

**SHAWCOR LTD.
(TSX: SCL)**

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES FIRST QUARTER 2023 RESULTS

TORONTO, May 11, 2023 – Shawcor Ltd. (“Shawcor” or the “Company”) (TSX: SCL) reported today its operational and financial results for the three months ended March 31, 2023. This press release should be read in conjunction with the Company’s Management Discussion and Analysis (MD&A) and interim consolidated financial statements for the three months ended March 31, 2023, which are available on the Company’s website and at www.sedar.com.

Highlights from the first quarter include¹:

- On a consolidated basis, revenue was \$364 million, income from operations was \$36 million and Adjusted EBITDA was \$55 million;
- Composite Systems segment revenue increased by 25% to \$133 million compared to \$106 million in the prior year’s quarter;
- The Automotive and Industrial segment set a new quarterly revenue record, increasing by 19% to \$93 million compared to \$78 million in the prior year’s quarter;
- Pipeline and Pipe Services segment revenue increased by 65% to \$138 million compared to \$84 million in the prior year’s quarter;
- The order backlog for execution in the next 12 months increased by 6% to \$1,309 million as at March 31, 2023, from \$1,230 million as at December 31, 2022. This increase primarily reflects offshore pipe coating projects which were secured or moved into the coming 12-month window, including projects in Mexico, Brazil and elsewhere in Latin America. The Pipeline and Pipe Services segment continued to account for a majority of the Company’s 12-month order backlog at March 31, 2023;
- The Composite Systems segment expanded its water technology portfolio by acquiring the assets of Triton Stormwater Solutions, a privately owned provider of highly engineered, lightweight, composite materials-based underground infiltration chamber products, used primarily within stormwater management solutions;
- Subsequent to the quarter, the Company announced further details of its 2023 high-return, potential capital investment strategy, including the investment in two new Composite Systems facilities in the US;
- Working capital investments were made to support growth in all three reporting segments, including mobilization of the SGP project, which was pre-funded with cash deposits from the customer. As a result, cash used in operating activities was \$32 million during the quarter, compared to approximately \$13 million of cash used in operating activities during the first quarter of 2022;
- A \$25 million repayment was made on the Credit Facility (as defined herein). As at March 31, 2023, the Company had total net debt of \$87 million and a Net debt-to-EBITDA¹ ratio (using a trailing twelve-month Adjusted EBITDA¹) of approximately 0.46 times;
- The Company remained active under its Normal Course Issuer Bid (“NCIB”), repurchasing 626,000 of its common shares during the quarter for an aggregate repurchase price of \$8 million; and
- The composition for Adjusted EBITDA has been adjusted as noted in *Section 5.0 – Reconciliation of Non-GAAP Measures* to include adjustments for share-based incentive compensation cost and foreign exchange (gain) loss.

¹ EBITDA and Adjusted EBITDA are non-GAAP measures. Order backlog is a supplementary financial measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See “Section 5.0 – Reconciliation of Non-GAAP Measures” for further details and a reconciliation of these non-GAAP measures. Adjusted EBITDA is adjusted for all periods presented as the Company updated this non-GAAP measure to include adjustments for share-based incentive compensation cost and foreign exchange (gain) loss. See Section “5.0 – Reconciliation of Non-GAAP Measures” for further details on the changes in composition of Adjusted EBITDA. The amounts presented above reflect restated figures for the first quarter of 2022 to align with the updated composition.

“Strong operational performance, combined with later than normal Canadian spring break-up, enabled significant year-over-year sales growth in all three reporting segments during the quarter. The Automotive & Industrial segment set new quarterly records for revenue and Adjusted EBITDA¹, the Composite Systems segment set new first quarter records for revenue and Adjusted EBITDA¹, and the Pipeline and Pipe Services segment delivered further Adjusted EBITDA¹ margin expansion and 12-month backlog growth. On a consolidated basis, the Company more than doubled Adjusted EBITDA margins¹ compared to the first quarter of last year” said Mike Reeves, President & CEO of Shawcor.

“During the quarter, Shawcor also initiated the establishment of two new North American production sites serving our Composite Systems segment, leveraging our hard-earned balance sheet strength to invest in low risk, high return potential opportunities which are expected, over time, to accelerate revenue growth and further expand Adjusted EBITDA margins¹. In parallel, the Company continued to be active under its previously launched NCIB and added important technical and commercial capabilities to its Composite Systems segment by completing the acquisition of Triton Stormwater Solutions.”

