Mattr Corp.
Management's Discussion and Analysis of Financial Condition and Results of Operations

This management's discussion and analysis ("MD&A"), prepared as of May 14, 2024, is a discussion of the consolidated financial position and results of operations of Mattr Corp. ("Mattr" or the "Company") for the three months ended March 31, 2024 and 2023 and should be read together with Mattr's unaudited condensed interim consolidated financial statements ("Interim Financial Statements") and accompanying notes for the same periods and the Company's management's discussion and analysis for the years ended December 31, 2023 and 2022 (the "2023 Annual MD&A") and audited consolidated financial statements for the year ended December 31 2023 (the "Audited Consolidated Financial Statements"). All dollar amounts in this MD&A are in thousands of Canadian dollars, except per share amounts or unless otherwise stated.

This MD&A and the Interim Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting, which are also Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises in Canada.

Forward-Looking Information

This document 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 document includes forward-looking information in the Outlook section and elsewhere in respect of, among other things: the ability of the Company to deliver higher returns to its shareholders; the market dynamics during the remainder of 2024; the favourability of underlying business trends for the Company's core business; the Company's ability to execute on its business plan and strategies, including the pursuit, execution and integration of potential organic and inorganic growth opportunities, as applicable; the timing of the finalization of the net working capital adjustment for the sale of the Pipeline Performance Group; the anticipated net cash outflow amount to settle the working capital adjustment for the sale of the Pipeline Performance Group; the level of financial performance and financial results of the Company, its businesses and reporting segments levels of production and shipment of FRP tanks; international shipments in the second quarter of 2024; construction activity and tank production activity; the decline of North American onshore drilling activity in the second quarter of 2024; new customer capture in the Flexpipe business; larger diameter product market share; demand for the Company's products, including the demand within the North American industrial and infrastructure markets, the demand for the Company's Flexpipe products in the second quarter of 2024, and the seasonal impacts to, and demand in, the Company's Connection Technologies and Composite Technologies segments; demand within the North American industrial and infrastructure markets; demand for products in support of critical infrastructure renewal and expansion, including energy generation and distribution, electrification, transportation network enhancement and storm water management; market share gains within the Company's businesses; anticipated margin compression in the second quarter of 2024, including as a result of modernization, expansion and optimization ("MEO") activities and mix of product sales; the timing and costs of planned capital investment and MEO activities; the average production costs, production capacity and growth and margin expansion in the Composite Technologies segment; EBITDA margins in the Composite Technologies segment; the Company's exit of the Xerxes production site in Anaheim, California and the anticipated timing for such exit, and accompanying lowered fixed cost and operating risk base; the timing for completion of new facilities, and timing of achievement of anticipated production levels; the timing of the exit of production sites; FRP tank production and shipment activity; fixed costs and operating risk base; the adequacy of revenues from new facilities in the Composite Technologies segment; timelines for obtaining permits during the second quarter of 2024; the impact of MEO activities on the Company's financial performance; easing of shipping cost inefficiencies at the Company's Composite Technologies segment; deliveries of orders in the Flexpipe business; schedules for international opportunities and deliveries of international orders in the remainder of; the timing of the establishment and commencement of production of new production sites; expected production activity in the Xerxes business during the second quarter of 2024; demand for automotive products compared to overall automotive production; consumer demand for electric vehicles and the impact on the Connection Technologies segment; the growth in electronic content within premium, hybrid and full electric vehicle markets and the impact thereof on the Company's financial performance; the impact of continued infrastructure spending, including in the areas of water management, communication networks and nuclear refurbishment on the Company's financial performance; the expected first production in the Composite Technologies and Connection Technologies segments; the Company's management of raw material and labour costs; the impact of global economic activity on the demand for the Company's products; the level, and impact, of demand for oil and gas; the impact of global oil and gas commodity prices and the annual capital spending cycle for North American oil and gas producers; the global need to renew and expand critical infrastructure; the impact of changing energy demand, supply and prices; the Company's expected pricing, including the reflection of the value of its products and cost inputs; the Company's intentions in respect of the renewal of the Company's normal course issuer bid, the TSX's acceptance of the Company's application to renew such bid and the expected purchases of common shares of the Company under such bid; the ability of the Company to fund its operating and capital requirements and growth objectives; 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, risks and uncertainties described herein under "Risks and Uncertainties" and in the Company's Annual Information Form ("AIF") under "Risk Factors".

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

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

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

1.0 Executive Overview

Mattr is a growth-oriented, global materials technology company broadly serving critical infrastructure markets, including transportation, communication, water management, energy and electrification. The Company operates through a network of fixed manufacturing facilities within two business segments: Composite Technologies and Connection Technologies, which enable responsible renewal and enhancement of critical infrastructure while lowering risk and environmental impact.

Mattr is publicly traded on the Toronto Stock Exchange ("TSX") under the symbol "MATR" (prior to June 7, 2023, the Company traded under the symbol "SCL").

1.1 Core Businesses

Mattr provides a broad range of products, which include flexible composite pipe, fiberglass reinforced plastic ("FRP") underground storage tanks, stormwater management solutions, heat-shrinkable polymer tubing products, low-voltage control and instrumentation wire, cable and harness solutions and high quality offshore pipeline corrosion and thermal protection coating services.

The Financial, Corporate and Other section of the Company's financial statements represents operating income, property, plant and equipment, and corporate office costs that are not allocated to either the Composite Technologies or the Connection Technologies segments and property, plant and equipment of the retained Pipeline Performance Group ("PPG") entities, including operations in Brazil, and the related operating income. Revenue reported through Financial, Corporate and Other represented 6% of the revenue for the quarter ended March 31, 2024.

Composite Technologies

The Composite Technologies segment consists of the Composite Technologies operating unit (which includes the Flexpipe® and Xerxes® brands) and accounted for 53% of revenue for the three-months ended March 31, 2024.

Connection Technologies

The Connection Technologies segment consists of the Connection Technologies operating unit (which includes the Shawflex and DSG-Canusa brands) and accounted for 41% of revenue for the three-months ended March 31, 2024.

2.0 Financial Highlights

Figures stated below represent results from the Continuing Operations of the business in both the comparative periods unless stated otherwise.

(in thousands of Canadian dollars except per share amounts and percentages)	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
Revenue	**$**	**224,461**	$	238,732
Cost of Goods Sold and Services Rendered		**159,113**		164,634
Gross Profit		**65,348**		74,098
Selling, general and administrative expenses		**40,518**		31,451
Research and development expenses		**2,393**		2,139
Foreign exchange losses		**2,515**		1,210
Depreciation and amortization		**8,996**		9,021
Restructuring costs and other, net		**3,201**		–
Income from Continuing Operations		**7,725**		30,277
Finance costs, net		**(2,142)**		(4,984)
Income before Income Taxes		**5,583**		25,293
Income tax expense		**5,817**		4,585
Net (Loss) Income from Continuing Operations	**$**	**(234)**	$	20,708
Net (Loss) Income from Discontinued Operations[a]		**(5,405)**		4,521
Net (Loss) Income		**(5,639)**		25,229
Total Net (Loss) Income attributable to:				
Shareholders of the Company	**$**	**(5,842)**	$	25,239
Non-controlling interests		**203**		(10)
Net (Loss) Income	**$**	**(5,639)**	$	25,229
Per Share Information:				
(Loss) Earnings per Share				
Basic	**$**	**(0.09)**	$	0.36
Diluted	**$**	**(0.09)**	$	0.36
Total Adjusted EPS [b]				
Basic	**$**	**0.16**	$	0.37
Diluted	**$**	**0.16**	$	0.37
Adjusted EBITDA from Continuing Operations[b]	**$**	**30,069**	$	40,466
Adjusted EBITDA Margin from Continuing Ops[b] **(%)**		**13.4%**		16.9%
Adjusted EBITDA from Discontinued Operations[a][b]	**$**	**–**	$	14,062
Adjusted EBITDA Margin from Discontinued Ops[a][b] **(%)**		**–**		11.2%
Total Adjusted EBITDA from Operations[b]		**30,069**		54,528
Total Adjusted EBITDA Margin from Operations[b] **(%)**	**$**	**13.4%**	$	15.0%

(a) Amounts shown under Discontinued Operations represent the results from what was previously known as the Pipeline and Pipe Services ("PPS') segment.

