Shawcor Ltd. dba Mattr Infratech

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

September 30, 2023

Shawcor Ltd. dba Mattr Infratech

Condensed Interim Consolidated Statements of Income (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Revenue				
Sale of products	**$ 217,896**	$ 218,371	**$ 677,026**	$ 594,772
Rendering of services	**7,511**	15,856	**37,478**	41,263
	225,407	234,227	**714,504**	636,035
Cost of Goods Sold and Services Rendered	**152,010**	161,359	**483,938**	447,356
Gross Profit	**73,397**	72,868	**230,566**	188,679
Selling, general and administrative expenses	**25,624**	35,101	**106,038**	95,031
Research and development expenses	**2,409**	1,448	**6,560**	5,289
Foreign exchange (gains) losses	**952**	(5,664)	**2,117**	(8,640)
Depreciation and amortization	**9,785**	9,102	**27,976**	28,564
Gain on sale of land and other	**–**	–	**–**	(43,017)
Impairment (note 5)	**8,652**	–	**8,652**	7,293
Restructuring costs and other, net	**–**	2,076	**–**	5,571
Operating Income from Continuing Operations	**25,975**	30,805	**79,223**	98,588
Finance costs, net (note 7)	**(5,344)**	(6,040)	**(15,302)**	(15,922)
Income from Continuing Operations before Income Taxes	**20,631**	24,765	**63,921**	82,666
Income tax (recovery) expense (note 8)	**2,486**	(4,446)	**10,398**	2,808
Net Income from Continuing Operations	**18,145**	29,211	**53,523**	79,858
Net Income (Loss) from Discontinued Operations (note 6)	**53,829**	(6,208)	**56,702**	(44,024)
Net Income	**$ 71,974**	$ 23,003	**$ 110,225**	$ 35,834
Net Income (Loss) from Continuing Operations Attributable to:				
Shareholders of the Company	**$ 18,088**	$ 29,222	**$ 53,507**	$ 80,448
Non-controlling interests	**57**	(11)	**16**	(590)
Net Income from Continuing Operations	**$ 18,145**	$ 29,211	**$ 53,523**	$ 79,858
Net Income (Loss) from Discontinued Operations Attributable to:				
Shareholders of the Company	**$ 53,829**	$ (6,208)	**$ 56,702**	$ (44,024)
Non-controlling interests	**–**	–	**–**	–
Net Income (Loss) from Discontinued Operations	**$ 53,829**	$ (6,208)	**$ 56,702**	$ (44,024)
Earnings per Share ("EPS") (note 9)				
Basic	**$ 1.04**	$ 0.33	**$ 1.59**	$ 0.52
Diluted	**$ 1.03**	$ 0.33	**$ 1.57**	$ 0.52
Earnings per Share ("EPS") – Continuing Operations (note 9)				
Basic	**$ 0.26**	$ 0.41	**$ 0.77**	$ 1.14
Diluted	**$ 0.26**	$ 0.41	**$ 0.76**	$ 1.14
Weighted Average Number of Shares Outstanding (000s) (note 9)				
Basic	**69,340**	70,503	**69,699**	70,499
Diluted	**69,994**	70,616	**70,310**	70,578

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Condensed Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Net Income	**$ 71,974**	$ 23,003	**$ 110,225**	$ 35,834
Other Comprehensive Income (Loss) to be Reclassified to Net Income (Loss) in Subsequent Periods				
Exchange differences on translation of foreign operations	**10,532**	19,324	**(3,173)**	11,595
Net Other Comprehensive (Loss) Income to be Reclassified to Net Income (Loss) in Subsequent Periods	**10,532**	19,324	**(3,173)**	11,595
Other Comprehensive Income (Loss) not to be Reclassified to Net Income (Loss) in Subsequent Periods				
Actuarial gain on defined benefit plans	**(3,385)**	102	**(3,359)**	219
Income tax expense	**848**	(25)	**829**	(53)
Net Other Comprehensive (Loss) Income not to be Reclassified to Net Income in Subsequent Periods	**(2,537)**	77	**(2,530)**	166
Other Comprehensive Income (Loss), Net of Income Tax	**7,995**	19,401	**(5,703)**	11,761
Total Comprehensive Income	**$ 79,969**	$ 42,404	**$ 104,522**	$ 47,595
Comprehensive Income from Continuing Operations Attributable to:				
Shareholders of the Company	**$ 21,034**	$ 32,771	**$ 50,856**	$ 79,247
Non-controlling interests	**47**	239	**116**	(383)
Comprehensive Income (Loss) from Discontinued Operations Attributable to:				
Shareholders of the Company	**$ 58,888**	$ 9,394	**$ 53,550**	$ (31,269)
Total Comprehensive Income	**$ 79,969**	$ 42,404	**$ 104,522**	$ 47,595
Continuing Operations	**$ 21,034**	$ 32,771	**$ 63,355**	$ 79,247
Discontinued Operations (note 6)	**58,888**	9,394	**41,051**	(31,269)
Total Comprehensive Income Attributable to Share holders of the Company	**$ 79,922**	$ 42,165	**$ 104,406**	$ 47,978

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Condensed Interim Consolidated Balance Sheet (Unaudited)