“The first quarter of 2023 saw Shawcor continue to execute on its strategy to accelerate growth, expand margins and lower volatility by focusing on the development and delivery of differentiated, high value, materials-based solutions in support of industrial and critical infrastructure end markets.”

“We believe Shawcor is very well positioned to accelerate value creation for all stakeholders over the coming years given its strong balance sheet and clear opportunities for high return organic and inorganic growth. We anticipate Adjusted EBITDA¹ in the second quarter of 2023 will approach that of the first quarter, followed by a substantial step up in the second half of the year driven by continued growth in the Composite Systems segment and significant, high margin, pipe coating activity on the Southeast Gateway Pipeline and other pipe coating projects.”

¹ EBITDA, Adjusted EBITDA and Net debt-to-Adjusted EBITDA are non-GAAP measures. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See “Section 5.0 – Reconciliation of Non-GAAP Measures” for further details and a reconciliation of these non-GAAP measures. Adjusted EBITDA is adjusted for all periods presented as the Company updated this non-GAAP measure to include adjustments for share-based incentive compensation cost and foreign exchange (gain) loss. See “Section 5.0 – Reconciliation of Non-GAAP Measures” for further details on the changes in composition of Adjusted EBITDA. The amounts presented above reflect restated figures for the first quarter of 2022 to align with the updated composition. The Company expects the current calculation methodology of Adjusted EBITDA to be consistently applied in future periods

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended March 31			
	2023		2022	
	\$	%	\$	%
Revenue	364,405		267,794	
Gross profit	113,068	31.0%	72,843	27.2%
Income from Operations^(a)	35,630	9.8%	1,334	0.5%
Net Income (Loss) for the period^(b)	25,239		(6,942)	
Income (Loss) per share:				
Basic & Diluted	0.36		(0.10)	
Adjusted EBITDA^{(c) & (d)}	54,529	15.0%	19,683	7.4%

(a) Operating income in the three months ended March 31, 2023 includes no restructuring costs and other, net, while 2022 operating income includes restructuring costs and other, net of \$1.2 million.

(b) Attributable to shareholders of the Company.

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

(d) Adjusted EBITDA is adjusted for all periods presented as the Company updated this non-GAAP measure to include adjustments for share-based incentive compensation cost and foreign exchange (gain) loss. See *Section 5.0 – Reconciliation of Non-GAAP Measures* for further details on the changes in the composition in Adjusted EBITDA. The amounts presented above reflect restated figures for the first quarter of 2022 to align with the updated composition.

1.0 FIRST QUARTER HIGHLIGHTS

The Company delivered Income from Operations of \$35.6 million and Adjusted EBITDA¹ of \$54.5 million in the first quarter of 2023, an improvement of \$34.3 million and \$34.8 million, respectively, compared to the first quarter of 2022. This substantial growth was driven by stronger North American sales of composite pipe, elevated demand for fiberglass reinforced plastic (“FRP”) tanks in the retail fuel and water sectors of North America, robust demand across all markets served by our Automotive and Industrial segment, particularly in the utilities market and increased activity levels across the Company’s pipe coating facilities.

The Company continues to execute on its strategy to optimize its portfolio and evaluate strategic alternatives for portions of its business, including the businesses in its Pipeline and Pipe Services segment, while exploring organic and inorganic investment opportunities. In March of 2023, the Company acquired the assets of Triton Stormwater Solutions which will be integrated into its Xerxes® business. Subsequent to the quarter, the Company detailed organic growth capital commitments including the addition of a new Flexpipe facility in Texas and a new Xerxes facility in South Carolina for its Composites Systems segment.

¹ EBITDA, Adjusted EBITDA and Net debt-to-Adjusted EBITDA are non-GAAP measures. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See “Section 5.0 – Reconciliation of Non-GAAP Measure” for further details and a reconciliation of these non-GAAP measures. Adjusted EBITDA is adjusted for all periods presented as the Company updated this non-GAAP measure to include adjustments for share-based incentive compensation cost and foreign exchange (gain) loss. See Section “5.0 – Reconciliation of Non-GAAP Measures” for further details on the changes in composition of Adjusted EBITDA. The amounts presented above reflect restated figures for the first quarter of 2022 to align with the updated composition. The Company expects the current calculation methodology of Adjusted EBITDA to be consistently applied in future periods.