(b) Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS are non-GAAP measures. 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 10.0 – Reconciliation of Non-GAAP Measures"* for further details and a reconciliation of these non-GAAP measures.

2.1 Foreign Exchange Impact

The following table sets forth the significant currencies in which the Company operates and the average foreign exchange rates for these currencies versus Canadian dollars, for the following periods:

	Three Months Ended	
	March 31, 2024	March 31, 2023
US Dollar	1.3459	1.3507
Euro	1.4597	1.4517
British Pound	1.7044	1.6484

The following table sets forth the impact on revenue, income from operations and net income (attributable to shareholders of the Company), compared with the prior year period, as a result of foreign exchange fluctuations on the translation of foreign currency operations:

(in thousands of Canadian dollars)	**Q1-2024 versus Q1-2023**
Revenue from Continuing Operations	$ 181
Income from Continuing Operations	$ 139
Net income from Continuing Operations (attributable to shareholders of the Company)	$ 60

In addition to the translation impact noted above, the Company recorded a foreign exchange loss of $2.5 million in the first quarter of 2024, compared to a foreign exchange loss from Continuing Operations of $1.2 million for the comparable period in the prior year, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short-term foreign currency intercompany loans within the group, net of hedging activities.

3.0 Results from Operations

3.1 Consolidated Information

Revenue from Continuing Operations

The following table sets forth revenue by segment for the following periods:

	Three Months Ended	
(in thousands of Canadian dollars)	**March 31, 2024**	March 31, 2023
Composite Technologies	**$ 119,282**	$ 132,549
Connection Technologies	**90,757**	94,687
Financial, Corporate & Other	**14,422**	11,496
Revenue - Continuing Operations	**$ 224,461**	$ 238,732

Revenue in the first quarter of 2024 was $224.5 million, a decrease of $14.3 million, or 6%, from $238.7 million in the first quarter of 2023. The change in revenue reflects decreases of $13.3 million in the Composite Technologies segment and $3.9 million in the Connection Technologies segment offset by an increase of $2.9 million in Financial, Corporate & Other. See *Section 3.2 – Segment Information* for additional disclosure with respect to the change in revenue in each segment.

Income from Continuing Operations ("Operating Income")

The following table sets forth gross profit, gross margin, operating income, operating margin, Adjusted EBITDA and Adjusted EBITDA margin, from Continuing Operations, for the following periods:

	Three Months Ended			
(in thousands of Canadian dollars except percentages)		**March 31, 2024**		March 31, 2023
Gross Profit	**$**	**65,348**	$	74,098
Gross margin		**29.1%**		31.0%
Operating income(a)	**$**	**7,725**	$	30,277
Operating margin(b)		**3.4%**		12.7%
Adjusted EBITDA(b)	**$**	**30,069**	$	40,466
Adjusted EBITDA margin(b)		**13.4%**		16.9%

(a) Operating income in the three months ended March 31, 2024, includes $3.2 million in restructuring costs and other, net; while operating income in the three months ended March 31, 2023, does not include any restructuring cost.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. *Section 10.0 – Reconciliation of Non-GAAP Measures* for further details and a reconciliation of these non-GAAP measures.

The Company has completed its strategic review process, which reviewed strategic alternatives for its former PPG, Shaw Pipeline Services, and Oilfield Asset Management ("OAM") operating units. The Company continues to perform actions to improve shareholder value and has experienced substantial fluctuations in its share price in the past several years. In the first quarter of 2024, the Company's share price increased by $2.60 or 17.2%. Consequently, the Company's selling, general and administrative ("SG&A") expenses have been impacted through the movements in share-based incentive compensation accruals, with the value of such incentive awards being directly tied to the Company's share price. The Company recorded an increase in expense of $7.6 million in share-based incentive compensation costs during the first quarter of 2024. Comparatively, in the first quarter of 2023, the Company recorded a nominal cost associated with share-based incentive compensation given the lack of significant change in the Company's share price during that time frame. Share-based incentive compensation costs are an adjusting item in the calculation of Adjusted EBITDA. See "Section 10.0 – Reconciliation of Non-GAAP Measures" for further details regarding the calculation of Adjusted EBITDA.

The Company recorded a gross profit of $65.3 million in the first quarter of 2024, which is a decrease of $8.8 million compared to the first quarter of 2023. This was driven by the decrease in revenue, as explained above, and a 1.9 percentage point decrease in gross margin. The change in gross profit reflects a decrease of $9.8 million in the Composite Technologies segment offset by an increase of $1.4 million in the Financial, Corporate and Other segment. The gross margin decrease reflects a change in product mix within the Composite Technologies segment, which included higher sales of products which incurred higher shipping costs and lower utilization rates in the tank manufacturing facilities. See "*Section 3.2 – Segment Information*" for additional disclosure with respect to the change in gross profit in each reporting segment.

The Company's SG&A expenses increased by $9.1 million in the first quarter of 2024, compared to the first quarter of 2023. The increase in SG&A expenses was driven primarily by the aforementioned increase in share-based incentive compensation costs of $7.6 million, a $1.9 million increase in other employee related expenses, an increase of $ 1.5 million in information technology costs and a $0.7 million increase in building and equipment costs. This was partially offset by a reduction of $3.4 million in legal and other professional fees. During the period and included in the above-mentioned SG&A expenses are non-capitalizable North American production footprint Modernization, Expansion and Optimization ("MEO") project costs of $2.7 million (no MEO costs were incurred in the prior year period). These costs are associated with the establishment of the Company's four new North American production sites.

Operating income in the first quarter of 2024 was $7.7 million compared to an operating income of $30.3 million in the first quarter of 2023. The $22.6 million year-over-year decrease was driven by an $8.8 million reduction in gross profit, a$9.1 million increase in SG&A expenses, a $3.2 million increase in restructuring costs and an increase of $1.3 million in foreign exchange losses.

Adjusted EBITDA was $30.1 million in the first quarter of 2024 compared to $40.5 million in the first quarter of 2023. See "*Section 10.0 – Reconciliation of Non-GAAP Measures"* for further details on the changes in composition for Adjusted EBITDA.

3.2 Segment Information

3.2.1 Composite Technologies Segment

The following table sets forth, revenue (by geographic location of origin), operating income, operating margin, Adjusted EBITDA and Adjusted EBITDA Margin for the Composite Technologies segment for the following periods:

(in thousands of Canadian dollars except percentages)	Three Months Ended **March 31, 2024**	Three Months Ended March 31, 2023
North America	**$ 117,206**	$ 132,116
Europe, Middle East and Africa ("EMEA")	**1,087**	404
Asia Pacific	**989**	29
Total Revenue	**$ 119,282**	$ 132,549
Operating income[(a)]	**$ 4,017**	$ 20,722
Operating margin[(b)]	**3.4%**	15.6%
Adjusted EBITDA[(b)]	**$ 15,008**	$ 26,748
Adjusted EBITDA margin[(b)]	**12.6%**	20.2%

(a) Operating income in the three months ended March 31, 2024, includes $3.2 million in restructuring costs and other, net; while operating income in the three months ended March 31, 2023, includes no restructuring costs and other, net.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. 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 10.0 – Reconciliation of Non-GAAP Measures"* for further details and a reconciliation of these non-GAAP measures.

