non-GAAP measures do not have standardized meanings prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *"Section 5.0 – Reconciliation of Non-GAAP Measures"* for further details and a reconciliation of these non-GAAP measures.

1.0 SECOND QUARTER HIGHLIGHTS

During the second quarter of 2024, the Company delivered $253.9 million in revenue which represented a $29.4 million or 13.1% increase from the previous quarter and a $3.5 million or 1.4% increase from the same quarter of 2023. The Company's second quarter 2024 operating income from Continuing Operations of $28.6 million represented increases of $20.9 million and $5.6 million, respectively, compared to the prior quarter and to the second quarter of 2023. Adjusted EBITDA from Continuing Operations of $42.8 million during the second quarter of 2024 represented an increase of $12.8 million compared to the prior quarter and a decrease of $8.0 million compared to the second quarter of 2023.

The Company's Composite Technologies segment revenue increased modestly from the prior year quarter, as continued North American market share gains within its Flexpipe business offset the effects of an 18.5% year-over-year decline in US oilfield drilling rig count. The segment's Xerxes business also saw a substantial increase in fiberglass reinforced plastic ("FRP") fuel storage tank shipment activity versus the prior year quarter, as customers demonstrated an improved ability to secure permits for scheduled projects.

The Company's Connection Technologies segment delivered second quarter revenue substantially similar to the same quarter of 2023, with continued market share gains in key industrial and infrastructure sectors, primarily within the segment's North America and Europe, Middle East & Africa ("EMEA") regions, largely offsetting the unfavourable impact of elevated interest rates which contributed to continued weakness in the Canadian distributor 'stock' market, and the absence of a large aerospace order which contributed to the prior year's revenue.

The Company's operating income from Continuing Operations was $28.6 million and Adjusted EBITDA from Continuing Operations was $42.8 million in the second quarter of 2024. These results include the impact of $7.9 million in expenses related to the Company's North American production footprint MEO strategy. There were no MEO related expenses recorded in the second quarter of 2023. Additionally, share-based incentive compensation of $1.6 million was recorded against operating income from Continuing Operations during the second quarter of 2024. Comparatively, operating income from Continuing Operations in the prior year's second quarter recorded a share-based incentive compensation expense of $18.7 million.

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 Mattr 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.

As at June 30, 2024, the Company had cash and cash equivalents totaling $253.6 million, a decrease from the $334.1 million as at December 31, 2023 (June 30, 2023 - $124.5 million). The decrease in cash compared to the fourth quarter of 2023 was largely attributable to investments of $59.2 million in capital expenditures, primarily related to the Company's MEO strategy, together with the $36.6 million payment to Tenaris for the net working capital adjustment in respect of the sale of the PPG business. These decreases were partially offset by net proceeds of $12.7 million received from the offering of the senior unsecured notes after funding the redemption of prior outstanding senior unsecured notes and paying related fees as well as the cash generated from the operating activities during the first half of 2024 of $1.4 million.

During the quarter, the Company closed on a private offering of $175 million aggregate principal amount of 7.25% senior unsecured notes due 2031. The proceeds were primarily used to fund the redemption of its outstanding 9.00% senior unsecured notes due 2026, to pay related fees and expenses and for general corporate purposes. The Company also amended its US$300 million senior secured revolving credit facility through April 2028. Based on the Company's completed and planned actions, the Company expects to generate sufficient cash flows and have continued access to its credit facilities; subject to covenant limitations, to fund its operations, working capital requirements and capital program including share buybacks under the NCIB. The Company will continue to focus on maximizing the conversion of operating income into cash, optimizing its capital structure, investing in organic and inorganic growth opportunities, and enhancing shareholder value.

Selected Segment Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended June 30				Six Months Ended June 30			
	2024		2023		**2024**		2023	
	$	**%**	$	%	**$**	**%**	$	%
Revenue								
Composite Technologies	**152,509**		150,381		**271,791**		282,930	
Connection Technologies	**88,758**		89,549		**179,515**		184,236	
Financial, Corporate, and Other	**12,590**		10,435		**27,012**		21,931	
Revenue from Continuing Operations	**253,857**		250,365		**478,318**		489,097	
Revenue from Discontinued Operations	**—**		150,267		**—**		275,940	
Operating income[(a)]								
Composite Technologies	**20,456**	**13%**	25,580	17%	**24,473**	**9%**	46,302	16%
Connection Technologies	**14,532**	**16%**	16,346	18%	**29,075**	**16%**	33,339	18%
Financial, Corporate, and Other	**(6,376)**		(18,955)		**(17,211)**		(26,393)	
Operating Income from Continuing Operations	**28,612**		22,971		**36,337**		53,248	
Operating Income from Discontinued Operations	**—**		5,475		**—**		10,828	
Adjusted EBITDA[(b)]								
Composite Technologies	**27,511**	**18%**	34,791	23%	**42,519**	**16%**	61,539	22%
Connection Technologies	**17,232**	**19%**	19,919	22%	**34,849**	**19%**	38,271	21%
Financial, Corporate, and Other	**(1,919)**		(3,947)		**(4,475)**		(8,581)	
Adjusted EBITDA from Continuing Operations [(b)]	**42,824**	**17%**	50,763	20%	**72,893**	**15%**	91,229	19%
Adjusted EBITDA from Discontinued Operations [(b)]	**—**	**—**	16,513	11%	**—**	**—**	30,576	11%

(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 and six months ended June 30, 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million and $1.3 million were reflected in operating income for the second quarter of 2023 and 2024, as well as for the six months ended June 30, 2023 and 2024, respectively. See *"Section 5.0 – Reconciliation of Non-GAAP Measures"* for further information regarding the restated Adjusted EBITDA for all quarters of 2023.

