

CEMATRIX CORPORATION

CEMATRIX Corporation Announces Second Quarter Results and Guidance Update:

Calgary, Alberta – August 7, 2020: CEMATRIX Corporation (TSXV: CVX) (the “Corporation” or the “Company” or “CEMATRIX”), a North American leading manufacturer and supplier of technologically advanced cellular concrete products through its wholly owned operating subsidiaries, CEMATRIX (Canada) Inc. (“CCI”), MixOnSite USA Inc. (“MOS”) and Pacific International Grout Company (“PIGCO”) announces the release of its consolidated financial results for the second quarter ending June 30, 2020.

Financial and Business Highlights:

- Record second quarter revenues of \$7,365,858 an increase of \$917,315 or 14% compared to \$6,448,543 in the second quarter of 2019.
- EBITDA in the second quarter of 2020 was \$677,407, a decrease of \$297,610 or 31% compared to \$975,017 in the second quarter of 2019.
- Cash flow in the second quarter of 2020 was \$351,958 a decrease of \$301,328 or 46% compared to \$653,286 in the second quarter of 2019.
- Loss attributed to common shareholders in the second quarter of 2020 was \$630,948 compared to income of \$175,512 in the second quarter of 2019.
- On April 22, 2020 the Company completed a private placement of unsecured convertible debentures raising \$5.5 million in gross proceeds. The convertible debentures pay interest at 8% per year and convert into units at \$0.40 per unit. Each unit will be comprised of one common share and one-half share purchase warrant. Each share purchase warrant will be exercisable into one common share for a period of 36 months from the date of issuance at an exercise price of \$0.45 per common share.

“Although we are pleased to report record revenues in sales for this quarter, the impact of Covid-19 on our customers is starting to affect our business,” stated the Company CEO and President, Jeff Kendrick. “As we moved into the second half of 2020, we have begun to experience delays in projects. Some projects have been pushed back a few weeks to a month or two, but a number of projects are now expected to begin in 2021. Multiple vendors involved in certain projects are experiencing workflow slowdowns, leading to workflow delays in engineering, design, procurement of materials and ultimately project execution. As a result of these delays on our clients, projects are taking longer than usual to complete, thereby impacting all project participants, including CEMATRIX. The silver lining is that none of these delays are a result of project cancellations or budget constraints but simply, a result of logistical challenges due to the pandemic and these unprecedented times in our economy.”

“Given the current Covid-19 environment and taking a conservative position that some contracts may never materialize, we are revising our revenue estimates for 2020 to between \$32.0-\$38.7 million. The expected EBITDA before the PIGCO Earnout will also be reduced to between \$3.0 and \$4.9 million. Given the Company’s fixed cost structure, increasing sales in the second half of 2020 will generate higher margins than those realized in the first half of 2020.”

“I want to reinforce that even in this current unprecedented Covid-19 environment, management is pleased that no projects to date have been lost; only delayed and that the number and size of tenders and other new projects being released (see MD&A) continues to increase. This is evidenced by the continued growth of our sales pipeline, which now exceeds \$336.0 million and our current backlog (including current years sales), which now exceeds \$80.0 million. This growth in sales opportunities, combined with the government’s expected investments into infrastructure construction, particularly the replacement of aging overpasses, bridges and highways continues to bode well for CEMATRIX’s future and our young but fast-growing business,” concluded Mr. Kendrick.

Selected financial information for the three months and six months ended June 30, 2020 and 2019 is as follows:

	Three months ended June 30			Six months ended June 30		
	2020	2019	Variance	2020	2019	Variance
Revenue	\$ <u>7,365,858</u>	\$ <u>6,448,543</u>	\$ <u>917,315</u>	\$ <u>11,297,715</u>	\$ <u>9,634,269</u>	\$ <u>1,663,446</u>
Gross margin	\$ <u>1,604,715</u>	\$ <u>1,839,555</u>	\$ <u>(234,840)</u>	\$ <u>2,281,633</u>	\$ <u>2,359,763</u>	\$ <u>(78,130)</u>
Operating expenses	<u>(1,574,385)</u>	<u>(1,102,554)</u>	<u>(471,831)</u>	<u>(3,097,322)</u>	<u>(2,149,664)</u>	<u>(947,658)</u>
Operating income (loss)	<u>30,330</u>	<u>737,001</u>	<u>(706,671)</u>	<u>(815,689)</u>	<u>210,099</u>	<u>(1,025,788)</u>
Stock based compensation	<u>(29,355)</u>	<u>(143,960)</u>	<u>114,605</u>	<u>(72,103)</u>	<u>(178,077)</u>	<u>105,974</u>
Finance costs	<u>(409,870)</u>	<u>(215,480)</u>	<u>(194,390)</u>	<u>(754,391)</u>	<u>(432,324)</u>	<u>(322,067)</u>
Other income	<u>234,431</u>	<u>77,906</u>	<u>156,525</u>	<u>(203,087)</u>	<u>259,489</u>	<u>(462,576)</u>
Income (loss) before other items	<u>(174,464)</u>	<u>455,467</u>	<u>(629,931)</u>	<u>(1,845,270)</u>	<u>(140,813)</u>	<u>(1,704,457)</u>
Amortization of intangibles	<u>(198,335)</u>	<u>(123,632)</u>	<u>(74,703)</u>	<u>(390,699)</u>	<u>(246,497)</u>	<u>(144,202)</u>
Business acquisition costs	<u>-</u>	<u>(16,957)</u>	<u>16,957</u>	<u>-</u>	<u>(65,825)</u>	<u>65,825</u>
Accretion costs	<u>(179,278)</u>	<u>(157,620)</u>	<u>(21,658)</u>	<u>(291,823)</u>	<u>(289,645)</u>	<u>(2,178)</u>
Revaluation of earn-out liability	<u>(110,972)</u>	<u>146,181</u>	<u>(257,153)</u>	<u>(110,972)</u>	<u>146,181</u>	<u>(257,153)</u>
Revaluation of derivatives	<u>(182,866)</u>	<u>128,669</u>	<u>(311,535)</u>	<u>(118,186)</u>	<u>9,122</u>	<u>(127,308)</u>
Income (loss) before income taxes	<u>(845,915)</u>	<u>432,108</u>	<u>(1,278,023)</u>	<u>(2,756,950)</u>	<u>(587,477)</u>	<u>(2,169,473)</u>
Deferred taxes	<u>214,967</u>	<u>(170,523)</u>	<u>385,490</u>	<u>778,399</u>	<u>12,361</u>	<u>766,038</u>
Current taxes	<u>-</u>	<u>(89,073)</u>	<u>89,073</u>	<u>-</u>	<u>(89,073)</u>	<u>89,073</u>
Income (loss) attributable to common shareholders	<u>(630,948)</u>	<u>172,512</u>	<u>(803,460)</u>	<u>(1,978,551)</u>	<u>(664,189)</u>	<u>(1,314,362)</u>
Unrealized foreign exchange loss on translation of foreign subsidiaries	<u>(408,152)</u>	<u>(165,566)</u>	<u>(242,586)</u>	<u>405,763</u>	<u>(328,477)</u>	<u>734,240</u>
Comprehensive Income (loss)	\$ <u>(1,039,100)</u>	\$ <u>6,946</u>	\$ <u>(1,046,046)</u>	\$ <u>(1,572,788)</u>	\$ <u>(992,666)</u>	\$ <u>(580,122)</u>
Income (loss) per common share	\$ <u>(0.010)</u>	\$ <u>0.004</u>	\$ <u>(0.016)</u>	\$ <u>(0.033)</u>	\$ <u>(0.015)</u>	\$ <u>(0.018)</u>

This press release should be read in conjunction with the Corporation's Audited Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2019, both of which can be found on SEDAR.

CEMATRIX is a rapidly growing company that manufactures and supplies technologically advanced cellular concrete products developed from proprietary formulations across North America. This unique cement-based material with superior thermal protection delivers cost-effective, innovative solutions to a broad range of problems facing the infrastructure, industrial (including oil and gas) and commercial markets. Through recent acquisitions of Chicago based MixOnSite and Bellingham based Pacific International Grout, CEMATRIX is now North America's largest Cellular Concrete company.

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Forward-looking information: This news release contains certain information that is forward looking and is subject to important risks and uncertainties (such statements are usually accompanied by words such as “anticipate”, “expect”, “would” or other similar words). Forward looking statements in this document are intended to provide CEMATRIX security holders and potential investors with information regarding CEMATRIX and its subsidiaries’ future financial and operations plans and outlook. All forward looking statements reflect CEMATRIX’s beliefs and assumptions based on information available at the time the statements were made. Readers are cautioned not to place undue reliance on this forward looking information. CEMATRIX undertakes no obligation to update or revise forward looking information except as required by law. For additional information on the assumptions made and the risks and uncertainties which may cause actual results to differ from the anticipated results, refer the CEMATRIX’s Management Discussion and Analysis dated April 20, 2020 under CEMATRIX’s profile on SEDAR at www.sedar.com and other reports filed by CEMATRIX with Canadian securities regulators.