As at March 31, 2023, the Company had cash and cash equivalents totaling \$162.0 million (December 31, 2022 – \$264.0 million). This decrease was driven by an investment of \$85.9 million in working capital related to increased business activity and the timing of spend related to the mobilization of the SGP project, a repayment of \$25.0 million of the Company’s syndicated credit facility (the “Credit Facility”), \$22.8 million of growth and maintenance capital expenditures and \$8.6 million on the acquisition of Triton Stormwater Solutions. Since the beginning of 2021 and up to March 31, 2023, the Company has repaid \$247.5 million against the Credit Facility. Subsequent to the quarter, the Company drew an additional \$5 million against the Credit Facility for short-term working capital needs. The Company will continue to focus on maximizing the conversion of operating income into cash, managing its long-term debt, exploring organic and inorganic growth opportunities, and maximizing returns to shareholders.

Selected Segment Financial Highlights

	Three Months Ended			
	March 31, 2023		March 31, 2022	
(in thousands of Canadian dollars)	(\$)	(%)	(\$)	(%)
Revenue				
Composite Systems	132,549		106,413	
Automotive and Industrial	93,459		78,219	
Pipeline and Pipe Services	138,397		84,068	
Elimination ^(a)	–		(906)	
Consolidated revenue	364,405		267,794	
Operating income (loss)				
Composite Systems	20,722	15.6%	6,874	6.5%
Automotive and Industrial	17,865	19.1%	14,887	19.0%
Pipeline and Pipe Services	4,703	3.4%	(16,180)	(19.2%)
Financial and Corporate	(7,660)		(4,247)	
Operating income	35,630	9.8%	1,334	0.5%
Adjusted EBITDA^(b)				
Composite Systems	26,748	20.2%	14,984	14.1%
Automotive and Industrial	19,199	20.5%	16,208	20.7%
Pipeline and Pipe Services	14,910	10.8%	(7,067)	(8.4%)
Financial and Corporate	(6,328)		(4,442)	
Adjusted EBITDA ^(b)	54,529	15.0%	19,683	7.4%

(a) Represents the elimination of the inter-segment sales between the Composite Systems segment, the Automotive and Industrial segment and the Pipeline and Pipe Services segment.

(b) Adjusted EBITDA is a non-GAAP measure. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 5.0 – Reconciliation of Non-GAAP Measures* for further details and a reconciliation of these non-GAAP measures. Adjusted EBITDA is adjusted for all periods presented as the Company updated this non-GAAP measure to include adjustments for share-based incentive compensation cost and foreign exchange (gain) loss. See *Section 5.0 – Reconciliation of Non-GAAP Measures* for further details on the changes in composition for Adjusted EBITDA. The amounts presented above reflect restated figures for the first quarter of 2022 to align with the updated composition.

Composites Systems segment revenue in the first quarter of 2023 was \$132.5 million, an increase of \$26.1 million, or 25%, compared to the first quarter of 2022, with an operating income of \$20.7 million. This revenue represents a record high for a first quarter for this segment despite the absence of revenue from the Oilfield Asset Management operating unit which was sold in the fourth quarter of 2022. Demand for composite pipe products in North America continued to grow as the business continued to take market share through its larger diameter offerings. Favourable weather in Canada delayed typical spring break-up activities, resulting in steady demand in both Western Canada and the US throughout the quarter. Demand for underground FRP tanks for liquid fuel and water management systems remained strong despite normal seasonal slowdowns as winter ground conditions limited tank installations in parts of North America. Adjusted EBITDA¹ in the first quarter of 2023 was \$26.7 million, a 79% increase compared to \$15.0 million in the first quarter of 2022. This increase was primarily attributed to elevated sales of composite pipe products, with growing volumes of larger diameter products driving higher margins.

The Automotive and Industrial segment rebounded from its typical fourth quarter slowdown to deliver record revenue of \$93.5 million. This represents an increase of 19% versus the first quarter of 2022. In industrial markets, the business benefitted from continued infrastructure spending, particularly in North American utilities. The segment's revenue also benefitted from price increases implemented to offset inflationary increases in raw material and labour costs. The segment delivered quarterly Adjusted EBITDA¹ of \$19.2 million, a 18.5% increase over the prior year quarter, largely stemming from higher demand in industrial markets and bolstered by a favourable product mix. Segment margins were elevated both by manufacturing efficiencies as well as from substantial shipments of high-margin wire & cable product in support of nuclear and aerospace projects.

The Pipeline and Pipe Services segment delivered revenue of \$138.4 million, an increase of \$54.3 million or 65% compared to the first quarter of 2022 despite the absence of \$9.6 million from the LSC business which was sold in the third quarter of 2022. The segment's performance was driven by strong coating activity on projects across multiple sites including in Canada, Norway, Indonesia, Brazil and Mexico. Adjusted EBITDA¹ in the first quarter of 2023 was \$14.9 million, an increase compared to the negative \$7.1 million reported in the first quarter of 2022, primarily related to higher revenue and improved utilization. The segment continues to execute SGP project mobilization activities and expects project coating activity to commence late in the second quarter of 2023 as previously communicated.