(b) Adjusted EBITDA is a non-GAAP measure. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See "*Section 5.0 – Reconciliation of Non-GAAP Measures*" for further details and a reconciliation of these non-GAAP measures.

Composite Technologies segment revenue in the second quarter of 2024 was $152.5 million, a quarterly record for the segment and an increase of $2.1 million, or 1.4%, compared to the second quarter of 2023. Operating income for the segment in the second quarter of 2024 was $20.5 million, a $5.1 million decrease from the $25.6 million reported in the second quarter of 2023. Flexpipe continued to capitalize on its expanded product offering, including larger diameter products, to onboard new customers and increase market share in North America during the second quarter, which is typically a seasonal high point for US customer activity. This growth within the North American market was achieved despite substantial year-over-year decline in North American drilling rig count. The business also delivered modest growth in international revenue compared to the same period in the previous year.

Within Xerxes, revenue was relatively flat versus the prior year, as seasonally favorable ground conditions enabled robust fuel station construction and storm water product installation activity. Shipments of FRP tanks to customer fuel station construction sites rose by over 35% when compared to the same quarter of last year, strongly suggesting that customers are finding ways to more effectively navigate underlying permitting challenges. It should be noted that FRP tank shipments in any specific quarter are likely to include both tanks built and recognized as revenue during the quarter, and tanks built and recognized as revenue in prior quarters. Consequently, while the volume of tank shipments in a period is an indicator of overall customer activity levels, it is not necessarily an indicator of the Company's revenue in that same period.

During the quarter, the segment also incurred non-capitalizable MEO costs[2] of approximately $7.3 million associated with the establishment of its new North American production sites and restructuring costs associated with the closure of its Anaheim, California production facility of $0.3 million, with a substantial majority of these costs impacting the Xerxes business line. Adjusted EBITDA in the second quarter of 2024 was $27.5 million, a decline of $7.3 million from the $34.8 million reported in the second quarter of 2023, which included no MEO or restructuring costs. This reduction was primarily attributed to the recognition of MEO costs.

The Connection Technologies segment delivered revenue of $88.8 million in the second quarter of 2024, which was relatively consistent with the second quarter of 2023. Its operating income in the second quarter of 2024 was $14.5 million compared to $16.4 million in the second quarter of 2023. The segment delivered Adjusted EBITDA of $17.2 million during the second quarter of 2024, a $2.7 million decrease versus the prior year quarter. The year-over-year decreases in operating income and Adjusted EBITDA were mainly driven by the absence of a substantial wire and cable product shipment into the aerospace market, which contributed favorably in the second quarter of 2023, and a significant interest rate driven decline in demand for 'stock' wire and cable products by the Company's Canadian distributor customer base. The segment also incurred MEO costs of just over half a million dollars associated with the bifurcation and relocation of its North American footprint during the second quarter of 2024, with no MEO cost recognized in the prior year period. Partially offsetting these impacts, the segment continued to drive sales growth in key sectors of its North American and EMEA infrastructure and industrial markets, with particularly significant sales into Canadian utility projects during the second quarter of 2024.

Discontinued Operations did not generate revenue or Adjusted EBITDA for the Company during the second quarter of 2024, with the Company having sold its businesses formerly reported under the Pipeline and Pipe Services segment, excluding the entities not within the perimeter of the transaction, to Tenaris during the fourth quarter of 2023.

2.0 OUTLOOK

The Company currently expects third quarter 2024 revenue to reflect a modest sequential rise, driven primarily by increases within the Connection Technologies segment. Adjusted EBITDA in the third quarter of 2024 is currently expected to be below the second quarter of 2024, with contributions from both the Composite Technologies and Connection Technologies segments sequentially lower. The Company's current outlook for third quarter Adjusted EBITDA is lower than previously expected, primarily due to changes in the expected revenue mix in both segments, and the timing of Flexpipe international shipments. Despite these changes, management continues to view the underlying mid- and long-term market trends for all of Mattr's core businesses as favourable. Additional details of the Company's expectations for the third quarter of 2024 are provided within the segment outlook commentary below.

During the second quarter of 2023, the Company detailed several planned capital investments into high-return growth and efficiency improvement opportunities in both segments. These investments, and other MEO activities, which are currently progressing on time and on budget, include:

- The addition of two new manufacturing facilities and the elimination of one aging manufacturing facility within the Composite Technologies network, namely:
    - the shut-down and exit of a Xerxes FRP tank production site in Anaheim, California that was largely completed during the first half of 2024;

2 MEO Costs is a supplementary financial measure. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *"Section 5.0 – Reconciliation of Non-GAAP Measures"* for further details and a reconciliation of these non-GAAP measures.

  - a new Xerxes FRP tank production site in Blythewood, South Carolina which commenced operation subsequent to the second quarter of 2024 and will accelerate output over the coming four quarters; and
  - a new Flexpipe composite pipe production site in Rockwall, Texas which commenced operation subsequent to the second quarter of 2024 and will accelerate output over the coming four quarters. Co-located within this facility is a fully automated HydroChain™ stormwater infiltration chamber production line, which is expected to commence production around year end.
- The replacement of the Company's Rexdale facility in Toronto, Ontario and the expansion of its Connection Technologies segment's North American manufacturing footprint through:
  - a new heat-shrink tubing production site in Fairfield, Ohio that is expected to commence production by the end of 2024; and
  - a new wire and cable production site in Vaughan, Ontario that is expected to commence production around year end and be completed in mid-2025.

