CEMATRIX

Cellular Concrete Solutions

CEMATRIX CORPORATION

Management's Discussion and Analysis

For the Three and Nine Months Ended September 30, 2022

(in 000's Canadian dollars)

CEMATRIX CORPORATION
www.cematrix.com

Form 51-102F1 - Management's Discussion & Analysis
For the Three and Nine Months Ended September 30, 2022

The following is the Management's Discussion and Analysis ("MD&A") of CEMATRIX Corporation ("CEMATRIX" or the "Company") for the three and nine months ended September 30, 2021. This MD&A should be read in conjunction with the unaudited interim consolidated financial statements of the Company for the three and nine months ended September 30, 2022 (the "Interim Consolidated Financial Statements") and the related notes thereto and the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2021, and related notes thereto. The Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards. All dollar figures included therein and in this MD&A are in Canadian dollars and all amounts are reported in thousands of Canadian dollars, except share and per share amounts or as otherwise stated. Certain comparative figures have been reclassified to conform to the MD&A presentation adopted for the current year.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. CEMATRIX is listed on the TSX Venture Exchange under the trading symbol "CVX".

The Audit Committee of the Company reviewed and recommended for approval by the Board of Directors of the Company the Interim Consolidated Financial Statements and MD&A for the three and nine months ended September 30, 2022. The Board of Directors of the Company reviewed and approved the Interim Consolidated Financial Statements and MD&A on November 9, 2022.

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Forward Looking Statements

This MD&A contains certain statements and disclosures that may constitute forward-looking information under applicable securities law. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by such terms as “forecast”, “future”, “may”, “will”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “pro-forma” or other comparable terminology. Forward-looking information presented in such statements or disclosures may, amongst other things relate to: sources of revenue and income; forecasts of capital expenditures and sources of financing thereof; the Company’s business outlook; plans and objectives of management for future operations; forecast business results; and anticipated financial performance.

The Company has identified what it considers to be the material forward-looking statements and disclosure in this MD&A and has listed them in Appendix A. The material factors, material assumptions and material risks that provide the basis for those statements and disclosure have also been provided in Appendix A.

The forward-looking information in statements or disclosure in this MD&A is based (in whole or in part) upon factors which may cause actual results, performance, or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Various assumptions or factors are typically applied in drawing conclusions or making forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company including information obtained by the Company from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Company does not know what impact any of those differences may have, its business, results of operations, financial condition and its credit stability may be materially adversely affected.

The Company has discussed, in Section D – Key Market Drivers and in Section E – Key Risks and Uncertainties of its MD&A for the year ended December 31, 2021, the significant market drivers and risk factors that affect its business and could cause actual results to differ materially from the forward-looking information disclosed herein. The Company cautions the reader that these factors are not exhaustive. The risk factors that could lead to differences in business results and which could cause actual results to differ materially from the forward-looking information disclosed herein include, without limitation, legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates, inflation levels and general economic conditions in geographic areas where the Company operates, results of financing efforts, changes in counterparty risk and the impact of accounting standards issued by the International Accounting Standards Board.

The Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

A. Purpose of the Company's MD&A

The purpose of this MD&A is to provide a narrative explanation, through the eyes of management, to assist the reader in understanding the Company's performance for the three and nine months ended September 30, 2022, the Company's financial condition as at September 30, 2022, and its future prospects.

B. Highlights

Highest Revenue for a quarter in the History of the Company

The Company delivered the highest revenue in the history of the Company in the third quarter of 2022. Third quarter revenue was up 63% ($11.6M vs $7.1M) and year to date revenue is up 32% ($20.7M vs 15.7M) compared to last year. The third quarter is traditionally our best quarter in the year as it is the peak of the construction season in colder climates which is where most of our work is. The Company delivered this record revenue despite challenges across our business related to cement supply and customer scheduling changes.

Inflationary Pressure and resulting Gross Margin Impact

The Company is experiencing inflationary pressures across all facets of our business which has led to lower gross margins as a percentage of revenue. In particular, cost increases in salaries, wages, logistics, consumables, cement and ready-mix pricing all contributed to lower gross margins. The Company does not expect to see these cost increase reverse in the future however the Company does expect the pace of inflation to slow as central banks in Canada and the US continue to raise interest rates in response to inflation.

Cement Supply Challenges continue in many Markets

Cement is the number one material used in the creation and production of cellular concrete. Cement supply chains have been tight for a number of years. In recent years, cement supply was generally available and at worst was able to be procured within a couple of weeks of requirements. In Q2, 2022 this changed in several markets including the Lower Mainland in British Columbia (Greater Vancouver Area) and in Texas. We saw this trend continue in the third quarter and expand into more markets. In these markets, customers are on allocations and in many cases existing suppliers are not taking on new customers making finding alternative supply challenging to impossible. As a result, several projects were once again delayed in these markets and in select cases some customers choose to source an alternative product due to cement suppliers not being able to provide us with cement.

New Equipment on Order

In the second quarter CEMATRIX placed orders for two new state of the art pieces of drymix equipment for an estimated total capital expenditure commitment of $2.7 million. These units will provide the Company with a cost advantage versus competitors that rely on ready mix and will be deployed to support our regional expansion plans in the USA. We are expected to take delivery of the one of the units in Q4 2022 and take delivery in early 2023 for the second unit.

Q4 2022 and Full Year 2023 Forecast

Even with the record revenue in the third quarter, the Company experienced a number of projects that were extended into or delayed into the fourth quarter of this year, which is setting the Company up for a very strong fourth quarter from a revenue perspective to finish the year.

Our sales teams continue to win projects as a result of our quality, innovation and competitiveness in our key markets. CEMATRIX continues to invest in sales resources and new equipment to expand geographically in markets that are close to our existing operations. The Company remains extremely confident that 2023 will be the best year in the history of the Company with the volume of work that is contracted or in the process of being contracted for 2023.

