Lightweight Fill Solutions

Q2 2024
CEMATRIX Corporation

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the three and six month periods ended
June 30, 2024 and 2023
(unaudited)

Notice to Reader

The accompanying unaudited interim condensed consolidated financial statements have been prepared by and are the responsibility of management. The unaudited interim condensed consolidated financial statements for the three and six month periods ended June 30, 2024 and 2023 have not been reviewed by MNP LLP, the Company's independent external auditor.

CEMATRIX Corporation
Consolidated Statement of Financial Position
As at June 30, 2024, and December 31, 2023
(in thousands of Canadian dollars) (unaudited)

	Note	June 30, 2024	December 31, 2023
ASSETS			
Current assets			
Cash		$ **5,542**	3,288
Trade and other receivables	5	**6,352**	12,865
Inventory	6	**955**	1,039
Other current assets	7	**261**	680
Total current assets		**13,110**	17,872
Non-current assets			
Long-term investments	8	**2,680**	2,341
Property and equipment		**11,311**	11,671
Right of use assets		**2,990**	1,392
Goodwill and intangibles		**6,212**	6,003
Total non-current assets		**23,193**	21,407
TOTAL ASSETS		$ **36,303**	$ 39,279
LIABILITIES			
Current liabilities			
Trade and other payables	10	$ **2,915**	$ 6,496
Current portion of long-term debt	11	**-**	915
Current portion of lease obligations	12	**876**	729
Current portion of earnout liability		**-**	175
Total current liabilities		**3,791**	8,315
Non-current liabilities			
Long-term debt	11	**1,049**	1,014
Lease obligations	12	**1,983**	586
Deferred tax liability		**535**	641
Total non-current liabilities		**3,567**	2,241
TOTAL LIABILITIES		**7,358**	10,556
SHAREHOLDERS' EQUITY			
Share capital	13	**42,840**	42,641
Contributed surplus		**8,741**	8,238
Accumulated other comprehensive income (loss)		**698**	(24)
Deficit		**(23,334)**	(22,132)
Total shareholders' equity		**28,945**	28,723
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$ **36,303**	$ 39,279

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CEMATRIX Corporation
Consolidated Statement of Income
For the three and six month periods ended June 30, 2024, and 2023
(in thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	Three months ended June 30, 2024	2023	Six months ended June 30, 2024	2023
Revenue	23	**$ 6,437**	$ 6,185	**$ 14,879**	$ 13,367
Cost of sales	14	**(5,347)**	(5,044)	**(11,235)**	(11,480)
Gross margin		**1,090**	1,141	**3,644**	1,887
Operating expenses					
Selling, general and administrative		**(2,195)**	(2,094)	**(4,419)**	(4,016)
Operating income (loss)		**(1,105)**	(953)	**(775)**	(2,129)
Stock-based compensation	18	**(557)**	(150)	**(594)**	(282)
Finance costs	15	**(64)**	(119)	**(141)**	(288)
Accretion costs	15	**-**	(28)	**-**	(138)
Other income (expenses)	16	**87**	71	**193**	(2)
Fair value adjustment of derivatives		**-**	-	**-**	(21)
Income (loss) before income taxes		**(1,639)**	(1,179)	**(1,317)**	(2,860)
Provision of deferred taxes		**78**	231	**115**	243
Provision of current taxes		**8**	(15)	**-**	(15)
Income (loss) attributable to the common shareholders		**(1,553)**	(963)	**(1,202)**	(2,632)
Unrealized foreign exchange gain (loss) on translation of foreign subsidiaries		**180**	(471)	**722**	(489)
Comprehensive income (loss) for the period		**$ (1,373)**	$ (1,434)	**$ (480)**	$ (3,121)
Earnings (loss) per common shares	17				
Basic		**(0.011)**	(0.007)	(0.009)	(0.020)
Diluted		**(0.011)**	(0.007)	(0.009)	(0.020)
Weighted average number of common shares	17				
Basic		**135,639,084**	134,297,445	**135,459,066**	134,146,671
Diluted		**135,639,084**	134,297,445	**135,459,066**	134,146,671

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CEMATRIX Corporation
Consolidated Statement of Changes in Equity
For the three and six month periods ended June 30, 2024, and 2023
(in thousands of Canadian dollars) (unaudited)