On average, these four new production sites are expected to initially be populated with manufacturing equipment consuming approximately 50% of available floor space. The Company retains the option of adding further production equipment to each site in a phased manner in future years.

The Company expects to continue the execution of its previously communicated organic investments throughout 2024 to modernize, expand and optimize capacity in targeted geographies and improve efficiency within its North American production network. In aggregate, once completed and with initial equipment installation, these planned investments are expected to result in the Company creating at least $150 million per year of incremental revenue generating capacity with comparable margins to those realized in its Composite Technologies and Connection Technologies segments. These levels of output are expected to be realized as the facilities reach efficient utilization levels in accordance with their currently expected timelines.

With both new Composite Technologies facilities now online and largely complete, the Company anticipates MEO spend within this segment during the second half of 2024 to be limited. In contrast, as activity to establish the two new production facilities within Connection Technologies accelerates, the Company anticipates MEO cost recognition within this segment to step-up in the third quarter and peak in the fourth quarter of 2024, with these costs primarily impacting the DSG-Canusa business line.

In management's view, the underlying mid- and long-term market trends for all of Mattr's core businesses remain favourable. Despite elevated interest rates and ongoing geopolitical uncertainty, demand for products in support of critical infrastructure renewal and expansion is expected to remain robust. More broadly, management expects that demand for its differentiated products designed to withstand harsh environments will continue to rise in the coming years as a result of the global need to renew and expand critical infrastructure, including energy generation and distribution, electrification, transportation network enhancement and storm water management, but remains alert to lingering softness within some portions of its industrial, energy and automotive markets as a result of elevated interest rates and uncertainty around the 2024 U.S. Presidential election cycle. The Company continues to closely monitor the timing of large, project driven orders for its products. It also continues to closely monitor raw material and labour costs and, accordingly, will continue to ensure its pricing appropriately reflects the value of its products and its cost inputs.

The Company continues to explore options to divest of its Brazilian pipe coating operations ("Thermotite"), formerly part of the PPG operating unit. The Company currently anticipates that the Thermotite business will remain fully booked throughout 2024 and continues to expect it will deliver increased full year 2024 financial performance when compared to 2023.

The Company continues to take an "all of the above" approach to capital allocation, skewed towards investment in organic and inorganic acquisition and investment opportunities viewed as having the highest risk-adjusted return on investment potential. With substantial capacity to deploy capital and the expectation to deploy available capital over the next several quarters, the Company maintains an elevated focus on inorganic opportunities, including opportunities of meaningful scale, particularly related to differentiated wire & cable sectors and water products.

The Company remains focused on ensuring any capital investments provide superior returns (both near and long-term) to shareholders in light of all available options, including the return of capital to shareholders. As such, the Company expects to continue to repurchase its common shares on an opportunistic basis, through its NCIB. Additional opportunities exist to further enhance the Company's organic growth trajectory.

Composite Technologies Segment

Within the Composite Technologies segment, the Company expects sequential increases in production and shipments of Xerxes FRP tanks during the third quarter as customer construction activity continues to rise and the Company elevates tank production activity, including initial output from its newly completed facility in Blythewood, South Carolina.

The combination of increased production volumes, early-stage benefits resulting from efficiency projects executed during the first half of 2024, and lower MEO expenses are expected to drive Q3 Adjusted EBITDA contribution from the Xerxes business higher sequentially, on revenue levels similar to the second quarter of 2024.

Shipments of Flexpipe composite pipe are expected to be sequentially lower during the third quarter, driven in part by the expectation of modestly lower sales in North America, but more significantly by a step down in international sales. Within North America, the Company currently expects the recently observed gradual decline in active drilling rig and hydraulic fracturing fleet count to persist during the third quarter, driven primarily by customer consolidation and broad uncertainty ahead of the 2024 U.S. Presidential election. While Flexpipe's development and introduction of new products, including larger diameter products, coupled with strong technical and operational support capabilities has enabled the business to onboard new US and Canadian customers over the past year, the Company currently believes seasonal market activity declines are likely to slightly out-pace continued Flexpipe market share gains during the third quarter.

In recent quarters the Company has been successful in securing multiple Flexpipe orders, including larger diameter product orders, for delivery into international projects. The Company benefitted from delivery of these orders throughout the first half of 2024. Additional international opportunities for potential delivery during the second half of 2024 and beyond are being pursued, however, due to the somewhat unpredictable nature of international project order placement and subsequent delivery timing, some variability in schedules may exist and movements in the schedule could occur. The Company has recently noted adjustments in the expected timing of a number of anticipated customer projects, including the deferral of a specific large contract award in the Middle East.

The combination of anticipated modestly lower sequential North American revenue and significantly lower sequential international revenue during the third quarter, partially offset by lower MEO expenses, is expected to drive Q3 2024 revenue and Adjusted EBITDA contribution from the Flexpipe business below Q2 2024.

In consolidation, expected movements within the Xerxes and Flexpipe businesses cause the Company to currently anticipate Composite Technologies segment revenue and Adjusted EBITDA in Q3 2024 will be modestly below Q2 2024.

Subsequent to the second quarter, the segment initiated commercial production at its two new US facilities sites, with both its Rockwall, Texas Flexpipe and Blythewood, South Carolina Xerxes facilities coming online, on-time and on-budget. In addition, the segment continues to progress remaining elements of the exit from its aging Anaheim, California Xerxes facility. Tank production at this site ceased early in the first quarter of 2024 and the facility is expected to be fully vacated by year end, further lowering the Company's fixed cost and operating risk base.