Strong Backlog

The Company continues to see a strong bid pipeline and be awarded new projects. Subsequent to the end of the third quarter, the Company announced on October 26, 2022, that an additional $4.2 million in contracts and contracts in process had been executed with a total backlog of $83.6 million. The Company continues to see increased activity in its bid pipeline which bodes well for 2023 and beyond.

Several of the larger projects in backlog are expected to start in 2023 including our largest contract executed with Balfour Beatty Infrastructure Inc for a project with the North Carolina Department of Transportation ("NCDOT") for the backfill of several new overpasses along a freeway corridor in North Carolina.

Financial Review – Third Quarter

For the third quarter of 2022, revenues were $11.6 million, an increase of $4.4 million or 62%, compared to $7.1 million in the third quarter of 2021. The increase in revenue was mainly due to the completion of several large projects across all business units. The revenue generated in the third quarter of 2022 from our US businesses amounted to $8.5 million, while Canadian sales amounted to $3.1 million.

Gross Margin dollars were $2.2 million in the third quarter of 2022, compared to $1.6 in the third quarter of 2021, an increase of $0.6 million or 40%. Gross Margin percentage decreased to 19% in the third quarter of 2022 compared to 22% in the third quarter of 2021. The increase in Gross Margin and decrease in Gross Margin Percentage is the result of a combination of higher revenues combined with lower margins on larger projects.

Adjusted EBITDA in the third quarter of 2022 was $0.9 million, compared with Adjusted EBITDA of $0.6 million in the same period in 2021 as a result of higher revenues partially offset lower gross margin percentage and higher SG&A expenses.

The Company generated negative cash flow from operating activities of $0.5 million in the third quarter of 2022, compared to negative cash flow from operating activities of $0.8 million in the same period in 2021.

Financial Review – Year to Date

Revenue was $20.7 million in the nine months of 2022, an increase of $5.0 million or 32% compared to the nine months of 2021. The increase in revenue was mainly due to the completion of large projects across all business units. The revenue generated in the first nine months of 2022 from US operations amounted to $15.0 million while Canadian sales amounted to $5.7 million.

Gross Margin and Gross Margin Percentage were $2.1 million and 10%, respectively for 2022 compared to $2.2 million or 14% in 2021, a decrease of $0.1 million or 6%. The decrease in Gross Margin and decrease in Gross Margin Percentage is the result of a combination of higher revenues offset by lower margins on larger projects.

Adjusted EBITDA in the nine months of 2022 was a negative $1.9 million, compared with negative Adjusted EBITDA of $0.7 million in the same period in 2021, as a result of lower gross profit margin and higher SG&A costs.

The Company generated negative cash flow from operating activities of $3.2 million in the nine months of 2022, compared to negative cash flow from operating activities of $1.6 million in the same period in 2021.

C. Operations and Overall Performance

Results of Operations

Comparison of the Three Months Ended September 30, 2022, and September 30, 2021

	Three Months Ended September 30					
		2022		2021		Change
Revenue	**$**	**11,556**	$	7,128	$	4,428
Gross margin	**$**	**2,222**	$	1,586	$	636
Operating expenses		**(1,894)**		(1,637)		(257)
Operating income (loss)		**328**		(51)		379
Stock based compensation		**(169)**		(93)		(76)
Finance costs		**(218)**		(173)		(45)
Other income		**11**		292		(281)
Amortization of intangibles		**-**		(180)		180
Accretion costs		**(102)**		(83)		(19)
Fair value adjustment of derivatives		**(4)**		-		(4)
Loss before income taxes		**(154)**		(288)		134
Provision of deferred taxes		**(331)**		178		(509)
Provision of current taxes		**-**		(1)		1
Loss attributable to the common shareholder		**(485)**		(111)		(374)
Unrealized foreign exchange gain (loss) on translation of foreign subsidiaries		**1,070**		279		791
Comprehensive income (loss)	**$**	**585**	$	168	**$**	417
Fully diluted gain (loss) per common share	**$**	**(0.004)**	$	(0.001)	$	(0.003)

Revenue was $11,556 the third quarter of 2022 compared to $7,128 in the third quarter of 2021, an increase of 62% or $4,428. The increase was mainly due to higher sales in all business units.

As a percentage of revenues, the Gross Margin Percentage was 19% compared to 22% in 2021. The decrease in Gross Margin Percentage is the result of inflationary pressures in our cost structure and due to differences in the margin profile of projects year over year.

Operating expenses were $1,894 in the third quarter of 2022 compared to $1,637 in the third quarter of 2021 or 16% higher mainly due to increased salaries and wages due to the timing of annual bonuses and the hiring of new employees. Insurance costs increased due to higher premiums in 2022. Travel & conferences, and marketing costs increased as the Company returned to pre-covid levels of marketing activities.

Stock based compensation expense of $169 for the third quarter of 2022 compared to $93 the third quarter of 2021. The $76 increase was mainly due to new stock option granted to employees in April and June 2022. In addition, the Company issued restricted share unit (“RSU”) in the second quarter of 2022, which also resulted in an increase in stock based compensation expense in the current quarter.

Finance costs were $218 in the third quarter of 2022 compared to $173 in the same period in 2021, an increase of $45 or 26%. The increase can be mainly attributed to higher foreign exchange on US Dollar denominated debt as well as higher costs related to the new credit facility. The legacy credit facility incurred lower costs but no interest income whereas the new credit facility has higher costs that offset by higher interest income.

Other income was $11 in the third quarter of 2022 compared to $292 in the third quarter of 2021. In the third quarter of 2022, other income was mainly related to interest income of $90 (2021 - $nil), partially offset by foreign exchange losses of $79. Other income in the third quarter of 2021 mainly related to government wage and rent subsidies of $267.

Amortization of intangibles was $nil in the third quarter of 2022 compared to $180 in the third quarter of 2021. The expense originated from the acquisition of PIGCO where intangible assets of $1,706 were attributed to the value of the sales backlog on the business combination and was being amortized into income. PIGCO sales backlog was being amortized over a period of October 1, 2019, to December 31, 2021.