	Note		Share capital		Contributed surplus		Accumulated other comprehensive loss		Convertible debt		Deficit		Total equity
Balance at December 31, 2022		$	42,404	$	7,611	$	563	$	532	$	(23,368)	$	27,742
Reclassification of contributed surplus	13		72		(72)		-		-		-		-
Stock-based compensation	18		-		282		-		-		-		282
Warrant expiration			-		532		-		(532)		-		-
Net (loss) attributable to common shareholders			-		-		-		-		(2,632)		(2,632)
Unrealized foreign exchange gain on translation of foreign subsidiaries			-		-		(489)		-		-		(489)
Balance at June 30, 2023		$	42,476	$	8,353	$	74	$	-	$	(26,000)	$	24,903
Common shares issued	13		3		-		-		-		-		3
Reclassification of contributed surplus			162		(162)		-		-		-		-
Stock-based compensation	18		-		47		-		-		-		47
Net income attributable to common shareholders			-		-		-		-		3,868		3,868
Unrealized foreign exchange gain on translation of foreign subsidiaries			-		-		(98)		-		-		(98)
Balance at December 31, 2023		$	42,641	$	8,238	$	(24)	$	-	$	(22,132)	$	28,723
Common shares issued			**108**		**-**		**-**		**-**		**-**		**108**
Reclassification of contributed surplus	13		**91**		**(91)**		**-**		**-**		**-**		**-**
Stock-based compensation	18		**-**		**594**		**-**		**-**		**-**		**594**
Net income attributable to common shareholders			**-**		**-**		**-**		**-**		**(1,202)**		**(1,202)**
Diluted Unrealized foreign exchange loss on translation of foreign subsidiaries			**-**		**-**		**722**		**-**		**-**		**722**
Balance at June 30, 2024		**$**	**42,840**	**$**	**8,741**	**$**	**698**	**$**	**-**	**$**	**(23,334)**	**$**	**28,945**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

CEMATRIX Corporation
Consolidated Statement of Cash Flows
For the three and six month periods ended June 30, 2024, and 2023
(in thousands of Canadian dollars) (unaudited)

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Cash flow from (used in) operating activities					
Net income (loss) for the period		**$ (1,553)**	$ (963)	**$ (1,202)**	$ (2,632)
Items not involving cash:					
Provision for deferred taxes		**(78)**	(231)	**(115)**	(243)
Depreciation and amortization		**542**	519	**1,069**	1,075
Finance and accretion costs	15	**64**	147	**141**	427
(Gain) on sale of equipment		**-**	(25)	**(1)**	(29)
Stock-based compensation	18	**557**	150	**594**	282
Unrealized foreign exchange loss (gain)		**(14)**	(36)	**(16)**	(30)
Non-cash interest income		**(21)**	(18)	**(50)**	(35)
Fair value adjustment of derivatives		**-**	-	**-**	21
Cash flows from (used in) operations before changes in non-cash working capital		**(503)**	(457)	**420**	(1,164)
Net change in non-cash working capital items	19	**(556)**	(1,173)	**3,353**	(707)
Net cash generated from (used in) operating activities		**(1,059)**	(1,630)	**3,773**	(1,871)
Cash flow from (used in) investing activities					
Purchase of property and equipment		**(13)**	(473)	**(65)**	(1,053)
Proceeds on sale of property and equipment		**-**	54	**1**	73
Net cash from (used in) investing activities		**(13)**	(419)	**(64)**	(980)
Cash flow from (used in) financing activities					
Repayment of long-term debt	11	**(951)**	-	**(951)**	-
Repayment of finance lease obligations	12	**(212)**	(200)	**(412)**	(374)
Repayment of earnout liability		**(175)**	-	**(175)**	-
Interest paid		**(64)**	(238)	**(141)**	(336)
Proceeds from exercise of options		**108**	-	**108**	-
Repayment of convertible debentures		**-**	(3,589)	**-**	(3,589)
Net cash flow from (used in) financing activities		**(1,294)**	(4,027)	**(1,571)**	(4,299)
Effects of foreign exchange on cash balances		**31**	(3)	**116**	(13)
Net increase (decrease) in cash during the period		**(2,335)**	(6,079)	**2,254**	(7,163)
Cash, beginning of the period		**7,877**	9,598	**3,288**	10,682
Cash, end of the period		**$ 5,542**	$ 3,519	**$ 5,542**	$ 3,519

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

Table of Contents – Notes to the Condensed Consolidated Financial Statements

1. Corporate information

CEMATRIX Corporation ("CEMATRIX" or the "Company") is a limited company incorporated in the province of Alberta, Canada whose common shares were publicly traded in Canada on the TSX Venture Exchange under the symbol "CVX.V" and in the United States on the OTCQB under the symbol "CTXXF". On July 16, 2024, CEMATRIX uplisted to the TSX and began trading under the symbol "CEMX". See Note 24 (Subsequent events) for more information. The Company is domiciled in Canada with its registered office at 9727 – 40th Street S.E., Calgary, Alberta, Canada.