In combination, the actions taken to modernize, expand and optimize the segment's North American production footprint are expected to lower average production costs, increase total production capacity and position the segment to deliver meaningful growth and margin expansion in subsequent years. The Company expects limited MEO costs within the segment during the second half of the year as the new facilities finalize establishment and the Anaheim exit nears completion. The Company expects that there will be sufficient revenue from these new facilities to absorb incremental fixed costs during the ramp up periods, and both new facilities have sufficient physical space to enable further production line additions in future years. The segment continues to monitor the timing of large project driven orders for its products. It also continues to closely monitor raw material and labour costs and, accordingly, will continue to ensure its pricing appropriately reflects the value of its products and its cost inputs.

Connection Technologies Segment

Within the Connections Technologies segment, anticipated commercial and operational movements impacting the Shawflex and DSG-Canusa businesses cause the Company to currently anticipate the segment's third quarter revenue will moderately increase on a sequential basis while Adjusted EBITDA is expected to decrease sequentially from Q2-2024.

Within Shawflex, during the third quarter the Company expects to experience a rise in 'stock' product demand from Canadian distributors and slightly lower nuclear and infrastructure activity driven by project timing. Within DSG-Canusa, continued anticipated market share gain in the industrial and infrastructure sectors of North America and EMEA is expected to be offset by modestly lower automotive production activity by Western manufacturers in China and by increased MEO cost recognition.

The Company continues to believe it will benefit from long-cycle infrastructure spending patterns, as new and upgraded utility and communication networks are constructed, nuclear refurbishments continue in Canada, and federal stimulus package impacts persist.

Automotive end markets represented approximately 28% of the Connection Technologies segment's revenue in the second quarter of 2024. Market data in the first half of 2024 has suggested some softening in consumer demand for electric vehicles in North America, however, the Company does not currently anticipate any material impact from this trend but cannot rule out potential future impacts. Demand for the Company's automotive products is expected to continue to outpace overall automotive production as a result of electronic content growth in premium, hybrid and full electric vehicle markets.

Reported inflation in the US and Canada has moved gradually lower over the past 12 months as The Bank of Canada has decreased its overnight policy interest rate by 25 basis points twice, once on June 5, 2024 and again on July 24, 2024. These recent movements in Canada and signaling from US central banks imply that modest downward interest rate movements are likely to occur in the coming quarters. The Company continues to monitor for any potential further decreases. In parallel, the Connection Technologies segment has seen an increase in quote requests across its industrial customer base, including from its Canadian distributor customers who have historically low inventories of 'stock' products. This increase in quoting is expected to translate into higher revenue generation during the second half of 2024, although it is important to note that after multiple quarters of declining demand in the 'stock' sub-sector, manufacturer pricing leverage has been heavily eroded and near-term volume increases are likely to weigh on segment average margins. The Company remains strategic in its pursuit of such opportunities but generally considers the rise in quoting activity to be a favourable indicator of mid and longer-term demand for its products.

The Connection Technologies segment continues to execute on the establishment of two new production sites, with its Vaughan, Ontario and Fairfield, Ohio facilities progressing on-time and on-budget. First production from both sites is expected around year end 2024. The Company expects that there will be sufficient revenues from these new facilities to absorb incremental fixed costs during the ramp up periods, and both new facilities have sufficient physical space to enable further production line additions in future years. The segment continues to closely monitor the timing of substantial, project driven, orders for its products. It also continues to closely monitor raw material and labour costs and, accordingly, will continue to ensure its pricing appropriately reflects the value of its products and its cost inputs.

3.0 CONFERENCE CALL AND ADDITIONAL INFORMATION

Mattr will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday August 9th, 2024 at 9:00 AM ET, which will discuss the Company's Second Quarter 2024 Financial Results. To participate via telephone, please register at https://register.vevent.com/register/BIec3e50a2b946425b8c4da85d185f8540 and a telephone number and pin will be provided.

Alternatively, please go to the following website address to participate via webcast: https://edge.media-server.com/mmc/p/uwkqb8a3/. The webcast recording will be available within 24 hours of the live presentation and will be accessible for 90 days.

About Mattr

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. Its two business segments, Composite Technologies and Connection Technologies, enable responsible renewal and enhancement of critical infrastructure while lowering risk.

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4.0 FORWARD-LOOKING INFORMATION