The twelve-month order backlog¹ of \$1,309 million as at March 31, 2023, represents a 6% increase over the \$1,230 million twelve-month order backlog¹ as at December 31, 2022. This growth was primarily attributed to several offshore pipe coating project commitments which were secured or moved into the 12-month window during the quarter, including the SGP project in Mexico. The order backlog¹ includes firm customer contracts which are expected to be executed over the next twelve months and a majority is related to the Pipeline and Pipe Services segment.

Outstanding firm bids, which are bids provided to customers with firm pricing and conditions against defined scope, were \$847 million as of March 31, 2023, an increase versus the \$793 million from the previous quarter. Conditional awards, pending final investment decision, were at \$168 million, up from the \$150 million as at the prior quarter. Budgetary estimates were nearly \$2.5 billion at the end of the quarter, an increase from approximately \$2.1 billion at the end of the previous quarter, as customers continued to develop scopes for new projects. Outstanding firm bids and budgetary estimates are measures used primarily for the Pipeline and Pipe Services segment, and as such, the vast majority of the numbers reported relate to this segment.

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2.0 OUTLOOK

The Company expects performance in the second quarter of 2023 to approach the levels experienced in the first quarter of the year. Modest growth in demand is expected for its underground storage tanks, water products and composite pipe, including its large diameter offerings, and higher activity levels are expected across its pipe coating facilities. This will be partially offset by the normal seasonal cycles within the Automotive and Industrial Segment, for which the first quarter is typically the strongest quarter of the year. The Company continues to expect a substantial step up in the second half of the year, driven by further anticipated growth in the Composite Systems segment and a material increase in pipe coating activity within the Pipeline and Pipe Services segment, including SGP and other projects.

In management's view, the underlying business trends for all of Shawcor's primary businesses remain favourable as its infrastructure and industrial focused portfolio continues to experience consistent demand growth, while the Company's oil and gas focused offerings remain well-positioned as commodity prices and energy availability challenges drive a multi-year upcycle in both onshore and offshore activity. The Company continues to experience raw material and labour cost pressures and, as a result, will continue to monitor its pricing and, if needed, roll out further price increases to help offset these costs.

The Company expects to make sizeable organic investments during 2023 and 2024 to expand capacity within its Composite Systems and Automotive and Industrial segments. Subsequent to the quarter, the Company detailed certain planned 2023 and 2024 capital investments to be deployed into high-return growth opportunities within in the Composite Systems segment. These investments include the construction of new composite pipe and composite tanks manufacturing facilities in the US. In aggregate, once completed, these planned growth capital investments are expected to result in the Company creating at least \$100 million per year of incremental revenue generating capacity with comparable margins to those realized in the segment. Both facilities which will be populated in a phased manner, are expected to be operational by the end of 2024 and to approach normalized levels of production in 2026.

The Company continues to take an "all of the above" approach to disciplined capital allocation, skewed towards investment in organic opportunities viewed as having the highest risk adjusted return-on-investment potential. High return potential growth capital investments and continued share repurchases under the NCIB program are expected to consume the vast majority of available cash generated from operations during 2023. The outstanding SGP project mobilization activities, and then commencement of pipe coating activity, are expected to consume most of the remaining available cash which the Company collected from SGP project progress billings during the second half of 2022.

While further industrial, infrastructure and pipe coating order awards are expected to be added to the Company's twelve-month order backlog¹ over the remainder of 2023, the twelve-month order backlog¹ is expected to decline upon the commencement of coating operations on the SGP project.

¹ Order backlog is a supplementary financial measure. See "Section 5.0 – Reconciliation of Non-GAAP Measures" for additional information.

Composite Systems Segment

The Company is expecting continued strong demand for underground FRP tanks throughout 2023 as liquid fuel service station networks expand, upgrade and replace existing aging tanks. Growth in demand for water and storm-water storage and treatment systems is expected to persist, supported by increasing societal demands to conserve and manage water resources and projected higher infrastructure spending on commercial and municipal water projects. The Company's ability to serve water-oriented markets is further enhanced by the product portfolio acquired from Triton Stormwater Solutions during the first quarter of 2023. Price increases have been implemented to manage raw material cost escalations. Additionally, labour shortages and capacity constraints are being managed to ensure adequate personnel and facilities are available to meet the robust demand in the market. The Company anticipates that normal seasonal impacts within its composite pipe business related to spring break up in the second quarter, which normally limits Canadian drilling and completions activity will be minimal. Overall growth in demand for the segment's composite pipe products in North America is expected to continue in 2023 as activity levels in Western Canada and in the Permian Basin remain robust and the commercial adoption of the Company's larger diameter products continues.

