

CEMATRIX™

Lightweight Fill Solutions

2025

CEMATRIX Corporation

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the three and twelve month periods ended
December 31, 2025, and 2024

Management's Discussion and Analysis

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The following is the Management's Discussion and Analysis ("MD&A") of CEMATRIX Corporation ("CEMATRIX" or the "Company") for the three and twelve months ended December 31, 2025. This MD&A should be read in conjunction with the consolidated financial statements for the three and twelve months ended December 31, 2025, (the "Consolidated Financial Statements") and the related notes thereto (the "Consolidated Financial Statements") and the audited consolidated financial statements and MD&A of the Company for the year ended December 31, 2024, and related notes thereto. The Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar figures included therein and in this MD&A are in Canadian dollars and all amounts are reported in thousands of Canadian dollars, except share and per share amounts or as otherwise stated. Certain comparative figures have been reclassified to conform to the MD&A presentation adopted for the current year.

Additional information relevant to the Company's activities can be found on SEDAR at www.sedarplus.com. CEMATRIX is listed on the TSX Exchange under the trading symbol "CEMX".

The Audit Committee of the Company reviewed and recommended for approval by the Board of Directors of the Company the Consolidated Financial Statements and MD&A for the three and twelve months ended December 31, 2025. The Board of Directors of the Company reviewed and approved the Interim Consolidated Financial Statements and MD&A on March 11, 2026.

Forward-looking information

This MD&A contains certain statements and disclosures that may constitute forward-looking information under applicable securities law. All statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that the Company anticipates or expects may or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by such terms as “forecast”, “future”, “may”, “will”, “expect”, “anticipate”, “believe”, “potential”, “enable”, “plan”, “continue”, “contemplate”, “pro-forma” or other comparable terminology. Forward-looking information presented in such statements or disclosures may, amongst other things relate to: sources of revenue and income; forecasts of capital expenditures and sources of financing thereof; the Company's business outlook; plans and objectives of management for future operations; forecast business results; and anticipated financial performance.

The Company has identified what it considers to be the material forward-looking statements and disclosure in this MD&A and has listed them in Appendix A. The material factors, material assumptions and material risks that provide the basis for those statements and disclosure have also been provided in Appendix A.

The forward-looking information in statements or disclosure in this MD&A is based (in whole or in part) upon factors which may cause actual results, performance, or achievements of the Company to differ materially from those contemplated (whether expressly or by implication) in the forward-looking information. Various assumptions or factors are typically applied in drawing conclusions or making forecasts or projections set out in forward-looking information. Those assumptions and factors are based on information currently available to the Company including information obtained by the Company from third-party industry analysts and other third-party sources. Actual results or outcomes may differ materially from those predicted by such statements or disclosures. While the Company does not know what impact any of those differences may have, its business, results of operations, financial condition and its credit stability may be materially adversely affected.

The Company has discussed, in the Key Market Drivers section and in the Key Risks and Uncertainties section of this MD&A, the significant market drivers and risk factors that affect its business and could cause actual results to differ materially from the forward-looking information disclosed herein. The Company cautions the reader that these factors are not exhaustive. The risk factors that could lead to differences in business results and which could cause actual results to differ materially from the forward-looking information disclosed herein include, without limitation, legislative and regulatory developments that may affect costs, revenues, the speed and degree of competition entering the market, global capital markets activity, timing and extent of changes in prevailing interest rates, inflation levels and general economic conditions in geographic areas where the Company operates, results of financing efforts, changes in counterparty risk and the impact of accounting standards issued by the International Accounting Standards Board (“IASB”).

The Company is not obligated to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws. Because of the risks, uncertainties and assumptions contained herein, prospective investors should not place undue reliance on forward-looking statements or disclosures. The foregoing statements expressly qualify any forward-looking information contained herein.

Purpose of the Company's MD&A

The purpose of this MD&A is to provide a narrative explanation, through the eyes of management, to assist the reader in understanding the Company's performance for the three and twelve months ended December 31, 2025, the Company's financial condition as at December 31, 2025, and its future prospects.

Highlights

CEO message

What an incredible year. We promised a record year, and we delivered on that promise by posting record financial results in almost all of our financial key performance indicators. Consistent with our core values, we are obsessed with three things at CEMATRIX – safety, quality, and profitability. We continue to be excited and optimistic about the future for CEMATRIX and our shareholders. Looking at our backlog and prospects for next year, we expect 2026 to be a good year for the Company. We remain focused on executing our business strategy and growing our Company by delivering on quality, on time, on budget solutions to our customers geotechnical construction challenges. People are taking notice of our results, and more opportunities continue to present themselves. The key message to our stakeholders is that we have never been in a better spot financially and strategically than we are now.

Record full year adjusted EBITDA

Our adjusted EBITDA in the quarter was \$2.4 million as compared to \$1.4 million last year (a 71% increase) and our full year adjusted EBITDA was \$8.3 million as compared to \$3.3 million last year (a 152% increase).

Our EBITDA in 2025 was greater than the sum of our EBITDA from the previous 20 years added all together. Our adjusted EBITDA in 2025 of \$8.3 million was greater than our two previous best years combined (2023 was \$4.9 million and 2024 was \$3.3 million).

This year represents a continuation of a recent trend of consistent positive financial performance. This year (2025) represents the third straight year of positive adjusted EBITDA and positive cash flow from operations.

Growth trend continues

CEMATRIX is a growth company. Revenues have grown by a cumulative annual growth rate (“CAGR”) of 25% since 2017. CEMATRIX performed very well financially in the fourth quarter and on a full year basis. Our revenues for the fourth quarter were \$12.5 million, an increase of 20% compared to \$10.4 million last year. Our revenues for the full year were \$45.1M, an increase of 27% compared to \$35.4 million last year.

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

Continued sales success

The success of our sales teams continues. In 2025, CEMATRIX has announced \$50.5 million in new backlog (contracts and contracts in process, see backlog reconciliation below). These contracts are for a variety of cellular concrete applications including load reducing fill and grouting. These new awards continue to demonstrate the confidence our customers have in CEMATRIX’s sales and operations teams to deliver a quality solution, on time and on budget, to their geotechnical constructions needs.

“Rule of 40”

Many investors look at the “rule of 40” that originated for technology stocks as a key threshold for finding good quality investments. With a 2025 revenue growth rate of 27% and a 2025 adjusted EBITDA margin of 18%, CEMATRIX is one of the few micro-cap or small-cap companies, in any industry in Canada, that passes the “rule of 40”. Growing revenue is easy to do if you don’t care about making money, growing profitability is hard to do – and we are doing it. We are growing revenue, improving margins, and managing our cost structure.

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Key contract structure – impact on revenue and margins

At the request of a customer, the Company changed the structure of a large contract to allow the customer to purchase the cement for the project. CEMATRIX accepted this change because we first serve our customers needs, the structure provides some business benefits to CEMATRIX, and our focus is on profitability.

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

(\$ millions)	As reported Q4 2025	Proforma under traditional contract structure	As reported YTD 2025	Proforma under traditional contract structure
Revenue	\$ 12.5	\$ 15.4	\$ 45.1	\$ 52.1
Gross margin	\$ 5.0	\$ 5.0	\$ 15.8	\$ 15.8
Gross margin %	40%	33%	35%	30%

Gross margins

Gross margins increased in the quarter compared to the prior year primarily as a result of higher revenues and the key contract structure discussed above. We continue to do a good job bidding projects and consistently deliver strong execution in the field.