This news release includes certain statements that reflect management's expectations and objectives for the Company's future performance, opportunities and growth, which statements constitute "forward-looking information" and "forward-looking statements" (collectively "forward-looking information") under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward-looking information involves estimates, assumptions, judgements and uncertainties. These statements may be identified by the use of forward-looking terminology such as "may", "will", "should", "anticipate", "expect", "believe", "predict", "estimate", "continue", "intend", "plan" and variations of these words or other similar expressions. Specifically, this news release includes forward-looking information in the Outlook section and elsewhere in respect of, among other things: the ability of the Company to deliver higher returns to its shareholders; the Company's delivery of substantial value creation for shareholders; the Company's ability to meet its stated growth, profitability and free-cash-flow conversion objectives over the coming years; the market dynamics during the remainder of 2024; the favourability of underlying business trends for the Company's core businesses; the Company's ability to execute on its business plan and strategies, including the pursuit, execution and integration of potential organic and inorganic growth opportunities, as applicable; the level of financial performance and financial results of the Company, its businesses and reporting segments; Rising revenue in the third quarter of 2024; the favourability of Underlying market trends in both the mid and long term; expected timing for commencement of production in the new Flexpipe composite pipe production site in Rockwall, Texas, the new heat-shrink tubing production site in Fairfield, Ohio, and the new wire and cable production site in Vaughan, Ontario; manufacturing equipment population in new production sites; execution of the organic investments to modernize, expand and optimize capacity; the incremental revenue created from modernization, expansion and optimization investments; the timing for the expected level of output of production facilities; spending on MEO activities; MEO cost recognition; demand for the Company's products; booking for the Company's Thermotite business; increased financial performance of the Company's Thermotite business; purchases under the Company's NCIB; increases in production and shipments of Xerxes FRP tanks; increased revenue and Adjusted EBITDA contribution from the Xerxes business; volume of shipments of Flexpipe composite pipe; levels of active drilling rig and hydraulic fracturing fleet counts in North America; overall market activity declines during the third quarter of 2024; Flexpipe market share gains during the third quarter of 2024; international opportunities for delivery of Flexpipe orders during the second half of 2024; expected timing of anticipated customer projects, including the contract award in the Middle East; international Flexpipe revenue generation; revenue in the third quarter of 2024 and Adjusted EBITDA contribution from the Flexpipe business; movements within the Xerxes and Flexpipe businesses; the exit from the Company's Anaheim, California Xerxes facility and the expected timing for the facilitate to be fully vacated by year end; lower average production costs, increased total production capacity and growth and margin expansion following 2024 due to MEO activities; MEO costs in the second half of 2024; adequacy of revenues to absorb incremental fixed costs; further production line additions in the Composite Technologies segment following 2024; the Company's monitoring of raw material and labour costs in the Composite Technologies segment; future pricing practices in the Composite Technologies segment; Shawflex wire and cable revenue; expected demand from Canadian distributors for 'stock' products; and lower sales into North American infrastructure and nuclear markets.

Forward-looking information involves known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted by the forward-looking information. Readers are cautioned not to place undue reliance on forward-looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward-looking information. Significant risks facing the Company include, but are not limited to: the risks and uncertainties described in the Company's MD&A under "Risks and Uncertainties" and in the Company's Annual Information Form under "Risk Factors".

These statements of forward-looking information are based on assumptions, estimates and analysis made by management in light of its experience and perception of trends, current conditions and expected developments as well as other factors believed to be reasonable and relevant in the circumstances. These assumptions include those in respect of: the Company's ability to manage supply chain disruptions and other business impacts caused by, among other things, current or future geopolitical events , conflicts, or disruptions, such as the conflict in Ukraine and related sanctions on Russia; the impact of the; Russia and Ukraine conflict on the Company's demand for products and the strength of its and its customers supply chains; the current Israel-Palestine conflict; uncertainty surrounding the U.S. Presidential election cycle; increased activity levels in the Connection Technologies segment; higher sales of composite pipe products into international markets; increased shipment of Flexpipe ® products to support international projects; strengthening demand within the North American industrial and infrastructure markets; seasonal impacts on the Company's FRP tanks business due to North American weather and ground conditions; the changing demand for the Company's FRP tanks and water and stormwater storage and treatment systems; seasonal impacts to the Company's composite pipe business due to spring break-up conditions; the trend of international sales for composite pipe products ;expected demand for the Company's products in the Composite Technologies segment, including the ability to grow such demand over the timeline expected to complete such facilities and achieve desired operational levels; the Company being able to complete the construction and commissioning of these facilities on their expected timeline and budget, as applicable, and its ability to achieve and maintain necessary production and efficiency levels once operational; expectations regarding the Company's ability to attract new customers and develop and maintain relationships with existing customers; the continued availability of funding required to meet the Company's anticipated operating and capital expenditure requirements over such time; consistent competitive intensity in the segments in which the Company operates; no significant legal or regulatory developments, other shifts in economic conditions, or macro changes in the competitive environment affecting the Company's business activities; key interest rates remaining relatively stable throughout the remainder of 2024; expectations regarding the Company's ability to continue to manage its supply chain and any future disruptions; the impact of federal stimulus packages in the Connection Technologies segment; heightened demand for electric and hybrid vehicles and for electronic content within those vehicles particularly in the Asia Pacific, Europe and Africa regions; heightened infrastructure spending in Canada, including in respect of commercial and municipal water projects, nuclear plant refurbishment and upgraded communication and transportation networks, communication networks and nuclear refurbishments; sustained health of oil and gas producers; the continued global need to renew and expand critical infrastructure, including energy generation and distribution, electrification, transportation network enhancement and storm management; the Company's ability to execute projects under contract; the Company's continuing ability to provide new and enhanced product offerings to its customers; that the Company will identify and successfully execute on opportunities for acquisitions or investments; the higher level of investment in working capital by the Company; the easing of supply chain shortages and the continued supply of and stable pricing or the ability to pass on higher prices to its customers for commodities used by the Company; the availability of personnel resources sufficient for the Company to operate its businesses; the maintenance of operations by the Company in major oil and gas producing regions; the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation and tax matters and other claims generally; the impact of adoption of artificial intelligence and other machine learning on competition in the industries which the Company operates; the Company's ability to meet its financial objectives; the ability of the Company to satisfy all covenants under its credit facility and other debt obligations and having sufficient liquidity to fund its obligations and planned initiatives; the ability to develop, access or implement some or all of the technology necessary to efficiently and effectively achieve the Company's ESG goals and ambitions, including its greenhouse gas targets; the availability, commercial viability and scalability of the Company's greenhouse gas emission reduction strategies and related technology and products; and the anticipated costs and impacts on the Company's operations and financial results of adopting these technologies or strategies. The Company believes that the expectations reflected in the forward-looking information are based on reasonable assumptions in light of currently available information. However, should one or more risks materialize, or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking information included in this document and the Company can give no assurance that such expectations will be achieved.