CEMATRIX is a leading manufacturer and supplier of cellular concrete products with applications in a variety of markets across North America. The Company operates through its subsidiaries CEMATRIX (Canada) Inc., CEMATRIX (USA) Inc. ("CUI"), MixOnSite USA, Inc. ("MOS"), and Pacific International Grout Company ("PIGCO").

2. Basis of preparation

Statement of compliance

These condensed consolidated financial statements for the three and six months periods ended June 30, 2024, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including *IAS 34 Interim Financial Reporting*. The interim condensed consolidated financial statements do not include all the information and disclosures required in the Company's annual consolidated financial statements and should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2023. These financial statements were authorized for issue on August 7, 2024, by the Company's Board of Directors.

Basis of measurement and going concern

These condensed consolidated financial statements were prepared on a going concern basis under the historical cost convention except for share-based payment transactions and certain financial instruments which are measured at fair value. Unless otherwise stated, all amounts presented in these financial statements are stated in thousands of Canadian dollars.

Functional and presentation currency

These condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency. The functional currency of CUI, MOS, and PIGCO is U.S. dollars ("USD").

3. Accounting judgements, estimates, and assumptions

The preparation of condensed consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the condensed consolidated financial statements and reported amounts of revenues and expenses during the reporting period. Judgements, estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

The key sources of these uncertainties that have a significant risk of causing material adjustment to the amounts recognized in the condensed consolidated financial statements are described in Note 3 of the audited consolidated financial statements for the year ended December 31, 2023. There have been no changes since that date.

4. Material accounting policies

The material accounting policies of the Company are outlined in Note 4 of the audited consolidated financial statements for the year ended December 31, 2023. There have been no changes since that date.

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

5. Trade and other receivables

		June 30, 2024		December 31, 2023
Trade receivables	$	**5,251**	$	10,802
Holdbacks		**1,136**		2,053
Other receivables		**10**		54
Expected credit loss		**(45)**		(44)
	$	**6,352**	$	12,865

Trade receivables and holdbacks are unsecured and non-interest bearing and are generally on varying terms from net 30 to net 90 or paid when paid and are usually subject to standard ten percent construction holdback on most sales over $100.

Holdbacks are generally collectible forty-five days after completion of the work performed by the Company. Holdbacks can be outstanding much longer if the holdback release is tied to the completion of the entire project by the general contractor or a warranty period. The Company is normally a subcontractor to the general contractor and only completes a portion of the total work to be completed by the general contractor and accordingly certain holdbacks can be outstanding for up to a year or more.

The aging of the trade receivables were as follows:

		June 30, 2024		December 31, 2023
1-30 days	$	**3,061**	$	3,029
31-60 days		**1,162**		3,283
61-90 days		**699**		3,729
Greater than 90 days		**329**		761
	$	**5,251**	$	10,802

In determining the recoverable amount of a trade, holdbacks and other receivables, the Company performs a risk analysis considering the type and age of the outstanding receivable and the credit worthiness of the counterparties. The Company considers trade accounts receivable past due if they are past the agreed upon credit terms, except for holdbacks that have been invoiced and are part of trade receivables but are not collectible until the completion of the entire project as discussed above.

6. Inventory

Inventory consists of raw materials (foaming agent) which was $955 at June 30, 2024 (December 31, 2023 - $1,039). Inventory expensed as part of cost of sales was $180 and $466 for the three and six months ended June 30, 2024, respectively ($163 and $355 for the same periods in 2023).

7. Other current assets

As at June 30, 2024, other current assets of $261 (December 31, 2023 - $680) are comprised of prepaids and deposits of $261 (December 31, 2023 - $479) and current portion of long-term investment of $nil (December 31, 2023 - $201).

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

8. Investments

	June 30, 2024	December 31, 2023
Equity investment in Glavel	$ **2,680**	$ 1,396
Convertible notes investment in Glavel	**-**	945
Promissory note investment in Glavel	**-**	201
Total Investments	**2,680**	2,542
Less current portion	**-**	(201)
Long-term investment	$ **2,680**	$ 2,341

Equity investment in Glavel

	June 30, 2024	December 31, 2023
Equity investments – beginning of period	$ **1,396**	$ 1,486
Conversion of Convertible Notes	**1,006**	-
Conversion of Promissory Note	**224**	-
Share of the net (loss)	**-**	(56)
Unrealized foreign exchange gain (loss)	**54**	(34)
Equity investments – end of period	$ **2,680**	$ 1,396

On June 30, 2024, after the conversion of the Convertible Notes and the Promissory Note, the Company held 3,229,445 common and preferred shares of Glavel Inc (December 31, 2023 – 538,561 shares) with the Canadian dollar equivalent value of $2,680 (December 31, 2023 - $1,396).