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

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

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

Seasonal business

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

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

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

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

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

Backlog maintained at strong levels

Backlog remained robust and in line with last year, demonstrating ongoing customer confidence in our product and continued sale success. During the fourth quarter, the Company announced contract wins amounting to \$6.9 million and we have announced contract wins of \$50.5 million in 2025. The Company continues to see increased activity in its bid pipeline which bodes well for future sales success into 2026 and beyond.

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

	Year ended December 31, 2025	Year ended December 31, 2024
Contracts in process ⁽¹⁾	\$ 18,344	\$ 20,306
Backlog ⁽¹⁾	49,402	49,334
Total backlog	\$ 67,746	\$ 69,640
Opening backlog	\$ 69,640	\$ 94,857
Awards and change orders	53,657	25,958
Foreign exchange and adjustments to backlog ⁽²⁾	(10,460)	(15,811)
Revenue	(45,091)	(35,364)
Ending backlog	\$ 67,746	\$ 69,640

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

⁽²⁾ Adjustments to backlog in 2025 include a change in a key customer's contract structure as discussed above in this MD&A. Adjustments to backlog in 2024 include the one-time reduction in scope of a tunnel project (please refer to the news release issued on April 24, 2024, on www.sedarplus.com for additional information).

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Normal course issuer bid ("NCIB")

On April 15, 2025, the Company's announced its intention to implement a NCIB. Under the NCIB, the Company may purchase for cancellation a maximum of 13,508,235 Common Shares of the Company, representing 10% of the public float (as defined by the TSX) as of April 8, 2025. On April 8, 2025, CEMATRIX had 150,459,819 Shares issued and outstanding. The NCIB commenced on April 17, 2025, and will terminate upon the earliest of (i) April 16, 2026, (ii) the Company purchasing the maximum of 13,508,235 Shares, and (iii) the Company terminating the NCIB. CEMATRIX believes that the market price of its Shares may not, from time to time, accurately reflect their underlying value. Accordingly, purchasing the Shares for cancellation under the NCIB may represent an attractive investment opportunity for the Company to enhance long-term shareholder value, in line with CEMATRIX's overall capital structure management strategy.

In the fourth quarter, the Company purchased for cancellation 599,228 shares at an average price of \$0.34. During the full year of 2025, the Company purchased for cancellation 1,302,817 shares at an average price of \$0.31. CEMATRIX cautions shareholders that there is no guarantee that it will purchase more shares in the future.

This marks the first time in the Company's history that the shares outstanding decreased in a year.

Summary financial review – fourth quarter

Revenue was \$12.5 million for the fourth quarter of 2025, an increase of \$2.1 million or 20%, compared to \$10.4 million the same period in 2024.

Gross margin for the fourth quarter of 2025 was \$5.0 million, an increase of \$2.0 million from \$3.0 million in the same period of 2024. Gross margin as a percentage of revenue increased to 40%, compared to 29% in the comparative period. This increase was primarily driven by higher revenues and the structure of a key contract.

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

Adjusted EBITDA was \$2.4 million in the fourth quarter of 2025 compared to \$1.4 million in the same period of 2024, an increase of \$1.0 million.

Cash flow generated from operating activities (before changes in non-cash working capital) was \$2.5 million in the fourth quarter of 2025, an increase of \$1.1 million compared to cash flow generated from operating activities of \$1.4 million in the same period of 2024.

Summary financial review – year

Revenue was \$45.1 million for the year ended December 31, 2025, an increase of \$9.7 million or 27%, compared to \$35.4 million in 2024.

Gross margin for 2025 was \$15.8 million, an increase of \$6.4 million from \$9.4 million in the same period of 2024. Gross margin as a percentage of revenue increased to 35%, compared to 27% in 2024. This increase was primarily driven by higher revenues and the structure of a key contract.

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

Adjusted EBITDA was \$8.3 million in 2025 compared to \$3.3 million in the same period of 2024, an increase of \$5.0 million.

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Cash flow generated from operating activities (before changes in non-cash working capital) was \$8.2 million in 2025, an increase of \$5.1 million compared to cash flow generated from operating activities of \$3.1 million in 2024.

Full year 2026 forecast

CEMATRIX does not provide formal forward-looking financial guidance. The Company is expecting to have a good year in 2026. The Company's optimism is supported by the backlog that the Company has in place and expects to execute in 2026.

Corporate overview

Through its wholly-owned subsidiaries CEMATRIX (Canada) Inc., CEMATRIX (USA) Inc. ("Cematrix USA"), MixOnSite USA, Inc. ("MOS") and Pacific International Grout Co. ("PIGCO"), CEMATRIX uses specially developed equipment and foaming agents to produce and pour cellular concrete for various applications in the infrastructure, industrial and commercial construction markets.

Cellular concrete is a cement slurry-based product that is combined with air to result in a very lightweight, foamed concrete-like material that has thermal insulating qualities with moderate structural strength. It is generally lighter than water and is used as a replacement for rigid and other types of insulation and as a lightweight fill or a void fill, which includes tunnel grouting.

The Company's current market focus is the construction market for infrastructure in Canada and the United States of America. The infrastructure market sector primarily relates to work on public construction projects that are funded by provincial, state and federal governments. Some examples of this type of work are as follows: the insulation of road bases; the protection of permafrost under buildings, utilities, roads and runways; the insulation of shallow utility installations; industrial and commercial floor bases; the replacement of weak and/or unstable soils and soils that are subject to seismic, frost or permafrost conditions; mechanical stabilized earth ("MSE") panels, retaining wall and overpass or bridge abutment backfill; grouting; and tunnel backfill. Work in this sector generally requires the prior approval of the Company's various products and applications by local regulatory bodies.

The Company's revenue is recognized as the Company processes and places the cellular concrete on site, based on the number of cubic meters or cubic yards processed and placed.

The nature of the Company's sales is generally "one-off" type sales, meaning there is little in the way of carry over in sales from year to year with the same customer; except to the extent that the Company has repeat business related to a specific application or location, or a project is sufficiently large in scope, that it continues from one period into the next. The Company's work is generally as a sub-contractor to various engineering and construction firms who are awarded the prime contract from the owner of the particular project.

The Company has two distinct types of production equipment - dry mix and wet mix. Dry mix production equipment is automated and the cement slurry mixing process is done directly from cement and other dry powders. This equipment permits the production of high hourly volumes. The dry mix system enables the Company to improve the quality of its end product, while reducing its unit cost by up to 20% as compared to the wet mix process. However, the dry mix process is typically not suitable for small to medium sized projects because of the higher costs associated with mobilization together with the onsite space required for set up. Wet mix production equipment is partially automated, and the pre-designed cement slurry required is delivered by a Ready-Mix provider; this equipment has lower hourly production capability and is suitable for small volume projects or projects where there is no space for the larger dry mix units.

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The Company's fleet of production equipment currently consists of eleven dry mix units that can produce up to 230 cubic metres per hour of cellular concrete and eight wet mix units that have the capability of producing from 50 to 100 cubic metres per hour of cellular concrete. The fleet is mobile and can be moved to any project in North America.