Revenue in the first quarter of 2024 decreased by $13.3 million, or 10%, compared to the first quarter of 2023. The decrease is primarily attributable to a drop in revenue in North America related to lower production and shipment of FRP tanks because of reduced seasonal market activity as customers faced unfavorable ground conditions for fuel station construction. This was partially offset by increased international Flexpipe sales.

Gross profit decreased by $9.8 million compared to the first quarter of 2023. This decrease in gross profit was primarily due to the decrease of $13.3 million in revenue, as explained above, coupled with a 4.7 percentage point decrease in gross margin. The decrease in gross margin can be attributed to a different product mix within the segment and lower utilization rates at the tank manufacturing facilities and the related impact on overhead absorption rates.

SG&A expenses increased by $3.8 million compared to the first quarter of 2023. This increase was primarily due to an increase of $2.1 million in long-term share-based incentive compensation, $1.4 million in other employee related expenses, $0.7 million in building and equipment costs and $1.4 million other administration costs, offset by decreases of $2.0 million in professional fees. Included in the above-mentioned SG&A expenses are non-capitalizable North American production footprint MEO project costs of $2.3 million associated with the establishment of the segment's new North American production sites during the period (no MEO costs were incurred in the prior year period).

Operating income in the first quarter of 2024 was $4.0 million compared to $20.7 million in the first quarter of 2023. The $16.7 million decrease was primarily due to a $9.8 million decrease in the gross profit and increases of $3.8 million in SG&A expenses and $3.2 million in restructuring costs related to the Anaheim plant closure in the first quarter of 2024.

Adjusted EBITDA in the first quarter of 2024 was $15.0 million compared to $26.7 million in the first quarter of 2023. See "*Section 10.0 – Reconciliation of Non-GAAP Measures"* for further details on changes in composition for Adjusted EBITDA. The amounts noted for Adjusted EBITDA for the prior year quarter have been restated to align with the revised composition.

3.2.2 Connection Technologies Segment

The following table sets forth, revenue (by geographic location of origin), operating income, operating margin, Adjusted EBITDA and Adjusted EBITDA Margin for the Connection Technologies segment for the following periods:

	Three Months Ended	
(in thousands of Canadian dollars except percentages)	**March 31, 2024**	March 31, 2023
North America	**$ 61,377**	$ 65,885
EMEA	**25,787**	24,799
Asia Pacific	**3,593**	4,003
Total Revenue	**$ 90,757**	$ 94,687
Operating income [(a)]	**$ 14,543**	$ 16,993
Operating margin[(b)]	**16.0%**	17.9%
Adjusted EBITDA[(b)]	**$ 17,617**	$ 18,352
Adjusted EBITDA margin[(b)]	**19.4%**	19.4%

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, the comparative figures for the first quarter of 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million were included in operating income in the first quarter of 2023 and 2024. See *Section 10.0 – Reconciliation of Non-GAAP Measures* for further information regarding the restated Adjusted EBITDA for all quarters of 2023.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. 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 10.0 – Reconciliation of Non-GAAP Measures for further details and a reconciliation of these non-GAAP measures.

Revenue in the first quarter of 2024 decreased by $3.9 million, or 4.2%, compared to the first quarter of 2023, as a result of a decrease in wire and cable product shipments to Canadian industrial market distributors and into the aerospace market. This was partially offset by a stronger demand in the automotive and infrastructure markets.

Gross profit in the first quarter of 2024 remained relatively similar to the first quarter of 2023, despite the slight decrease in revenue explained above which includes the absence of a high margin aerospace order in the comparative period.

SG&A expenses increased by $1.6 million compared to the first quarter of 2023, primarily due to increases of $1.3 million in long-term share-based incentive compensation and $0.3 million in other employee related expenses. Included in the above-mentioned SG&A expenses are MEO costs of $0.4 million dollars incurred in support of the relocation of the segment's North American footprint during the quarter.

Operating income in the first quarter of 2024 was $14.5 million compared to the $17.0 million in the first quarter of 2023. The decrease of $2.5 million in operating income is mainly attributable to increases in SG&A expenses as explained above of $1.6 million and $0.4 million in depreciation, amortization and other expenses.

Adjusted EBITDA in the first quarter of 2024 was $17.6 million compared to $18.4 million in the first quarter of 2023. See *Section 10.0 – Reconciliation of Non-GAAP Measures* for further details on the changes in composition for Adjusted EBITDA. The amounts noted for Adjusted EBITDA for the prior year quarter have been restated to align with the revised composition.

3.2.3 Financial, Corporate and Other

Financial, Corporate and Other represents operating income, property, plant and equipment, and corporate office costs that are not allocated to the Composite Technologies or Connection Technologies segments and operating income related to the property, plant and equipment of the retained PPG entities, including operations in Brazil. The corporate division of the Company earns revenue that is considered incidental to the activities of the Company. As a result, it does not meet the definition of a reportable operating segment as defined under IFRS.

The following table sets forth the Company's unallocated revenue and operating losses including Financial, Corporate and Other expenses for the following periods:

	Three Months Ended	
(in thousands of Canadian dollars)	**March 31, 2024**	March 31, 2023
Total Revenue	**$ 14,422**	$ 11,496
Operating loss [(a)]	**$ (10,835)**	$ (7,438)
Adjusted EBITDA[(b)]	**$ (2,556)**	$ (4,634)

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, the comparative figures for the first quarter of 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million were allocated in operating income in the first quarter of 2023 and 2024. See Section 10.0 – Reconciliation of Non-GAAP Measures for further information regarding the restated Adjusted EBITDA for all quarters of 2023.

(b) Adjusted EBITDA is 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 10.0 – Reconciliation of Non-GAAP Measures for further details and a reconciliation of these non-GAAP measures.

Total revenue and gross profit for Financial, Corporate and Other increased from the comparative period by $2.9 million and $1.4 million, respectively, as projects in Brazil continue to be executed. For the three months ended March 31, 2024, the operating loss was $10.8 million compared to an $7.4 million operating loss for the three months ended March 31, 2023. The $3.4 million increase in loss reflects a $3.6 million increase in SG&A expenses and an increase of $1.3 million in foreign exchange losses offset by the increased gross profit discussed above. The increase in SG&A was primarily driven by an increase of $4.3 million in long term incentive-based compensation.

3.3 Other Consolidated Information for Continuing Operations

Finance costs, Net

The following table sets forth the components of finance costs, net for the following periods:

(in thousands of Canadian dollars)	Three Months Ended	
	March 31, 2024	March 31, 2023
Interest income	**$ (3,694)**	$ (495)
Interest expense on long-term debt	**3,366**	4,189
Interest expense, other	**1,112**	1,020
Interest expense on lease liabilities	**1,358**	270
Finance costs, net	**$ 2,142**	$ 4,984

For the first quarter of 2024, net finance costs were $2.1 million, compared to $5.0 million in the first quarter of 2023. The decrease in net finance costs is driven by the additional interest income earned on larger cash balances and lower interest expenses on lower outstanding debt, partially offset by increased interest on new lease liabilities required for the MEO projects in both the Composite Technologies and Connection Technologies segments.