Convertible notes investment in Glavel

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of units	Amortized Cost	Number of units	Amortized Cost
Convertible notes, beginning of period	**625,000**	$ **945**	625,000	$ 896
Accrued interest income	**-**	**32**	-	71
Convertibles notes converted	**(625,000)**	**(1,006)**	-	-
Unrealized foreign exchange gain on translation	**-**	**29**	-	(22)
Convertible notes, end of period	**-**	$ **-**	625,000	$ 945

On April 11, 2022, the Company loaned Glavel USD $625 or CAD $800 in the form of convertible notes. The convertible notes carried an interest rate of 8% and matured on April 29, 2025. The Company has accrued interest income of $14 and $32 for the three and six months ended June 30, 2024, respectively ($18 and $35 for the same periods in 2023).

Included in the convertible note purchase, the Company received 36,982 warrants that can be exercised into common shares at a price of USD $1.69. The Company exercised the warrants on November 30, 2022.

On June 3, 2024, as part of the refinancing of Glavel Inc, the Company agreed to convert the outstanding convertible notes and accrued interest of USD $737 or CAD $1,006 for 2,200,523 preferred shares.

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

On June 30, 2024, the Canadian dollar equivalent of these convertible notes after the conversion was $nil (December 31, 2023 - $967).

Promissory note investment in Glavel

On December 11, 2023, the Company loaned Glavel USD $150 or CAD $204 in the form of short-term unsecured promissory note. The promissory note carried an interest rate of 20% and was redeemed on June 3, 2024, for shares of Glavel valued at USD $164 or CAD $224.

The Company has accrued interest income of $7 and $17 for the three and six months ended June 30, 2024, respectively ($nil and $nil for the same periods in 2023).

On June 3, 2024, as part of the refinancing of Glavel Inc, the Company agreed to convert its outstanding promissory note and accrued interest of USD $164 or CAD $224 for 490,361 preferred shares.

On June 30, 2024, the Canadian dollar equivalent of the promissory note after conversion was $nil (December 31, 2023 - $201).

9. Bank operating loan

On June 24, 2024, CEMATRIX updated its asset-based credit facility (the "Credit Facility") financing arrangement with the Canadian Imperial Bank of Commerce (the "Bank" or "CIBC") that provides a maximum $8,000 ($3,000 prior to June 2024) borrowing limit. The Credit Facility bears interest at an amount equal to 1.25% above the Bank's prime lending rate, which is at 6.95% as of June 30, 2024, and is secured by a general security agreement providing a first secured interest on the receivables and inventory of the Company. The Credit Facility is further guaranteed by the Company with a general security agreement providing a first secured interest on all present and after acquired property of the Company.

Under the terms of the Credit Facility, the Bank will advance up to $8,000 ($3,000 prior to June 2024) based on 75% of trade receivables less than ninety days outstanding at the end of each month and 50% of inventories. The calculated availability of the Credit Facility on June 30, 2024, was $4,207 of which $nil was outstanding ($nil – December 31, 2023). The actual availability of the credit facility is reduced by the value of letters of credit that are currently issued and outstanding on the facility. As of June 30, 2024, there were $404 in letters of credit outstanding ($865 – December 31, 2023).

The Credit Facility contains three financial covenants. The three financial covenants are the current ratio, debt to EBITDA ratio, and debt service coverage ratio. The current ratio and debt to EBITDA ratios are tested quarterly and the debt service coverage ratio is tested annually. As at June 30, 2024, CEMATRIX was in compliance with all financial covenants.

10. Trade and other payables

	June 30, 2024	December 31, 2023
Trade payables	**$ 1,273**	$ 4,323
Accrued interest	**9**	17
Other accruals	**765**	1,771
Payroll remittance and goods and services tax	**868**	385
	$ 2,915	$ 6,496

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

11. Long-term debt

BDC financing	Maturity	Interest rate	June 30, 2024	December 31, 2023
Loan 4	August 1, 2026	Floating	**$ 411**	$ 694
Loan 5	December 1, 2025	Floating	**638**	1,235
Long-term debt			**1,049**	1,929
Less: current portion			**-**	(915)
Long-term debt			**$ 1,049**	$ 1,014

Reconciliation of long-term debt:

	June 30, 2024	December 31, 2023
Long-term debt, beginning of period	**$ 1,929**	$ 2,912
Repayment of long-term debt	**(951)**	(933)
Long-term debt, before unrealized foreign exchange effects	**978**	1,979
Effect of unrealized foreign exchange loss (gain) on income	**25**	(17)
Effect of unrealized foreign exchange loss (gain) on translation	**46**	(33)
Long-term debt, end of period	**$ 1,049**	$ 1,929