Accretion costs were $102 in the third quarter of 2022 compared to $83 for the same period in 2021. In the third quarter of 2022 and 2021, accretion expense entirely related to the host debt contract of the convertible debenture.

Unrealized foreign exchange gains and losses on the translation of foreign subsidiaries are recognized through other comprehensive income. MOS, PIGCO and CEMATRIX (USA) Inc. have a USD functional currency and as the Canadian dollar weakened relative to the USD, the value of these assets appreciated resulting in an unrealized foreign exchange gain of $1,070, in the third quarter of 2022. A similar effect occurred in the third quarter of 2021 which resulted in an unrealized foreign exchange gain of $279.

Comparison of the Nine Months Ended September 30, 2022, and September 30, 2021

	Nine Months Ended September 30		
	2022	2021	Change
Revenue	**$ 20,701**	$ 15,654	$ 5,047
Gross margin	**$ 2,102**	$ 2,225	$ (123)
Operating expenses	**(5,580)**	(4,883)	(697)
Operating income (loss)	**(3,478)**	(2,658)	(820)
Stock based compensation	**(463)**	(183)	(280)
Finance costs	**(540)**	(770)	230
Other income	**296**	741	(445)
Amortization of intangibles	**-**	(537)	537
Accretion costs	**(286)**	(266)	(20)
Revaluation of earn-out liability	**-**	132	(132)
Fair value adjustment of derivatives	**(11)**	2,722	(2,733)
Loss before income taxes	**(4,482)**	(819)	(3,663)
Provision of deferred taxes	**167**	609	(442)
Provision of current taxes	**-**	(80)	80
Loss attributable to the common shareholder	**(4,315)**	(290)	(4,025)
Unrealized foreign exchange gain (loss) on translation of foreign subsidiaries	**1,157**	(25)	1,182
Comprehensive income (loss)	**$ (3,158)**	$ (315)	**$** (2,843)
Fully diluted gain (loss) per common share	**$ (0.032)**	$ (0.003)	$ (0.029)

Revenue in the first nine months of 2022 was $20,701 compared to $15,654 in the prior year period, an increase of 32% or $5,047. The increase was due to higher sales in all business units for projects of all sizes. The Company's revenue is dependent on the construction schedules of the large projects that our work is part of.

Gross Margin was $2,102 in the first nine months of 2022, a decrease of $123, compared to a Gross Margin of $2,225 in the prior year period. As a percentage of revenues, the Gross Margin Percentage declined to 10% compared to 14% in 2021. The decrease in Gross Margin Percentage is the result of inflationary pressures in our cost structure and due to differences in the margin profile of projects year over year.

Operating expenses were higher by $697 or 14% due to: increased salaries, wages, and benefits as a result of annual increases and new hires; legal fees increased in 2022 due to the new credit facility and the Glavel investment; insurance costs increased due to higher premiums in 2022; travel & conferences, and marketing costs increased as the Company returned to pre-covid levels of marketing activities.

Stock based compensation expense was $463 in the first nine months of 2022 compared to $183 in the prior year period. The increase of $280 was largely due to new stock option grants to employees in April and June 2022. In addition, the Company issued RSU's in the second quarter of 2022, which also resulted in an increase in stock based compensation expense in the current period.

Finance costs were $540 in the first nine months of 2022 compared to $770 in the same period in 2021, a decrease of $230. The decrease can be mainly attributed to lower finance costs because of repayment of principal of BDC loans and the conversion of the MOS convertible note. The year-to-date decrease was partially offset by higher finance costs in late Q3 2022 attributed to higher foreign exchange rates compared to the previous year.

Other income of $296 was recognized in the first nine months of 2022 compared to $741 in the prior year period. The variance of $445 was largely a result of government wage and rent subsidies of $nil in the current year compared to $495 in 2021. The current period gain of $44 in unrealized foreign exchange which is caused by swings in foreign exchange rates on the USD denominated liabilities. A similar effect occurred in the first nine months of 2021 resulting in a foreign exchange gain of $220. The company received interest income of $200 in 2022 (2021 - $nil) primarily as a result of the short term investments of cash balances.

Amortization of intangibles was $nil in the first nine months of 2022 compared to $537 in the prior year period. The expense originated, as a result of acquisitions of PIGCO where intangible assets of $1,706 were attributed to the value of the sales backlog on the business combination. PIGCO sales backlog was amortized over a period of October 1, 2019, to December 31, 2021.

Accretion costs were $286 in the first nine months of 2022 compared to $266 for the same period last year. In 2022, the accretion expense entirely related to the host debt contract of the convertible debenture. In 2021, accretion expense also included accretion relating to the remaining tranches of the earn-out liability and convertible note, both originated from the acquisition of MOS.

The earn-out liability in relation to the MOS acquisition was completed in 2021 for the third 12-month period ended May 31, 2021, resulted in a gain of $132.

The convertible debenture, which was issued in April 2020 was trifurcated into a host debt contract, prepayment and equity features, of which the prepayment feature is accounted for as a derivative and revaluated at every reporting period. Based upon the modified Black-Scholes option pricing model, the fair value of the prepayment feature of the convertible debenture decreased by $11 in 2022, resulting in a loss for the same amount, compared to an increase of $2,722 in the first nine months of 2021.

Unrealized foreign exchange gains and losses on the translation of foreign subsidiaries are recognized through other comprehensive income. MOS, PIGCO and CEMATRIX (USA) Inc. have a USD functional currency and as the Canadian dollar weakened relative to the USD, the value of these assets appreciated resulting in an unrealized foreign exchange gain of $1,157 in the first nine months of 2021. A similar effect occurred in the first nine months of 2021 which resulted in an unrealized foreign exchange gain of $25.