When considering the forward-looking information in making decisions with respect to the Company, readers should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not assume the obligation to revise or update forward-looking information after the date of this document or to revise it to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

To the extent any forward-looking information in this document constitutes future oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks noted above.

5.0 RECONCILIATION OF NON-GAAP MEASURES

The Company reports on certain non-GAAP measures that are used to evaluate its performance and segments, as well as to determine compliance with debt covenants and to manage its capital structure. These non-GAAP measures do not have standardized meanings under IFRS and are not necessarily comparable to similar measures provided by other companies. The Company discloses these measures because it believes that they provide further information and assist readers in understanding the results of the Company's operations and financial position. These measures should not be considered in isolation or used in substitution for other measures of performance prepared in accordance with GAAP. The following is a reconciliation of the non-GAAP measures reported by the Company.

EBITDA and Adjusted EBITDA

Earnings before interest, taxes, depreciation, and amortization ("EBITDA") is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is also a non-GAAP measure defined as EBITDA adjusted for items which do not impact day to day operations. Adjusted EBITDA is calculated by adding back to EBITDA the sum of impairments, costs associated with refinancing of long-term debt and credit facilities, gain on sale of land and other, gain on sale of investment in associates, gain on sale of operating unit, acquisition costs, restructuring costs, share-based incentive compensation cost, foreign exchange (gain) loss and other, net and hyperinflationary adjustments. The Company believes that EBITDA and Adjusted EBITDA are useful supplemental measures that provide a meaningful indication of the Company's results from principal business activities prior to the consideration of how these activities are financed or the tax impacts in various jurisdictions and for comparing its operating performance with the performance of other companies that have different financing, capital or tax structures. The Company presents Adjusted EBITDA as a measure of EBITDA that excludes the impact of transactions that are outside the Company's normal course of business or day to day operations. Adjusted EBITDA is used by many analysts as one of several important analytical tools to evaluate financial performance and is a key metric in business valuations. It is also considered important by lenders to the Company and is included in the financial covenants of the Credit Facility.

Continuing Operations

(in thousands of Canadian dollars)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Net Income from Continuing Operations	**$ 12,163**	$ 14,670	**$ 11,929**	$ 35,378
Add:				
Income tax expense	**5,358**	3,327	**11,175**	7,912
Finance costs, net	**4,341**	4,974	**6,483**	9,958
Amortization of property, plant, equipment, intangible and ROU assets	**9,822**	9,170	**18,818**	18,191
EBITDA from Continuing Operations	**31,684**	32,141	**48,405**	71,439
Share-based incentive compensation cost	**1,643**	18,667	**9,275**	18,625
Foreign exchange loss (gain)	**3,075**	(45)	**5,590**	1,165
Cost associated with repayment of senior notes	**6,750**	—	**6,750**	—
TSX Trust Refund	**(653)**	—	**(653)**	—
Restructuring costs and other, net	**325**	—	**3,526**	—
Adjusted EBITDA from Continuing Operations	**$ 42,824**	$ 50,763	**$ 72,893**	$ 91,229

Composite Technologies Segment

(in thousands of Canadian dollars)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating Income	**$ 20,456**	$ 25,580	**$ 24,473**	$ 46,302
Add:				
Amortization of property, plant, equipment, intangible and ROU assets	**6,534**	6,762	**12,905**	13,389
EBITDA	**26,990**	32,342	**37,378**	59,691
Share-based incentive compensation cost	**197**	2,449	**1,649**	1,848
Restructuring costs and other, net	**324**	—	**3,492**	—
Adjusted EBITDA	**$ 27,511**	$ 34,791	**$ 42,519**	$ 61,539

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
Operating Income[(a)]	**$ 14,532**	$ 16,346	**$ 29,075**	$ 33,339
Add:				
Amortization of property, plant, equipment, intangible and ROU assets	**2,433**	1,349	**4,155**	2,682
EBITDA	**16,965**	17,695	**33,230**	36,021
Share-based incentive compensation cost	**266**	2,224	**1,585**	2,250
Restructuring costs and other, net	**1**	—	**34**	—
Adjusted EBITDA	**$ 17,232**	$ 19,919	**$ 34,849**	$ 38,271

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 and six months ended June 30, 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million and $1.3 million were reflected in operating income for the second quarter of 2023 and 2024, as well as for the six months ended June 30, 2023 and 2024, respectively.

(in thousands of Canadian dollars)	Three Months Ended			
	March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Operating Income[(a)]	$ 16,993	$ 16,346	$ 13,255	$ 11,133
Add:				
Amortization of property, plant, equipment, intangible and ROU assets	1,333	1,349	1,356	1,714
EBITDA	18,326	17,695	14,611	12,847
Share-based incentive compensation cost (recovery)	26	2,224	(48)	447
Restructuring costs and other, net	—	—	—	747
Adjusted EBITDA	$ 18,352	$ 19,919	$ 14,563	$ 14,041

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, figures for all four quarters of 2023 have been retrospectively restated to reflect this allocation.

