CEMATRIX™

*Lightweight Fill Solutions*

**Q2 2026**
**CEMATRIX Corporation**

# MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three and six month periods ended
June 30, 2026, and 2025

# Management's Discussion and Analysis

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*The following is the Management's Discussion and Analysis ("MD&A") of CEMATRIX Corporation ("CEMATRIX" or the "Company") for the three and six months ended June 30, 2026. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2026, (the "Interim Condensed Consolidated Financial Statements") and the related notes thereto (the "Consolidated Financial Statements") and the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2025, and related notes thereto. The Interim Condensed Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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.sedarplus.com. CEMATRIX is listed on the TSX Exchange under the trading symbol "CEMX".*

The Audit Committee of the Company reviewed and recommended for approval by the Board of Directors of the Company the Consolidated Financial Statements and MD&A for the three and six months ended June 30, 2026. The Board of Directors of the Company reviewed and approved the Interim Consolidated Financial Statements and MD&A on July 29, 2026.

## Forward-looking information

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 the Key Market Drivers section and in the Key Risks and Uncertainties section of its MD&A for the year ended December 31, 2025, 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 ("IASB").

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.

## 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 six months ended June 30, 2026, the Company's financial condition as at June 30, 2026, and its future prospects.

## Highlights

### CEO message

As management, we focus on the full year financial performance and not necessarily the quarter over quarter financial performance (good or bad).

In the second quarter of 2026 and in the first six months of 2026, we delivered record revenue, record adjusted EBITDA and record cash flow from operations (before working capital). After Q2, our gross margins are coming back in line with our expectations and our guidance. Our gross margins always improve with higher revenue volumes and through successful project execution. We also continue to see our cost structure changes show up positively, as our SG&A costs this quarter and YTD were lower compared to 2025.

Looking forward at our backlog, we expect the third quarter of 2026 to be similar to our third quarter last year, and we remain on track for 2026 to be another good year across all of our financial key performance indicators for the Company. We remain focused on executing our business strategy and growing our Company by delivering on quality, on time, on budget solutions to our customers geotechnical construction challenges. People are taking notice of our results, and more opportunities continue to present themselves. Our Company has never been in a better spot financially and strategically than we are now.

### Increase in oil prices

Oil prices have increased dramatically due to geopolitical events impacting supply and demand. In particular, the conflict involving Iran and the resulting reduced flows of oil through the Strait of Hormuz has had a very significant increase in the price of oil. The increase in the price of oil has a direct resulting increase in fuel costs, which in turn increases transportation costs for all goods, which then increases the cost of all products, everywhere. In the short term, this price increase will have to be absorbed by companies but very quickly these increases will be passed to customers. These transportation cost increases will then increase overall inflation, which puts more upward pressure on salaries and wages.

Fuel and transportation costs are part of our cost structure. Increased fuel and transportation costs will negatively impact our margins in the short term as our contracts do not have a mechanism to mitigate these costs increase. We do not anticipate that these increased costs will materially impact our results in 2026 or going forward. Over the medium to long term these cost increases can and will be built into our prices to our customers.

### Growth trend continues

CEMATRIX is a growth company. Revenues have grown by a cumulative annual growth rate ("CAGR") of 25% since 2017.

Our revenues for the second quarter were $18.7 million, an increase of 76% compared to $10.6 million last year. This represents our best ever second quarter revenues in the history of the Company. It is also our third best of any quarterly revenue ever in the history of the Company (with #1 being Q3 2023 and #2 being Q4 2023). Our revenues for the first six months or first half ("H1") of the year were $26.0 million, an increase of 50% compared to $17.3 million last year. This also represents our best ever first half revenues in the history of the Company.

Our financial results will be variable based on the timing of when large projects start and stop. As a subcontractor to a general contractor on large projects, we do not control when our scope of work begins. As a result, our revenue growth will be "lumpy" (not a staircase) depending on which large projects start and / or end each quarter. That said, the overall trend is one of growth and we continue to trend positively on all of our financial key performance indicators for the year.

(in thousands of Canadian dollars, except per share amounts)

### Continued sales success

The success of our sales teams continues. Year-to-date in 2026, CEMATRIX has announced $26.2 million in new backlog (contracts and contracts in process). These contracts are for a variety of cellular concrete geo-technical infrastructure applications including load reducing fill and grouting. These new awards continue to demonstrate the confidence our customers have in CEMATRIX's sales and operations teams to deliver a quality solution, on time and on budget, to their geotechnical construction needs.

### Key contract structure – impact on comparison figures (2025 revenue and margins)

At the request of a customer, the Company changed the structure of a large contract in 2025 to allow the customer to purchase the cement for the project. CEMATRIX accepted this change because we first serve our customers' needs, the structure provides some business benefits to CEMATRIX, and our focus is on profitability. The revenues from the project occurred in the last three quarters of 2025.

The net impact of this change was that CEMATRIX (see table below) recognized less revenue but the same gross margin dollars. Had CEMATRIX been able to recognize revenue under a traditional contract structure our year-to-date revenues (and costs of sales) would have been higher, gross margin dollars would have been the same, and our gross margin percentage (%) would have been lower (see table below).

| ($ millions) | As reported Q2 2025 | Proforma under traditional contract structure | As reported YTD 2025 | Proforma under traditional contract structure |
|---|---|---|---|---|
| Revenue | **$ 10.6** | $ 12.1 | **$ 17.3** | $ 18.8 |
| Gross margin | **$ 4.1** | $ 4.1 | **$ 5.6** | $ 5.6 |
| Gross margin % | **39%** | 34% | **32%** | 30% |

### Gross margins

Our gross margins were in line with our long-term expectations and guidance. Gross margins did decrease in the quarter compared to the prior year primarily as a result of the impact of the contract structure outlined above and the impact of larger projects on our margin profile. We had more larger projects in the current quarter compared to last year. We continue to do a good job bidding projects and consistently deliver strong execution in the field.