D. Selected Financial Information and Summary of Financial Results

The Company's business is seasonal in nature as it follows the construction season. Typically, revenues in the second half of the year are significantly greater than the first half of the year. The Company continues pursuing other markets where seasonality is less of an issue. This seasonality is reflected in the quarterly results summarized in the table below:

Quarters Ended	Revenues	Comprehensive Income (Loss)	Income (Loss) Per Share Basic	Income (Loss) Per Share Diluted
2022 Year				
March 31	**$ 5,123**	**$ (2,175)**	**$ (0.017)**	**$ (0.017)**
June 30	**4,022**	**(1,569)**	**(0.012)**	**(0.012)**
September 30	**11,556**	**585**	**(0.004)**	**(0.004)**
Total for year	**$ 20,701**	**$ (3,158)**	**$ (0.032)**	**$ (0.032)**
2021 Year				
March 31	$ 4,509	$ 85	$ 0.003	$ 0.003
June 30	4,017	(571)	(0.004)	(0.004)
September 30	7,127	169	(0.001)	(0.001)
December 31	6,948	(1,623)	(0.009)	(0.009)
Total for year	$ 22,601	$ (1,940)	$ (0.016)	$ (0.016)

Note 1: Quarterly Income (loss) per share is calculated on a standalone quarterly basis and accordingly the sum of the quarterly amounts may not equal the total for the year

E. Consolidated Statements of Financial Position

	September 30 2022	December 31 2021	Change
Current assets	**$ 22,771**	$ 26,437	$ (3,666)
Noncurrent assets	**21,482**	17,952	3,530
Total assets	**$ 44,253**	$ 44,389	$ (136)
Current liabilities	**$ 11,099**	$ 4,659	$ 6,440
Noncurrent liabilities	**4,268**	8,149	(3,881)
Total liabilities	**$ 15,367**	$ 12,808	$ 2,559
Shareholders' equity	**$ 28,886**	$ 31,581	$ (2,695)

Total current assets decreased by $3,666. This decrease in aggregate is summarized below:

- Cash decreased by $7,986 (See the discussion in Section F - Consolidated Statement of Cash Flows).
- Trade and other receivables increased by $4,658 as a result of increased activity during the latter part of the quarter.
- Inventory increased by $75 because of the purchase of foaming agent for the execution of future work.
- Prepaids and deposits decreased by $414 as these balances are amortized to income over their useful life.

Total non-current assets decreased by $3,530. This increase in aggregate is summarized below:

- Long-term investments increased by $2,344 as a result of four factors: $1,351 equity investment in Glavel Inc., $805 purchase of Glavel Convertible Notes, $28 accrued interest income from the Glavel Notes, $160 unrealized foreign exchange gain on the translation of the investment in Glavel Inc.
- Property and equipment increased by $1,015 as a result of four factors: $1,295 capital expenditures and deposits on assets under construction, a $799 foreign exchange gain on the translation of assets held by our foreign denominated subsidiaries, partially off set by $1,072 depreciation expense, and $7 net book value of assets sold.
- Right of use assets decreased by $286 as a result of three factors: $276 depreciation expense, $50 capital expenditures, partially offset by $60 foreign exchange gain on the translation of assets held by our foreign denominated subsidiaries.
- Goodwill and intangibles assets increased by $468 because of the foreign exchange gain on the translation of assets held by our foreign denominated subsidiaries.
- On April 22, 2020, the Company issued unsecured convertible debenture with a total principal amount of $5,720 at a price of $1,000 per debenture with a maturity of April 22, 2023. On issuance, the convertible debenture was trifurcated into a host debt contract, forced conversion and equity features. At September 30, 2022 the convertible debenture forced conversion feature, which is a derivative asset had a carrying value of $16, compared to $27 as at December 31, 2021.

Total current liabilities increased by $6,440. This increase in aggregate is summarized below:

- Trade and other payables increased by $2,830 largely as a result of the timing difference in payments because company activity increased significantly in August and September.
- Current portion of long-term debt increased by $71 because of higher carrying value of US Dollar denominated debt.
- Current portion of lease obligations increased by $74 because the repayment of the obligations on debt closer to maturity and higher carrying value of US Dollar denominated leases.
- On April 22, 2020, the Company issued unsecured convertible debenture with a total principal amount of $5,720 at a price of $1,000 per debenture with a maturity of April 22, 2023. On issuance, the convertible debenture was trifurcated into a host debt contract, forced conversion and equity features. At September 30, 2022, the convertible debenture host debt contract had an aggregate carrying value of $3,465.

Total non-current liabilities decreased by $3,881. This decrease in aggregate is summarized below:

- Long term debt decreased by $253 as a result of repayments on BDC Loans.
- Lease obligations decreased by $418 as a result of lease payments and unrealized foreign exchange gains on the translation of foreign denominated leases.
- The deferred tax liability decreased by $102 due to deferred tax expense of $167 offset by $65 unrealized foreign exchange gains on the revaluation of the USD denominated balances.
- The April 22, 2020, convertible debt was reclassified from long-term to current, resulting in a reduction in non-current liabilities of $3,108.

Shareholders' Equity decreased by $2,695. This decrease in aggregate is summarized below:

- Contributed surplus increased by $463 due to the amortization of stock-based compensation for employee issued options and RSUs.
- Accumulated other comprehensive loss increased by $1,157 due to the unrealized foreign exchange gain on the translation of MOS, PIGCO and CEMATRIX (USA) Inc. for the nine months ended September 30, 2022.
- The Deficit increased by $4,315 due to the net loss to common shareholders for the nine months ended September 30, 2022.

See the Consolidated Statements of Shareholders' Equity Included in the Consolidated Financial Statements.

F. Consolidated Statements of Cash Flows

Comparison of the Three Months ended September 30, 2022, and September 30, 2021

The cash position of the Company on September 30, 2022 was $12,246 (consisting of cash in the bank) compared to a cash position of $20,532 (consisting of cash in the bank of $20,246 and restricted cash of $286) at September 30, 2021.

