

CEMATRIX CORPORATION

CEMATRIX Corporation Announces First Quarter Results:

Calgary, Alberta – May 21, 2020: CEMATRIX Corporation (TSXV: CVX) (the “**Corporation**” or the “**Company**” or “**CEMATRIX**”), a North American leading manufacturer and supplier of technologically advanced cellular concrete products through its wholly owned operating subsidiaries, CEMATRIX (Canada) Inc. (“**CCI**”), MixOnSite USA Inc. (“**MOS**”) and Pacific International Grout Company (“**PIGCO**”) announces the release of its consolidated financial results for the three months ended March 31, 2020.

Financial and Business Highlights:

- Record first quarter revenues of \$3,931,857 an increase of \$746,131 or 23% compared to \$3,185,857 in the first quarter of 2019.
- EBITDA in the first quarter of 2020 was negative \$523,025, a variance of \$323,9811 or 163% compared to the negative \$199,044 EBITDA in the first quarter of 2019.
- Cash flow in the first quarter of 2020 was negative \$867,764 a decrease of \$403,874 or 87% compared to negative \$463,890 in the first quarter of 2019.
- Loss attributed to common shareholders in the first quarter of 2020 was \$1,347,603 an increase of \$510,902 compared to a loss of \$836,701 in the first quarter of 2019.
- Subsequent to the quarter end, on April 22, 2020 the Company completed a private placement of unsecured convertible debentures raising \$5.5 million in gross proceeds. The convertible debentures pay interest at 8% per year and convert into units at \$0.40 per unit. Each unit will be comprised of one common share and one-half share purchase warrant. Each share purchase warrant will be exercisable into one common share for a period of 36 months from the date of issuance at an exercise price of \$0.45 per common share.

“The first quarter is historically a slow quarter for the Company and the results for Q1 2020 were in line with our expectations. Record Q1 top line revenue is attributed to the company’s acquisition of PIGCO, which has diversified CEMATRIX’s business and assisted with the mitigation of seasonality. PIGCO contributed \$2.9 million or approximately 74% of the revenues recognized in the first quarter of 2020 for the CEMATRIX Group of companies. The effects of COVID-19 had minimal impact on the CEMATRIX Group of Companies aside from a few Canadian and US projects that were delayed in Q1 and are now scheduled to start in the second quarter of 2020. Factoring COVID-19 into our estimates, the Company still expects to generate between \$40- \$45 million in revenue in 2020.

Gross margins increased by 30% in the first quarter to \$676,918 compared to \$520,208 in the same period last year. This increase can be attributed to the record Q1 revenues.

The decrease in EBITDA in the first quarter, compared to the first quarter in 2019 is mainly attributed to the largely fixed operating cost structure, which increased with the acquisition of the company’s new US operating subsidiary and the company expects this metric to improve going forward as we enter the construction season.

“Looking ahead in 2020, improving cash flow and liquidity remains a priority for management, and the \$5.5 million convertible debenture that closed on April 22, 2020 will provide the company with additional financial flexibility and capacity. Proceeds of these funds will be used to repay short term US operating lines that carry higher interest rates, provide resources should strategic M&A opportunities arise as well as help manage the working capital necessary for the expected growth in our sales,” stated Jeff Kendrick, President and CEO of CEMATRIX. “With our convertible debenture being oversubscribed, the company intends to hold the remaining balance of funds as cash/short term deposits in order to provide the company with flexibility as we manage our way through the COVID-19 pandemic,” concluded Jeff Kendrick.

Selected financial information for the three months ended March 31, 2020 and 2019 is as follows:

	Three months ended March 31		
	2020	2019	Variance
Revenue	\$ <u>3,931,857</u>	\$ <u>3,185,726</u>	\$ <u>746,131</u>
Gross margin	\$ 676,918	\$ 520,208	\$ 156,710
Operating expenses	<u>(1,522,937)</u>	<u>(1,047,110)</u>	<u>(475,827)</u>
Operating income (loss)	(846,019)	(526,902)	(319,117)
Stock based compensation	(42,748)	(34,117)	(8,631)
Finance costs	(344,521)	(216,844)	(127,677)
Other income (expenses)	(437,518)	181,583	(619,101)
Amortization of intangibles	(192,364)	(122,865)	(69,499)
Acquisition costs	-	(48,868)	48,868
Accretion costs	(112,545)	(132,025)	19,480
Revaluation of derivatives	64,680	(119,547)	184,227
Loss before taxes	(1,911,035)	(1,019,585)	(891,450)
Deferred taxes	563,432	182,884	380,548
Loss attributable to common shareholders	(1,347,603)	(836,701)	(510,902)
Unrealized foreign exchange gain (loss) on translation of foreign subsidiaries	813,915	(162,911)	976,826
Comprehensive loss	\$ <u>(533,688)</u>	\$ <u>(999,612)</u>	\$ <u>465,924</u>
Loss per common share	\$ <u>(0.023)</u>	\$ <u>(0.019)</u>	\$ <u>(0.004)</u>

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

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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