There are two primary drivers of gross margins. The first is project margins which are based on direct variable costs. The second driver of gross margins are indirect costs. Project margins vary significantly depending on many factors including the size of the project, the complexity of the project, and competition. The Company's significant variable costs are cement / ready mix, foaming agent, mobilization / demobilization costs, and other project specific costs. Project margins depend on strong estimating at time of bid plus successful execution in the field. Project margins must cover all of our indirect costs in addition to the Company's SG&A expenses.

Much of the Company's indirect costs are fixed and include costs such as rent, equipment repairs and maintenance, training, and non-billable crew time (as examples). As a result, the Company requires a certain amount of revenue and project margins to cover these fixed indirect costs to breakeven. Once that breakeven amount of revenue is achieved, the Company begins to be profitable as every additional gross margin dollar turns into EBITDA.

Lastly, margins on large projects are always lower due to competitive pressure. For large projects, owners and general contractors always follow a best practices procurement process with multiple bidders. The result generates lower margins for the successful winner of the subcontract bid.

(in thousands of Canadian dollars, except per share amounts)

### Cost structure

The Company was able to implement cost structure initiatives last year and this year, that have resulted in reduced SG&A expenses. SG&A expenses in the quarter were $2.2 million compared to $2.4 million in same quarter last year. SG&A expenses on a year-to-date basis were $4.2 million in 2026 compared to $4.5 million in 2025. The Company continues to look for ways to save money to either reduce SG&A or reallocate funds to more sales and sales support resources.

### Seasonal business

As a specialty construction contractor, our business is subject to the seasonality of the overall construction industry in the markets that we operate in. In particular, winter and cold weather have a significant impact on the activities of our customers and, as a direct result, our revenue. Due to the challenges associated with cold weather, there is, in general, less construction activities that occurs during the winter in Canada and the northern United States. The Company strategically uses these slower periods or downtimes due to seasonality to perform repairs and maintenance on our equipment to help ensure that we are ready to go when our business hits its peak periods. This also helps the Company to retain its highly specialized crew.

The first quarter tends to be our slowest quarter, followed by the second quarter, with the third quarter being our strongest and the fourth quarter generally being our second-best quarter. Over the last five years, we have averaged 18% of our revenue in the first quarter, 17% of our revenue in the second quarter, 34% of our revenue in the third quarter, and 31% of our revenue in the fourth quarter. The percentages can and do vary year to year depending on the location and mix of project types (see chart below). Some of our projects or applications, such as tunnel grouting, projects on the west coast, or work in the southern United States have less exposure to winter seasonality. We continue to strive to win more work and grow our business in these segments to reduce the impact of seasonality on our business.

Below is a table of revenue distribution by quarter(1):

| Year | First quarter | Second quarter | Third quarter | Fourth quarter |
|---|---|---|---|---|
| 2021 | 20% | 18% | 31% | 31% |
| 2022 | 18% | 14% | 40% | 29% |
| 2023 | 13% | 12% | 38% | 37% |
| 2024 | 24% | 18% | 29% | 29% |
| 2025 | 15% | 24% | 34% | 28% |
| **Average** | **18%** | **17%** | **34%** | **31%** |

(1) Individual percentages may not sum to 100% for a given year as a result of rounding.

(in thousands of Canadian dollars, except per share amounts)

### Backlog reconciliation

Backlog remained robust with our sales success. During the second quarter, the Company announced contract wins amounting to $9.2 million, and we have announced contract wins of $26.2 million year-to-date. The Company continues to see increased activity in its bid pipeline which bodes well for future sales success into 2026 and beyond.

The following table shows the Company's backlog balances at the end of the following reporting periods:

| | | June 30, 2026 | | December 31, 2025 |
|---|---|---|---|---|
| Contracts in process [(1)] | $ | 17,729 | $ | 18,344 |
| Contracted [(1)] | | 43,798 | | 49,402 |
| Total backlog | $ | 61,527 | $ | 67,746 |
| | | | | |
| Opening backlog | $ | 67,746 | $ | 69,640 |
| Awards and change orders | | 26,191 | | 53,657 |
| Foreign exchange and adjustments to backlog [(2)] | | (6,391) | | (10,460) |
| Revenue | | (26,019) | | (45,091) |
| Ending backlog | $ | 61,527 | $ | 67,746 |

(1) Contracts in process and contracted backlog are non-GAAP financial measure. See "Appendix B – non-GAAP measures" in this MD&A for more information on each non-GAAP measure.

(2) Adjustments to backlog in 2025 include a change in a key customer's contract structure discussed in the 2025 Q4 MD&A.

### Normal course issuer bid ("NCIB")

The Company first implemented a NCIB in April 2025. Each NCIB approval is good for one year and must be renewed for a new approval each year. On April 14, 2026, the Company announced that it had renewed its NCIB. Under the renewed NCIB, the Company may purchase for cancellation a maximum of 13,374,708 Common Shares of the Company, representing 10% of the public float (as defined by the TSX) as of April 6, 2026. On April 6, 2026, CEMATRIX had 149,734,733 Shares issued and outstanding. The NCIB commenced on April 17, 2026, and will terminate upon the earliest of (i) April 16, 2027, (ii) the Company purchasing the maximum of 13,374,708 Shares, and (iii) the Company terminating the NCIB.

During the first half of 2026, the Company purchased for cancellation 690,431 shares at an average price of $0.50. Since the inception of the program in April of 2025, the Company purchased for cancellation 1,993,248 shares at an average price of $0.38.

CEMATRIX believes that the market price of its Shares may not, from time to time, accurately reflect their underlying value. Accordingly, purchasing the Shares for cancellation under the NCIB may represent an attractive investment opportunity for the Company to enhance long-term shareholder value, in line with CEMATRIX's overall capital structure management strategy. CEMATRIX cautions shareholders that there is no guarantee that it will purchase more shares in the future.

**Summary financial review – second quarter**

Revenue was a record $18.7 million for the second quarter of 2026, an increase of $8.1 million or 76%, compared to $10.6 million the same period in 2025. This was our highest ever revenue in the second quarter which is traditionally one of our slower quarters.