The change in cash in the third quarter of 2022 was a decrease of $1,580 as compared to a decrease of $742 in the same period of 2021. This change is outlined in the table:

	Three Months Ended September 30		
	2022	2021	Change
Cash generated from (used in) operating activities			
Before non-cash working capital adjustment	**$ 887**	$ 705	$ 182
Net change in non-cash working capital items	**(1,430)**	(1,463)	33
	(543)	(758)	215
Cash used in investing activities	**(312)**	(305)	(7)
Cash generated from financing activities	**(766)**	326	(1,092)
Foreign exchange effect on cash	**41**	(5)	46
Increase (decrease) in cash	**(1,580)**	(742)	(838)
Cash at beginning of period	**13,826**	21,274	(7,448)
Cash at end of period	**$ 12,246**	$ 20,532	$ (8,286)

Cash flow for the three months ended September 30, 2022, comprised the following:

- Cash used in operating activities decreased by $215.
  - Cash flow before non-cash working capital adjustments increased by $182 mainly as a result of higher revenues, partially offset by lower gross margins when compared to the prior quarter period.
  - Net change in non-cash working capital items increased by $33, primarily due to the level of receivables and payables generated in the respective periods and the timing of their collection or disbursement.
- Cash used in investing activities increased by $7.
  - In the third quarter of 2022, the Company used $312 towards the purchase of equipment, deposits on dry mix equipment under construction, and computers.
  - In the third quarter of 2021, the Company used $305 towards the purchase of automobiles (lease buyouts) and equipment.
- Cash used in financing activities increased by $1,092.
  - In the third quarter of 2022 the Company used $766 from financing activities. This was mainly due to $146 on interest payments, $457 repayment of long-term debt and repayments of $163 on lease obligations.
  - In the third quarter of 2021 the Company generated $326 from financing activities. This was mainly due to proceeds from the exercise of options and warrants of $1,576. This was partially offset by $550 repayment of earn-out liability, $104 on interest payments, $440 repayment of long-term debt and repayments of $156 on lease obligations.

Comparison of the Nine Months ended September 30, 2022, and September 30, 2021

The cash position of the Company on September 30, 2022 was $12,246 (consisting of cash in the bank) compared to a cash position of $20,532 (consisting of cash in the bank of $20,246 and restricted cash of $286) at September 30, 2021.

The change in cash in the nine months of 2022 was a decrease of $7,986 as compared to an increase of $17,771 in the same period of 2021. This change is outlined in the table:

	Nine Months Ended September 30		
	2022	2021	Change
Cash generated from (used in) operating activities			
Before non-cash working capital adjustment	**$ (1,907)**	$ (820)	$ (1,087)
Net change in non-cash working capital items	**(1,343)**	(731)	(612)
	(3,250)	(1,551)	(1,699)
Cash (used in) investing activities	**(3,402)**	(453)	(2,949)
Cash (used in) generated from financing activities	**(1,391)**	19,809	(21,200)
Foreign exchange effect on cash	**57**	(34)	91
Increase in cash	**(7,986)**	17,771	(25,757)
Cash at beginning of period	**20,232**	2,761	17,471
Cash at end of period	**$ 12,246**	$ 20,532	$ (8,286)

Change in cash flow for the nine months ended September 30, 2022, comprised the following:

- Cash used in operating activities increased by $1,699.
  - Cash flow before non-cash working capital adjustments increased by $1,087 mainly as a result of higher revenues and gross margins when compared to the prior period.
  - Net change in non-cash working capital items increased by $612 primarily due to the level of trade receivables generated in the respective periods and the timing of their collection.
- Cash used in investing activities increased by $2,949
  - In 2022, the Company used $1,295 towards the purchase of equipment, deposits on dry mix equipment under construction, and computers. Partially offset by proceeds on sale of automobiles of $49.
  - In 2022, Long-term investment increased by $2,156 as the company made investment in Glavel Inc. equity and convertible notes.
  - In 2021, the Company used $453 to purchase equipment and automobiles.
- Cash used in financing activities increased by $21,200.
  - In 2022 the Company used $1,391 from financing activities. This was mainly due to $457 repayment of long-term debt, $468 on interest payments and repayments of $466 on lease obligations.
  - In 2021 the Company generated $19,809 from financing activities. This was mainly due to proceeds from public offering of $20,890 and $4,132 of proceeds from the exercise of options and warrants. This was partially offset by $2,047 repayment of earn-out liability, $909 repayment of long-term debt, $683 on interest payments and repayments of $129 on bank operating loan and $1,000 on secured debenture and $445 on lease obligations.

G. Liquidity and Capital Resources

Liquidity

The Company's liquidity, including obtaining cash resources to finance capital spending to increase its production capacity, is dependent on generating sales, profits, cash flow from operations, maintaining a facility to finance working capital and accessing capital debt facilities through loans or lease financing.

On September 30, 2022, the Company had cash balances of $12,246 versus $19,945 on December 31, 2021. Adjusted Net Working Capital was $4,491 on September 30, 2022, compared to $3,002 on December 31, 2021.

The convertible debentures that were issued in April 2020 have a maturity date of April 2023. As a result, these debentures have been moved into current liabilities. The Company has set aside funds in cash to ensure the Company has sufficient funds to repay these debentures when they come due next year.

In 2022, CEMATRIX entered into a new financing arrangement with the Canadian Imperial Bank of Commerce (the "Bank" or "CIBC") to provide a $5,000 asset-based credit facility (the "Credit Facility"). The Credit Facility bears interest at an amount equal to 1.5% above the Bank's prime lending rate, which is currently at 3.2% and is secured by a general security agreement providing a first secured interest on the receivables and inventory of CEMATRIX (Canada) Inc, PIGCO, and MOS. The Credit Facility is further guaranteed by the Company with a general security agreement providing a first secured interest on all present and after acquired property of the Company.

Under the terms of the Credit Facility, the Bank will advance up to $5,000 based on 75% of trade receivables less than ninety days outstanding at the end of each month and 50% of inventories. The actual availability of the Credit Facility on September 30, 2022 was $5,000 of which $nil was outstanding ($nil – December 31, 2021). The availability on the credit facility is decreased for the amount of outstanding letters of credit of which there was $1,387 outstanding as at September 30, 2022.