Loan 4 – In May 2018 the Company entered into an agreement with the BDC for a loan of $1,800 USD to fund a portion of the purchase price of the MOS acquisition. The interest, which is currently 11.25% and is payable monthly, is set at 1.60% above the BDC floating USD base rate of 9.65%. The loan is repayable over eight years, with seasonal payments of principal required. Payments of principal of $38 USD were required from September to December 2018. Payments of principal of $38 USD are required from July to December for the years 2019 to 2025 and from July to August 2026. In May 2024, the Company prepaid the 2024 seasonal payments of $225 USD at no additional costs.

Loan 5 – In October 2019, the Company's wholly-owned subsidiary, CEMATRIX (USA) Inc. entered into an agreement with the BDC for a loan of $2,800 USD to fund the purchase price of the PIGCO acquisition. The interest, which is currently 11.25% and is payable monthly, is set a 1.60% above the BDC floating USD base rate of 9.65%. The loan is repayable over six years, with seasonal payments of principal required. A principal repayment of $78 USD is required from July to December from years 2020 to 2025. In May 2024, the Company prepaid the 2024 seasonal payments of $466 USD at no additional costs.

Loans 4 and 5 may be prepaid, on each anniversary date, up to 15% of the then outstanding principal amount but if not used the prepayment privilege for that anniversary date ceases. In addition to the annual privilege the Company may prepay all or part of the principal outstanding plus any interest owing up to the time of prepayment plus an indemnity equal to three months interest on the prepaid principal at the floating rate then applicable. The prepayment option is considered to be an embedded derivative with a fair value, which is nominal in nature as at June 30, 2024.

The BDC Financing loans are secured with a general security agreement providing a first security interest in the Company's current owned equipment and new equipment acquired pursuant to the BDC Financings and a security interest in all present and after acquired personal property of the Company subject only to lender charges on receivables and inventory in support of the Company's demand operating loan and future charges on specific equipment to a creditor for financing the purchase or lease thereof.

The BDC Financing Loan 4 and Loan 5 have a consolidated fixed charge coverage ratio financial covenant which is tested annually. At December 31, 2023, the Company was in compliance with this covenant.

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

12. Lease obligations

	Note		**June 30, 2024**		December 31, 2023
Lease obligations, beginning of period		**$**	**1,315**	$	1,164
Additions			**1,925**		970
Lease payments (including interest)			**(468)**		(878)
Interest expense	15		**56**		81
Foreign exchange			**31**		(22)
Lease obligations, end of period			**2,859**		1,315
Less: current portion			**(876)**		(729)
Lease obligations, non-current		**$**	**1,983**	$	586

13. Share capital

Commons shares authorized

Unlimited number of no-par value voting common shares.

Preferred shares – to be issued in series as authorized by the Board of Directors.

Common shares issued

		Six months ended June 30, 2024			Year ended December 31, 2023		
	Note	**Number of shares**		**Amount**	Number of shares		Amount
Common shares, beginning of period		**135,279,048**	**$**	**42,641**	133,948,710	$	42,404
Exercise of options and RSUs	18	**480,438**		**199**	1,330,338		237
Common shares, end of period		**135,759,486**	**$**	**42,840**	135,279,048	$	42,641

14. Cost of sales

Cost of sales for the manufacture of cellular concrete consists of the following components:

	Three months ended June 30,				**Six months ended June 30,**			
		2024		2023		**2024**		2023
Materials	**$**	**2,686**	$	2,230	**$**	**5,842**	$	6,111
Direct labour		**1,462**		1,249		**2,953**		2,477
Variable and fixed overhead		**756**		1,120		**1,568**		1,976
Depreciation		**443**		445		**872**		916
	$	**5,347**	$	5,044	**$**	**11,235**	$	11,480

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

15. Finance costs

The finance costs incurred during the period are as follows:

	Note	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
BDC financings	11	**$ 38**	$ 82	**$ 94**	$ 157
Lease obligations	12	**33**	20	**56**	40
Other		**(7)**	-	**(9)**	3
Convertible debt		**-**	17	**-**	88
		$ 64	$ 119	**$ 141**	$ 288

The accretion costs incurred during the period are as follows:

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Convertible debt	**-**	28	**-**	138
	$ -	$ 28	**$ -**	$ 138

16. Other income (expenses)

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Interest income	**$ 56**	$ 91	**$ 91**	$ 212
Foreign exchange gain (loss)	**19**	(47)	**90**	(245)
Gain on sale of equipment	**-**	25	**1**	29
Other	**12**	2	**11**	2
	$ 87	$ 71	**$ 193**	$ (2)