(in thousands of Canadian dollars)		September 30, 2023		December 31, 2022
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**97,977**	$	263,990
Accounts receivable		**175,300**		223,779
Contract assets (note 13)		**4,721**		43,792
Income taxes receivable		**3,410**		7,714
Inventory		**136,153**		181,964
Prepaid expenses		**9,915**		17,669
Derivative financial instruments (note 2)		**31**		1,441
Assets held for sale (note 6)		**626,330**		–
Total current assets		**1,053,837**		740,349
Non-current Assets				
Property, plant and equipment		**180,992**		297,101
Right-of-use assets		**47,530**		50,286
Intangible assets		**166,957**		170,824
Deferred income tax assets		**39,496**		61,224
Goodwill		**162,722**		217,032
Other assets		**15,890**		12,274
Total non-current assets		**613,587**		808,741
TOTAL ASSETS	**$**	**1,667,424**	$	1,549,090
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**170,193**	$	237,397
Provisions		**14,554**		15,813
Income taxes payable		**15,207**		6,692
Contract liabilities (note 13)		**31,857**		192,093
Lease liabilities		**10,179**		25,804
Other liabilities		**26,076**		28,326
Liabilities associated with assets held for sale (note 6)		**344,671**		–
Total current liabilities		**612,737**		506,125
Non-current Liabilities				
Long-term debt (note 14)		**173,585**		210,832
Lease liabilities		**49,417**		33,635
Provisions		**4,139**		14,132
Contract liabilities		**9,443**		51,831
Employee future benefits		**7,768**		9,550
Deferred income tax liabilities		**25,187**		16,151
Other liabilities		**9,879**		7,181
Total non-current liabilities		**279,418**		343,312
Total liabilities		**892,155**		849,437
Equity				
Share capital		**688,729**		707,400
Contributed surplus		**23,089**		25,717
Retained Deficit		**(57,993)**		(161,212)
Non-controlling interests		**(507)**		275
Accumulated other comprehensive income		**121,951**		127,473
Total equity		**775,269**		699,653
TOTAL LIABILITIES AND EQUITY	**$**	**1,667,424**	$	1,549,090

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Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Deficit	Non-controlling Interests	Accumulated Other Comprehensive Income	Total Equity
	$	$	$	$	$	$
Balance – December 31, 2022	**707,400**	**25,717**	**(161,212)**	**275**	**127,473**	**699,653**
Net Income	–	–	**110,209**	**16**	–	**110,225**
Other comprehensive income (loss)	–	–	–	**100**	**(5,803)**	**(5,703)**
Comprehensive Income	–	–	**110,209**	**116**	**(5,803)**	**104,522**
Purchase of non-controlling interests	–	–	–	**(898)**	**281**	**(617)**
Issued on exercise of stock options	**1,343**	–	–	–	–	**1,343**
Compensation cost on exercised stock options	**416**	**(416)**	–	–	–	–
Compensation cost on exercised RSUs	**3,927**	**(3,927)**	–	–	–	–
Share-based compensation expense	–	**1,715**	–	–	–	**1,715**
Share repurchase – NCIB (note 15)	**(16,357)**	–	–	–	–	**(16,357)**
Share repurchase – ASPP (note 15)	**(8,000)**	–	–	–	–	**(8,000)**
Excess of purchase price over stated value of shares	–	–	**(6,990)**	–	–	**(6,990)**
Balance – September 30, 2023	**688,729**	**23,089**	**(57,993)**	**(507)**	**121,951**	**775,269**
Balance – December 31, 2021	720,993	27,914	(130,797)	2,798	21,165	642,073
Net Income (Loss)	–	–	36,424	(590)	–	35,834
Other comprehensive income	–	–	–	207	11,554	11,761
Comprehensive Income (loss)	–	–	36,424	(383)	11,554	47,595
Compensation cost on exercised Restricted Share Units	1,516	(1,516)	–	–	–	–
Share-based compensation expense	–	1,800	–	–	–	1,800
Share repurchase (note 15)	(10,920)	529	–	–	–	(10,391)
Balance – September 30, 2022	711,589	28,727	(94,373)	2,415	32,719	681,077