Financial, Corporate and Other

(in thousands of Canadian dollars)	Three Months Ended June 30, 2024	Three Months Ended June 30, 2023	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
Operating (Loss)[(a)]	**$ (6,376)**	$ (18,955)	**$ (17,211)**	$ (26,393)
Add:				
Cost associated with repayment of senior notes	**(6,750)**	—	**(6,750)**	—
Amortization of property, plant, equipment, intangible and ROU assets	**855**	1,059	**1,758**	2,120
EBITDA	**(12,271)**	(17,896)	**(22,203)**	(24,273)
Share-based incentive compensation cost	**1,180**	13,994	**6,041**	14,526
Foreign exchange loss (gain)	**3,075**	(45)	**5,590**	1,166
TSX Trust Refund	**(653)**	—	**(653)**	—
Cost associated with repayment of senior notes	**6,750**	—	**6,750**	—
Adjusted EBITDA	**$ (1,919)**	$ (3,947)	**$ (4,475)**	$ (8,581)

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 and six months ended June 30, 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million and $1.3 million were reflected in operating income for the second quarter of 2023 and 2024, as well as for the six months ended June 30, 2023 and 2024, respectively.

(in thousands of Canadian dollars)	Three Months Ended March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Operating (loss)[(a)]	$ (7,438)	$ (18,955)	$ (12,763)	$ (4,445)
Add:				
Amortization of property, plant, equipment, intangible and ROU assets	1,061	1,059	1,031	913
EBITDA	(6,377)	(17,896)	(11,732)	(3,532)
Share-based incentive compensation cost (recovery)	532	13,994	(1,932)	1,250
Foreign exchange loss (gain)	1,211	(45)	952	125
Gain on sale of land and other	—	—	—	340
Curtailment of defined benefit plan	—	—	(1,889)	—
Impairment	—	—	8,652	—
Restructuring costs and other, net	—	—	—	1,727
Adjusted EBITDA	$ (4,634)	$ (3,947)	$ (5,949)	$ (90)

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, figures for all four quarters of 2023 have been retrospectively restated to reflect this allocation.

Adjusted EBITDA Margin

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue and is a non-GAAP measure. The Company believes that Adjusted EBITDA margin is a useful supplemental measure that provides meaningful assessment of the business results of the Company and its Operating Segments from principal business activities excluding the impact of transactions that are outside of the Company's normal course of business.

See reconciliation above for the changes in composition of Adjusted EBITDA, as a result of which the table below reflects restated figures for the prior year quarter to align with the updated composition.

Operating Margin

Operating margin is defined as operating (loss) income divided by revenue and is a non-GAAP measure. The Company believes that operating margin is a useful supplemental measure that provides meaningful assessment of the business performance of the Company and its Operating Segments. The Company uses this measure as a key indicator of financial performance, operating efficiency and cost control based on volume of business generated.

Adjusted Net Income (attributable to shareholders)

Adjusted Net Income (attributable to shareholders) is a non-GAAP measure defined as Net Income (attributable to shareholders) adjusted for items which do not impact day to day operations. Adjusted Net Income (attributable to shareholders) is calculated by adding back to Net Income (attributable to shareholders) the after tax impact of the sum of impairments, costs associated with refinancing of long-term debt and credit facilities, gain on sale of land and other, gain on sale of investment in associates, gain on sale of operating unit, acquisition costs, restructuring costs, share-based incentive compensation cost, foreign exchange (gain) loss and other, net and hyperinflationary adjustments. The Company believes that Adjusted Net Income (attributable to shareholders) is a useful supplemental measure that provides a meaningful indication of the Company's results from principal business activities for comparing its operating performance with the performance of other companies that have different financing, capital or tax structures.

Adjusted Earnings Per Share ("Adjusted EPS")

Adjusted EPS (basic) is a non-GAAP measure defined as Adjusted Net Income (attributable to shareholders) divided by the number of common shares outstanding. Adjusted EPS (diluted) is a non-GAAP measure defined as Adjusted Net Income (attributable to shareholders) divided by the number of common shares outstanding, further adjusted for potential dilutive impacts of outstanding securities which are convertible to common shares. The Company presents Adjusted EPS as a measure of Earning Per Share that excludes the impact of transactions that are outside the Company's normal course of business or day to day operations. Adjusted EPS indicates the amount of Adjusted Net Income the Company makes for each share of its stock and is used by many analysts as one of several important analytical tools to evaluate financial performance and is a key metric in business valuations.

Total Consolidated Mattr Adjusted EPS (Continuing and Discontinued Operations)

(in thousands of Canadian dollars except for per share amounts)	Six Months Ended							
	June 30, 2024				June 30, 2023			
			Earnings Per Share				Earnings Per Share	
			Basic	Diluted			Basic	Diluted
Total Consolidated Mattr Net (Loss) Income [a]	**$**	**(3,748)**	(0.06)	(0.06)	$	38,292	0.55	0.54
Adjustments (before tax):								
Share-based incentive compensation cost		**9,275**				21,361		
Foreign exchange loss (gain)		**5,590**				(2,895)		
Loss on sale of Subsidiaries		**15,492**				3,738		
Cost associated with repayment of senior notes		**6,750**				—		
TSX Trust Refund		**(653)**				—		
Restructuring costs and other, net		**3,526**				—		
Tax effect of above adjustments		**(4,353)**				(763)		
Total Consolidated Mattr Adjusted Net Income (non-GAAP) [a]	**$**	**31,879**	**0.48**	**0.48**	$	59,733	0.85	0.85

(a) attributable to Shareholders of the Company.