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

17. Earnings (loss) per common share

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Basic	**$ (0.011)**	$ (0.007)	**$ (0.009)**	$ (0.020)
Diluted	**$ (0.011)**	$ (0.007)	**$ (0.009)**	$ (0.020)

The number of common shares included in the computation of basic and diluted loss per common share for the period are as follows:

	Three months ended June 30, 2024	Three months ended June 30, 2023	Six months ended June 30, 2024	Six months ended June 30, 2023
Weighted average common shares outstanding, basic	**135,639,084**	134,297,445	**135,459,066**	134,146,671
Effect of dilutive instruments	**-**	-	**-**	-
Weighted average common shares outstanding, diluted	**135,639,084**	134,297,445	**135,459,066**	134,146,671

The dilutive securities for the three and six months ended June 30, 2024, and 2023, have no dilutive effect as the Company incurred losses in these periods.

18. Stock-based compensation

Stock option grants

The Company has an Omnibus Equity Incentive Plan ("OEI Plan") for the issue of up to 10% of the issued and outstanding common shares of the Company. Stock options are part of the OEI Plan. All options that are outstanding will expire upon maturity, or earlier, if the optionee ceases to be a director, officer, employee or consultant or there is a merger, amalgamation or change in control of the Company. The purpose of the option grants is to reward and retain directors, management, and consultants important to the continued operation and growth of the Company.

The following table summarizes the changes in options for the period:

	Six months ended June 30, 2024		Year ended December 31, 2023	
	Number of shares	**Amount**	Number of shares	Amount
Outstanding, beginning of period	**4,716,667**	**$ 0.321**	4,465,000	$ 0.336
Granted	**1,650,000**	**0.401**	750,000	0.185
Exercised	**(463,333)**	**0.231**	(13,333)	0.250
Expired	**-**	**-**	(305,000)	0.200
Forfeited	**(100,000)**	**0.185**	(180,000)	0.343
Outstanding, end of period	**5,803,334**	**0.353**	4,716,667	0.321
Exercisable, end of period	**2,896,650**	**$ 0.353**	2,721,659	$ 0.267

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

The following table summarizes the stock options to acquire common shares outstanding as at June 30, 2024:

Range of exercise prices	Options outstanding	Options exercisable	Weighted average remaining life (years)	Weighted average exercise price – options outstanding	Weighted average exercise price – options exercisable
$0.18 - $0.22	**1,275,000**	**808,328**	**1.85**	**0.20**	**0.20**
$0.23 - $0.39	**2,693,334**	**986,658**	**3.57**	**0.35**	**0.32**
$0.40 - $0.59	**1,835,000**	**1,101,564**	**2.57**	**0.47**	**0.50**
$0.18 - $0.59	**5,803,334**	**2,896,650**	**2.37**	**0.35**	**0.35**

The following table summarizes the stock options to acquire common shares outstanding as at December 31, 2023:

Range of exercise prices	Options outstanding	Options exercisable	Weighted average remaining life (years)	Weighted average exercise price – options outstanding	Weighted average exercise price – options exercisable
$0.18 - $0.22	1,375,000	450,000	1.63	0.19	0.20
$0.23 - $0.39	1,956,667	1,198,329	0.80	0.30	0.30
$0.40 - $0.59	1,835,000	1,073,330	1.72	0.48	0.50
$0.18 - $0.59	4,716,667	2,721,659	1.53	0.32	0.36

At the date of grant, the per share fair value of the options granted and other assumptions, using the Black-Scholes option pricing model are as follows:

	2024	2023
Estimated fair value per option	**$ 0.236 – 0.259**	$ 0.122
Weighted average common share price	**$ 0.390 – 0.430**	$ 0.185
Risk-free interest rate	**3.63%**	3.63%
Expected life	**5 years**	5 years
Expected volatility in stock price	**79%**	79%
Expected annual dividend yield	**nil**	nil
Estimated forfeiture rate	**5%**	5%

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

Restricted share units grants

The Company has an Omnibus Equity Incentive Plan ("OEI Plan") for the issue of up to 10% of the issued and outstanding common shares of the Company. Restricted Share Units ("RSU's") are part of the OEI Plan. Subject to the specific provisions of the RSU plan, eligibility, vesting period, terms of the RSU's and the number of RSU's granted are to be determined by the Board of Directors at the time of the grant. The purpose of the RSU grants is to reward and retain directors, management, and consultants important to the continued operation and growth of the Company.