The Credit Facility contains three financial covenants. The three financial covenants are the current ratio, debt to EBITDA ratio, and debt service coverage ratio. The current ratio and debt to EBTIDA ratios are tested quarterly and the debt service coverage ratio is tested annually. As at September 30, 2022, CEMATRIX was in compliance with the financial covenants that are tested quarterly.

This new credit facility replaces the previous credit facility that was in place with the CWB. The new credit facility allows the Company to borrow against the receivables and inventory of both its Canadian and US operating subsidiaries. As a result, the new Credit Facility is now better sized and better aligned with the overall Company. The planned use for the Credit Facility is to allow the Company to manage short-term working capital increases associated with the inherent seasonality of the business. Management does not expect at this time to use the Credit Facility to finance acquisitions, other investments or the purchases of new equipment.

The new credit facility has three financial covenants that must be maintained on a consolidated basis two of which are tested quarterly and one of which is tested annually (refer to Appendix C for detailed calculations):

- Current ratio not less than 1.25, tested quarterly. This is the ratio of current assets to current liabilities.

- Debt to EBITDA ratio of not more than 3.0 times, tested quarterly. This is a ratio of all long term debt divided by the rolling 12 months Adjusted EBITDA. The calculation for Adjusted EBITDA is illustrated in Appendix B. Up to the end of September 2022, the Company is allowed to net-off up to $5.0 million in cash against the outstanding debt for the purposes of the covenant calculation. Without the cash adjustment which is removed after Q3 2022, the Company would have been in breach of this covenant.

- Debt Service Coverage ratio of not less than 1.50 times, tested annually. This ratio is calculated by taking Adjusted EBITDA divided by the sum of all debt service costs (principle, interest, cash taxes, dividends and distributions).

As of September 30, 2022, CEMATRIX was in compliance with the covenants of the CIBC Credit Facility.

The USD BDC Financing Loans have a consolidated fixed charge coverage ratio financial covenant which is tested annually. At December 31, 2021, the Company was not in compliance with this covenant. On the same date, the BDC provided a tolerance for this covenant breach for the period up to and including December 31, 2021. This covenant will be tested again at December 31, 2022.

Capital resources

The Company defines its capital as the long-term debt, the lease obligations and shareholders' equity. The current objective of the Company is to manage its capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets.

The consolidated capital of the Company, as outlined in Note 23 - Capital management to the Condensed Consolidated Financial Statements, was $37,111 on September 30, 2022, as compared to $39,975 on December 31, 2021 (see Section F. Consolidated Statements of Financial Position for details).

H. Off Balance Sheet Arrangements

There were no off balance sheet arrangements at September 30, 2022.

I. Transactions with Related Parties

During the three and nine months ended September 30, 2022, and 2021, the Company did not have any material transactions with related parties.

J. Critical Accounting Judgements, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and judgements are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2021. There have been no changes since that date.

K. Changes in Accounting Policies including Initial Adoption

New accounting policies

As a result of the Company's equity investment in Glavel Inc., the Company has amended the accounting policy for Financial Instruments Classification as noted below.

Financial Instruments

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). For investments in equity instruments that are not held for trading, gains and losses will be recorded in profit and loss, unless, the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. These investments in equity instruments are subsequently measured at fair value, and gains or losses, including interest income or dividend income, are recognized in profit or loss. Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains or losses are either recorded in net loss or other comprehensive income (loss).

The Company reclassifies financial assets when one of the following occurs; (i) when its business model for managing those assets changes; (ii) the Company's investment has significant influence over the associate when it holds equity securities giving it the power to participate in the financial and operating policy decisions of the investee, without having control or joint control over those policies. Financial liabilities are not reclassified.

Future accounting pronouncements

The Company has reviewed new and revised standards and interpretations that have been approved by the IASB. There have been no new standards or interpretations issued during 2022 that significantly impact the Company.

L. Financial Instruments

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company financial instruments that are carried in the consolidated financial statements and how the fair value of financial instruments are measured.

Other financial liabilities

Other financial liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest rate method, with interest expense recognized on an effective yield basis. Liabilities in this category include bank operating loan, US operating loan, trade and other payables, loan and long-term debt.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Fair values

Non-derivative financial instruments

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, bank operating loan, US operating loan, and trade and other payables approximate their carrying values due to the relatively short periods to maturity of these instruments.

The fair value of the BDC Financing loans approximates its carrying value as the debt rate floats with prime and is representative of market rates offered to the Company.

The fair value of the secured debenture approximates its carrying value as the interest rate is a market rate for similar instruments offered to the Company.

The fair value of the long-term investment approximates its carrying value as the purchase price is a market rate for other investors participating in the private placement.

At the date of issue, the fair value of the debt components of the convertible debt was estimated using the prevailing market interest rates for similar non-convertible instruments. This amount was recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The fair value of the equity feature of the convertible debt was determined at issue date by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This conversion option is recognized net of income tax effects as equity and is not subsequently re-measured.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the amount of observable inputs used to value the instrument

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The long-term investment, embedded derivatives related to the forced conversion, prepayment and conversion features on the convertible debt are measured based on level 2.

Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market date. The earn-out liability is measured at level 3.

There were no transfers between level 1, 2 and 3 inputs during the year.

Risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall Company governance.

Interest Rate Risk

The BDC Financings, which totalled $3,421 at September 30, 2022, are subject to floating market rates. Based on the floating rate debt outstanding, a 1% increase/decrease in interest rates would result in an increase/decrease in net loss attributable to common shareholders of approximately $34 excluding the effect of income taxes.

Credit Risk

The Company is responsible for reviewing the credit risk for each customer before standard payment and delivery terms and conditions are offered. The Company review consists of external ratings, when available, and in some cases bank and trade references. Management has established a credit policy under which new customers are analyzed for creditworthiness before the Company extends credit. The Company monitors its trade and other receivables aging on an ongoing basis as part of its process in managing its credit risk.

The Company also manages credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed.