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Condensed Interim Consolidated Cash Flow (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
Operating Activities				
Net income from Continuing Operations	**$ 18,145**	$ 29,211	**$ 53,523**	$ 79,858
Add (deduct) items not affecting cash				
Depreciation and amortization	**9,785**	9,102	**27,976**	28,564
Impairment	**8,652**	–	**8,652**	7,293
Interest expense on lease liabilities (note 7)	**958**	357	**1,580**	959
Share-based compensation and other incentive-based compensation (note 10)	**(2,414)**	8,181	**16,211**	13,111
Deferred income taxes	**(3,413)**	(7,585)	**(4,681)**	(5,570)
(Gains) loss on disposal of property, plant and equipment	**(236)**	1,415	**(1,275)**	1,203
Gains on sale of land and other	**–**	–	**–**	(43,017)
Unrealized loss on derivative financial instruments	**(384)**	402	**1,322**	801
Other	**(861)**	855	**3,822**	(444)
Change in non-cash working capital and foreign exchange (note 12)	**(13,779)**	3,834	**(29,893)**	(67,486)
Cash Provided by Operating Activities from Continuing Operations	**16,453**	45,772	**77,237**	15,272
Cash Provided by (Used in) Operating Activities from Discontinued Operations	**7,854**	23,838	**(54,039)**	32,823
Cash Provided by Operating Activities	**$ 24,307**	$ 69,610	**$ 23,198**	$ 48,095
Investing Activities				
Purchase of property, plant and equipment	**(25,312)**	(5,266)	**(57,487)**	(15,683)
Proceeds on disposal of property, plant and equipment	**1,889**	990	**4,225**	57,382
Business acquisition, net of cash acquired (note 3)	**464**	–	**(8,125)**	–
Purchase of non-controlling interests	**(17)**	–	**(617)**	–
Cash (Used in) Provided by Investing Activities from Continuing Operations	**(22,976)**	(4,276)	**(62,004)**	41,699
Cash Used in Investing Activities from Discontinued Operations	**(3,731)**	(10,692)	**(43,270)**	(21,220)
Cash (Used in) Provided by Investing Activities	**$ (26,707)**	$ (14,968)	**$ (105,274)**	$ 20,479
Financing Activities				
Increase in bank indebtedness	**–**	236	**–**	236
Repayment of long-term debt (note 14)	**(9,000)**	(50,000)	**(39,000)**	(60,000)
Repayment of long term debt finance cost	**–**	(124)	**(88)**	(3,028)
Repayment of lease liabilities	**(1,123)**	(2,717)	**(6,592)**	(10,928)
Repurchase of shares – Normal Corse Issuer Bids (note 15)	**(10,116)**	(989)	**(22,629)**	(989)
Proceeds from stock options exercised (note 15)	**234**	–	**1,343**	–
Cash Used in Financing Activities from Continuing Operations	**(20,005)**	(53,594)	**(66,966)**	(74,709)
Cash Used in Financing Activities from Discontinued Operations	**(6,106)**	(2,253)	**(16,250)**	(6,210)
Cash Used in Financing Activities	**$ (26,111)**	$ (55,847)	**$ (83,216)**	$ (80,919)
Effect of Foreign Exchange on Cash and Cash Equivalents	**1,954**	9,564	**(721)**	12,090
Net (decrease) increase in Cash and Cash Equivalents	**(26,557)**	8,359	**(166,013)**	(255)
Cash and Cash Equivalents – Beginning of Period	**124,534**	115,835	**263,990**	124,449
Cash and Cash Equivalents – End of Period	**$ 97,977**	$ 124,194	**$ 97,977**	$ 124,194
Cash	**97,977**	124,194	**97,977**	124,194
Cash Equivalents	**–**	–	**–**	–
Total Cash and Cash Equivalents	**$ 97,977**	$ 124,194	**$ 97,977**	$ 124,194
Supplemental Cash Flow Information				
Interest paid	**$ 835**	$ 1618	**$ 10,145**	$ 11,373
Interest received	**$ 718**	$ 283	**$ 2,552**	$ 325
Income taxes paid	**$ 6,826**	$ 5,367	**$ 11,788**	$ 9,205

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Notes to the Condensed Interim Consolidated Financial Statements (Unaudited)

Shawcor Ltd. Dba Mattr Infratech is a publicly listed company incorporated in Canada with its shares listed on the Toronto Stock Exchange under ticker symbol MATR. Mattr Infratech, together with its wholly owned subsidiaries (collectively referred to as the "Company" or "Mattr"), is a growth oriented, global materials technology company broadly serving critical infrastructure markets including transportation, communication, water management, energy and electrification. The Company operates through a network of fixed manufacturing facilities within two operating units. These operating units are reported as two business segments, Composite Technologies (previously "Composite Systems") and Connection Technologies (previously "Automotive & Industrial") which enable responsible renewal and enhancement of critical infrastructure while lowering risk and environmental impact. Further information as it pertains to the nature of operations is set out in note 4.

The Company entered into a definitive agreement to sell the majority of what was previously referred to as its Pipeline and Pipe Services ("PPS") segment and it is accounted for as an asset held for sale and discontinued operations (note 6).

The head office, principal address and registered office of the Company is 25 Bethridge Road, Toronto, Ontario, M9W 1M7, Canada.

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1 Basis of Financial Statement Preparation

Basis of Presentation

a) Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and thus should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended December 31, 2022 ("Annual Consolidated Financial Statements").

The condensed interim consolidated financial statements have been prepared on the historical cost basis, except for certain current assets and financial instruments, which are measured at fair value, as explained in note 2 of the accounting policies in the Company's Annual Consolidated Financial Statements.

The condensed interim consolidated financial statements comprise the financial statements of the Company and the entities under its control and the Company's equity accounted interests in joint ventures and associates. The results of the subsidiaries acquired during the period are included from the date of the acquisition. Adjustments are made, where necessary, to the financial statements of the subsidiaries, joint arrangements and associates to ensure consistency with those policies adopted by the Company. All intercompany transactions, balances, income and expenses are eliminated upon consolidation.

The condensed interim consolidated financial statements and accompanying notes as at and for the three-month and nine-month periods ended September 30, 2023 were authorized for issue by the Company's Board of Directors on November 13, 2023.

b) Use of Estimates and Judgements

The preparation of condensed interim consolidated financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Except for the critical judgment described below, the areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these condensed interim consolidated financial statements, are described in note 2 of the Company's Annual Consolidated Financial Statements.