Income Taxes

The following table sets forth the income tax expenses for the following periods:

(in thousands of Canadian dollars)	Three Months Ended	
	March 31, 2024	March 31, 2023
Income tax expense from Continuing Operations	**$ 5,817**	$ 4,585

The Company recorded an income tax expense of $5.8 million (104% of income before income taxes) for the quarter ended March 31, 2024, compared to an income tax expense of $4.6 million (18% of income before income taxes) during the quarter ended March 31, 2023. The effective tax rate for the first quarter of 2024 was higher than the Company's statutory income tax rate of 24% primarily due to the benefit of losses not recognized and the mix of jurisdiction where the income was earned, partially offset by the reversal of recognition of a deferred tax liability on foreign unremitted earnings.

3.4 Discontinued Operations

The Discontinued Operations reporting segment includes what was previously known as the PPS reporting segment, which included the PPG operating unit until the sale of the majority of the assets of the operating unit, and the Shaw Pipeline Services operating unit, until its sale in June 2023.

On November 30, 2023, the Company completed the sale of a substantial majority of the assets of its pipe coating business, or PPG, to Tenaris S.A. The Company received gross proceeds of $241.2 million, which included the agreed-upon purchase price of $225.4 million and an initial working capital estimate. The final net cash proceeds received by the Company in satisfaction of the contractual purchase price for the sale of the PPG business remains subject to completion of a customary final true up of the estimated working capital calculation as provided in the definitive purchase and sale agreement in respect of the transaction. The Company now expects its net cash outflow to settle the working capital adjustment to be approximately $37.4 million and therefore in the first quarter of 2024 recorded an additional $5.4 million loss from the sale of the PPG business in Discontinued Operations. The Company expects the parties to finalize the net working capital adjustment by the third quarter of 2024.

4.0 Outlook

The Company expects a sequential rise in quarterly consolidated revenue and Adjusted EBITDA during the second quarter of 2024, driven predominantly by increased performance of its Composite Technologies segment.

Within this segment, higher production and shipment of Xerxes FRP tanks is anticipated as customer construction activity rises and the Company elevates tank production activity following completion of its multi-quarter output curtailment program. In addition, while consolidated North American onshore drilling rig count is expected to modestly decline versus the first quarter of 2024, driven primarily by break-up conditions in Canada and customer consolidation in the US, Flexpipe revenue is expected to rise in the second quarter as the timing of specific customer deliveries, continued new customer capture and larger diameter product market share gains in North America are further enhanced by another strong quarter of international shipments.

Revenue in the second quarter of 2024 is expected to increase slightly on a sequential basis within the Connection Technologies segment, primarily driven by expected continued strong demand within North American industrial and infrastructure markets and anticipated share gain by the Company in North America and Europe within the segment's DSG Canusa business.

While consolidated revenue in the second quarter of 2024 is expected to be modestly above the same quarter of 2023, the Company anticipates some margin compression as a result of its MEO activities and the specific mix of product sales in each of its operating segments.

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

- The addition of two new manufacturing facilities and the elimination of one aging manufacturing facility within the Composite Technologies network, namely:
    - a new Xerxes FRP tank production site in Blythewood, South Carolina that is expected to commence production in mid-2024;
    - a new Flexpipe composite pipe production site in Rockwall, Texas that is expected to commence production in mid-2024; and
    - the shut-down and exit of a Xerxes FRP tank production site in Anaheim, California that is expected to be largely complete by the end of 2024.

- The replacement of the Company's Rexdale, facility in Toronto, Ontario and the expansion of its Connection Technologies segment's North American manufacturing footprint through:
    - a new heat-shrink tubing production site in Fairfield, Ohio that is expected to commence production in late 2024; and
    - a new wire and cable production site in Vaughan, Ontario that is expected to commence production in late 2024.

The Company expects to continue to make sizeable organic investments throughout 2024 to modernize, expand and optimize capacity in targeted geographies and improve efficiency within the North American production network of its Composite Technologies and Connection Technologies segments. Given the anticipated timing of these MEO actions, the Company continues to expect to recognize meaningful MEO costs throughout 2024, with these costs weighted towards optimization and growth activities within the Composite Technologies segment during the first half of 2024 and weighted towards the modernization and growth activities within the Connection Technologies segment during the second half of 2024. In aggregate, once completed, these planned investments are expected to result in the Company creating at least $150 million per year of incremental revenue generating capacity with comparable margins to those realized in its Composite Technologies and Connection Technologies segments. These levels of output are expected to be realized over the 3–5 year period following completion, as the facilities reach efficient utilization levels in accordance with their currently expected timelines. The Company does not expect its exit from the Xerxes production site in Anaheim, California, to alter these output expectations in light of its capital investments and MEO activities.

In management's view, the underlying mid- and long-term market trends for all of Mattr's core businesses remain favourable. Despite continued elevated interest rates, demand for products in support of critical infrastructure renewal and expansion is expected to remain robust; fuel tank customers of its Xerxes business have made adjustments to accommodate elongated permitting timelines which are anticipated to result in more normalized FRP tank shipment patterns during the second quarter of 2024; and a relatively stable oil and gas commodity price environment is expected to provide opportunities for market share gains by the Company's Flexpipe business, particularly within its larger diameter product portfolio, moving through the year. More broadly, management expects that demand for its differentiated products designed to withstand harsh environments will continue to rise in the coming years as a result of the global need to renew and expand critical infrastructure, including energy generation and distribution, electrification, transportation network enhancement and storm water management, but remains alert to potential industrial market softness as a result of sustained higher interest rates and the uncertainty around the approaching US Presidential election cycle. The Company continues to closely monitor raw material and labour costs and accordingly, will continue to ensure its pricing appropriately reflects the value of its products and its cost inputs.

The Company continues to explore options to divest of its Brazilian pipe coating operations ("Thermotite"), formerly part of the PPG operating unit. While the Company does not anticipate Thermotite's financial results to be material to the organization, the business is fully booked throughout 2024 and is expected to deliver increased full year 2024 financial performance when compared to 2023.

The Company continues to take an "all of the above" approach to capital allocation, skewed towards investment in organic and inorganic acquisition and investment opportunities viewed as having the highest risk-adjusted return on investment potential. With substantial capacity to deploy capital and the expectation to deploy available capital over the next several quarters, the Company continues to elevate focus on inorganic opportunities, including opportunities of meaningful scale, particularly related to differentiated wire & cable sectors and water products, where long-term tailwinds are expected. The Company remains focused on ensuring any capital investments provide superior returns (both near and long-term) to shareholders in light of all available options, including the return of capital to shareholders. Additional opportunities exist to further enhance the Company's organic growth trajectory.

On May 14, 2024, the Company's board of directors approved the renewal of the Company's normal course issuer bid ("NCIB"), on substantially the same terms and conditions as the current NCIB and subject to the approval of the TSX, which has not yet been applied for or obtained. If the NCIB renewal is approved, the Company will continue to repurchase its common shares on an opportunistic basis.

[1] EBITDA, Adjusted EBITDA, adjusted EBITDA margins 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.

<u>Composite Technologies Segment</u>

Production and shipment of Xerxes' FRP tanks and storm water management products are expected to rise in the second quarter of 2024 as weather and ground conditions across much of North America improve, allowing construction activity for fuel stations and other commercial structures to accelerate. Permitting delay issues that had plagued many of the Company's fuel customers across North America over the course of 2023 appear to have been largely mitigated, and in response the Xerxes business expects to elevate its production activity during the second quarter of 2024.