The value proposition that CEMATRIX offers to customers is as follows: CEMATRIX cellular concrete saves significant time and money for its customers and provides a better overall long term construction solution (the "Value Proposition").

The Company's customer service solution is supported by acquired and internally developed technologies that enable the production of high volumes of consistent, low density insulating cellular concrete; commercially available foaming agents and the Company's own foaming agent; the proprietary material mix design expertise; the technical support for thermal and structural design to assist engineering firms in the design of applications for cellular concrete; and internally designed and constructed specialty equipment for the production of cellular concrete.

Over the years the Company has invested in additional staff and equipment in order to prepare for what management believes will be a significant increase in annual sales, as the Company's product reaches the "tipping point" for a number of applications. Tipping point refers to the point in time where customers decide that they will use the Company's product, as opposed to alternative products, for certain applications (i.e. all bridge abutment work, or all MSE panel backfill, etc.). The cost of this investment, in terms of additional staff and equipment, has negatively affected the financial results over the past few years, however, it has helped to put the Company in a better position to achieve sales growth, as it occurs and to utilize its economies of scale with the acquisition of MixOnSite and Pacific International Grout Co. in the U.S.

In 2022, The Company made a strategic minority investment in Glavel Inc ("Glavel"). Glavel is a foam glass aggregate company based in Vermont, USA. Foamed glass is a lightweight bulk aggregate made from recycled glass. The investment was originally planned to be an entry point into environmentally friendly construction materials, which is a market segment that the Company expects to continue to grow in size in the future. Unfortunately, Glavel's requirements for capital was larger than originally anticipated and larger than CEMATRIX's capacity to provide capital. As a result, Glavel has sourced additional capital from third parties and as a result, there is no longer a path to CEMATRIX owning a majority position in Glavel.

The CEMATRIX head office is located in Calgary, Alberta, Canada.

Business strategy for growth and shareholder value creation

CEMATRIX's strategy is to increase shareholder value by expanding and continuing to be the leading supplier of competitively priced, high volume, high quality cellular concrete in North America. This business strategy is centered on the following key elements:

- Establish and maintain a strong financial position;
- Grow the business organically through:
 - Growing market share in existing markets;
 - Regional expansion, particularly in the United States, into larger markets where our presence is currently small
- Grow the business by acquisition
 - Accretive acquisitions of other cellular concrete companies, other building materials technology companies, or other complimentary companies;
- Retain and attract an experienced and focused management, operations and support teams;
- Continue to realize synergies by integrating acquisitions and managing our cost structure;

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- Development and acquisition of technologies or products to maintain our position as market leaders and competitiveness; and
- Continued development of strategic alliances to support research and development, to supply raw materials and to develop new products and markets.

Since the development and implementation of this strategy, CEMATRIX has improved its financial position, increased its equipment fleet through the acquisitions of PIGCO and MOS; grown its infrastructure sales in both Canada and the U.S.; advanced its strategic alliances with Lafarge, Heidelberg and others; expanded regionally to both the West Coast of Canada and the Ottawa/Montreal regions; retained and added to its key management and support teams; have continued the development of its products and technologies and is now contemplating other complimentary acquisitions.

Key market drivers

The primary drivers in the marketplace that affect the demand for the Company's cellular concrete include the following:

Product acceptance through education of the market

CEMATRIX's mission statement is to gain broad market acceptance of its product for various applications throughout North America, with its main focus on Canadian infrastructure and U.S. infrastructure applications through its U.S. subsidiaries MOS and PIGCO.

The successful implementation of this vision is dependent on its product becoming accepted by more of the project design engineers and specifiers. These individuals oversee the engineering and design of infrastructure projects, the materials that can be used in various projects and the determination of whether cellular concrete can be considered for a particular application.

Extensive education and marketing to geotechnical and design engineers continues to be completed by the Company to demonstrate its value proposition for cellular concrete for a number of applications.

The Company's ongoing education and marketing program, together with the experience generated from projects throughout its markets in Canada and the U.S., has improved the acceptance by a number of design engineers, particularly in Canada where CEMATRIX continues to develop new markets. For some applications in these new markets (primarily road work), cellular concrete will also need to be accepted and become an approved product by various municipal and provincial government departments. In this regard, in Canada, CEMATRIX has obtained, or is in the process of obtaining, the various approvals in the jurisdictions that the Company currently operates in.

In the U.S., cellular concrete is already an approved product for various infrastructure applications in most regions of the U.S. and in fact the market development in the U.S. is probably more than ten years ahead of the development of cellular concrete in Canada, a market which has been developed mostly by CEMATRIX on its own, since the early 2000's. The Canadian market is significantly different than the U.S. where there are a number of larger competitors, which had included MOS, PIGCO and smaller producers, all of whom have been developing their markets for a long period.

Continued product acceptance by the engineering community, provincial/state transportation departments and project owners is the most important primary driver in generating the Company's sales growth.

Availability of capital for infrastructure construction

Government funded infrastructure construction throughout Canada and the U.S. is dependent on the capital funding that is made available to the various municipal, provincial/state and federal governments to make these types of investments. This also affects the timing of projects with which the Company's products could be applicable. Both the Canadian and the U.S. federal, provincial/state and municipal governments continue to allocate significant funds to infrastructure construction, however, the benefit, if any, to CEMATRIX, will be dependent on the type and location of projects to which the infrastructure funds will be allocated.

Key risks and uncertainties

For a comprehensive list of all risks associated with the business please see the Company's Annual Information Form ("AIF"). The risks identified below are the key risks of the business. Besides the issues discussed under the section Key Market Drivers, management has identified the following additional risks and uncertainties:

Supply chain challenges

CEMATRIX has historically been insulated from supply chain disruptions. However, in 2022 the Corporation experienced some challenges in its supply chain, mainly driven by the COVID pandemic and the resulting impact on global supply chains. These supply chain challenges were exacerbated in some jurisdictions by extreme weather, labour disputes, and in the case of global commodities geopolitical crisis. Since 2022, the impacts of these supply chain challenges have been primarily increasing prices which as a result is increasing our cost of sales. In some cases, these increases can be passed along to customers and in other cases of firm commitments it results in reduced margins. Security of cement supply is our number one priority with respect to our supply chain.

Staffing requirements

Our industry, our product, our equipment, and our workforce are very specialized which can make finding and retaining staff more challenging. Given the uniqueness of CEMATRIX product and the proprietary nature of some of our equipment, finding and retaining our skilled work force is a key risk that we closely monitor and manage. Our past acquisitions and recent growth have enabled CEMATRIX to allocate underutilized operating and technical staff resources between its operating subsidiaries, subject to the limitation created by cross border issues. The Corporation is experiencing wage inflation for all roles consistent with the increasing inflation.

Inflation

Inflation is continues to be a concern due to the impacts of the many government programs and the associated spending to fund them which has created large government deficits in almost every jurisdiction. The net result has been significant inflationary pressures on all parts of our business, and in particular on wages. The Company is managing this risk by passing along, to the extent possible, the increased costs to our customers and by making purposeful changes to find opportunities to improve our cost structure.

Project scheduling

The Company has no control over the timing of contracted projects. Delays are common in the construction industry, particularly in the initial start dates. Delays in contracted work can occur at any time. Furthermore, delays in projects can also result in scheduling issues that could prove costly to the Company or result in the Company missing financial projections. The risks associated with scheduling changes will be an ongoing issue for the Company.