	Note	**Six months ended June 30, 2024**	Year ended December 31, 2023
Number of RSU's outstanding, beginning of period		**150,887**	980,695
Granted		**1,222,275**	513,513
Forfeited		**-**	(26,316)
Exercised	13	**(8,773)**	(1,317,005)
Number of RSU's outstanding, end of period		**1,364,389**	150,887

The fair value of each RSU granted was determined by using the company's share price on the grant date. The estimated fair value of the RSU's granted is being recognized as an expense over the vesting period of the RSU's.

Stock-based compensation

Stock-based compensation for the three and six months ended June 30, 2024, of $557 and $594, respectively (2023 - $150 and $282, respectively) was recognized in the consolidated statement of income (loss) and comprehensive income (loss) with an offsetting amount charged to contributed surplus. Stock-based compensation has no current period impact on the Company's cash position.

19. Change in non-cash working capital

The changes in non-cash working capital items - asset (increases) decreases and liability increases (decreases) - are outlined below:

	Three months ended June 30, 2024	Three months ended June 30, 2023	**Six months ended June 30, 2024**	Six months ended June 30, 2023
Trade and other receivables	**$ (1,838)**	$ 705	**$ 6,709**	$ 2,259
Inventory	**(77)**	45	**95**	71
Prepaid expenses and deposits	**58**	120	**222**	228
Trade and other payables	**1,301**	(2,043)	**(3,673)**	(3,265)
	$ (556)	$ (1,173)	**$ 3,353**	$ (707)

20. Related party transactions

Two of the buildings that the Company operates out of are owned by entities that are owned or controlled by certain officers or consultants of the Company. During the three and six months ended June 30, 2024, the Company incurred costs of $111 and $220 respectively ($89 and $177 for the same periods in 2023) related to these rental leases. Lease obligations for the two buildings as at June 30, 2024, were in the amount of $1,110 (December 31, 2023 - $521).

21. Financial instruments and risk management

Set out below is a comparison, by category, of the carrying amounts and fair values of all of the Company's financial instruments that are carried in the consolidated financial statements and how the fair value of financial instruments is measured.

Fair value of non-derivative financial instruments

The fair values of cash and cash equivalents, restricted cash, trade and other receivables, bank operating loan, and trade and other payables approximate their carrying values due to the relatively short periods to maturity of these instruments.

The fair value of the BDC Financing loans approximate their carrying value as the debt rate floats with prime and is representative of market rates offered to the Company.

The fair value of the long-term investment in convertible notes approximates its carrying value as the purchase price is a market rate for other investors participating in the private placement.

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the following hierarchy based on the number of observable inputs used to value the instrument.

Level 1 – Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.

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

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

Risk management

The Company's activities are exposed to a variety of financial risks: interest rate risk, credit risk, liquidity risk and foreign exchange risk. The Company's overall risk management program focuses on the unpredictability of financial and economic markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by financial management in conjunction with overall Company governance.

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

Interest rate risk

The BDC Financings, which totaled $1,049 on June 30, 2024, are subject to floating market rates. Based on the floating rate debt outstanding, a 1% increase/decrease in interest rates would result in an increase/decrease in net loss attributable to common shareholders of approximately $10 excluding the effect of income taxes.

Credit risk

The Company is responsible for reviewing the credit risk for each customer before standard payment and delivery terms and conditions are offered. The Company review consists of external ratings, when available, and in some cases bank and trade references. Management has established a credit policy under which new customers are analyzed for creditworthiness before the Company extends credit. The Company monitors its trade and other receivables aging on an ongoing basis as part of its process in managing its credit risk.

The Company also manages credit risk related to trade and other receivables on a consolidated basis whereby the aggregate exposure to individual customers is reviewed and their credit quality is assessed.

Financial instruments that subject the Company to credit risk consist primarily of cash and trade receivables. The Company's cash is held with large established financial institutions. The Company manages credit risk using credit approval and monitoring practices. Management is not materially concerned about the credit quality and collectability of accounts receivables, as our customers are predominantly large in scale and of high creditworthiness, and the concentration of credit risk is limited as our largest customers change year to year depending on which projects are being completed. At June 30, 2024, the Company had $5,542 of cash (December 31, 2023 - $3,288).

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations. Liquidity risk management involves maintaining sufficient cash and the availability of working capital financing to meet its financial obligations.