Although relatively stable commodity prices are expected to prevail, the Company anticipates North American onshore oil and gas drilling rig count will modestly decline in the second quarter of 2024 when compared to the first quarter of 2024, driven primarily by seasonal break-up conditions in Canada and customer consolidation in the

US, which typically results in temporarily lower activity levels within the impacted organizations. Despite this market outlook, Flexpipe revenue is anticipated to rise in the second quarter of 2024 as the timing of specific customer deliveries, continued new customer capture and larger diameter product market share gains in North America are expected to be further enhanced by another strong quarter of international shipments.

EBITDA margins for the Composite Technologies segment in the second quarter of 2024 are likely to be compressed compared to the prior year quarter by the impact of MEO cost recognition, a modestly elevated freight cost burden tied to Flexpipe international shipment activity and the ongoing inefficiency of transporting larger diameter pipe products from the Company's Calgary facility into West Texas. The Company expects these shipping cost inefficiencies to begin easing as its Rockwall, Texas facility commences production around mid-2024.

In recent quarters the Company has been successful in securing multiple Flexpipe orders, including larger diameter product orders, for delivery into international projects. These deliveries occurred partially during the first quarter of 2024 and are expected to continue during the second quarter of 2024. Additional international opportunities for delivery during the second, third and fourth quarters of 2024 are being pursued, however, due to the somewhat unpredictable nature of international project order placement and subsequent delivery, some variability in schedules may exist and movements in the schedule between quarters could occur. Based on the Company's current visibility, several new international orders originally anticipated to be delivered during the second quarter of 2024 now are anticipated to be delivered in the second half of 2024.

The segment continues to execute the establishment of two new US production sites, with its Rockwall, Texas Flexpipe and Blythewood, South Carolina Xerxes facilities progressing on-budget and currently expected to commence commercial production around mid-year.

In addition, the segment continues to progress on the exit of its aging Anaheim, California Xerxes tank facility. Tank production at this site ceased early in the first quarter of 2024 and the facility is expected to be fully vacated by year end, further lowering the Company's fixed cost and operating risk base.

In combination, the actions taken to modernize, expand and optimize the segment's North American production footprint are expected to lower average production costs, increase total production capacity and position the segment to deliver meaningful growth and margin expansion in subsequent years. The Company continues to expect MEO costs will lower segment EBITDA margins during the remainder of the first half of 2024. The Company expects that there will be sufficient revenues from these new facilities to absorb incremental fixed costs during the ramp up periods, and both new facilities have sufficient physical space to enable further production line additions in future years. The segment continues to closely monitor raw material and labour costs and, as a result, will continue to ensure its pricing appropriately reflects the value of its products and its cost inputs.

Connection Technologies Segment

The Company expects demand for its Connection Technologies segment products will remain relatively consistent in the second quarter of 2024 when compared to the first quarter. The Company is expecting to benefit from continued infrastructure spending in 2024 and beyond as new and upgraded utility and communication networks are constructed, nuclear refurbishments continue in Canada, and federal stimulus package impacts persist. Profitability in the second quarter is expected to be modestly impacted by one-time costs associated with the Company's MEO activities, although the majority of MEO costs for the segment are expected to be recognized during the second half of 2024.

The outlook for the Connection Technologies segment does not incorporate any expectation of meaningful growth in total global vehicle output within the automotive end markets, which represented approximately 30% of the segment's revenue in the first quarter of 2024. Market data in early 2024 has suggested some softening in consumer demand for electric vehicles, however, the Company does not currently anticipate any material impact from this trend but cannot rule out potential future impacts. Despite the interest rate environment, 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, Europe and Africa regions. Uncertainty remains around interest rates as early signals from Canadian and US central banks imply that significant downward interest rate movements are unlikely throughout the remainder of 2024 and therefore could impact demand within industrial markets.

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

5.0 Liquidity and Capitalization

As at March 31, 2024, the Company had cash and cash equivalents totaling $316 million (December 31, 2023 – $334 million) and had unutilized lines of credit available to use of $489.6 million, subject to covenant limitations (December 31, 2023 – $445.9 million).

The Company continues to have a diverse portfolio of products and services and operates in several dynamic markets and as a result, a portion of the operations of the Company are cyclical in nature. These factors, as well as the Company's growth initiatives, can result in variations in the amount of investment in property, plant and equipment and working capital required to support the Company's businesses. During the first quarter of 2024, the Company had an outflow of cash of $18.1 million driven by its investment of $30.6 million in capital expenditures to support planned business expansion initiatives and partially offset by an operating cash inflow of $10.5 million.

Based on the actions completed and planned and its diversified business, the Company expects to generate sufficient cash flows and have continued access to its Credit Facilities, subject to covenant limitations, to fund its operations, working capital requirements and capital program, including share buybacks. The Company will continue to focus on maximizing the conversion of operating income into cash to continue to manage long term debt levels, support its strategy of portfolio optimization and invest in organic and inorganic opportunities.

(in thousands of Canadian dollars)	Three Months Ended March 31, 2024	2023
Net (Loss) Income from Continuing Operations	**$ (234)**	$ 20,708
Depreciation and amortization	**8,996**	9,021
Other non-cash items	**10,538**	9,628
Other	**3,481**	6,328
Net change in non-cash working capital and foreign exchange	**(12,328)**	(52,238)
Cash provided by (used in) operating activities from Continuing Operations	**10,453**	(6,553)
Cash used in operating activities from Discontinued Operations [(a)]	**–**	(25,072)
Cash provided by (used in) Operating Activities	**10,453**	(31,625)
Cash used in investing activities from Continuing Operations	**(28,520)**	(15,709)
Cash used in investing activities from Discontinued Operations [(a)]	**–**	(14,699)
Cash used in investing activities	**(28,520)**	(30,408)
Cash used in financing activities from Continuing Operations	**(2,582)**	(34,682)
Cash used in financing activities from Discontinued Operations [(a)]	**–**	(5,159)
Cash used in financing activities	**(2,582)**	(39,841)
Effect of Foreign Exchange on Cash and Cash Equivalents	**2,574**	(107)
Net Change in Cash and Cash Equivalents	**(18,075)**	(101,981)
Cash and Cash Equivalents at Beginning of Period	**334,061**	263,990
Cash and Cash Equivalents at End of Period	**$ 315,986**	$ 162,009

(a) Amounts shown under Discontinued Operations represent the results from what was previously referred to as the PPS segment.

5.1 Cash Used in/Provided by Operating Activities

Cash generated by operating activities was $10.5 million in the first quarter of 2024, a change of $42.1 million compared to the $31.6 million cash used in operating activities in the first quarter of 2023. Excluding the impact of $25.1 million from Discontinued Operations, the change of $17.0 million was primarily driven by a lower investment in working capital partially offset by Net Income from Continuing Operations.

5.2 Cash Used in/Provided by Investing Activities

Cash used in investing activities was $28.5 million in the first quarter of 2024, a decrease of $1.9 million compared to the $30.4 million cash used in investing activities in the first quarter of 2023. Excluding the impact of the $14.7 million in cash used in investing activities from Discontinued Operations in the first quarter of 2023, the increase in cash used of $12.8 million was primarily due to a $22.7 million increase in purchases of property, plant and equipment. This was partially offset by the absence of an $8.6 million investment in the acquisition of Triton Stormwater Solutions during the first quarter of 2023.

Capital Expenditures

As mentioned above, the Company’s purchases of property, plant and equipment for Continuing Operations increased by $22.7 million from $7.9 million in the first quarter of 2023 to $30.6 million in the first quarter of 2024. Of the total spend, $28.5 million was directed to growth capital expenditures, largely related to investments in the new operating facilities to increase production capacity and efficiency for the Composite Technologies and Connection Technologies segments. In the first quarter of 2023, growth capital expenditures amounted to $7.9 million related to increasing production capacity and efficiency in the existing facilities of the two segments.