Automotive and Industrial Segment

Consistent with normal customer re-stocking cycles, the Company expects the first quarter to be the strongest quarter of 2023 for its Automotive and Industrial segment. While the Company expects the segment to deliver year-over-year revenue growth in the remaining quarters of 2023, driven by underlying healthy demand, particularly in nuclear and industrial sectors, this revenue growth will be offset by additional costs incurred in advance of the 2024/25 facility relocation. The Company continues to monitor recessionary concerns and broad supply chain impacts. The Company's full year outlook does not incorporate any expectation of meaningful change in total global vehicle output within the automotive end markets, which represented approximately 28% of the segment's revenue in the first quarter of 2023. Despite the macroeconomic backdrop, demand for the Company's automotive products is expected to continue to outpace overall automotive production as a result of electronic content growth in premium, hybrid and full electric vehicle markets, particularly in the Asia Pacific and EMAR regions. In industrial and infrastructure end markets, which represented approximately 72% of the segment's revenue in the first quarter of 2023, the Company is expecting to benefit from continued infrastructure spending in 2023 and beyond as new and upgraded utility and communication networks are constructed, nuclear refurbishments continue in Canada, and federal stimulus packages are rolled out. Additionally, the Company will continue to manage the volatility of copper raw material costs.

Pipeline and Pipe Services Segment

The Company expects the timing and mix of specific pipe coating projects to drive its Pipeline and Pipe Services segment results during the second quarter of 2023 to be modestly lower when compared to the first quarter, as it executes on work that has been secured in its order backlog¹. Coating for the SGP project is expected to commence late in the second quarter of 2023 thus the majority of the revenue and related Adjusted EBITDA¹ contribution from the project is expected to be realized in the second half of 2023 and the first half of 2024.

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The Company continues to monitor international developments including sustained exploration success and additional project phases in Guyana and Brazil, and Middle Eastern offshore projects designed to meet domestic energy needs and global LNG demand. Increases in inbound subsea orders have been observed across the Company's customer base, particularly in Latin America, Europe and Asia-Pacific, where the Company is well-positioned to secure and execute work. New offshore pipeline installations that range from small and mid-size to large in scope are expected to arise throughout 2023 and into subsequent years. Project sanctioning activity, bid, budgetary, and general interest from customers to install more pipelines, are all expected to drive elevated demand for the Company's market leading pipe coating technologies. Despite successfully executing substantial cost reduction activities within the Pipeline and Pipe Services segment in the last two years, the Company has maintained the resources needed to execute on projects currently in order backlog¹ and those projects for which the Company is currently bidding.

¹ Order backlog is a supplementary financial measure. See Section "5.0 – Reconciliation of Non-GAAP Measures" for additional information.

3.0 CONFERENCE CALL AND ADDITIONAL INFORMATION

Shawcor will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday, May 12th, 2023, at 9:00 AM ET, which will discuss the Company's First Quarter 2023 Financial Results. To participate via telephone, please register at <https://register.vevent.com/register/BI6b8f4d16622740f5aa1c0a31d338b3de> and a telephone number and pin will be provided.

Alternatively, please go to the following website address to participate via webcast: <https://edge.media-server.com/mmc/p/e2cpfyyc>. The webcast recording will be available within 24 hours of the live presentation and will be accessible for 90 days.

About Shawcor

Shawcor Ltd. is a growth-oriented, global material sciences company serving the Infrastructure, Energy, and Transportation markets. The Company operates through a network of fixed and mobile manufacturing and service facilities. Its three business segments, Composite Systems, Automotive and Industrial and Pipeline and Pipe Services enable responsible renewal and enhancement of critical infrastructure while lowering risk and environmental impact.