(in thousands of Canadian dollars except for per share amounts)	Three Months Ended							
	June 30, 2024				June 30, 2023			
			Earnings Per Share				Earnings Per Share	
			Basic	Diluted			Basic	Diluted
Total Consolidated Mattr Net Income [a]	**$**	**2,094**	0.03	0.03	$	13,063	0.19	0.19
Adjustments (before tax):								
Share-based incentive compensation cost		**1,643**				21,964		
Foreign exchange loss (gain)		**3,075**				(3,166)		
Loss on sale of Subsidiaries		**10,087**				3,738		
Cost associated with repayment of senior notes		**6,750**				—		
TSX Trust Refund		**(653)**				—		
Restructuring costs and other, net		**325**				—		
Tax effect of above adjustments		**(2,288)**				(1,756)		
Total Consolidated Mattr Adjusted Net Income (non-GAAP) [a]	**$**	**21,033**	**0.32**	**0.31**	$	33,843	0.49	0.48

(a) attributable to Shareholders of the Company.

Total Net debt-to-Adjusted EBITDA

Total Net debt-to-Adjusted EBITDA is a non-GAAP measure defined as the sum of long-term debt, current lease liabilities and long-term lease liabilities, less cash and cash equivalents, divided by the Consolidated (Continuing and Discontinued Operations) Adjusted EBITDA, as defined above, for the trailing twelve-month period. The Company believes Total Net debt-to-Adjusted EBITDA is a useful supplementary measure to assess the borrowing capacity of the Company. Total Net debt-to-Adjusted EBITDA is used by many analysts as one of several important analytical tools to evaluate how long a company would need to operate at its current level to pay of all its debt. It is also considered important by credit rating agencies to determine the probability of a company defaulting on its debt.

See discussion above for the changes into the composition of Adjusted EBITDA. The table below reflects restated figures for the prior year quarters to align with current presentation.

(in thousands of Canadian dollars except Net debt-to-EBITDA ratio)	**June 30, 2024**	December 31, 2023
Long-term debt	**$ 165,791**	$ 144,201
Lease Liabilities	**166,559**	88,263
Cash and cash equivalents	**(253,632)**	(334,061)
Total Net Debt	**78,718**	(101,597)
Q1 2023 Adjusted EBITDA	**—**	54,528
Q2 2023 Adjusted EBITDA	**—**	67,274
Q3 2023 Adjusted EBITDA	**128,440**	128,440
Q4 2023 Adjusted EBITDA	**137,721**	137,721
Q1 2024 Adjusted EBITDA	**30,069**	—
Q2 2024 Adjusted EBITDA	**42,824**	—
Trailing twelve-month Adjusted EBITDA	**$ 339,054**	$ 387,963
Total Net debt-to-Adjusted EBITDA	**0.23**	(0.26)

Total Interest Coverage Ratio

Total Interest Coverage Ratio is a non-GAAP measure defined as Consolidated Adjusted EBITDA (Continuing and Discontinued Operations), as defined above, for the trailing twelve-month period, divided by finance costs, net, for the trailing twelve-month period. The Company believes Total Interest Coverage Ratio is a useful supplementary measure to assess the Company's ability to honor its debt payments. Total Interest Coverage Ratio is used by many analysts as one of several important analytical tools to judge a company's ability to pay interest on its outstanding debt. It is also considered important by credit rating agencies to determine a company's riskiness relative to its current debt or for future borrowing.

(in thousands of Canadian dollars except Net debt-to-EBITDA ratio)		**June 30, 2024**		December 31, 2023
Q1 2023 Adjusted EBITDA	$	**—**	$	54,528
Q2 2023 Adjusted EBITDA		**—**		67,274
Q3 2023 Adjusted EBITDA		**128,440**		128,440
Q4 2023 Adjusted EBITDA		**137,721**		137,721
Q1 2024 Adjusted EBITDA		**30,069**		—
Q2 2024 Adjusted EBITDA		**42,824**		—
Trailing twelve-month Adjusted EBITDA	**$**	**339,054**	$	387,963
Q1 2023 Finance costs, net		**—**		5,144
Q2 2023 Finance costs, net		**—**		5,528
Q3 2023 Finance costs, net		**5,744**		5,744
Q4 2023 Finance costs, net		**5,113**		5,113
Q1 2024 Finance costs, net		**2,142**		—
Q2 2024 Finance costs, net		**4,341**		—
Trailing twelve-month finance cost, net	**$**	**17,340**	$	21,529
Total Interest Coverage Ratio		**19.55**		18.02

Modernization, Expansion and Optimization ("MEO") Costs

MEO costs not eligible for capitalization are reported as selling, general and administrative expenses or as cost of goods sold and incurred in support of the Company's certain specific, planned capital investments into high-return growth and efficiency improvement opportunities. These include the following:

- The addition of two new manufacturing facilities and the elimination of aging manufacturing facilities within the Composite Technologies network, namely:
  - the shut-down and exit of aging production capabilities in the Xerxes FRP tank production site footprint;
  - a new Xerxes FRP tank production site in Blythewood, South Carolina;
  - a new Flexpipe composite pipe production site in Rockwall, Texas Along with the co-located HydroChain™ stormwater infiltration chamber production line;

- The replacement of the Company's Rexdale facility in Toronto, Ontario and the expansion of its Connection Technologies segment's North American manufacturing footprint through:
  - a new heat-shrink tubing production site in Fairfield, Ohio; and
  - a new wire and cable production site in Vaughan, Ontario.

The Company considers these costs incremental to its normal operating base and would not have been incurred if these projects were not ongoing.