Increasing cement commodity prices

In previous years, the Company has experienced significant increases in the cost of its key raw materials, cement and fly ash. To date, the Company has been able to pass a significant portion of these price increases on to its customers. There is no certainty that this practice will continue, in which case this would reduce the Company's gross margin on sales. The Company is currently working towards reducing this risk by developing or purchasing more equipment that will reduce the need to rely on higher priced Ready-Mix products for its raw material supply for its projects.

Access to capital

CEMATRIX is currently very well-funded with a strong balance sheet and large cash position. The Corporation is actively searching for opportunities to invest this cash in accretive acquisitions that fit its strategy and in new equipment / regional expansion. In 2024, the Corporation increased its credit facility with the CIBC to \$8 million to provide further financial flexibility (previously \$5.0 million). Beginning in the last half of 2021 (and continuing) the overall capital markets for micro-cap companies (like CEMATRIX) has retreated and as a result Management's assessment is that it would be significantly more difficult to raise capital in the current public market climates. As such, there is no guarantee that the Corporation will continue to have access to additional capital or be able to raise capital in the capital markets which may impair the ability of the Corporation to grow.

Competition

The Company is one of the leading suppliers of cellular concrete in North America. The market in Canada is still developing and is much smaller than the U.S. market. There are no other high volume cellular concrete competitors in the Canadian marketplace. The biggest competition to cellular concrete in Canada would be alternative products. Competition does exist in the low volume cellular concrete market space with a couple of smaller competitors in Ontario and British Columbia. There are several high-volume suppliers in the U.S. and other countries where the cellular concrete markets are more developed.

There are a significant number of competitors in the U.S., some of which compete with CEMATRIX in the higher volume market. Increased competition could result in lost sales or reduced gross margins.

The Company is positioning itself for competition with other suppliers by:

- By being customer centric which means consistently delivering quality solutions to our customers geotechnical construction needs on quality, on time and on budget;
- Developing strong customer and supplier relationships;
- Ensuring that its costs are competitive in relation to costs being incurred by other companies in the industry;
- Developing new materials and processes that continue to place CEMATRIX ahead of the competition's capabilities;
- Striving to ensure that it provides the best in cellular concrete technology, including thermal modeling and structural design assistance, material mix designs, foaming agents and processing equipment.

Product warranties

The Company has not experienced warranty claims during its existence due to the nature of its product and does not accrue any expense related to possible warranty claims. Even though the Company's products are used in very low risk applications (i.e. replacement of dirt or rigid insulations), the potential exists for such warranty claims being made. The Company works to minimize this risk through ongoing material mix design, product and equipment development and by requiring highly trained quality control staff to be on hand for all projects to check and monitor all input and end product materials.

Tariffs

The imposition of tariffs by the United States can poses a risk to business operations and financial performance. Tariffs can increase the cost of imported goods and raw materials, leading to higher expenses and reduced profit margins. Additionally, tariffs may disrupt supply chains and cause delays and inefficiencies in manufacturing processes. Currently, the Company's product is manufactured and placed on site using locally supplied materials, consequently tariffs, when imposed would not have a material impact on the Corporation at this time. However, some clients could be impacted by tariffs measures, resulting in less spending on construction which could have an impact on projects such as delays and cancellations.

Some cement markets in the US are out of balance with domestic production and demand can exceed supply. In these situations, the cement companies may import cement from other countries. The importation of cement from these other countries may be subject to additional tariffs that could impact the cost of cement in some US markets. To date, the Company has not seen any material price volatility or changes in the price of cement due to tariffs.

Outlook

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

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

During 2025, we implemented a NCIB to provide us with the flexibility to purchase for cancellation up to 13.5 million shares. We believe that the market price of our share is not reflecting our underlying value, accordingly this NCIB represents a potential opportunity for us to enhance long-term shareholder value. We purchased for cancellation 1,302,817 shares at an average price of \$0.31 in the year. This is the first year in the history of the Company that the shares outstanding decreased. Management believes the NCIB is an important part of an annual capital allocation strategy as long as the Company continues to produce cash flow from operations and the shares of the Company continue to be undervalued.

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

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

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

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

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Operations and overall performance

Results of operations – fourth quarter

	Three months ended December 31, 2025	Three months ended December 31, 2024	Change
Revenue	\$ 12,519	\$ 10,351	\$ 2,168
Gross margin	4,972	2,988	1,984
Operating expenses	(3,111)	(2,386)	(725)
Operating income	1,861	602	1,259
Stock-based compensation	(86)	(100)	14
Finance costs	(87)	(79)	(8)
Other (expense) income	(124)	579	(703)
Share of (losses) of Glavel Inc.	-	(80)	80
Fair value adjustment of investments	-	(257)	257
Income before income taxes	1,564	665	899
Provision of deferred taxes	196	187	9
Provision of current taxes	(35)	(88)	53
Income attributable to the common shareholder	1,725	764	961
Unrealized foreign exchange (loss) gain on translation of foreign subsidiaries	(466)	1,402	(1,868)
Deferred taxes	82	(259)	341
Comprehensive income	\$ 1,341	\$ 1,907	\$ (566)
Fully diluted earnings per common share	\$ 0.011	\$ 0.005	\$ 0.006

Revenue was \$12.5 million for the fourth quarter of 2025, an increase of \$2.1 million or 20%, compared to \$10.4 million in the fourth quarter of 2024. CEMATRIX is a speciality construction company with no recurring revenue. As a result, every year and every quarter, the mix of customers, the mix of size of projects, the mix of applications all change. The change in revenue every period is based on the change in the type of projects that have been completed, started, or finished in the quarter compared to the previous period.

Gross margin for the fourth quarter of 2025 was \$5.0 million, an increase of \$2.0 million from \$3.0 million in 2024. Gross margin as a percentage of revenue increased to 40%, compared to 29% in the comparative period. This increase was primarily driven by higher revenues and the structure of a key contract (see highlights – page 5).

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

Operating expenses ("SG&A") totaled \$3.1 million in the fourth quarter of 2025, a 29% increase from \$2.4 million in the same period of 2024. The increase was primarily driven by increased insurance costs where the premium is directly tied to revenue as well as higher compensation costs in 2025.

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Stock-based compensation expense decreased by \$14 in the fourth quarter compared to the same period in the prior year. The change was due to the timing of the vesting period and number of options and restricted shares units ("RSUs") granted in 2025, compared to 2024.

Finance costs increased by \$8 in the fourth quarter compared to the same period in the prior year. The increase is attributable to finance costs related to lease obligations combined with the addition of the equipment finance loan, partially offset by the early principal repayment on the Company's long-term debt that was fully repaid in the first quarter of 2025.

Other income was an expense of \$124 in the fourth quarter of 2025 compared to income of \$579 in the fourth quarter of 2024. In the fourth quarter of 2025, other income mainly consisted of a foreign exchange loss of \$59, loss on disposal of equipment of \$107, and interest income of \$42. For the same period in 2024, other income mainly consisted of interest income of \$84, foreign exchange gain of \$305, and \$191 reduction of other accruals.