Business Acquisitions

Significant judgements and assumptions are made in determining the purchase price allocation for acquired company. Management has exercised professional judgement in determining the total consideration paid in an acquisition, including any contingent consideration, and in determining the assets and liabilities that should be part of the purchase price accounting. Management has also exercised judgement in identifying intangible assets and in choosing the appropriate valuation models and techniques to determine their fair values. Management has also exercised professional judgement in characterizing the composition of any residual goodwill and its allocation to CGUs benefiting from the goodwill.

c) Accounting policies

Except for as described below, the condensed interim consolidated financial statements are based on accounting policies consistent with those described in note 2 to our Annual Consolidated Financial Statements:

Business Acquisitions
Business combinations are accounted for using the acquisition method of accounting. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at the acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Acquisition transaction costs and any restructuring costs are charged to the consolidated statements of income in the period in which they are incurred.

For an acquisition achieved in stages, the acquisition date fair value of an acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

The excess of the aggregate consideration transferred over the fair value of the Company's share of the identifiable net assets acquired is recorded as goodwill.

2 Financial Instruments

The Company has classified its financial instruments as follows:

(in thousands of Canadian dollars)		**September 30, 2023**		December 31, 2022
Loans and Receivables, Measured at Amortized Cost				
Cash and cash equivalents	**$**	**97,977**	$	263,990
Accounts receivable		**175,300**		223,779
Contract assets		**4,721**		43,792
Loans receivable		**1,096**		518
Deposit guarantee		**166**		166
Contract liabilities		**41,300**		243,924
Income tax receivable		**3,410**		7,714
Fair Value through Profit or Loss				
Derivative financial instruments – assets	**$**	**31**	$	1,441
Financial Liabilities, Measured at Amortized Cost				
Accounts payable	**$**	**62,471**	$	99,667
Lease liabilities		**59,596**		59,439
Income tax payable		**15,207**		6,692
Long-term debt		**180,000**		219,000

Fair Value

IFRS 13, *Fair Value Measurement*, provides a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs are those that reflect market data obtained from independent sources, while unobservable inputs reflect the Company's assumptions with respect to how market participants would price an asset or liability. These two inputs, which are used to measure fair value, fall into the following three different levels of the fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical instruments that are observable.
- Level 2 – Quoted prices in active markets for similar instruments; inputs other than quoted prices that are observable and derived from or corroborated by observable market data.
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The hierarchy requires the use of observable market data when available.

The following table presents the fair value of financial assets and liabilities in the fair value hierarchy as at September 30, 2023:

(in thousands of Canadian dollars)		**Fair Value**		**Level 1**		**Level 2**		**Level 3**
Assets								
Derivative financial instruments		**31**		**–**		**31**		**–**
	$	**31**	**$**	**–**	**$**	**31**	**$**	**–**
Liabilities								
Long-term debt	**$**	**190,005**	**$**	**–**	**$**	**190,005**	**$**	**–**
	$	**190,005**	**$**	**–**	**$**	**190,005**	**$**	**–**

The derivative financial instruments relate to foreign exchange forward contracts entered into by the Company (as described below) and are valued by comparing the contracted rates at the time the derivatives are acquired to the period-end rates quoted in the market.

Total long-term debt is comprised of the amounts drawn on Credit Facility of $30 million and Senior Notes, unsecured of $150 million. The Senior Notes, unsecured have a fair market value of $160.0 million which is higher than the carrying amount as the fixed interest rate is higher than the market rate of interest for this grade of Senior Note as at September 30, 2023. The Credit Facility is subject to a variable interest rate and therefore the carrying amount is approximately equal to the fair market value.

Financial Risk Management

The Company's operations expose it to a variety of financial risks including market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of the Company's management. Material risks are monitored and are regularly reported to the Board.

Market Risk

Foreign Exchange Risk

The majority of the Company's business is transacted outside of Canada through subsidiaries operating in many countries. The net investments in these subsidiaries as well as their revenue, operating expenses and non-operating expenses are denominated in foreign currencies. As a result, the Company's consolidated revenue, expenses and financial position may be impacted by fluctuations in foreign exchange rates as these foreign currency amounts are translated into Canadian dollars. As of September 30, 2023, fluctuations of +/- 5% in the Canadian dollar, relative to those foreign currencies, would impact the Company's consolidated revenue, income from operations, and net income (attributable to shareholders of the Company) for continuing operations for the nine-month period ended September 30, 2023 by approximately $23.5 million, $2.1 million, and $1.8 million, respectively, prior to foreign exchange forward contract activities. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by approximately $59.4 million, $26.2 million, and $33.2 million, respectively, as at September 30, 2023.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures associated with the Company's foreign currency denominated cash streams and the resulting variability of the Company's earnings. The Company utilizes foreign exchange forward contracts to manage this foreign exchange risk. The Company does not enter into foreign exchange forward contracts for speculative purposes.

Foreign Exchange Forward Contracts

The Company utilizes financial instruments to manage the risk associated with foreign exchange rates.