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, restricted cash and trade receivables. The Company's cash and cash equivalents is held with large established financial institutions. The Company manages credit risk using credit approval and monitoring practices. Management is not materially concerned about the credit quality and collectability of accounts receivables, as our customers are predominantly large in scale and of high creditworthiness, and the concentration of credit risk is limited as our largest customers change year to year depending on which projects are being completed.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. Liquidity risk management involves maintaining sufficient cash and cash equivalents and the availability of working capital financing.

The table below summarizes the maturity profile of the Corporation's financial liabilities on September 30, 2022, and December 31, 2021, based on contractual undiscounted payments.

As at September 30, 2022	**Less than 1 year**	**1 to 2 years**	**2 to 6 years**	**Total**
Trade and other payables	**$ 6,034**	**$ -**	**$ -**	**$ 6,034**
Long-term debt	**948**	**864**	**1,609**	**3,421**
Lease obligations	**652**	**626**	**61**	**1,339**
Convertible debt	**3,465**	**-**	**-**	**3,465**
	$ 11,099	**$ 1,490**	**$ 1,670**	**$ 14,259**

As at December 31, 2021	**Less than 1 year**	**1 to 2 years**	**2 to 6 years**	**Total**
Trade and other payables	$ 3,204	$ -	$ -	$ 3,204
Long-term debt	877	877	1,849	3,603
Lease obligations	578	932	174	1,684
Convertible debt	-	3,107	-	3,107
	$ 4,659	$ 4,916	$ 2,023	$ 11,598

Foreign Exchange Risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure relates to balances denominated in US dollars and the operations of its US subsidiary which are predominantly in USD. The Company does not hedge these items as the timing of related transactions is not certain.

As at September 30, 2022 and December 31, 2021 the following balances were denominated in USD:

(in 000's US Dollars)		**2022**		2021
Cash and cash equivalents	**$**	**456**	$	745
Trade and other receivables	**$**	**4,680**	$	2,046
Prepaid expenses and deposits	**$**	**15**	$	192
Long-term investments	**$**	**1,710**	$	-
Trade and other payables	**$**	**3,349**	$	1,440
Long term debt	**$**	**1,633**	$	1,866
Finance lease obligations	**$**	**651**	$	874

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at September 30, 2022, a 1% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in net loss of approximately $17 before considering the effect of taxes.

M. Disclosure of Outstanding Share Data

As at September 30, 2022 and November 9, 2022, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	**Outstanding as at September 30, 2022**	**Outstanding as at November 9, 2022**
Voting or equity securities issued and outstanding	Unlimited Common Shares	133,948,710 Common Shares	133,948,710 Common Shares
Securities convertible or exercisable into voting or equity securities – stock options	Incentive equity plans up to 10% of outstanding Common Shares	Stock options to acquire 4,603,333 Common Shares at an exercise price at between $0.19 - $0.59	Stock options to acquire 4,603,333 Common Shares at an exercise price at between $0.19 - $0.59
Securities convertible or exercisable into voting or equity securities – Restricted Stock Units ("RSU's")	Incentive equity plans up to 10% of outstanding Common Shares	RSU's to acquire 980,695 Common Shares	RSU's to acquire 980,695 Common Shares
Securities convertible or exercisable into voting or equity securities – share purchase warrants	As approved by the board	Share purchase warrants to acquire 20,067,717 Common Shares at an exercise price at between $0.45 - $0.81	Share purchase warrants to acquire 20,067,717 Common Shares at an exercise price at between $0.45 - $0.81
Securities convertible or exercisable into voting or equity securities – units	As approved by the board	The right to acquire 3,739,068 units at prices between $0.40 and $0.65. Each unit is comprised of one common share and a half share purchase warrant	The right to acquire 3,739,068 units at prices between $0.40 and $0.65. Each unit is comprised of one common share and a half share purchase warrant
Convertible debentures convertible into voting or equity securities - units	As approved by the board	$3,589,000 convertible debentures, convertible into 8,972,500 units. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at $0.45	$3,589,000 convertible debentures, convertible into 8,972,500 units. Each unit consists of one Common Share and a half share purchase warrant to acquire one Common Share at $0.45

N. Outlook

Management's outlook remains unchanged from the end of 2021 and after the first three quarters of 2022 despite the supply chain issues facing the Company. The Company continues to be focused on the execution of its strategic plan. The 2021 financing continues to provide management with the means to execute its strategy beyond continued strong organic growth. This strategy will include the simplifying and de-levering of the balance sheet; regional expansion, particularly in the United States where the cellular concrete market continues to experience strong growth; and the pursuit of acquisitions of other cellular concrete applicators, specialty suppliers and/or other complimentary companies provided that they add value to CEMATRIX and its shareholders.

The acquisitions we completed in the past have established CEMATRIX as the clear leader in its industry, which from a micro-economic perspective should allow the company to increase its market share, cash flow and profitability regardless of the changes in the macro-economic environment. We continue to look for further acquisition opportunities that fit our strategic plan to accelerate our growth.

In early 2022, we announced a $4.0 million USD investment commitment to Glavel, Inc ("Glavel"). To date, we have completed the investment of $1.7M USD of our $4.0M USD commitment into Glavel. Glavel is a foamed glass company operating in the NE USA. Foamed glass is an ultra-light weight material with insulating properties made from recycled glass. Foamed glass competes with or is a complimentary product to cellular concrete in certain applications. The Company is excited about the potential for foam glass and views the investment in Glavel as a key step forward in the execution of our growth strategy.

Cement supply chain challenges that began to impact the Company in select key markets in the second quarter continued into the third quarter. We expect these cement supply challenges to continue for the remainder of the year and very likely into 2023 in these select markets. Our partners in the supply of cement and ready-mix have communicated to the Company that they expect the supply challenges to persist into 2023. However they do expect that they will slowly come to an end in late 2023 as residential construction, which is significant driver of cement demand, slows due to a general economic slowdown and perhaps even a recession caused by increasing interest rates and increasing inflation.

Despite these cement supply chain issues, we delivered record revenue in the third quarter and expect the fourth quarter to be very strong due to the push from our customers to complete work before winter arrives and due to strong activity in the tunnels market that much less impacted by cold weather.