Gross margin for the second quarter of 2026 was $6.6 million, an increase of $2.5 million from $4.1 million in the same period of 2025. Gross margin as a percentage of revenue decreased to 35%, compared to 39% in the comparative period. This decrease was primarily driven by the mix of projects in the quarter, project execution, and the impact of a key contract structure (see above) on 2025 comparison gross margins.

Much of the Company's operating costs are fixed (employees, equipment, rent), with variable expenses mainly consisting of raw materials. Once the Company exceeds break-even activity levels, profitability increases in both dollars and as a percentage as every additional gross margin dollar turns into EBITDA.

Adjusted EBITDA was $5.0 million in the second quarter of 2026 compared to $2.4 million in the same period of 2025, an increase of $2.6 million. This was the highest quarterly adjusted EBITDA of any quarter in the history of the Company.

Cash flow generated from operating activities (before changes in non-cash working capital) was $4.8 million in the second quarter of 2026, an increase of $2.4 million compared to cash flow generated from operating activities of $2.4 million in the same period of 2025.

**Summary financial review – year to date**

Revenue was $26.0 million for the first half of 2026, an increase of $8.7 million or 50%, compared to 17.3 million the same period in 2025. This was our highest ever revenue in the history of the Company for the first six months of the year.

Gross margin for the first half of 2026 was $7.2 million, an increase of $1.6 million from $5.6 million in the same period of 2025. Gross margin as a percentage of revenue decreased to 28%, compared to 32% in the comparative period. This decrease was primarily driven by the mix of projects in the quarter, project execution, and the impact of a key contract structure (see above) on 2025 comparison gross margins.

Much of the Company's operating costs are fixed (employees, equipment, rent), with variable expenses mainly consisting of raw materials. Once the Company exceeds break-even activity levels, profitability increases in both dollars and as a percentage as every additional gross margin dollar turns into EBITDA.

Adjusted EBITDA was $4.4 million in the first six months of 2026 compared to $2.4 million in the same period of 2025, an increase of $2.0 million. This was the highest adjusted EBITDA in the first six months of the year in the history of the Company.

Cash flow generated from operating activities (before changes in non-cash working capital) was $4.2 million in the first half of 2026, an increase of $1.9 million compared to cash flow generated from operating activities of $2.3 million in the same period of 2025.

**Full year 2026 forecast**

CEMATRIX does not provide formal forward-looking financial guidance. The Company has stated that it expects to have a third quarter that will be similar to our third quarter in 2025 (last year). The Company is expecting to have a good year in 2026. The Company's optimism is supported by the backlog that the Company has in place and expects to execute in 2026.

## Outlook

There has been no change to Management's outlook for the future. Management continues to be very optimistic about the future of the Company. Growth will not be in a straight line due to the impact of the timing of large projects, but the trend line is upwards and is very positive. In 2025, the Company delivered record financial results including the best year in the history of the Company with strong margins, positive adjusted EBITDA, and positive cash flow from operations. After a record second quarter and record first half of the year, the Company is on track for another very good year in 2026. Even in a down year the Company should be able to generate positive financial results.

The Company is always looking for opportunities to grow sales and continue its organic growth. Market awareness and acceptance for cellular concrete in our targeted market applications continues to grow. Our investments in sales and sales support resources continue to drive results. Our sales teams continue to excel at finding and winning more projects. We are always at risk of revenue sliding back to a later fiscal period due to delays in when our scope of work starts caused by factors out of our control. We will continue to experience inflationary pressure on salaries and wages as they need to be increased in order to retain and attract employees.

During 2025, and renewed in 2026, we implemented a NCIB to allow the Company to repurchase its own shares. We believe that at times the market price of our shares may not reflect our underlying value. As a result, purchases under the NCIB represent a potential opportunity for us to enhance long-term shareholder value. Since the inception of our NCIB, we purchased for cancellation almost 1.9 million shares at an average price of $0.38. Last year (2025), was the first year in the history of the Company that the shares outstanding decreased. Management believes the NCIB is an important part of an annual capital allocation strategy as long as the Company continues to produce cash flow from operations and the shares of the Company continue to be undervalued.

Over the last four years, the Company has made significant improvements to its balance sheet and capital structure including our uplisting to the TSX and our 2024 financing. We anticipate that the microcap market and our stock price will continue to improve over time because we expect to continue to execute on our strategy and produce strong financial results.

The Company continues to be focused on the execution of its strategic plan. The plan remains to focus on sales and the successful continued growth and execution of our backlog. We know that delivering quality solutions for our customers, which in turn drives solid business results, is the key to sustainably increasing shareholder value.

The Company will continue to try to identify and evaluate potential acquisition targets including other cellular concrete applicators, specialty suppliers and/or other complementary companies provided that they add value to CEMATRIX and its shareholders. There is no timeline for an acquisition, but we are ready and able to capitalize on the right opportunity should it arise because of our strong balance sheet, clean capital structure and stronger institutional participation.

In summary, CEMATRIX's financial sustainability has never been better. The Company has a strong balance sheet, great lending partners and a strong shareholder backing. CEMATRIX continues to demonstrate organic growth, and we continue to invest in sales and sales support resources to grow our business. Our operations teams continue to execute in the field for our customers as we deliver on time, on quality and on budget. We remain committed to our strategy and expect to see more of our efforts come to fruition into 2026 and beyond.