Unrealized foreign exchange gains and losses on the translation of foreign subsidiaries are recognized through other comprehensive income. MOS, PIGCO and CEMATRIX (USA) Inc. have a US dollar ("USD") functional currency. As the Canadian dollar strengthen relative to the USD, the value of these assets depreciated during the fourth quarter of 2025 resulting in an unrealized foreign exchange loss of \$466, partially offset by \$83 deferred tax recovery. In the fourth quarter of 2024, the Company recorded an unrealized foreign exchange gain of \$1,402, partially offset by \$259 deferred tax expense.

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Results of operations – year

	Year ended December 31, 2025	Year ended December 31, 2024	Change
Revenue	\$ 45,091	\$ 35,364	\$ 9,727
Gross margin	15,812	9,417	6,395
Operating expenses	(10,046)	(8,925)	(1,121)
Operating income	5,766	492	5,274
Stock-based compensation	(566)	(760)	194
Finance costs	(337)	(276)	(61)
Other (expense) income	(47)	901	(948)
Share of (losses) of Glavel Inc.	-	(80)	80
Fair value adjustment of investments	-	(257)	257
Income before income taxes	4,816	20	4,796
Provision of deferred taxes	(598)	338	(936)
Provision of current taxes	(158)	(88)	(70)
Income attributable to the common shareholder	4,060	270	3,790
Unrealized foreign exchange (loss) gain on translation of foreign subsidiaries	(1,262)	1,805	(3,067)
Deferred taxes	181	(259)	440
Comprehensive income	\$ 2,979	\$ 1,816	\$ 1,163
Fully diluted earnings per common share	\$ 0.026	\$ 0.002	\$ 0.024

Revenue was \$45.1 million in 2025, an increase of \$9.7 million or 27%, compared to \$35.4 million in 2024. CEMATRIX is a speciality construction company with no recurring revenue. As a result, every year and every quarter, the mix of customers, the mix of size of projects, the mix of applications all change. The change in revenue every period is based on the change in the type of projects that have been completed, started or finished in the quarter compared to the previous period.

Gross margin in 2025 was \$15.8 million, an increase of \$6.4 million from \$9.4 million in the same period of 2024. Gross margin as a percentage of revenue increased to 35%, compared to 27% in the comparative period. This increase was primarily driven by higher revenues and the structure of a key contract (see highlights – page 5).

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

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SG&A totaled \$10.0 million in 2025, an increase of 12% from \$8.9 million in the same period of 2024. The increase was primarily due to higher wages and salaries due to annual salary increase, higher compensation costs, increased insurance costs where the premium is directly tied to revenue, increased amortization expenses due to additional equipment as compared to last year, and higher legal costs. The increase was partially offset by various reductions in other SG&A expenses.

Stock-based compensation expense decreased by \$194 in 2025 compared to the same period in the prior year. The decrease was due to fewer RSU's and options granted in 2025 compared to 2024.

Finance costs increased by \$61 in 2025 compared to the prior year. The increase is attributable to finance costs related to lease obligations combined with the addition of the equipment finance loan, partially offset by the early principal repayment on the Company's long-term debt that was fully repaid in first quarter of 2025.

Other expense was \$47 in 2025 compared to an income of \$901 in 2024. In 2025, other expense mainly consisted of interest income of \$199, offset by a foreign exchange loss of \$141, and loss on disposal of equipment of \$107. In 2024, other income mainly consisted of interest income of \$241, gain on sale of equipment of \$61, \$202 reduction of other accruals, and a foreign exchange gain of \$397.

Unrealized foreign exchange gains and losses on the translation of foreign subsidiaries are recognized through other comprehensive income. MOS, PIGCO and CEMATRIX (USA) Inc. have a USD functional currency. As the Canadian dollar strengthened relative to the USD, the value of these assets depreciated during 2025 resulting in an unrealized foreign exchange loss of \$1,262 partially offset by \$181 deferred tax recovery. In the same period of 2024, the Company recorded an unrealized foreign exchange gain of \$1,805, partially offset by \$259 deferred tax expense.

Selected financial information and summary of financial results

The Company's business is seasonal in nature as it follows the construction season. Typically, revenues in the second half of the year are significantly greater than the first half of the year. This seasonality is reflected in the quarterly results summarized in the table below:

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

	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Revenue	\$8,442	\$6,437	\$10,135	\$10,351	\$6,630	\$10,632	\$15,311	\$12,519
Comprehensive income (loss)	892	(1,373)	391	1,907	(927)	(141)	2,707	1,341
Adjusted EBITDA ⁽¹⁾	960	(490)	1,365	1,442	(63)	2,423	3,488	2,402
Comprehensive Income (loss) per share ⁽²⁾								
Basic	0.003	(0.011)	0.005	0.005	(0.006)	0.009	0.013	0.011
Diluted	0.003	(0.011)	0.005	0.005	(0.006)	0.009	0.012	0.011

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

⁽²⁾ Quarterly comprehensive income (loss) per share is calculated on a standalone quarterly basis and accordingly the sum of the quarterly amounts may not equal the total for the year.

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Consolidated Statements of Financial Position

	December 31, 2025	December 31, 2024	Change
Current assets	\$ 25,035	\$ 18,404	\$ 6,631
Non-current assets	22,658	24,991	(2,333)
Total assets	<u>\$ 47,693</u>	<u>\$ 43,395</u>	<u>\$ 4,298</u>
Current liabilities	3,808	3,577	231
Non-current liabilities	3,378	2,444	934
Total liabilities	<u>\$ 7,186</u>	<u>\$ 6,021</u>	<u>\$ 1,165</u>
Shareholders' equity	<u>\$ 40,507</u>	<u>\$ 37,374</u>	<u>\$ 3,133</u>
Total liabilities and shareholders' equity	<u>\$ 47,693</u>	<u>\$ 43,395</u>	<u>\$ 4,298</u>

Total current assets increased by \$6,631. This increase in aggregate is summarized below:

- Cash increased by \$1,647 (see the discussion in Consolidated Statement of Cash Flows).
- Trade and other receivables increased by \$4,935 as a result of accounts receivables increase during periods of higher revenue and then decline in periods of lower revenue as the amounts are collected.
- Inventory increased by \$133 as foaming agent was purchased for use in the production of cellular concrete for 2026 projects.
- Prepays decreased by \$84, mainly due to the amortization of insurance premiums.

Total non-current assets decreased by \$2,333. This decrease in aggregate is summarized below:

- Long-term investments decreased by \$120 due to foreign exchange on US Dollar denominated investments.
- Property and equipment ("PPE") decreased by \$1,554 due to equipment additions of \$525 and right of use assets ("ROU") transfers of \$210, offset by depreciation expense of \$1,608, Disposals within a net book value of \$87, and an exchange loss on the translation of assets held by our foreign denominated subsidiaries of \$594.
- ROU under finance lease decreased by \$431 due to vehicle and building additions of \$625, offset by depreciation expense of \$793, dispositions of \$187, and \$76 foreign exchange loss on the translation of assets held by our foreign denominated subsidiaries.
- Goodwill decreased by \$310 due to foreign exchange loss on the translation of assets held by our foreign denominated subsidiaries.
- Other long-term assets increased by \$82 due to an increase in long-term deposit.