5.3 Cash Used in Financing Activities

Cash used in financing activities was $2.6 million in the first quarter of 2024, a decline of $37.3 million compared to the $39.8 million cash used in financing activities in the first quarter of 2023. Excluding the impact of the $5.2 million in cash used in financing activities by Discontinued Operations in the first quarter of 2023, the decline of

$32.1 million was driven by the absence of $25 million in long-term debt repayments and $7.0 million used to repurchase shares under the Company's normal course issuer bid in the first quarter of 2023.

5.4 Working Capital

The following table sets forth the Company's key working capital account balances as at:

(in thousands of Canadian dollars)		**March 31, 2024**		December 31, 2023
Accounts receivable	**$**	**190,694**	$	157,689
Inventory	**$**	**126,446**	$	122,536
Accounts payable and accrued liabilities	**$**	**209,996**	$	178,807

Accounts receivable increased by $33.0 million, or 21.0 %, as at March 31, 2024 compared to December 31, 2023. The increase is related to the increased revenue in the first quarter of 2024 in comparison to the fourth quarter of 2023 and the timing of billings and collections across all segments.

Inventories increased by $3.9 million, or 3.2%, as at March 31, 2024 compared to December 31, 2023. The increase is related to an increase in finished goods, particularly in the Composite Technology segment, in anticipation of expected increases in activity during the second quarter of 2024.

Accounts payable and accrued liabilities increased by $31.2 million, or 17.4%, as at March 31, 2024 compared to December 31, 2023. This increase is related to the timing of purchases and payments and the increased activity around the Company's growth initiatives.

5.5 Long-term Debt and Credit Facilities

The following table sets forth the Company's long-term debt as at:

(in thousands of Canadian dollars)		**March 31, 2024**		December 31, 2023
Senior Notes, unsecured		**150,000**		150,000
Deferred transaction costs		**(5,274)**		(5,799)
Total Long-term Debt	**$**	**144,726**	$	144,201
Total Net debt-to-Adjusted EBITDA[(a)]		**(0.23)**		(0.26)
Total Interest Coverage Ratio[(a)]		**19.62**		18.02

(a) Total Net debt-to-Adjusted EBITDA and Total Interest Coverage Ratio are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measure provided by other companies. See "*Section 10.0 – Reconciliation of Non-GAAP Measures"*.

The Company was in full compliance with financial covenants as at March 31, 2024.

Credit Facilities

The following table sets forth the Company’s total credit facilities as at:

(in thousands of Canadian dollars)		**March 31, 2024**		December 31, 2023
Standard letters of credit for financial guarantees, performance and bid bonds		**26,704**		–
Total utilized credit facilities	**$**	**26,704**	$	57,728
Total available credit facilities [(a)]		**516,285**		503,594
Unutilized Credit Facilities [(b)]	**$**	**489,581**	$	445,866

(a) The Company guarantees the bank credit facilities of its subsidiaries.
(b) Subject to covenant restrictions

Credit Facility

On January 13, 2022, the Company amended its Credit Facility with Toronto-Dominion Bank and National Bank Financial as co-lead arrangers and HSBC Bank Canada, JP Morgan Chase Bank and Export Development Bank as lenders (the “Credit Facility”). The amended Credit Facility, which was in place as of March 31, 2024, provided for a US$300 million, four-year senior secured revolving facility maturing January 13, 2026. The Company paid a floating interest rate on this Credit Facility plus an applicable margin that was a function of the Company’s Net Debt to EBITDA, and before foreign exchange gains or losses and non-recurring and one-time items. The Company was required to maintain an Interest Coverage Ratio of not less than 2.50:1.00 and a Secured Net Debt to Adjusted EBITDA covenant (the “Secured Leverage Ratio”) of not greater than 2.75:1.00. For calculating the Secured Leverage Ratio, Secured Net Debt excluded the Senior Notes (detailed in the following section), all standard letters of credit that were guaranteed by Export Development Canada and up to US$100 million of performance and bid bonds. The Company incurred fees and expenses of $1.9 million to implement this amendment.

On April 19th and subsequent to the quarter end, the Company amended the Credit Facility with Toronto-Dominion Bank and National Bank Financial as co-lead arrangers and HSBC Bank Canada, JP Morgan Chase Bank, ATB Financial and Export Development Bank as lenders (the “New Credit Facility”), which provides for an aggregate principal amount of US$300 million, to further extend the maturity date to April 19, 2028. to further extend the maturity date to April 19, 2028. Under the amendment, the Company is required to maintain an Interest Coverage Ratio of not less than 2.50:1.00 and a Secured Net Debt to Adjusted EBITDA covenant of not greater than 3.00:1.00.

Senior Notes

On December 10, 2021, the Company closed a private placement offering through a syndicate of underwriters led by National Bank Financial and TD Securities, of $150 million principal amount of 9.00% senior unsecured notes due 2026 (the “2021 Senior Notes”). The Senior Notes were issued at a price of $1,000 per $1,000 principal amount of Senior Notes. The 2021 Senior Notes were subject to customary terms, conditions and covenants.

On April 2, 2024, the Company closed its private offering (the “2024 Notes Offering”) of $175 million aggregate principal amount of 7.25% senior unsecured notes (the “2024 Senior Notes”) due 2031. The 2024 Senior Notes were issued at a price of $1,000 per $1,000 principal amount of 2024 Senior Notes. The Company utilized proceeds of the 2024 Notes Offering to fund the redemption of its outstanding 2021 Senior Notes, and to pay related fees and expenses and for general corporate purposes. The 2024 Notes Offering was underwritten by a syndicate led by National Bank Financial and TD Securities. The 2024 Senior Notes are subject to customary terms, conditions and covenants.

5.6 Commitments, Leases, Contingencies and Off-Balance Sheet Arrangements

The following are the contractual maturities of the Company's purchase commitments and financial liabilities as at March 31, 2024, and updated to reflect the obligations entered into subsequent to the quarter end relating to the New Senior Notes discussed in "Section 5.5 – Senior Notes":

(in thousands of Canadian dollars)	2024	2025	2026	2027	2028	2029	Thereafter	Total
	$	$	$	$	$	$	$	$
Purchase commitments	110,374	3,300	3,754	1,496	1,614	1,666	9,834	132,037
Accounts payable	75,266	–	–	–	–	–	–	75,266
Long-term debt (New Senior Notes issued April 2024)	–	–	–	–	–	–	175,000	175,000
Interest obligations on long-term debt (on New Senior Notes issued April 2024)	6,344	12,688	12,688	12,688	12,688	12,688	19,031	88,815
Obligations under leases	9,977	10,187	8,461	7,540	7,300	7,320	90,825	141,610
Common area maintenance	1,662	1,783	1,534	1,522	1,515	1,515	4,231	13,762
Total contractual obligations	**203,623**	**27,958**	**26,437**	**23,246**	**23,117**	**23,189**	**298,921**	**626,490**

Purchase Commitments relating to Continuing Operations

The Company has $86.6 million of future commitments with suppliers to purchase raw materials to be used in production. The Company also has agreements with miscellaneous vendors to perform services, acquire supplies, and rent equipment of $7.0 million. Additionally, the Company has entered into $22.2 million of contracts to purchase property, plant and equipment, the majority of which relates to investments in high return potential growth opportunities including the new facilities for the Composite Technologies segment and the Connection Technologies segment.