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Source: Shawcor Ltd.
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4.0 FORWARD-LOOKING INFORMATION

This news release includes certain statements that reflect management's expectations and objectives for the Company's future performance, opportunities and growth, which statements constitute "forward-looking information" and "forward-looking statements" (collectively "forward-looking information") under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward-looking information involves estimates, assumptions, judgements and uncertainties. These statements may be identified by the use of forward-looking terminology such as "may", "will", "should", "anticipate", "expect", "believe", "predict", "estimate", "continue", "intend", "plan" and variations of these words or other similar expressions. Specifically, this news release includes forward-looking information in the Outlook Section and elsewhere in respect of, among other things; the ability of the Company to deliver higher returns to all stakeholders; the evolution of the Company's portfolio of products and services beyond the energy sector; the effect of the decreased diversification and future downcycles in the Company's businesses; the level of competition within the markets that the Company operates in; the Company's continued ability to execute on its portfolio optimization strategy; the Company's ability to execute projects under contract; the Company's intention to mobilize facilities and conduct work on the SGP project; the Company's plans for the acquired assets of Triton Stormwater Solutions; the Company's ability to execute on its business plan and strategies, including the pursuit, execution and integration of potential organic and inorganic growth opportunities, as applicable; level of financial performance throughout 2023 and 2024; the expected upcycle in pipe coating activity in the second half of 2023; the demand for, and activity in, the Company's products in the Composite Systems, the Automotive and Industrial and the Pipeline and Pipe Services segments of the Company's business; the Company's expected investments during 2023 and 2024 to expand capacity within the Composite Systems and Automotive Industrial segments; continued share repurchases under the NCIB program; the anticipated results and timing of the Company's capital expenditures investments and the expected impact on the Company's revenue generating capacity, operational efficiencies, margin profile enhancement, and financial results; statements regarding timing for completion of the new facilities, and timing of achievement of anticipated production levels the growth in and the successful execution of the Company's order backlog during 2023 and the increased execution of work secured in the backlog; the opportunity to obtain greater market share in the Composite Systems segment; the seasonal impacts to, and increased demand in, the Company's composite pipe business; the growth in premium, hybrid and full electric vehicle markets and the impact thereof on the Company's financial performance; the impact of increased infrastructure spending, including in the areas of water management, communication networks and nuclear refurbishment on the Company's financial performance; the Company's management of raw material costs; the impact of global economic activity on the demand for the Company's products; the impact of continuing demand for oil and gas; the impact of global oil and gas commodity prices; the impact of changing energy demand, supply and prices and the impact and likelihood of changes in competitive conditions in the markets in which the Company participates; the execution of definitive contracts on outstanding bids for and the timing to complete certain pipe coating projects; the likelihood that international and offshore projects will be sanctioned in the future and the impact thereof on the Company's business; the ability of the Company to fund its operating and capital requirements; the ability of the Company to comply with its debt covenants; and the ability to finance increases in working capital.

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

These statements of forward-looking information are based on assumptions, estimates and analysis made by management in light of its experience and perception of trends, current conditions and expected developments as well as other factors believed to be reasonable and relevant in the circumstances. These assumptions include those in respect of the reduction and/or continued easing of certain COVID-19 related restrictions (including that governmental and public health authorities will not be required to institute or re-institute lockdowns or other public health restrictions) and the impact thereof on global economic activity, the Company's ability to manage supply

chain disruptions caused by COVID-19 or other pandemics, other health crises or by natural disasters; the Company's ability to manage supply chain disruptions and other business impacts caused by, among other things, geopolitical events or conflicts, such as the conflict in Ukraine and related sanctions on Russia; global oil and gas prices stabilizing at current levels; improved pipe-coating activity throughout 2023; the impact of the Russia and Ukraine conflict on the Company's demand for products and the strength of its and its customers supply chains; the impact of raw material shortages on the Company; the costs of raw materials and labour, including as a result of labour shortages and capacity constraints; seasonal impacts on the Company's FRP tanks business due to North American ground conditions; sustained strong demand for the Company's FRP tanks, including for retail fuel storage and water treatment and storage; seasonal impacts to the Company's composite pipe business due to spring break-up conditions; increased demand for composite pipe; expected demand for the Company's products in the Composite Systems segment, including the ability to grow such demand over the timeline expected to complete such facilities and achieve desired operational levels; the Company being able to complete the construction and commissioning of these facilities on their expected timeline and budget, as applicable, and its ability to achieve and maintain necessary production and efficiency levels once operational; expectations regarding the Company's ability to attract new customers and develop and maintain relationships with existing customers; the continued availability of funding required to meet our anticipated operating and capital expenditure requirements over such time; continued competitive intensity in the segments in which the Company operates consistent with levels experienced in 2022 and to date in 2023; no significant legal or regulatory developments, other shifts in economic conditions, or macro changes in the competitive environment affecting our business activities; key interest rates remaining relatively stable throughout 2023 to 2026; expectations regarding the Company's ability to continue to manage its supply chain and any future disruptions; the increased demand for the Company's products within the automotive and industrial markets; heightened demand for electric and hybrid vehicles and for electronic content within those vehicles; the growth in demand for water and storm-water storage and treatment systems; heightened infrastructure spending in Canada, including in respect of commercial and municipal water projects, transportation networks, communication networks and nuclear refurbishments; the recommencement of increased capital expenditures in the global offshore oil and gas pipeline segment to replace, maintain and rehabilitate existing infrastructure, replace production due to reservoir depletion and to address geopolitical challenges impacting several producing regions; the continued recovery of the global economy; a gradual recovery of oil and gas markets in North America; the Company's ability to execute projects under contract; the Company's continuing ability to provide new and enhanced product offerings to its customers; that the Company will continue to be able to optimize its portfolio and identify and successfully execute on opportunities for acquisitions and dispositions in alignment with its strategic plan; the higher level of investment in working capital by the Company; the easing of supply chain shortages and the continued supply of and stable pricing or the ability to pass on higher prices to its customers for commodities used by the Company; the availability of personnel resources sufficient for the Company to operate its businesses; the maintenance of operations by the Company in major oil and gas producing regions; the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation and tax matters and other claims generally; the increase in order backlog and contracts; the adequacy of the impairment charges taken; and the ability of the Company to satisfy all covenants under the Credit Facility and other debt obligations and having sufficient liquidity to fund its obligations and planned initiatives. The Company believes that the expectations reflected in the forward-looking information are based on reasonable assumptions in light of currently available information. However, should one or more risks materialize, or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking information included in this document and the Company can give no assurance that such expectations will be achieved.