The following table sets out the notional amounts outstanding under foreign exchange forward contracts, the average contractual exchange rates and the settlement of these contracts as at:

(in thousands, except weighted average rate amounts)	**September 30, 2023**	December 31, 2022
U.S. dollars sold for Euros		
Less than one year	**U.S.$10,423**	U.S.$12,053
Weighted average rate	**0.95**	0.99
Canadian dollars sold for British pounds		
Less than one year	**Can$3,734**	Can$8,728
Weighted average rate	**0.61**	0.64

The Company does not apply hedge accounting to account for its foreign exchange forward contracts.

As of September 30, 2023, the Company had notional amounts of $17.9 million of foreign exchange forward contracts outstanding (December 31, 2022 – $25.1 million) with the net unrealized gain of $0.1 million from all foreign exchange forward contracts (December 31, 2022 – $1.4 million net unrealized gain).

Interest Rate Risk

The following table summarizes the Company's exposure to interest rate risk as at September 30, 2023:

(in thousands of Canadian dollars)	Non-interest Bearing	Floating Rate	Total
Standard letters of credit for performance, bid and surety bonds (note 14)	**$ 64,919**	**$ –**	**$ 64,919**
Long-term debt (note 14)	**–**	**30,000**	**30,000**
	$ 64,919	**$ 30,000**	**$ 94,919**

As at September 30, 2023, the Company estimates that a 100 - basis point increase (decrease) in short-term interest rates, with all other variables held constant, would result in an increase (decrease) of approximately $0.3 million to annual finance costs.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks, foreign exchange forward contracts, as well as credit exposure of customers, including outstanding accounts receivable. The maximum credit risk is equal to the carrying value of the financial instruments.

For the nine-month period ended September 30, 2023 and 2022, there was no customer who generated more than 10% of total consolidated revenue from continuing operations. As at September 30, 2023, there was no customer accounted for more than 10% of total consolidated trade accounts receivable from continuing operations (no customer accounted for more than 10% of total consolidated trade accounts receivable as at December 31, 2022).

Liquidity Risk

The Company's objective in managing liquidity risk is to maintain sufficient, readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents and through the availability of funding from committed credit facilities. As at September 30, 2023, the Company had cash and cash equivalents totalling $98.0 million (December 31, 2022 – $264.0 million) and had unutilized lines of credit available to use of $427.5 million (December 31, 2022 – $416.2 million) subject to covenant restrictions.

3 Acquisition

On March 1, 2023, the Company completed the acquisition of assets of Triton Stormwater Solutions ("Triton") (the "acquisition") for a total purchase price of $14.6 million (US$10.8 million). Triton is a provider of highly engineered, lightweight, composite materials-based underground infiltration chamber products, used primarily within stormwater management solutions. The product line is being consolidated into the Xerxes business unit, which is reported as part of the Composite Technologies segment. Since March 1, 2023, Triton generated approximately $6.3 million (US$4.7 million) in revenue.

Management determined that the assets and processes comprised a business and therefore accounted for the transaction as a business combination using the acquisition method of accounting whereby the net assets acquired and the liabilities assumed are recorded at fair value.

The following table summarizes the allocation of the purchase price and estimated fair value of the assets acquired and liabilities assumed at the acquisition date:

(in thousands of Canadian dollars)		
Consideration transferred		
Cash	$	8,125
Fair value of contingent consideration		6,021
Total purchase price		14,146
Net assets acquired at fair value		
Inventory	$	1,233
Property, plant and equipment		3,738
Intangible assets		5,790
Accounts payables		(348)
Total identifiable net assets at fair value	**$**	**10,413**
Goodwill [(a)]		3,733
	$	**14,146**

(a) The balance of goodwill represents the difference between the acquisition date fair value of the consideration transferred and the values assigned to the assets acquired and liabilities assumed. Goodwill is expected to be deductible for tax purposes. The goodwill acquired represents the acquired human capital and the benefits the Company expects to earn from the acquisition due to expected synergies and other intangible assets that do not meet the criteria for separation as identifiable intangible assets.

4 Segment Information

Mattr's operating segments are being reported based on the financial information provided to the Chief Executive Officer, who has been identified as the Chief Operating Decision Maker ("CODM") in monitoring segment performance and allocating resources between segments. The CODM assesses segment performance based on segment operating income or loss, which is measured differently than income from operations in the condensed interim consolidated financial statements. Income taxes are managed at a consolidated level and are not allocated to the reportable operating segments.

During the third quarter of 2023, the Company entered into a definitive agreement to sell a substantial part of the Company's Pipeline Performance Group ("PPG") which was the sole remaining operating unit of the PPS reporting segment. As a result, the Company reorganized its reporting structure and aligned its segments and underlying businesses to execute on the strategy of a revised company structure. The Company's revised reportable operating segments are Composite Technologies (previously "Composite Systems") and Connection Technologies (previously "Automotive & Industrial"). Accordingly, prior period segment information has been retrospectively revised as of and for the three and nine-month periods ended September 30, 2022. Inter-segment transactions, if any, among Composite Technologies, and Connection Technologies are accounted for at negotiated transfer prices. Financial, Corporate and Others represents operating income, property, plant and equipment, and Corporate office costs that are not allocated to the Composite Technologies or Connection Technologies Segment and property, and plant and equipment not sold in the Pipeline, Pipe and Services Segment. The aggregation of the reportable segments is based on the customers and markets that the Company services.