5.7 Financial Instruments and Other Instruments

Financial Risk Management

The Company's operations expose it to a variety of financial risks including market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company utilizes financial instruments to manage the risk associated with foreign exchange rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of the Company's management. Material risks are monitored and are regularly reported to the board of directors of the Company (the "Board of Directors"). More information regarding the financial instruments and the related financial risk factors can be found in the Audited Consolidated Financial Statements and 2023 Annual MD&A. There have been no material changes in respect of the Company's financial instruments and the related financial risk factors from that disclosed in the Company's MD&A for the year ended December 31, 2023.

5.8 Outstanding Share Capital

As at May 09, 2024, the Company had 66,345,162 common shares outstanding and stock options and share units outstanding to purchase up to 2,282,649 common shares.

5.9 Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate disclosure controls and procedures and internal control over financial reporting as defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings. Internal control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and due to its inherent limitations, may not prevent or detect all misrepresentations.

There have been no changes in the Company's internal control over financial reporting during the three-month period ended March 31, 2024, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

5.10 Transactions with Related Parties

The Company had no material transactions with related parties during the quarter ended March 31, 2024. All related party transactions were in the normal course of business.

6.0 Summary of Quarterly Results

The following is a summary of selected financial information for the nine most recently completed quarters:

(in thousands of Canadian dollars, except per share amounts)	**First Quarter**	**Second Quarter**	**Third Quarter**	**Fourth Quarter**	**Full Year**
Revenue					
2024	**224,461**	–	–	–	–
2023	238,732	250,363	225,408	210,767	925,271
2022	186,058	215,750	234,227	225,751	861,786
Income from Operations					
2024	**7,725**	–	–	–	–
2023	30,277	22,971	25,975	2,319	81,542
2022	14,214	53,569	30,805	12,383	110,971
Net (Loss) Income from Continuing Operations [a]					
2024	**(234)**	–	–	–	–
2023	20,708	14,701	18,088	2,323	55,827
2022	10,191	41,034	29,222	13,536	93,984
Net (Loss) Income from Discontinuing Operations					
2024	**(5,405)**	–	–	–	–
2023	4,521	(1,648)	53,829	(25,342)	31,360
2022	(17,133)	(20,682)	(6,208)	(79,949)	(123,973)
Net (Loss) Income per share from Continuing Operations					
Basic					
2024	**(0.01)**	–	–	–	–
2023	0.30	0.21	0.26	0.03	0.81
2022	0.14	0.58	0.41	0.19	1.33
Diluted					
2024	**(0.01)**	–	–	–	–
2023	0.29	0.21	0.26	0.03	0.80
2022	0.14	0.58	0.41	0.19	1.33
Net (Loss) Income per share from Discontinued Operations					
Basic					
2024	**(0.08)**	–	–	–	–
2023	0.06	(0.02)	0.78	(0.37)	0.45
2022	(0.24)	(0.29)	(0.09)	(1.14)	(1.76)
Diluted					
2024	**(0.08)**	–	–	–	–
2023	0.06	(0.04)	0.77	(0.37)	0.45
2022	(0.24)	(0.29)	(0.09)	(1.13)	(1.76)

(a) Represents the net (loss) income attributable to shareholders of the Company.

The following are key factors affecting the comparability of quarterly financial results:

- The Company's business includes a diverse portfolio of products and services. As such, each operating unit's quarterly results are impacted by different market factors which could result in varying degrees of demand at times. In addition, certain of the Company's operations in both segments are subject to a degree of seasonality.

- Approximately 67% of the Company's revenue from Continued Operations in 2022 and 78% of the Company's revenue from Continued Operations in 2023 and year-to-date 2024 was transacted in currencies other than Canadian dollars, with a majority transacted in US dollars. Changes in the rates of exchange between the Canadian dollar and other currencies can have a significant effect on the amount of revenue when it is translated into Canadian dollars. Please refer to "*Section 2.1 – Foreign Exchange Impact*", for additional information with respect to the effects of foreign exchange fluctuations on the results of the Company.

- In November 2022, the Company completed the sale of the OAM business, and therefore, subsequent results reflect the absence of this business unit.

- In November 2023, the Company completed the sale of the majority of what was previously the PPS segment and subsequently moved to Discontinued Operations.

- In the second half of 2023, the Company began incurring non-capitalizable project costs in support of its North American production footprint MEO strategy.

- The comparability of the quarterly financial results has been impacted by impairment charges and gain on sale of assets recorded in the various periods. See "*Section 3.0 – Results from Operations*" for further details regarding the impairments and sale of assets recorded.

7.0 Risks and Uncertainties

Operating in an international environment, servicing industrial, automotive and oil and gas industries, Mattr faces a number of business risks and uncertainties that could materially and adversely affect the Company's projections, business, results of operations and financial condition. Other than as set out herein, the information presented in "Section 12.0 - Risks and Uncertainties" in the Company's 2023 Annual MD&A and "Section 4.16 - Risk Factors" in the AIF has not materially changed since their respective dates of publication.

8.0 Environmental Matters

As at March 31, 2024, the provisions on the consolidated balance sheet related to environmental matters and included as decommissioning liability obligations were $9.3 million (short term obligations represent $0.7 million and long-term obligations represent $8.6 million) an increase of $0.1 million from December 31, 2023. The Company believes these provisions to be sufficient to fully satisfy all liabilities related to known environmental matters.

The total undiscounted cash flows estimated to settle all decommissioning liabilities were $10.4 million as at March 31, 2024. The current pre-tax risk-free rates at which the estimated cash flows have been discounted range between 2% and 5%. Settlement for all decommissioning liabilities is expected to be funded by future cash flows from the Company's operations.

The Company expects the following cash outflows over the next five years and thereafter for decommissioning liabilities:

(in thousands of Canadian dollars)		March 31, 2024
2024	$	**663**
2025		**4,329**
2026		**2,277**
2027		**–**
2028		**–**
Thereafter		**3,173**
	$	**10,442**

9.0 Critical Accounting Judgements, Estimates and Accounting Policy Developments

9.1 Critical judgements

The preparation of the Interim Financial Statements in conformity with IFRS requires management to make critical judgements when applying accounting policies. Management is also responsible for making estimates and assumptions that affect the amounts of assets, liabilities and contingencies at the date of the Interim Financial Statements and the reported amounts of revenue and expenses during the period. The information presented in the section "Critical Accounting Judgements, Estimates and Accounting Policy Developments" in the Company's 2023 Annual MD&A has not materially changed since its date of publication.

10.0 Reconciliation of Non-GAAP Measures

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

EBITDA and Adjusted EBITDA

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

(in thousands of Canadian dollars)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net (Loss) Income from Continuing Operations	**$ (234)**	$ 20,708
Add:		
Income tax expense	**5,817**	4,585
Finance costs, net	**2,142**	4,984
Amortization of property, plant, equipment, intangible and ROU assets	**8,996**	9,021
EBITDA from Continuing Operations	**$ 16,721**	$ 39,298
Share-based incentive compensation cost (recovery)	**7,632**	(42)
Foreign exchange loss	**2,515**	1,210
Restructuring costs and other, net	**3,201**	–
Adjusted EBITDA from Continuing Operations	**$ 30,069**	$ 40,466

Composite Technologies Segment

(in thousands of Canadian dollars)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating Income	**$ 4,017**	$ 20,722
Add:		
Amortization of property, plant, equipment, intangible and ROU assets	**6,371**	6,627
EBITDA	**$ 10,388**	$ 27,349
Share-based incentive compensation cost (recovery)	**1,452**	(601)
Restructuring costs and other, net	**3,168**	–
Adjusted EBITDA	**$ 15,008**	$ 26,748

Connection Technologies Segment

(in thousands of Canadian dollars)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Operating Income [a]	**$ 14,543**	$ 16,993
Add:		
Amortization of property, plant, equipment, intangible and ROU assets	**1,722**	1,333
EBITDA	**$ 16,265**	$ 18,326
Share-based incentive compensation cost	**1,319**	26
Restructuring costs and other, net	**33**	–
Adjusted EBITDA	**$ 17,617**	$ 18,352

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, the comparative figures for the first quarter of 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million were included in operating income in the first quarter of 2023 and 2024.