(in thousands of Canadian dollars, except per share amounts)

## Operations and overall performance

### Results of operations – second quarter

| | Three months ended June 30, 2026 | Three months ended June 30, 2025 | Change |
|---|---|---|---|
| Revenue | **$ 18,735** | $ 10,632 | $ 8,103 |
| Gross margin | **6,553** | 4,132 | 2,421 |
| Operating expenses | **(2,238)** | (2,358) | 120 |
| Operating Income | **4,315** | 1,774 | 2,541 |
| Stock-based compensation | **(82)** | (95) | 13 |
| Finance costs | **(62)** | (79) | 17 |
| Other income | **239** | (77) | 316 |
| Income before income taxes | **4,410** | 1,523 | 2,887 |
| Provision of deferred taxes | **(698)** | (170) | (528) |
| Provision of current taxes | **(227)** | (21) | (206) |
| Income attributable to common shareholders | **3,485** | 1,332 | 2,153 |
| Foreign exchange gain (loss) on translation of foreign subsidiaries | **555** | (1,639) | 2,194 |
| Deferred taxes | **(120)** | 166 | (286) |
| Comprehensive income (loss) | **$ 3,920** | $ (141) | $ 4,061 |
| Fully diluted earnings per common share | **$ 0.022** | $ 0.009 | $ 0.013 |

Revenue was $18.7 million for the second quarter of 2026, an increase of $8.1 million or 76%, compared to $10.6 million in the second quarter of 2025. CEMATRIX is a specialty construction company with no recurring revenue. As a result, every year and every quarter, the mix of customers, the mix of size of projects, the mix of applications all change. The change in revenue every period is based on the change in the type of projects that have been completed, started, or finished in the quarter compared to the previous period.

Gross margin for the second quarter of 2026 was $6.6 million, an increase of $2.5 million from $4.1 million in the same period of 2025. Gross margin as a percentage of revenue decreased to 35%, compared to 39% in the comparative period. This decrease was primarily driven by the mix of projects in the quarter, project execution, and the impact of a key contract structure on 2025 comparison gross margins.

Much of the Company's direct and indirect costs are fixed (employees, equipment, rent), with variable expenses mainly consisting of raw materials. Once the Company exceeds break-even activity levels, profitability increases in both dollars and as a percentage as every additional gross margin dollar turns into EBITDA.

Operating expenses ("SG&A") totaled $2.2 million in the second quarter of 2026, an 8% decrease from $2.4 million in the same period of 2025. The decrease was primarily driven by lower salaries and wages, lower consulting and legal expenses; partially offset by increased insurance costs where the premium is directly tied to revenue.

Stock-based compensation expense decreased by $13 in the second quarter 2026 compared to the same period in the prior year. The change was due to the timing of the vesting period and number of options and restricted shares units ("RSUs") granted in 2026, compared to 2025.

Finance costs decreased by $17 in the second quarter compared to the same period in the prior year. The decrease is attributable to finance costs related to lease obligations as well as the early principal repayment on the Company's equipment finance loan. In January 2026, the Company prepaid without penalty $324 principal repayments required for July to December 2026. In October 2025, the Company exercised its option to prepay 15% of the then outstanding principal amount ($243 principal reduction) without penalty.

Other income was $239 in the second quarter of 2026 compared to other expense of $77 in the second quarter of 2025. In the second quarter of 2026, other income mainly consisted of a foreign exchange gain of $155, interest income of $79, and a gain on sale of equipment of $5. For the same period in 2025, other expense mainly consisted of a foreign exchange loss of $134, partially offset by interest income of $57.

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 U.S. dollar ("USD") functional currency. As the Canadian dollar weakened relative to the USD, the value of these assets appreciated during the second quarter of 2026 resulting in an unrealized foreign exchange gain of $555, partially offset by $120 deferred tax expense. In the second quarter of 2025, the Company recorded an unrealized foreign exchange loss of $1,639, partially offset by $166 deferred tax recovery.

(in thousands of Canadian dollars, except per share amounts)

### Results of operations – year to date

| | Six months ended June 30, 2026 | Six months ended June 30, 2025 | Change |
|---|---|---|---|
| Revenue | **$ 26,019** | $ 17,261 | $ 8,758 |
| Gross margin | **7,244** | 5,572 | 1,672 |
| Operating expenses | **(4,190)** | (4,506) | 316 |
| Operating Income | **3,054** | 1,066 | 1,988 |
| Stock-based compensation | **(378)** | (408) | 30 |
| Finance costs | **(130)** | (162) | 32 |
| Other income | **427** | (27) | 454 |
| Income before income taxes | **2,973** | 469 | 2,504 |
| Provision of deferred taxes | **(417)** | (23) | (394) |
| Provision of current taxes | **(230)** | (21) | (209) |
| Income attributable to common shareholders | **2,326** | 425 | 1,901 |
| Foreign exchange gain (loss) on translation of foreign subsidiaries | **956** | (1,660) | 2,616 |
| Deferred taxes | **(134)** | 166 | (300) |
| Comprehensive income (loss) | **$ 3,148** | $ (1,069) | $ 4,217 |
| Fully diluted earnings per common share | **$ 0.015** | $ 0.003 | $ 0.012 |

Revenue was $26.0 million for the first half of 2026, an increase of $8.7 million or 50%, compared to $17.3 million in the first half of 2025. CEMATRIX is a specialty construction company with no recurring revenue. As a result, every year and every quarter, the mix of customers, the mix of size of projects, the mix of applications all change. The change in revenue every period is based on the change in the type of projects that have been completed, started, or finished in the quarter compared to the previous period.

Gross margin for the first six months of 2026 was $7.2 million, an increase of $1.6 million from $5.6 million in the same period of 2025. Gross margin as a percentage of revenue decreased to 28%, compared to 32% in the comparative period. This decrease was primarily driven by the mix of projects in the quarter, project execution, and the impact of a key contract structure on 2025 comparison gross margins.

Much of the Company's direct and indirect costs are fixed (employees, equipment, rent), with variable expenses mainly consisting of raw materials. Once the Company exceeds break-even activity levels, profitability increases in both dollars and as a percentage as every additional gross margin dollar turns into EBITDA.

SG&A totaled $4.2 million in the first six months of 2026, a decrease of 7% from $4.5 million in the same period of 2025. The decrease was primarily driven by lower salaries and wages, lower consulting and legal expenses; partially offset by increased insurance costs where the premium is directly tied to revenue.