Total current liabilities increased by \$231. This increase in aggregate is summarized below:

- Trade and other payables increased by \$934 as a result of accounts payables that increase during periods of higher revenue and then decline in future periods of lower revenue as the amounts are paid.
- Current portion of long-term debt decreased by \$995 as the Company repaid all of its outstanding long-term debt.

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- Current portion of equipment finance loan increased by \$324 due to the March 2025 loan proceeds that financed the purchase of two dry-mix units.
- Current portion of lease obligations decreased by \$32 due to changes in leases on buildings and vehicles and an exchange gain on the translation of USD denominated leases.

Total non-current liabilities increased by \$934. This increase in aggregate is summarized below:

- Long-term debt decreased \$108 as the Company repaid all of its outstanding long-term debt.
- Equipment finance loan increased \$945 due to \$1,620 proceeds from the equipment finance loan, partially offset by \$351 repayment, and \$324 current portion.
- Lease obligations decreased \$295 due to \$584 vehicle and building lease additions and a \$32 change in the current portion of lease obligations, offset by \$845 principal reduction, \$66 unrealized foreign exchange loss on translation of foreign denominated leases.
- Deferred tax liability increased by \$392 primarily due \$598 deferred tax expense partially offset by with \$181 deferred tax recovery on other comprehensive income, and \$25 unrealized foreign exchange gain on the revaluation of the USD denominated balances.

Shareholders' Equity increased by \$3,133. This increase in aggregate is summarized below:

- Common shares decreased by \$203 due to proceeds on common shares issued on conversion of options of \$7 plus a reclassification from contributed surplus of \$204, offset by \$414 charge due to the normal course issuer bid.
- Contributed surplus increased by \$362 due to \$566 of stock-based compensation on options and RSU's, partially offset by \$204 reclassification of contributed surplus on the exercise of options and RSU's.
- Accumulated other comprehensive income decreased by \$1,081, of which \$1,262 was due to the unrealized foreign exchange loss on the translation of MOS, PIGCO and CEMATRIX (USA) Inc. as the Canadian Dollar appreciated versus the US dollar, partially offset by \$181 deferred tax expense.
- The deficit decreased by \$4,055 due to the net income attributable to common shareholders in 2025 of \$4,060, partially offset by a \$5 adjustment to deficit as a result of the Company's share capital purchased per the NCIB.

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

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Consolidated Statement of Cash Flows

Cash flow – fourth quarter

The cash position of the Company as at December 31, 2025, was \$11,942 compared to a cash position of \$10,295 in the same period of 2024.

The change in cash in the fourth quarter of 2025 was an increase of \$1,994 as compared to an increase of \$363 in the same period of 2024. This change is outlined in the table:

	Three months ended December 31, 2025	Three months ended December 31, 2024	Change
Cash flow from operating activities:			
Before non-cash working capital adjustment	\$ 2,474	\$ 1,354	\$ 1,120
Net change in non-cash working capital items	466	1,212	(746)
Cash generated in operating activities	<u>2,940</u>	<u>2,566</u>	374
Cash (used) in investing activities	-	(1,942)	1,942
Cash (used) in financing activities	(879)	(304)	(575)
Foreign exchange effect on cash	(67)	43	(110)
Increase in cash	<u>1,994</u>	<u>363</u>	1,631
Cash, beginning of period	9,948	9,932	16
Cash, end of period	<u>\$ 11,942</u>	<u>\$ 10,295</u>	<u>\$ 1,647</u>

Cash generated in operating activities increased by \$374 due to the following:

- Cash flow before non-cash working capital adjustments increased by \$1,120 primarily due to higher revenues and gross margins.
- Net change in non-cash working capital items decreased by \$746, primarily due to the level of trade receivables versus trade payables generated in the respective periods and the timing of their collection and payment.

Cash used in investing activities decreased by \$1,942 due to the following:

- Property and equipment additions decreased by \$1,854 compared to the prior period.
- Purchase of long-term investments and other assets decreased by \$88 compared to the prior period.

Cash used in financing activities decreased by \$575 due to the following:

- Repayment of equipment finance loan increased by \$351.
- Purchase of the Company's common shares pursuant to the NCIB increased by \$210.
- Repayment of lease obligations decreased by \$5 compared to the prior period.
- Interest paid decreased by \$8 primarily due to interest payments associated with the vehicle and building leases, offset by savings on the prepayment of the long-term debt.
- Proceeds from the private placement decreased by \$1.

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Cash flow – year

The cash position of the Company as at December 31, 2025, was \$11,942 compared to a cash position of \$10,295 in the same period of 2024.

The change in 2025 was an increase of \$1,647 as compared to an increase of \$7,007 in the same period of 2024. This change is outlined in the table:

	Year ended December 31, 2025	Year ended December 31, 2024	Change
Cash flow from operating activities:			
Before non-cash working capital adjustment	\$ 8,201	\$ 3,080	\$ 5,121
Net change in non-cash working capital items	(4,378)	1,816	(6,194)
Cash generated in operating activities	<u>3,823</u>	<u>4,896</u>	<u>(1,073)</u>
Cash (used) in investing activities	(609)	(2,020)	1,411
Cash (used) generated in financing activities	(1,470)	3,980	(5,451)
Foreign exchange effect on cash	(97)	151	(247)
Increase in cash	<u>1,647</u>	<u>7,007</u>	<u>(5,360)</u>
Cash, beginning of year	10,295	3,288	7,007
Cash, end of year	<u>\$ 11,942</u>	<u>\$ 10,295</u>	<u>\$ 1,647</u>

Cash generated in operating activities decreased by \$1,073 due to the following:

- Cash flow before non-cash working capital adjustments increased by \$5,121 primarily due to higher revenues and gross margins compared to the prior period.
- Net change in non-cash working capital items decreased by \$6,194, primarily due to the level of trade receivables versus trade payables generated in the respective periods and the timing of their collection and payment.

Cash used in investing activities decreased by \$1,411 due to the following:

- Property and equipment additions decreased by \$1,468 compared to the prior period.
- Proceeds from property and equipment dispositions decreased by \$61 compared to the prior period.
- Purchase of long-term investments and other assets decreased by \$4.

Cash used in financing activities increased by \$5,451 due to the following:

- Repayment of equipment finance loan increased by \$351.
- Repayment of lease obligations increased by \$18 due to building and vehicle additions.
- Repayment of long-term debt was \$153 higher than the prior year, as the Company prepaid in full its long-term debt in the first quarter of 2025.
- Interest paid increased by \$61 primarily due to interest payments associated with the vehicle and building leases, offset by savings on the prepayment of the long-term debt.
- Proceeds from equipment finance loan increased by \$1,620.
- Proceeds from the private placement decreased by \$5,967.
- Proceeds from the exercise of options decreased by \$101.
- Purchase of the Company's common shares pursuant to the NCIB increased by \$420.

Liquidity and capital resources

Liquidity

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

On December 31, 2025, the Company had cash balance of \$11,942 versus \$10,295 as at December 31, 2024. The Company's adjusted net working capital was \$10,337 on December 31, 2025, compared to \$6,287 on December 31, 2024. The change is primarily related to a rise in receivables as activities increased compared to last year.