(in thousands of Canadian dollars)	Three Months Ended March 31, 2023	June 30, 2023	September 30, 2023	December 31, 2023
Operating Income[a]	$ 16,993	$ 16,346	$ 13,255	$ 11,133
Add:				
Amortization of property, plant, equipment, intangible and ROU assets	1,333	1,349	1,356	1,714
EBITDA	$ 18,326	$ 17,695	$ 14,611	$ 12,848
Share-based incentive compensation (recovery) cost	26	2,224	(48)	447
Restructuring costs and other, net	–	–	–	747
Adjusted EBITDA	$ 18,352	$ 19,919	$ 14,563	$ 14,041

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, figures for all four quarters of 2023 have been retrospectively restated to reflect this allocation.

Financial, Corporate and Other

(in thousands of Canadian dollars)	Three Months Ended March 31, 2024		Three Months Ended March 31, 2023	
Operating Loss[(a)]	$	**(10,835)**	$	(7,438)
Add:				
Amortization of property, plant, equipment, intangible and ROU assets		**903**		1,059
EBITDA	$	**(9,932)**	$	(6,379)
Share-based incentive compensation cost		**4,861**		535
Foreign exchange loss		**2,515**		1,210
Adjusted EBITDA	$	**(2,556)**	$	(4,634)

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, the comparative figures for the first quarter of 2023 have been retrospectively restated to reflect this allocation. Corporate administrative costs of $0.7 million were allocated to the Connection Technologies segment in operating income in the first quarter of 2023 and 2024.

(in thousands of Canadian dollars)	Three Months Ended March 31, 2023		June 30, 2023		September 30, 2023		December 31, 2023	
Operating Loss[(a)]	**$**	(7,438)	$	(18,955)	$	(12,763)	$	(4,445)
Add:								
Amortization of property, plant, equipment, intangible and ROU assets		1,059		1,062		1,031		913
EBITDA	**$**	(6,379)	$	(17,893)	$	(11,732)	$	(3,532)
Share-based incentive compensation cost (recovery)		535		13,993		(1,932)		1,250
Restructuring costs and other, net		–		–		–		1,727
Foreign exchange loss (gain)		1,210		(44)		952		125
Gain on sale of land and other		–		–		–		340
Curtailment of defined benefit plan		–		–		(1,889)		–
Impairment		–		–		8,652		–
Adjusted EBITDA	**$**	(4,634)	$	(3,944)	$	(5,949)	$	(90)

(a) As of the first quarter of 2024, the Company began allocating corporate administrative costs to the Connection Technologies segment. This aligns with the Company's historical practice of allocating corporate administrative costs to the Composite Technologies segment. As a result, figures for all four quarters of 2023 have been retrospectively restated to reflect this allocation.

Adjusted EBITDA Margin

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

See reconciliation above for the changes in composition of Adjusted EBITDA, as a result of which the applicable tables reflect restated figures for the prior year quarter to align with current presentation.

Operating Margin

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

Adjusted Net Income (attributable to shareholders)

Adjusted Net Income (attributable to shareholders) is a non-GAAP measure defined as Net Income (attributable to shareholders) adjusted for items which do not impact day to day operations. Adjusted Net Income (attributable to shareholders) is calculated by adding back to Net Income (attributable to shareholders) the after tax impact of the sum of impairments, costs associated with 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 Adjusted Net Income (attributable to shareholders) is a useful supplemental measure that provides a meaningful indication of the Company's results from principal business activities for comparing its operating performance with the performance of other companies that have different financing, capital or tax structures.

Adjusted Earnings Per Share ("Adjusted EPS")

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

Total Consolidated Mattr Adjusted EPS (Continuing and Discontinued Operations)

(in thousands of Canadian dollars except for per share amounts)			**Three Months Ended March 31, 2024**
	$	**Earnings Per Share – Basic**	**Earnings Per Share – Diluted**
Net Loss [(a)]	(5,842)	(0.09)	(0.09)
Adjustments (before tax):			
Share-based incentive compensation cost	7,632		
Foreign exchange loss	2,515		
Loss on sale of subsidiaries	5,405		
Restructuring costs and other, net	3,201		
Tax effect of above adjustments	(2,066)		
Adjusted Net Income (non-GAAP) [(a)]	**10,845**	**0.16**	**0.16**

(a) attributable to Shareholders of the Company

(in thousands of Canadian dollars except for per share amounts)			Three Months Ended March 31, 2023
	$	Earnings Per Share – Basic	Earnings Per Share – Diluted
Net Income [a]	25,239	0.36	0.36
Adjustments (before tax):			
Share-based incentive compensation recovery	(603)		
Foreign exchange loss	271		
Tax effect of above adjustments	993		
Adjusted Net Income (non-GAAP) [a]	25,901	0.37	0.37

(a) attributable to Shareholders of the Company

Total Net debt-to-Adjusted EBITDA

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

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

(in thousands of Canadian dollars except Net debt-to-EBITDA ratio)	**March 31, 2024**	December 31, 2023
Long-term debt	**$ 144,726**	$ 144,201
Lease liabilities	**89,419**	88,263
Cash and Cash equivalents	**(315,986)**	(334,061)
Total Net Debt	**$ (81,841)**	$ (101,597)
Q1 2023 Adjusted EBITDA	**$ –**	$ 54,528
Q2 2023 Adjusted EBITDA	**67,274**	67,274
Q3 2023 Adjusted EBITDA	**128,440**	128,440
Q4 2023 Adjusted EBITDA	**137,721**	137,721
Q1 2024 Adjusted EBITDA	**30,069**	–
Trailing twelve-month Adjusted EBITDA	**$ 363,504**	$ 387,963
Total Net debt-to-Adjusted EBITDA	**(0.23)**	(0.26)

Total Interest Coverage Ratio

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

(in thousands of Canadian dollars except Interest Coverage ratio)		**March 31, 2024**		December 31, 2023
Q1 2023 Adjusted EBITDA	**$**	**–**	$	54,528
Q2 2023 Adjusted EBITDA		**67,274**		67,274
Q3 2023 Adjusted EBITDA		**128,440**		128,440
Q4 2023 Adjusted EBITDA		**137,721**		137,721
Q1 2024 Adjusted EBITDA		**30,069**		–
Trailing twelve-month Adjusted EBITDA	**$**	**363,504**	$	387,963
Q1 2023 Finance costs, net		**–**		5,144
Q2 2023 Finance costs, net		**5,528**		5,528
Q3 2023 Finance costs, net		**5,744**		5,744
Q4 2023 Finance costs, net		**5,113**		5,113
Q1 2024 Finance costs, net		**2,142**		–
Trailing twelve-month finance cost, net	**$**	**18,527**	$	21,529
Total Interest Coverage Ratio		**19.62**		18.02

11.0 Additional Information

Additional information relating to the Company, including its AIF, is available on SEDAR+ at www. sedarplus.ca and on the "Investor Center" page of the Company's website at: https://investors.mattr.com/Investor-Center/default.aspx.

Dated: May 14, 2024