Stock-based compensation expense decreased by $30 in the first half of 2026 compared to the same period in the prior year. The decrease was due to less RSUs being granted in the first half of 2026 compared to the same period in 2025.

Finance costs decreased by $32 in the first half of 2026 compared to the same period in the prior year. The decrease is attributable to finance costs related to lease obligations as well as the early principal repayment on the Company's long-term debt that was fully repaid in the first quarter of 2025. Partially offset by the addition of the equipment finance loan in the second quarter of 2025.

Other income was $427 in the first half of 2026 compared to other expense of $27 in the comparable period in 2025. Year-to-date 2026, other income mainly consisted of a foreign exchange gain of $281, interest income of $141, and $5 gain on sale of equipment. For the same period in 2025, other expense primarily consisted of a foreign exchange loss of $137, partially offset by interest income of $110.

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 U.S. dollar ("USD") functional currency. As the Canadian dollar weakened relative to the USD, the value of these assets appreciated during the first half of 2026 resulting in an unrealized foreign exchange gain of $956, partially offset by $134 deferred tax expense. In the first half of 2025, the Company recorded an unrealized foreign exchange loss of $1,660, partially offset by $166 deferred tax recovery.

## 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. This seasonality is reflected in the quarterly results summarized in the table below:

*(in thousands of Canadian dollars, except per share amounts)*

| | 2024 | | 2025 | | | | **2026** | |
|---|---|---|---|---|---|---|---|---|
| | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | **Q2** |
| Revenue | $10,135 | $10,351 | $6,630 | $10,632 | $15,311 | $12,519 | $ 7,283 | **$ 18,735** |
| Comprehensive income (loss) | 391 | 1,907 | (927) | (141) | 2,707 | 1,341 | (772) | **3,920** |
| Adjusted EBITDA[2] | 1,365 | 1,442 | (63) | 2,423 | 3,488 | 2,402 | (582) | **5,018** |
| | | | | | | | | |
| Comprehensive Income (loss) per share[1] | | | | | | | | |
| Basic | 0.005 | 0.005 | (0.006) | 0.009 | 0.013 | 0.011 | (0.008) | **0.023** |
| Diluted | 0.005 | 0.005 | (0.006) | 0.009 | 0.012 | 0.011 | (0.008) | **0.022** |

[1] Adjusted EBITDA is a non-GAAP financial measure. See "Appendix B – non-GAAP measures" in this MD&A for more information on each non-GAAP measure.

[2] Quarterly comprehensive 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.

(in thousands of Canadian dollars, except per share amounts)

## Consolidated Statements of Financial Position

| | June 30, 2026 | December 31, 2025 | Change |
|---|---|---|---|
| Current assets | **$ 30,711** | $ 25,035 | $ 5,676 |
| Non-current assets | **23,046** | 22,658 | 388 |
| Total assets | **$ 53,757** | $ 47,693 | $ 6,064 |
| Current liabilities | **5,962** | 3,808 | 2,154 |
| Non-current liabilities | **4,074** | 3,378 | 696 |
| Total liabilities | **$ 10,036** | $ 7,186 | $ 2,850 |
| Shareholders' equity | **$ 43,721** | $ 40,507 | $ 3,214 |
| Total liabilities and shareholders' equity | **$ 53,757** | $ 47,693 | $ 6,064 |

Total current assets increased by $5,676. This increase in aggregate is summarized below:

- Cash increased by $4,243 (see the discussion in Consolidated Statement of Cash Flows).
- Trade and other receivables increased by $1,835 as activity increased during the second quarter as construction activity is a seasonal business. Accounts receivable increases during periods of higher revenue and then decline in periods of lower revenue as the amounts are collected.
- Inventory decreased by $169 as foaming agents previously purchased were used in the production of cellular concrete.
- Prepaids decreased by $233, mainly due to the amortization of insurance premiums.

Total non-current assets increased by $388. This increase in aggregate is summarized below:

- Long-term investments increased by $89 due to foreign exchange on U.S. dollar denominated investments.
- Property and equipment decreased by $115 due to equipment additions of $350 plus $375 foreign exchange gain on the translation of assets held by our foreign denominated subsidiaries plus $5 gain on sale of equipment, offset by depreciation expense of $839 and proceeds on disposition of equipment of $6.
- Right of use assets under finance lease increased by $86 due to vehicle and building additions of $447 and $44 foreign exchange gain on the translation of assets held by our foreign denominated subsidiaries, offset by depreciation expense of $405.
- Goodwill increased by $229 due to foreign exchange.
- Other long-term assets increased by $99 due to an increase in long-term deposit of $91 and $8 due to foreign exchange.

Total current liabilities increased by $2,154. This increase in aggregate is summarized below:

- Trade and other payables increased by $2,538 as a result of increased activities in the second quarter.
- Current portion of equipment finance loan decreased by $324. In January 2026, the Company prepaid without penalty $324 principal repayments that were scheduled between July to December 2026.
- Current portion of lease obligations decreased by $60 due to changes in leases on buildings and vehicles and an exchange loss on the translation of USD denominated leases.

Total non-current liabilities increased by $696. This increase in aggregate is summarized below:

- Lease obligations increased $108 due to $447 vehicle and building lease additions, a $60 change in the current portion of lease obligations, and a $44 unrealized foreign exchange gain on translation of foreign denominated leases; offset by $443 principal reduction,
- Deferred tax liability increased by $588 primarily due $417 deferred tax expense, a $134 deferred tax expense on other comprehensive income, and $37 unrealized foreign exchange loss on the revaluation of the USD denominated balances.