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 borrowing limit. The Credit Facility bears interest at an amount equal to 1.25% above the Bank's prime lending rate, which is at 4.45% as of December 31, 2025, and is secured by a general security agreement providing a first secured interest on the receivables and inventory of the Company. The Credit Facility is further guaranteed by the Company with a general security agreement providing a first secured interest on all present and after acquired property of the Company.

Under the terms of the Credit Facility, the Bank will advance up to \$8,000 based on 75% of trade receivables less than ninety days outstanding at the end of each month and 50% of inventories. The calculated availability of the Credit Facility on December 31, 2025, was \$8,000 of which \$nil was outstanding (2024 - \$nil). The actual availability of the credit facility is reduced by the value of letters of credit that are currently issued and outstanding on the facility. As of December 31, 2025, there were \$nil letters of credit outstanding (2024 - \$404).

The Credit Facility has three financial covenants that must be maintained on a consolidated basis (refer to Appendix C for detailed calculations). The three financial covenants are the current ratio, debt to EBITDA ratio, and debt service coverage ratio. The current ratio and debt to EBITDA ratios are tested quarterly and the debt service coverage ratio is tested annually. As at December 31, 2025, CEMATRIX was in compliance with all financial covenants.

- Current ratio not less than 1.25, tested quarterly. This is the ratio of current assets to current liabilities.
- Debt to EBITDA ratio of not more than 3.00 times, tested quarterly. This is a ratio of all long-term debt divided by the rolling 12 months adjusted EBITDA. The calculation for adjusted EBITDA is illustrated in Appendix B.
- Debt service coverage ratio of not less than 1.50 times, tested annually. This ratio is calculated by taking adjusted EBITDA divided by the sum of all debt service costs (principle, interest, cash taxes, dividends and distributions).

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

Capital resources

The Company is currently well capitalized with a strong balance sheet. In addition, the Company was cashflow positive from operations in 2025 and expects to be cash flow positive for 2026. As a result, the Company believes that it has sufficient capital resources currently. In the future, if the Company needs access to additional capital resources to fund a strategic priority such as an acquisition, additional equipment, or other initiative, there is no certainty that additional debt or equity financing will be available to the Company.

The Company defines its capital as the long-term debt, the lease obligations and shareholders' equity. The current objective of the Company is to manage its capital through growth in earnings and to re-invest the earnings generated to facilitate the continued growth in the Company, in order to provide an appropriate rate of return to shareholders in relation to the risks underlying the Company's assets. The consolidated capital of the Company, as outlined in Note 28 - Capital Management Annual Audited Consolidated Financial Statements for the year ended December 31, 2025, was \$43,934 on December 31, 2025, as compared to \$40,962 on December 31, 2024 (see section Consolidated Statements of Financial Position for details).

Off Balance Sheet arrangements

There were no off balance sheet arrangements on December 31, 2025.

Transactions with related parties

Two of the buildings that the Company operates out of are owned by entities that are owned or controlled by certain officers or consultants of the Company. During the year ended December 31, 2025, the Company incurred costs of \$494 (2024 - \$449) related to these rental leases. Lease obligations for the two buildings as at December 31, 2025, were in the amount of \$857 (2024 - \$974). Transactions with related parties are incurred in the course of normal operations and initially recorded at fair value.

Controls and procedures

Disclosure controls and procedures

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), together with management, evaluated the design and operating effectiveness of the Company's internal controls over financial reporting at the financial year ended December 31, 2025. Based on the evaluation, the CEO and CFO concluded that the design and operation of internal controls over financial reporting were effective at December 31, 2025 to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's audited consolidated financial statements and the notes thereto for the year ended December 31, 2025 for external purposes in accordance with IFRS Accounting Standards. In designing and implementing such controls, it should be recognized that any system of internal control over financial reporting, no matter how well designed and operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to consolidated financial statement preparation and presentation and may not prevent or detect misstatements due to error or fraud.

Internal Controls over financial reporting

There have been no changes in the Company's internal controls over financial reporting during the year ended December 31, 2025, that have materially affected, or are reasonably likely to materially effect, the Company's internal controls over financial reporting.

Critical accounting judgments, estimates and assumptions

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

The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the amounts recognized in the consolidated financial statements are described in Note 3 of the Annual Audited Consolidated Financial Statements for the year ended December 31, 2025. There have been no changes since that date.

Changes in accounting policies including initial adoption

New accounting policies

The Company has adopted amendments effective January 1, 2025, related to IAS 21 the Effects of Changes in Foreign Exchange Rates relating to using a spot exchange rate when translating a foreign currency transaction where one currency cannot be exchanged into another. This amendment does not have a material impact on the Company's financial statements.

Future accounting pronouncements

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

On May 30, 2024, the IASB issued amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments. These amendments clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance ("ESG") targets); and update the disclosures for equity instruments designated at fair value through other comprehensive income ("FVOCI"). These amendments apply to annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. When the amendments are adopted, the Company anticipates no material impact on its financial statements.

Financial instruments

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

Fair values of non-derivative financial instruments

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

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

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

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

Level 2 – Pricing inputs are other than quoted prices in active markets included in level 1. Prices in level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs, including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace. The long-term investment in convertible notes, embedded derivatives related to the forced conversion, prepayment and conversion features on the convertible debt are measured based on level 2.

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

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

Risk management

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

Interest rate risk

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

The Company is exposed to interest rate risk to the extent that its credit facility and equipment finance loan are subject to floating market rates. As of December 31, 2025, the Company does not have significant exposure to variable interest rate instruments because the Company's credit facility and long-term debt were fully repaid.

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The company is not exposed to interest rate risk on the equipment finance loan or lease obligations because the interest rate on these borrowings is fixed over the repayment period.

At December 31, 2025, a one percent change in the interest rate applied to the Company's floating rate credit facility and equipment finance loan would change annual income before income taxes by approximately \$nil (2024 – \$11).

Credit risk

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

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

Financial instruments that subject the Company to credit risk consist primarily of cash and cash equivalents, restricted cash and trade receivables. The Company's cash and cash equivalents is held with large established financial institutions. The Company manages credit risk using credit approval and monitoring practices. Management is not materially concerned about the credit quality and collectability of accounts receivables, as our customers are predominantly large in scale and of high creditworthiness, and the concentration of credit risk is limited as our largest customers change year to year depending on which projects are being completed. At December 31, 2025, the Company had \$11,942 of cash (2024 - \$10,295).

Liquidity risk

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

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

	Less than 1 year	1 to 2 years	2 to 6 years	Total
As at December 31, 2025				
Trade and other payable	\$ 2,756	\$ -	\$ -	\$ 2,756
Equipment finance	414	389	676	1,479
Lease obligations	887	1,153	471	2,511
	\$ 4,057	\$ 1,542	\$ 1,147	\$ 6,746
As at December 31, 2024				
Trade and other payable	\$ 1,822	\$ -	\$ -	\$ 1,822
Long-term debt	1,079	114	-	1,193
Lease obligations	950	1,170	893	3,013
	\$ 3,851	\$ 1,284	\$ 893	\$ 6,028

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Foreign exchange risk

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

As at December 31, 2025, the Company had financial assets denominated in USD of \$12,019 (2024 - \$8,174) and financial liabilities denominated in USD of \$2,180 (2024 - \$2,475).

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 December 31, 2025, a 1% increase/decrease of the USD against the Canadian dollar would result in an increase/decrease in net income of approximately CAD \$135 excluding the effect of income taxes.