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

To the extent any forward-looking information in this document constitutes future oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other

purpose. Future oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks noted above.

5.0 RECONCILIATION OF NON-GAAP MEASURES

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

EBITDA and Adjusted EBITDA

In an effort to reduce the volatility of the Adjusted EBITDA metric imposed by factors outside of the Company's control and to provide enhanced comparability of the Company's results from its principal business activities with those of the Company's peer group, the Company has modified the composition of Adjusted EBITDA. Beginning in the first quarter of 2023, Adjusted EBITDA will include adjustments for share-based incentive compensation costs and foreign exchange (gains) losses. Share-based incentive compensation costs have recently experienced a high degree of volatility derived from movements in the market value of the Company's shares and the related impact on such plans. Given the Company's global presence and its exposure to several foreign currency rates, the Company experiences fluctuation from foreign exchange gains or losses outside of its control. The Company believes this modified composition will present a more accurate representation of the Company's results from principal business activities. The amounts presented below reflect restated figures for prior periods as needed to align with the updated definition.

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

(in thousands of Canadian dollars)	Three Months Ended	
	March 31, 2023	March 31, 2022
Net Income (Loss)	\$ 25,229	\$ (7,116)
Add:		
Income tax expense	5,257	2,237
Finance costs, net	5,144	4,345
Amortization of property, plant, equipment, intangible and ROU assets	19,230	17,472
EBITDA	\$ 54,860	\$ 16,938
Share-based incentive compensation (recovery) cost	(602)	2,685
Foreign exchange loss (gain)	271	(3,036)
Hyperinflation adjustment for Argentina	–	1,890
Restructuring costs and other, net	–	1,206
Adjusted EBITDA	\$ 54,529	\$ 19,683

(in thousands of Canadian dollars)	Three Months Ended			
	March 31, 2022	June 30, 2022	September 30, 2022	December 31, 2022
Net (Loss) Income	\$ (7,116)	\$ 19,947	\$ 23,003	\$ (66,810)
Add:				
Income tax expense (recovery)	2,237	6,199	(18,365)	(9,349)
Finance costs, net	4,345	6,062	6,495	4,813
Amortization of property, plant, equipment, intangible and ROU assets	17,472	17,483	16,443	20,019
EBITDA	\$ 16,938	\$ 49,691	\$ 27,576	\$ (51,327)
Share-based incentive compensation cost	2,685	2,722	9,465	16,618
Foreign exchange (gain) loss	(3,036)	(1,506)	(6,585)	1,414
Gain on sale of land and other	–	(43,017)	–	–
Loss on sale of operating unit	–	–	5,932	78,819
Hyperinflation adjustment for Argentina	1,890	1,533	5,510	3,843
Impairment	–	20,269	–	2,164
2019 ZCL Composites Inc. purchase trust release	–	–	(1,059)	–
Restructuring costs and other, net	1,206	2,996	2,070	4,927
Adjusted EBITDA	\$ 19,683	\$ 32,688	\$ 42,909	\$ 56,458