What was previously referred to as the PPS reportable segment, excluding the entities in Malaysia, Italy, the United Kingdom and Brazil, which were not part of the agreement to be sold, has been presented as a discontinued operations.

Segment

The following table sets forth information by segment for the three months ended September 30:

	2023						
(in thousands of Canadian dollars)	**Composite Technologies**	**Connection Technologies**	**Financial, Corporate, and Others**	**Eliminations and Adjustments**	**Total Continuing Operations**	**Discontinued Operations**	**Total Continuing and Discontinued Operations**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Revenue							
External	**140,130**	**81,762**	**3,515**	**–**	**225,407**	**288,576**	**513,983**
Total Revenue	**140,130**	**81,762**	**3,515**	**–**	**225,407**	**288,576**	**513,983**
Income (Loss) from Operations	**25,483**	**13,910**	**(13,418)**	**–**	**25,975**	**80,087**	**106,062**
Additions to property, plant and equipment, net of disposals	**22,475**	**1,834**	**1,951**	**–**	**26,260**	**12,604**	**38,864**

	2022						
(in thousands of Canadian dollars)	Composite Technologies[(a)]	Connection Technologies	Financial, Corporate, and Others	Eliminations and Adjustments	Total Continuing Operations	Discontinued Operations	Total Continuing and Discontinued Operations
	$	$	$	$	$	$	$
Revenue							
External	147,310	81,623	5,294	–	234,227	100,792	335,019
Inter-Segment	386	–	–	(386)	–	–	–
Total Revenue	147,696	81,623	5,294	(386)	234,227	100,792	335,019
Income (Loss) from Operations	21,747	13,915	(4,857)	–	30,805	(7,935)	22,870
Additions to property, plant and equipment, net of disposals	3,900	747	178	–	4,825	17,010	21,835

(a) The third quarter 2022 Composite Technologies segment results include OAM operations and part of its assets that were sold on November 14, 2022.

The following table sets forth information by segment for the nine months ended September 30:

	2023						
(in thousands of Canadian dollars)	**Composite Technologies**	**Connection Technologies**	**Financial, Corporate, and Others**	**Eliminations and Adjustments**	**Total Continuing Operations**	**Discontinued Operations [(a)]**	**Total Continuing and Discontinued Operations**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Revenue							
External	**423,060**	**265,998**	**25,446**	**–**	**714,504**	**564,516**	**1,279,020**
Total Revenue	**423,060**	**265,998**	**25,446**	**–**	**714,504**	**564,516**	**1,279,020**
Income (Loss) from Operations	**71,785**	**48,565**	**(41,127)**	**–**	**79,223**	**90,915**	**170,138**
Additions to property, plant and equipment, net of disposals	**48,161**	**7,989**	**5,209**	**–**	**61,359**	**62,107**	**123,466**
As at September 30, 2023							
Goodwill	**145,791**	**16,931**	**–**	**–**	**162,722**	**56,362**	**219,084**
Total assets	**651,722**	**193,596**	**239,081**	**(32,605)**	**1,051,794**	**615,630**	**1,667,424**
Total liabilities	**199,496**	**63,741**	**279,410**	**4,837**	**547,484**	**344,671**	**892,155**

(a) Total assets and liabilities of discontinued operations does not include the $10.7 million Property, plant, and equipment net book value of the two pieces of property from Financial and Corporate, which was considered as continuing operations and classified as Asset Held For Sale in note 6.

(in thousands of Canadian dollars)	2022 Composite Technologies[(a)]	Connection Technologies	Financial, Corporate, and Others	Eliminations and Adjustments	Total Continuing Operations	Discontinued Operations	Total Continuing and Discontinued Operations
	$	$	$	$	$	$	$
Revenue							
External	387,579	239,109	9,347	–	636,035	273,796	909,831
Inter-Segment	1,973	82	–	(2,055)	–	–	–
Total Revenue	389,552	239,191	9,347	(2,055)	636,035	273,796	909,831
Income (Loss) from Operations	38,142	43,634	16,812	–	98,588	(40,667)	57,921
Additions to property, plant and equipment, net of disposals	9,280	3,899	(2,726)	–	10,453	27,057	37,510
As at September 30, 2022							
Goodwill	141,968	15,802	–	–	157,770	57,611	215,381
Total assets	611,906	172,326	242,058	(51,727)	974,563	408,071	1,382,634
Total liabilities	168,041	63,806	229,464	2,549	463,860	237,697	701,557

(a) The third quarter 2022 Composite Technologies segment results include OAM operations and partial assets that were sold on November 14, 2022.