In summary, the company's financial sustainability remains strong. The Company continues to announce new project awards to maintain our backlog. We are excited about the addition of Glavel and its foamed glass product to the CEMATRIX family. We remain committed to our strategy and expect to see more of our efforts come to fruition in the last quarter of 2022, in 2023 and beyond.

<u>CEMATRIX CORPORATION</u>
<u>www.cematrix.com</u>

Form 51-102F1 - Management's Discussion & Analysis
For the Three and Nine Months Ending September 30, 2022

Appendix A – Forward Looking Statements

The forward-looking statements in the MD&A for the three and nine months ending September 30, 2022 are outlined below:

General

There are a number of statements in the MD&A which refer to "expect", "expects", "expected", "believes", "should", "anticipated" and "will".

The foregoing statements contains forward-looking statements which are based on sales forecasts prepared for 2021; sales forecasts include work which is under contract or Verbally Awarded for 2021, as well as probability adjusted forecasts for projects on which the Company has placed or will place bids in the coming year, where the probabilities applied to the sales forecast are based on management's assessment of the particular project based on historical experience and the stage the project is in the sales cycle. There are a number of risks that could affect these assumptions which include: contracted work is delayed; the failure of 2022 sales to materialize, because of project delays or cancellations or because CEMATRIX's cellular concrete is not specified into projects, management's assumptions in applying probabilities to the various projects in the sales forecast are incorrect, and product acceptance in new markets takes longer than anticipated resulting in reduced sales.

Appendix B – Non-IFRS Measures

Throughout this MD&A certain measures are used that, while common in the construction industry, are not recognized measures under IFRS. These measures are used by management to assist in making operating decisions and assessing performance. They are presented in this MD&A to assist readers in assessing the performance of the Company. While we calculate these measures consistently from period to period, they will likely not be directly comparable to similar measures used by other companies because they do not have standardized meanings prescribed by IFRS. Please review the definitions of these measures below.

Sales Pipeline:
The Company's sales pipeline is defined as the total forecasted dollar amount of those future projects that CEMATRIX has been contracted by engineering firms, or owners, or contractors for design assistance (which could include thermal modelling), a quote, or both. The sales pipeline does not include the dollar value of contracted sales; or the dollar value of sales, where volumes have not been determined by the designers; or the dollar value of sales that have been lost for various reasons, including that the proposed project has been cancelled, lost to an alternative product or lost to a competitor. The sales pipeline is updated when changes in the status of a project becomes known to CEMATRIX. The sales pipeline includes projects from the current and future years and grows with the continued acceptance of the product throughout the Company's market territory, which currently includes significant parts of Canada and parts of the U.S.

Backlog:
Backlog is the sum of all contracts awarded and all contracts in process.

Adjusted Net Working Capital:
Adjusted net working capital is calculated as net working capital adjusted for cash and cash equivalents, restricted cash, bank operating loan, current portion of long-term debt, current portion of lease obligations, current portion of earn-out liabilities and current portion of convertible debt.

		September 30, 2022		**December 31, 2021**
Current Assets	**$**	**22,771**	$	26,437
Current Liabilities		**(11,099)**		(4,659)
Net working Capital		**11,672**		21,778
Adjustments				
Cash and cash equivalents		**(12,246)**		(19,945)
Restricted cash		**-**		(286)
Current portion of long-term debt		**948**		877
Current portion of lease obligations		**652**		578
Current portion of convertible debt – host debt		**3,465**		-
Adjusted Net Working Capital	**$**	**4,491**	$	3,002

EBITDA
EBITDA is calculated as net income (loss) before finance costs, depreciation and amortization and provision of deferred and current taxes.

Adjusted EBITDA
Adjusted EBITDA is calculated as EBITDA as defined above, adjusted for unrealized foreign exchange gain (loss), accretion costs, revaluation of derivatives, revaluation of earn-out liabilities and stock based compensation.

	Three Months Ended September 30			
		2022		**2021**
Net income (loss)	**$**	**(485)**	$	(111)
Finance costs		**218**		173
Depreciation and amortization		**455**		601
Provision of deferred / current taxes		**331**		(178)
EBITDA	**$**	**519**	$	485
Unrealized foreign exchange gain (loss)		**93**		45
Accretion costs		**102**		83
Revaluation of derivatives		**4**		-
Revaluation of earn-out liability		**-**		(132)
Stock based compensation		**169**		93
Adjusted EBITDA	**$**	**887**	$	574

	Nine Months Ended September 30			
		2022		**2021**
Net income (loss)	**$**	**(4,315)**	$	(290)
Finance costs		**540**		770
Depreciation and amortization		**1,348**		1,873
Provision of deferred / current taxes		**(167)**		(529)
EBITDA	**$**	**(2,594)**	$	1,824
Unrealized foreign exchange gain (loss)		**(30)**		(159)
Accretion costs		**286**		266
Revaluation of derivatives		**11**		(2,722)
Revaluation of earn-out liability		**-**		(132)
Stock based compensation		**463**		183
Adjusted EBITDA	**$**	**(1,864)**	$	(740)

Funds Flow from Operations:
Cash generated from (used in) operating activities before net change in non-cash working capital items.

Appendix C – Covenant Calculations

		As at September 30, 2022
CIBC Covenants		
CURRENT RATIO		
Formula: Current Assets / Adjusted Current Liabilities		
Current Assets	$	22,771
Current liabilities		11,099
Current Ratio		**2.05**
Covenant tested quarterly, not less than		1.25
Covenant Met		
DEBT TO EBITDA RATIO		
Formula: Adjusted Debt / EBITDA		
Adjusted Debt		
Current portion – long term debt	$	948
Long term debt		2,473
Total long-term debt		3,421
Less: Cash adjustment		5,000
Adjusted long term debt		-
Adjusted EBITDA (Rolling 12 months)		**(1,780)**
Debt to EBITDA Ratio		**-**
Covenant tested quarterly, not to exceed 3x		3.00
Covenant Met		