Disclosure of outstanding share data

As at December 31, 2025, and March 11, 2026, the following is a description of the outstanding equity securities and convertible securities previously issued by the Company:

	Authorized	Outstanding as at December 31, 2025	Outstanding as at March 11, 2026
Voting or equity securities issued and outstanding	Unlimited common shares	149,702,907 common shares	149,912,205 common shares
Securities convertible or exercisable into voting or equity securities – stock options	Incentive equity plans up to 10% of outstanding common shares	Stock options to acquire 5,636,667 common shares at an exercise price between \$0.185 - \$0.570	Stock options to acquire 5,480,001 common shares at an exercise price between \$0.185 - \$0.570
Securities convertible or exercisable into voting or equity securities – Restricted Stock Units	Incentive equity plans up to 10% of outstanding common shares	RSU's to acquire 2,889,632 common shares	RSU's to acquire 3,195,333 common shares
Securities convertible or exercisable into voting or equity securities – share purchase warrants	As approved by the Board	Share purchase warrants to acquire 8,213,520 common shares at an exercise price between \$0.45 - \$0.60	Share purchase warrants to acquire 8,213,520 common shares at an exercise price between \$0.45 - \$0.60

Appendix A – Forward-looking statements

The forward-looking statements in the MD&A for the three and twelve months ended December 31, 2025, are outlined below:

There are a number of statements in the MD&A which refer to “expect”, “expects”, “expected”, “believes”, “should”, “anticipated” and “will”.

The foregoing statements contains forward-looking statements which are based on sales forecasts prepared for 2026; sales forecasts include work which is under contract or verbally awarded for 2026, as well as probability adjusted forecasts for projects on which the Company has placed or will place bids in the coming year, where the probabilities applied to the sales forecast are based on management's assessment of the particular project based on historical experience and the stage the project is in the sales cycle. There are a number of risks that could affect these assumptions which include: contracted work is delayed; the failure of sales to materialize, because of project delays or cancellations or because CEMATRIX's cellular concrete is not specified into projects, management's assumptions in applying probabilities to the various projects in the sales forecast are incorrect, and product acceptance in new markets takes longer than anticipated resulting in reduced sales.

Appendix B – Non-GAAP measures

Throughout this MD&A certain measures are used that, while common in the construction industry, are not recognized measures under IFRS. These measures are used by management to assist in making operating decisions and assessing performance. They are presented in this MD&A to assist readers in assessing the performance of the Company. While we calculate these measures consistently from period to period, they will likely not be directly comparable to similar measures used by other companies because they do not have standardized meanings prescribed by IFRS. Please review the definitions of these measures below.

Sales pipeline

The Company's sales pipeline is defined as the total forecasted dollar amount of those future projects that CEMATRIX has been contracted by engineering firms, or owners, or contractors for design assistance (which could include thermal modelling), a quote, or both. The sales pipeline does not include the dollar value of contracted sales; or the dollar value of sales, where volumes have not been determined by the designers; or the dollar value of sales that have been lost for various reasons, including that the proposed project has been cancelled, lost to an alternative product or lost to a competitor. The sales pipeline is updated when changes in the status of a project become known to CEMATRIX. The sales pipeline includes projects from the current and future years and grows with the continued acceptance of the product throughout the Company's market territory, which currently includes significant parts of Canada and parts of the US.

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Backlog and contracts in process

Backlog is the sum of all contracts awarded and all contracts in process. Contracts in process are defined as projects where the related contract is in office for review or signature; or signed and returned to the client for their signature; or is in the post award project submission process; or is awarded by letter of intent; or is awarded by some other form of written communication. The following table shows the Company's balances at the end of the following reporting periods:

	Year ended December 31, 2025	Year ended December 31, 2024
Contracts in process	\$ 18,344	\$ 20,306
Backlog	49,402	49,334
Total backlog	\$ 67,746	\$ 69,640

Adjusted net working capital

Adjusted net working capital is calculated as net working capital adjusted for cash and cash equivalents, restricted cash, bank operating loan, current portion of long-term debt, current portion of equipment finance loan, current portion of lease obligations, current portion of earn-out liabilities and current portion of convertible debt.

Adjusted net working capital on December 31, 2025, and December 31, 2024, were as follows:

	December 31, 2025	December 31, 2024
Current assets	\$ 25,035	\$ 18,404
Current liabilities	(3,808)	\$ (3,577)
Net working capital	21,227	14,827
Adjustments		
Cash and cash equivalents	(11,942)	(10,295)
Current portion of long-term debt	-	995
Current portion of equipment finance loan	324	-
Current portion of lease obligations	728	760
Adjusted net working capital	\$ 10,337	\$ 6,287

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Adjusted EBITDA

Adjusted EBITDA is calculated as EBITDA (as defined above) adjusted for non-cash accounting items including unrealized foreign exchange gain (loss), accretion costs, share of losses of Glavel Inc., fair value adjustments of investments, and stock-based compensation.

Adjusted EBITDA for the three and twelve months ended December 31, 2025, and 2024 were as follows:

	Three months ended December 31,		Year ended December 31,	
	2025	2024	2025	2024
Net income	\$ 1,725	\$ 764	\$ 4,060	\$ 270
Finance costs	87	79	337	276
Depreciation and amortization	605	568	2,393	2,209
Provision of deferred / current taxes	(161)	(99)	756	(250)
EBITDA	2,256	1,312	7,546	2,505
Unrealized foreign exchange loss (gain)	60	(307)	140	(323)
Share of losses of Glavel Inc.	-	80	-	80
Fair value adjustment of investments	-	257	-	257
Stock-based compensation	86	100	566	760
Adjusted EBITDA	\$ 2,402	\$ 1,442	\$ 8,252	\$ 3,279

Appendix C – Covenant calculations

CIBC Covenants

Current ratio

	December 31, 2025
Current assets	\$ 25,035
Current liabilities	3,808
Current ratio (current assets ÷ current liabilities)	6.57
Covenant tested quarterly, not less than 1.25x	1.25
	Compliant

Debt to EBITDA ratio

	December 31, 2025
Adjusted debt	
Current portion – long-term debt	\$ -
Long-term debt	-
Adjusted long-term debt	-
Adjusted EBITDA (rolling 12-month)	8,252
Debt to EBITDA ratio (adjusted debt ÷ EBITDA)	-
Covenant tested quarterly, not to exceed 3.00x	3.00
	Compliant

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Debt service coverage ratio		2025
Rolling 12-month adjusted EBITDA	\$	8,252
Interest paid		337
Repayment of finance lease obligations		886
Repayment of long-term debt		1,104
Repayment of equipment loan		351
Current taxes		158
Total interest, principal repayments, and cash taxes		2,836
Debt service coverage ratio		2.91
Covenant tested annually, not less than 1.25x		1.25
		Compliant

BDC Covenant

Debt service coverage ratio		2025
Rolling 12-month adjusted EBITDA	\$	8,252
Interest paid		337
Repayment of finance lease obligations		886
Repayment of long-term debt		1,104
Repayment of equipment loan		351
Current taxes		158
Total interest, principal repayments, and cash taxes		2,836
Debt service coverage ratio		2.91
Covenant tested annually, not less than 1.1x		1.10
		Compliant