Shareholders' Equity increased by $3,214. This increase in aggregate is summarized below:

- Common shares decreased by $21 due to $79 proceeds on common shares issued on conversion of options, plus $120 reclassification from contributed surplus, offset by $220 charge due to the normal course issuer bid.
- Contributed surplus increased by $258 due to $378 of stock-based compensation on options and RSUs, partially offset by $120 reclassification of contributed surplus on the exercise of options, RSUs, and warrants.
- Accumulated other comprehensive income increased by $822, of which $956 was due to the unrealized foreign exchange gain on the translation of MOS, PIGCO and CEMATRIX (USA) Inc. as the Canadian Dollar depreciated versus the U.S. dollar, partially offset by $134 deferred tax expense.
- The deficit decreased by $2,155 due to the net income attributable to common shareholders in 2026 of $2,326, partially offset by a $130 adjustment to deficit as a result of the Company's share capital purchased per the NCIB and a $41 repurchase of shares from a minority shareholder.

For additional information please see the Consolidated Statements of Shareholders' Equity included in the Interim Condensed Financial Statements and the Consolidated Financial Statements for the period.

(in thousands of Canadian dollars, except per share amounts)

## Consolidated Statement of Cash Flows

**Cash flow – second quarter**

The cash position of the Company as at June 30, 2026, was $16,185 compared to a cash position of $8,554 in the same period of 2025.

The change in cash in the second quarter of 2026 was an increase of $486 as compared to an increase of $75 in the same period of 2025. This change is outlined in the table:

| | Three months ended June 30, 2026 | Three months ended June 30, 2025 | Change |
|---|---|---|---|
| Cash flow from operating activities: | | | |
| Before non-cash working capital adjustment | **$ 4,786** | $ 2,402 | $ 2,384 |
| Net change in non-cash working capital items | **(3,667)** | (1,648) | (2,019) |
| Cash from operating activities | **1,119** | 754 | 365 |
| | | | |
| Cash used in investing activities | **(172)** | (132) | (40) |
| Cash used in financing activities | **(557)** | (487) | (70) |
| Foreign exchange effect on cash | **96** | (60) | 156 |
| Increase in cash | **486** | 75 | 411 |
| Cash, beginning of period | **15,699** | 8,479 | 7,220 |
| Cash, end of period | **$ 16,185** | $ 8,554 | $ 7,631 |

Cash generated in operating activities increased by $365 due to the following:

- Cash flow before non-cash working capital adjustments increased by $2,384 primarily due to increased gross margins.
- Net change in non-cash working capital items increased by $2,019, primarily due to changes in receivables and payables. Receivables and payables increase in periods of higher operations activity and then decline in periods of lower activity as amounts are collected and paid.

Cash used in investing activities increased by $40 due to the following:

- Property and equipment additions increased by $39 compared to the prior period, partially offset by increase to proceeds on sale of equipment of $6.
- Purchase of a long-term deposit increased by $7.

Cash used in financing activities increased by $70 due to the following:

- Proceeds from the exercise of options and warrants increased by $39.
- Repayment of lease obligations increased by $26 compared to the prior period.
- Interest paid decreased by $17 primarily due to interest payments associated with the vehicle and building leases and equipment finance loan, offset by savings on the prepayment of the long-term debt.
- Purchase of the Company's common shares pursuant to the NCIB increased by $59.
- Repurchase of shares from minority shareholders increased by $41.

(in thousands of Canadian dollars, except per share amounts)

### Cash flow – year to date

The cash position of the Company as at June 30, 2026, was $16,185 compared to a cash position of $8,554 in the same period of 2025.

The change in cash in the first half of 2026 was an increase of $4,243 as compared to a decrease of $1,741 in the same period of 2025. This change is outlined in the table:

| | **Six months ended June 30, 2026** | Six months ended June 30, 2025 | Change |
|---|---|---|---|
| Cash flow from (used in) operating activities | | | |
| Before non-cash working capital adjustment | **$ 4,202** | $ 2,340 | $ 1,862 |
| Net change in non-cash working capital items | **1,492** | (3,214) | 4,706 |
| Cash from (used in) operating activities | **5,694** | (874) | 6,568 |
| Cash used in investing activities | **(435)** | (515) | 80 |
| Cash used in financing activities | **(1,209)** | (285) | (924) |
| Foreign exchange effect on cash | **193** | (67) | 260 |
| Increase (decrease) in cash | **4,243** | (1,741) | 5,984 |
| Cash, beginning of period | **11,942** | 10,295 | 1,647 |
| Cash, end of period | **$ 16,185** | $ 8,554 | $ 7,631 |

Cash generated in operating activities increased by $6,568 due to the following:

- Cash flow before non-cash working capital adjustments increased by $1,862 primarily due to increased activities.
- Net change in non-cash working capital items increased by $4,706, primarily due to changes in receivables and payables. Receivables and payables increase in periods of higher operations activity and then decline in periods of lower activity as amounts are collected and paid.

Cash used in investing activities decreased by $80 due to the following:

- Property and equipment additions decreased by $81 compared to the prior period, partially offset by an increase in proceeds on sale of equipment of $6.
- Purchase of a long-term deposit increased by $7.

Cash used in financing activities increased by $924 due to the following:

- Proceeds from the equipment finance loan decreased by $1,620.
- Proceeds from the exercise of options and warrants increased by $71.
- Repayment of lease obligations increased by $6 compared to the prior period.
- Repayment of long-term debt decreased by $1,104.
- Repayment of equipment finance loan increased by $324.
- Interest paid decreased by $32 primarily due to interest payments associated with the vehicle and building leases and savings on the prepayment of the long-term debt, offset by interest expenses related to the equipment finance loan.
- Purchase of the Company's common shares pursuant to the NCIB increased by $140.
- Repurchase of shares from minority shareholders increased by $41.

## Liquidity and capital resources

### Liquidity

The Company's liquidity is dependent on generating sales, profits, cash flow from operations, maintaining a credit facility to finance working capital requirements and accessing capital debt facilities through loans or lease financing.

On June 30, 2026, the Company had a cash balance of $16,185 versus $11,942 as at December 31, 2025. The Company's adjusted net working capital was $9,232 on June 30, 2026, compared to $10,337 on December 31, 2025.