The table below summarizes the maturity profile of the Company's financial liabilities, based on contractual undiscounted payments:

As at June 30, 2024	**Less than 1 year**	**1 to 2 years**	**2 to 6 years**	**Total**
Trade and other payable	**$ 2,915**	**$ -**	**$ -**	**$ 2,915**
Long-term debt	**-**	**947**	**102**	**1,049**
Lease obligations	**1,042**	**1,272**	**1,122**	**3,436**
	$ 3,957	**$ 2,219**	**$ 1,224**	**$ 7,400**
As at December 31, 2023				
Trade and other payable	$ 6,496	$ -	$ -	$ 6,496
Earnout liability	175	-	-	175
Long-term debt	915	915	99	1,929
Lease obligations	816	569	69	1,454
	$ 8,402	$ 1,484	$ 168	$ 10,054

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure relates to balances denominated in USD and the operations of its U.S. subsidiaries which are predominantly in USD. The Company does not hedge these items as the timing of related transactions is not certain. However, the management manages and mitigates foreign exchange risk by monitoring exchange rate trends and forecasted economic conditions.

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

The following balances are denominated in USD:

	June 30, 2024	December 31, 2023
Cash and cash equivalent	**$ 1,197**	$ 1,347
Trade and other receivables	**3,175**	6,889
Prepaid expenses and deposits	**68**	96
Investments	**1,958**	1,921
Trade and other payables	**1,467**	3,190
Earnout liability	**-**	132
Long-term debt	**467**	933
Lease obligations	**1,295**	574

The Company's primary foreign exchange sensitivity is in relation to movements of the USD against the Canadian dollar. Based on USD balances as at June 30, 2024, a 1% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in net income of approximately CAD $43 excluding the effect of income taxes.

22. Capital management

Management defines capital as the Company's total shareholders' equity, its debt and finance lease obligations. The Company manages its capital structure and adjusts it in response to changes in economic conditions and the risk characteristics of its underlying assets. The Board of Directors does not establish a quantitative return on capital for management, but rather promotes year over year sustainable profitable growth. In addition, the Board of Directors has established policies to monitor the Company's performance against its operating and capital budgets and forecasts.

The Company's current objective when managing capital is to increase the Company's capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders.

Management reviews its capital management approach on an ongoing basis. There were no material changes to this approach during the period ended June 30, 2024. The Company is subject to externally imposed financial covenants with its CIBC Credit Facility and long-term debt BDC loans.

	Note	June 30, 2024	December 31, 2023
Long-term debt	11	**$ 1,049**	$ 1,929
Lease obligations	12	**2,859**	1,315
Total debt		**3,908**	3,244
Shareholder's equity		**28,945**	28,723
		$ 32,853	$ 31,967

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

23. Geographical segmented information

The Company has one operating segment, and its primary business is the supply and placement of cellular concrete. It currently markets its services in Canada and the U.S.

The following balances present the sales to external customers attributable to the Company's geographical segments:

	Three months ended June 30,		Six months ended June 30,	
	2024	2023	**2024**	2023
Canada	**$ 1,727**	$ 1,944	**$ 4,816**	$ 3,424
U.S.	**4,710**	4,241	**10,063**	9,943
	$ 6,437	$ 6,185	**$ 14,879**	$ 13,367

The following balances present the total non-current assets attributable to the Company's geographical segments:

	June 30, 2024	December 31, 2023
Canada	**$ 2,411**	$ 3,521
U.S.	**20,782**	17,886
	$ 23,193	$ 21,407

24. Subsequent events

Uplisting to the TSX

On July 16, 2024, the Company uplisted to the Toronto Stock Exchange ("TSX") from the TSX Venture Exchange ("TSXV"). Concurrent with the uplisting, the Company's ticker symbol changed to CEMX. On the market open, the Company's common shares ceased to be traded on the TSXV and began trading on the TSX.

Private Placement

On July 29, 2024, the Company announced that it closed its private placement financing. The Company entered into an underwriting agreement (the "Underwriting Agreement") with a syndicate of underwriters (the "Underwriters"), whereby the Company issued a total of 14,667,000 units (the "Units") at a price of $0.45 per Unit (the "Issue Price") for aggregate gross proceeds to the Company of $6.6 million (the "Offering") pursuant to Part 5A (the "Listed Issuer Financing Exemption") of National Instrument 45-106 – *Prospectus Exemptions* (the "Offering"), including the full exercise of the Underwriters' option for gross proceeds of $3.1 million.

Each Unit consists of one common share of the Company (a "Unit Share") and one half of one common share purchase warrant (each whole warrant, a "Warrant") of the Company. Each Warrant entitles the holder thereof to acquire one common share (a "Warrant Share") at a price per Warrant Share of $0.60 for a period of 24 months from the closing of the Offering.

The securities issued under the Listed Issuer Financing Exemption are not subject to a hold period pursuant to applicable Canadian securities laws. The Offering remains subject to final approval of the Toronto Stock Exchange.