Composite Systems Segment

(in thousands of Canadian dollars)	Three Months Ended		
	March 31, 2023	March 31, 2022	December 31, 2022
Operating Income	\$ 20,722	\$ 6,874	\$ 15,204
Add: Amortization of property, plant, equipment, intangible and ROU assets	6,627	7,409	7,250
EBITDA	\$ 27,349	\$ 14,283	\$ 22,454
Impairment	–	–	2,164
Share-based incentive compensation (recovery) cost	(601)	278	2,724
Restructuring costs and other	–	423	–
Adjusted EBITDA	\$ 26,748	\$ 14,984	\$ 27,342

Automotive and Industrial Segment

(in thousands of Canadian dollars)	Three Months Ended		
	March 31, 2023	March 31, 2022	December 31, 2022
Operating Income	\$ 17,865	\$ 14,887	\$ 11,404
Add: Amortization of property, plant, equipment, intangible and ROU assets	1,308	1,085	1,112
EBITDA	\$ 19,173	\$ 15,972	\$ 12,516
Share-based incentive compensation cost	26	209	1,766
Restructuring costs and other	–	27	–
Adjusted EBITDA	\$ 19,199	\$ 16,208	\$ 14,282

Pipeline and Pipe Services Segment

(in thousands of Canadian dollars)	Three Months Ended		
	March 31, 2023	March 31, 2022	December 31, 2022
Operating Income (loss)	\$ 4,703	\$ (16,180)	\$ 419
Add: Amortization of property, plant, equipment, intangible and ROU assets	10,711	8,600	11,337
EBITDA	\$ 15,414	\$ (7,580)	\$ 11,756
Share-based incentive compensation (recovery) cost	(504)	384	3,872
Hyperinflation adjustment for Argentina	–	(2)	124
Restructuring costs and other	–	131	794
Adjusted EBITDA	\$ 14,910	\$ (7,067)	\$ 16,546

Adjusted EBITDA Margin

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

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

Operating Margin

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

Total Net debt-to-Adjusted EBITDA

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

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

(in thousands of Canadian dollars, except Net debt-to-EBITDA ratio)	March 31, 2023	December 31, 2022
Long-term debt	\$ 186,364	\$ 210,832
Lease liabilities	62,401	59,439
Cash and cash equivalents	(162,009)	(263,990)
Total Net Debt	\$ 86,756	\$ 6,281
Q1 2022 Adjusted EBITDA	\$ –	\$ 19,683
Q2 2022 Adjusted EBITDA	32,688	32,688
Q3 2022 Adjusted EBITDA	42,909	42,909
Q4 2022 Adjusted EBITDA	56,458	56,458
Q1 2023 Adjusted EBITDA	54,529	–
Trailing twelve-month Adjusted EBITDA	\$ 186,584	\$ 151,738
Total Net debt-to-Adjusted EBITDA	0.46	0.04

Total Interest Coverage Ratio

Total Interest Coverage Ratio is a non-GAAP measure defined as Adjusted EBITDA, as defined above, for the trailing twelve-month period, divided by Finance costs, net, for the trailing twelve-month period. The Company believes Total Interest Coverage Ratio is a useful supplementary measure to assess the Company's ability to honour its debt payments. Total Interest Coverage Ratio is used by many analysts as one of several important analytical

tools to gauge how easily a company can pay interest on its outstanding debt. It is also considered important by credit rating agencies to determine a company's riskiness relative to its current debt or for future borrowing.

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

(in thousands of Canadian dollars, except Interest Coverage Ratio)	March 31, 2023	December 31, 2022
Q1 2022 Adjusted EBITDA	\$ –	\$ 19,683
Q2 2022 Adjusted EBITDA	32,688	32,688
Q3 2022 Adjusted EBITDA	42,909	42,909
Q4 2022 Adjusted EBITDA	56,458	56,458
Q1 2023 Adjusted EBITDA	54,529	–
Trailing twelve-month Adjusted EBITDA	\$ 186,584	\$ 151,738
Q1 2022 Finance costs, net	\$ –	\$ 4,345
Q2 2022 Finance costs, net	6,062	6,062
Q3 2022 Finance costs, net	6,495	6,495
Q4 2022 Finance costs, net	4,813	4,813
Q1 2023 Finance costs, net	5,144	–
Trailing twelve-month Finance costs, net	\$ 22,514	\$ 21,715
Total Interest Coverage Ratio	8.29	6.99

Order Backlog

Order backlog is a supplementary financial measure commonly used in the industries in which the Company operates and represents the expected future revenue from existing unfulfilled customer contracts. The order backlog will fluctuate over time due to several factors including the duration of ongoing contracts, work progression and the timing of receipt of new contracts.