In 2024, CEMATRIX updated its asset-based credit facility (the "Credit Facility") financing arrangement with the Canadian Imperial Bank of Commerce (the "Bank" or "CIBC") that provides a maximum $8,000 borrowing limit. The Credit Facility bears interest at an amount equal to 1.25% above the Bank's prime lending rate, which is at 4.45% as of June 30, 2026, and is secured by a general security agreement providing a first secured interest on the receivables and inventory of the Company. 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 $8,000 based on 75% of trade receivables less than ninety days outstanding at the end of each month and 50% of inventories. The calculated availability of the Credit Facility on June 30, 2026, was $8,000 of which $nil was outstanding (December 31, 2025 - $nil). The actual availability of the credit facility is reduced by the value of letters of credit that are currently issued and outstanding on the facility. As of June 30, 2026, there were $nil letters of credit outstanding (December 31, 2025 - $nil).

The Credit Facility has three financial covenants that must be maintained on a consolidated basis (refer to Appendix C for detailed calculations). The three financial covenants are the current ratio, debt to EBITDA ratio, and debt service coverage ratio. The current ratio and debt to EBITDA ratios are tested quarterly and the debt service coverage ratio is tested annually. As at June 30, 2026, CEMATRIX was in compliance with all financial covenants.

- 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 3.00 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.
- Debt service coverage ratio of not less than 1.25 times, tested annually. This ratio is calculated by taking adjusted EBITDA divided by the sum of all debt service costs (principal, interest, cash taxes, dividends and distributions).

The Company considers its liquidity position to be strong, due to the current cash in the bank, the expected continued generation of cash flow from profits, credit available through operating lines, our increased ability to borrow and go to markets to raise capital. The Company also expects to continue to be in compliance with our debt covenants for both the CIBC and BDC going forward.

### Capital resources

The Company is currently well capitalized with a strong balance sheet. In addition, the Company was cash flow positive from operations in the second quarter of 2026 and expects to be cash flow positive for fiscal year 2026. As a result, the Company believes that it has sufficient capital resources currently. In the future, if the Company needs access to additional capital resources to fund a strategic priority such as an acquisition, additional equipment, or other initiative, there is no certainty that additional debt or equity financing will be available to the Company.

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 22 - Capital Management of the Company's Q2 2026 interim condensed consolidated financial statements, was $46,872 on June 30, 2026, as compared to $43,934 on December 31, 2025 (see section Consolidated Statements of Financial Position for details).

## Off Balance Sheet arrangements

There were no off balance sheet arrangements on June 30, 2026.

## Transactions with related parties

Two of the buildings that the Company operates out of are owned by entities that are owned or controlled by certain officers or consultants of the Company. During the three and six months ended June 30, 2026, the Company incurred costs of $137 and $272, respectively ($115 and $235 for the same periods in 2025) to these rental leases. Lease obligations for the two buildings as at June 30, 2026, were in the amount of $645 (December 31, 2025 - $857). Transactions with related parties are incurred in the course of normal operations and initially recorded at fair value.

## Controls and procedures

### Disclosure controls and procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, have designed disclosure controls and procedures to provide reasonable assurance that material information with respect to the Company, including its consolidated subsidiaries, is made known to them by others and is recorded, processed, summarized and reported within the time periods specified in securities legislation. The CEO and CFO, together with management, have also designed internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. In designing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation and may not prevent or detect misstatements due to error or fraud.

### Internal Controls over financial reporting

There have been no changes in the Company's internal controls over financial reporting during the period beginning April 1, 2026, and ending on June 30, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

## Critical accounting judgments, 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 Annual Audited Consolidated Financial Statements for the year ended December 31, 2025. There have been no changes since that date.

## Changes in accounting policies including initial adoption

### New accounting policies

The Company has adopted amendments effective January 1, 2026, related to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ("ESG") targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI"). The adoption did not have a material impact on the Company's financial statements.

### Future accounting pronouncements

There are new accounting standards and amendments to accounting standards and interpretations that are effective for annual periods beginning on or after January 1, 2027, that have not been applied in preparing the financial statements for the period ended June 30, 2026.

On April 9, 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements to improve reporting of financial performance. IFRS 18 replaces IAS 1 Presentation of Financial Statements. It carries forward many requirements from IAS 1. IFRS 18 applies to annual reporting periods beginning on or after January 1, 2027. Earlier application is permitted. The key new concepts introduced in IFRS 18 relate to: the structure of the consolidated statement of income and comprehensive income; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements; and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes. The Company has initiated its adoption planning and continues to monitor developments and evaluate potential impact on its consolidated financial statements and disclosures.

## 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 is measured.

### Fair values of non-derivative financial instruments

The fair values of cash, trade and other receivables, bank operating loan, debt, equipment finance loan, and trade and other payables approximate their carrying values due to the relatively short periods to maturity of these instruments. Investments are carried at FVTPL and are categorized as Level 2.

The fair value of the long-term debt approximates their carrying value as the debt rate floats with prime and is representative of market rates offered to the Company.

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 financial instruments according to the following hierarchy based on the number 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.

Level 3 – Valuations in this level are those with inputs for the assets or liabilities that are not based on observable market data.

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

### 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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is exposed to interest rate risk to the extent that its credit facility and equipment finance loan are subject to floating market rates. As of June 30, 2026, the Company does not have significant exposure to variable interest rate instruments because the Company's credit facility is undrawn and the equipment loan interest rate has a fixed rate that is adjusted annually over the repayment period.

The Company is not exposed to interest rate risk on its lease obligations because the interest rate on these borrowings is fixed over the repayment period.

(in thousands of Canadian dollars, except per share amounts)

At June 30, 2026, a one percent change in the interest rate applied to the Company's floating rate credit facility and equipment finance loan would change annual income before income taxes by approximately $nil (December 31, 2025 – $nil).

**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's 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. At June 30, 2026, the Company had $16,185 of cash (December 31, 2025 - $11,942).

**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, based on contractual undiscounted payments (principal and interest).

| | Less than 1 year | 1 to 2 years | 2 to 6 years | Total |
|---|---|---|---|---|
| **As at June 30, 2026** | | | | |
| Trade and other payable | **$ 5,294** | **$ -** | **$ -** | **$ 5,294** |
| Equipment finance | **72** | **379** | **657** | **1,108** |
| Lease obligations | **819** | **1,356** | **366** | **2,541** |
| | **$ 6,185** | **$ 1,735** | **$ 1,023** | **$ 8,943** |
| As at December 31, 2025 | | | | |
| Trade and other payable | $ 2,756 | $ - | $ - | $ 2,756 |
| Equipment finance | 414 | 389 | 676 | 1,479 |
| Lease obligations | 887 | 1,153 | 471 | 2,511 |
| | $ 4,057 | $ 1,542 | $ 1,147 | $ 6,746 |

(in thousands of Canadian dollars, except per share amounts)

### 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 USD and the operations of its U.S. subsidiaries which are predominantly in USD. The Company does not hedge these items as the timing of related transactions is not certain. However, the management manages and mitigates foreign exchange risk by monitoring exchange rate trends and forecasted economic conditions.

As at June 30, 2026, the Company had financial assets denominated in USD of $16,212 (December 31, 2025 - $12,019) and financial liabilities denominated in USD of $3,532 (December 31, 2025 - $2,180).

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 June 30, 2026, a 1% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in net income of approximately CAD $180 excluding the effect of income taxes.

## Disclosure of outstanding share data

As at June 30, 2026, and July 29, 2026, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

| | Authorized | Outstanding as at June 30, 2026 | Outstanding as at July 29, 2026 |
|---|---|---|---|
| Voting or equity securities issued and outstanding | Unlimited common shares | 149,427,484 common shares | 149,727,484 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 5,280,002 common shares at an exercise price between $0.185 - $0.430 | Stock options to acquire 4,980,002 common shares at an exercise price between $0.185 - $0.430 |
| Securities convertible or exercisable into voting or equity securities – Restricted Stock Units | Incentive equity plans up to 10% of outstanding common shares | RSUs to acquire 3,114,623 common shares | RSUs to acquire 3,114,623 common shares |
| Securities convertible or exercisable into voting or equity securities – share purchase warrants | As approved by the Board | Share purchase warrants to acquire 8,203,520 common shares at an exercise price between $0.51 - $0.60 | Share purchase warrants to acquire 8,203,520 common shares at an exercise price between $0.51 - $0.60 |

(in thousands of Canadian dollars, except per share amounts)

## Appendix A – Forward-looking statements

The forward-looking statements in the MD&A for the three months ended June 30, 2026, are outlined below:

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 2026; sales forecasts include work which is under contract or verbally awarded for 2026, 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 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-GAAP 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 estimated dollar amount of future projects that CEMATRIX has been provided a bid to or for a scope of work involving our products and services. 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 become known to CEMATRIX.

### Contracted backlog and contracts in process

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

Contracts in process are defined as projects where the related contract is in office for review or signature; or signed and returned to the client for their signature; or is in the post award project submission process; or is awarded by letter of intent; or is awarded by some other form of written communication.

The following table shows the Company's balances at the end of the following reporting periods:

| | **June 30, 2026** | December 31, 2025 |
|---|---|---|
| Contracts in process | **$ 17,729** | $ 18,344 |
| Contracted | **43,798** | 49,402 |
| Total backlog | **$ 61,527** | $ 67,746 |

(in thousands of Canadian dollars, except per share amounts)

### 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 equipment finance loan, current portion of lease obligations, current portion of earn-out liabilities and current portion of convertible debt.

Adjusted net working capital on June 30, 2026, and December 31, 2025, were as follows:

| | June 30, 2026 | December 31, 2025 |
|---|---|---|
| Current assets | $ 30,711 | $ 25,035 |
| Current liabilities | (5,962) | $ (3,808) |
| Net working capital | 24,749 | 21,227 |
| Adjustments | | |
| Cash and cash equivalents | (16,185) | (11,942) |
| Current portion of equipment finance loan | - | 324 |
| Current portion of lease obligations | 668 | 728 |
| Adjusted net working capital | $ 9,232 | $ 10,337 |

### EBITDA and adjusted EBITDA

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

Adjusted EBITDA is calculated as EBITDA adjusted for non-cash accounting items including unrealized foreign exchange gain (loss) and stock-based compensation.

EBITDA and adjusted EBITDA for the three and six months ended June 30, 2026, and 2025 were as follows:

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Net loss | $ 3,485 | $ 1,332 | $ 2,326 | $ 425 |
| Finance costs | 62 | 79 | 130 | 162 |
| Depreciation and amortization | 621 | 592 | 1,244 | 1,186 |
| Provision of deferred / current taxes | 925 | 191 | 647 | 44 |
| **EBITDA** | 5,093 | 2,194 | 4,347 | 1,817 |
| Unrealized foreign exchange (gain) loss | (157) | 134 | (288) | 136 |
| Stock-based compensation | 82 | 95 | 378 | 408 |
| **Adjusted EBITDA** | $ 5,018 | $ 2,423 | $ 4,437 | $ 2,361 |

(in thousands of Canadian dollars, except per share amounts)

## Appendix C – Covenant calculations

### CIBC Covenants

| **Current ratio** | | **June 30, 2026** |
|---|---|---|
| Current assets | $ | **30,711** |
| Current liabilities | | **5,962** |
| Current ratio (current assets ÷ current liabilities) | | **5.15** |
| Covenant tested quarterly, not less than 1.25x | | **1.25** |
| | | **Compliant** |

| **Debt to EBITDA ratio** | | **June 30, 2026** |
|---|---|---|
| Adjusted debt | | |
| Current portion – long-term debt | $ | **-** |
| Long-term debt | | **-** |
| Adjusted long-term debt | | **-** |
| Adjusted EBITDA (rolling 12-month) | | **10,328** |
| Debt to EBITDA ratio (adjusted debt÷ EBITDA) | | **-** |
| Covenant tested quarterly, not to exceed 3.00x | | **3.00** |
| | | **Compliant** |