Geographical Segment Revenue Information

The table below sets forth, by geographical region, revenue for the following periods for the Composite Technologies Segment:

(in thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
North America	**$ 139,011**	$ 147,269	**$ 420,877**	$ 388,164
EMEA[(a)]	**847**	299	**1,882**	1,238
Asia Pacific	**272**	128	**301**	150
Total revenue	**$ 140,130**	$ 147,696	**$ 423,060**	$ 389,552

(a) Refers to the Europe, Middle East, and Africa

The table below sets forth, by geographical region, revenue for the following periods for the Connection Technologies Segment:

(in thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
North America	**$ 56,198**	$ 58,829	**$ 183,850**	$ 168,953
EMEA	**21,476**	18,675	**70,098**	58,655
Asia Pacific	**4,088**	4,119	**12,050**	11,583
Total revenue	**$ 81,762**	$ 81,623	**$ 265,998**	$ 239,191

The table below sets forth, by geographical region, revenue for the following periods for Finance, Corporate, and Others:

(in thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
Latin America	**3,515**	4,908	**25,446**	7,292
Total revenue	**$ 3,515**	$ 4,908	**$ 25,446**	$ 7,292

5 Impairment

The Company reviews its long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the evaluations performed in support of its strategy of portfolio optimization, the Company determined that the recoverable amounts, based on fair value less cost to dispose ("FVLCD"), of certain real estate assets in Western Canada reported under Financial, Corporate and Others were less than their respective carrying amounts. As such, impairments of property were recorded. The FVLCD was categorized as Level 3 fair value measurement.

The following table sets forth the Company's impairment charges for the nine-months ended September 30, 2023:

(in thousands of Canadian dollars)	**Financial, Corporate, and Others**	**Total**
Impairment of property, plant and equipment	**$ 8,652**	**$ 8,652**
Total Impairment	**$ 8,652**	**$ 8,652**

In 2022, as a result of the evaluations performed in support of its strategy of portfolio optimization, the Company determined that the recoverable amount, based on FVLCD, of the Composite Production Systems Plant in Saudi Arabia was less than its respective carrying amount. The FVLCD was categorized as Level 3 fair value measurement. In addition, the Company concluded that the recoverable amounts, based on the quoted prices in active markets for the Oilfield Asset Management cash generating unit was less than its carrying amounts. As such, impairments of property, plant and equipment were recorded.

The following table sets forth the Company's impairment charges for the nine-months ended September 30, 2022:

(in thousands of Canadian dollars)	Composite Technologies	Oilfield Asset Management	Total
Impairment of property, plant and equipment	$ 1,132	$ 6,161	$ 7,293
Total Impairment	$ 1,132	$ 6,161	$ 7,293

No impairment charges were made for the three and nine-months ended September 30, 2022.

6 Assets and Liabilities Held for Sale, Discontinued Operations, and Sale of operating units and subsidiaries

Assets and Liabilities Held for Sale and Discontinued Operations

On August 14, 2023, the Company announced its definitive agreement to sell a substantial part of its pipe coating division, PPG including its wholly owned operations in Canada, the US, Mexico, Norway, the UAE and Indonesia, its joint-venture interest in Azerbaijan as well as certain other assets. This constituted the majority of assets remaining in its PPS reportable segment. The Company will retain all earnings from the business until the transaction closes, and upon closing, the Company expects to receive gross sale proceeds of approximately $230 million (or $166 million U.S.$), on a cash-free, debt-free basis, subject to normal working capital adjustments, and currently expected to close by the middle of the first quarter of 2024.

As of September 30, 2023, the assets and liabilities covered by the definitive sales agreement met the criteria to be classified as held for sale in accordance with IFRS 5 and as such have been classified as current assets and current liabilities held for sale. The results of operations of the PPS segment, excluding the entities in Malaysia, Italy, the United Kingdom, and Brazil which were not part of the agreement to be sold, have been restated as discontinued operations for the current and comparative years.

The Net Income (Loss) from discontinued operations for the three and nine months ended September 30, 2023 and 2022 are as follows:

(in thousands of Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
Revenue				
External	**$ 288,576**	$ 100,792	**$ 564,516**	$ 273,796
Inter-segment	**–**	–	**–**	–
Total Revenue	**288,576**	100,792	**564,516**	273,796
Operating expenses [(a)]	**200,301**	101,498	**447,693**	278,953
Research and development expenses	**398**	816	**1,108**	1,487
Foreign exchange (gain) loss	**1,310**	(921)	**(2,749)**	(2,487)
Depreciation and amortization	**6,480**	7,340	**27,549**	22,833
Restructuring costs and other, net	**–**	(6)	**–**	701
Impairment	**–**	–	**–**	12,976
Income (Loss) from Operations	**$ 80,087**	$ (7,935)	**$ 90,915**	$ (40,667)
Net monetary loss	**–**	(5,805)	**–**	(9,182)
Loss on sale of operating unit	**(2,089)**	(5,932)	**(5,827)**	(5,932)
Finance Costs	**(400)**	(455)	**(1,114)**	(980)
Net Income (Loss) before Income Tax	**77,598**	(20,127)	**83,974**	(56,761)
Income tax expense/(recovery) from discontinued operations	**23,769**	(13,919)	**27,272**	(12,737)
Net Income (Loss) from Discontinued Operations	**$ 53,829**	$ (6,208)	**$ 56,702**	$ (44,024)

(a) Operating expenses include cost of goods and services rendered, and selling, general and administrative expenses

The table below sets forth, by geographical region, revenue for the following periods for the discontinued operations:

(in thousands of Canadian dollars)	Three Months Ended		Nine Months Ended	
	September 30, 2023	September 30, 2022	**September 30, 2023**	September 30, 2022
North America	**$ 20,085**	$ 57,510	**$ 85,481**	$ 160,973
Latin America	**198,042**	12,919	**279,497**	26,446
EMEA	**29,138**	20,857	**70,388**	66,293
Asia Pacific	**41,311**	9,506	**129,150**	20,084
Total revenue from discontinuing operations	**$ 288,576**	$ 100,792	**$ 564,516**	$ 273,796

The assets and liabilities of discontinued operations are included in the held for sale categories as at September 30, 2023 are summarized below:

(in thousands of Canadian dollars)		As at September 30, 2023
Assets		
Accounts receivable		**146,652**
Contract assets		**52,630**
Income taxes receivable		**7,813**
Inventory		**91,204**
Prepaid expenses		**8,849**
Property, plant and equipment, net [(a)]		**188,308**
Right-of-use assets		**20,179**
Deferred income tax assets		**43,288**
Goodwill		**56,362**
Other assets		**345**
Total assets held for sale	**$**	**615,630**
Liabilities		
Accounts payable and accrued liabilities	**$**	**91,572**
Provisions		**28,395**
Income tax payable		**31,684**
Contract liabilities		**164,667**
Lease liabilities		**16,809**
Employee future benefits		**3,606**
Deferred income tax liabilities		**4,096**
Other liabilities		**3,842**
Total liabilities associated with assets held for sale	**$**	**344,671**

(a) Includes $10.7 million net book value of certain real estate assets in Western Canada reported under Financial, Corporate and Others (see in note 5)

The impairments charges included within discontinued operations for the nine months ended September 30, 2022 and September 30, 2023 are as follows:

2023

No impairment was recorded for discontinued operations for the three and nine-months ended September 30, 2023.

2022

The Company reviews its long-lived assets for impairment whenever events or circumstances indicate potential impairment. As a result of the evaluations performed in support of its strategy of portfolio optimization, the Company determined that the recoverable amounts, based on FVLCD, of the Shaw Pipeline Services cash generating unit was less than its carrying amounts. The FVLCD was categorized as Level 3 fair value measurement.

The Company also concluded that the recoverable amounts, based on FVLCD indicated by the sale price of the Lake Superior Consulting cash generating unit and the quoted prices in active markets for Socotherm Americas (Argentina) cash generating unit, were less than their respective carrying amounts. As such, impairments of property, plant, equipment, and intangible assets were recorded. The FVLCD was categorized as Level 3 fair value measurement.

The following table sets forth the discontinued operations for the nine-months ended September 30, 2022:

(in thousands of Canadian dollars)	Pipeline and Pipe Services	Shaw Pipeline Services	Total
Impairment of property, plant and equipment	$ 4,846	$ 8,063	$ 12,909
Impairment of intangible assets	–	67	67
Total Impairment	$ 4,846	$ 8,130	$ 12,976

Sale of operating units and subsidiaries

On June 1, 2023, the Company sold its Shaw Pipeline Service ("SPS") operating unit for the purchase price of $7.4 million (U.S.$5.4 million) to a group of buyers which included members of SPS management. This sale of SPS operating unit resulted in a loss of $4.4 million. The SPS business reported within the Company's PPS segment, is a provider of non-destructive, ultrasonic and radiographic pipeline girth weld inspection technology and services to the North American onshore and global offshore pipeline markets.

On May 23, 2023, the Company sold its specialty pipe coating business and related assets in Ellon, Scotland ("Ellon"), for the purchase price of $0.5 million (GBP 0.3 million). The sale resulted in a loss of $1.4 million. Ellon reported within the Company's PPS segment and is a provider of field joints and custom coating.

On September 1, 2022, the Company sold 100% of the controlling interest in Lake Superior Consulting ("LSC") for the purchase price of $5.9 million (or U.S.$4.5 million) to a group of buyers which included LSC management personnel. The sale of this operating unit resulted in a loss of $5.9 million (or U.S. $4.5 million). The LSC business, reported within the Company's PPS segment, offered engineering, consulting and field inspection services to the US onshore pipeline and broader energy infrastructure markets.

7 Finance Costs

The following table sets forth the Company's finance costs for the following periods:

(in thousands of Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	**2023**	2022
Interest income	**$ (494)**	$ (177)	**$ (1,440)**	$ (215)
Interest expense on bank indebtedness/long-term debt	**3,965**	4,774	**12,300**	13,789
Interest expense, other	**915**	1,086	**2,862**	1,390
Interest expense on lease liabilities	**958**	357	**1,580**	958
Finance Costs – Net for continuing operations	**$ 5,344**	$ 6,040	**$ 15,302**	$ 15,922

8 Income Taxes

The following table sets forth a reconciliation of the Company's effective income tax for the nine months ended September 30:

(in thousands of Canadian dollars)	Nine Months Ended September 30,	
	2023	2022
Expected income tax expense based on statutory rate	**$ 15,407**	$ 20,231
Tax rate differential on earnings of foreign subsidiaries	**2,329**	704
Benefit of previously unrecognized tax losses	**(19,891)**	(18,985)
Deferred tax not recognized	**640**	3,476
Adjustment to prior year provisions	**(92)**	(165)
Non-deductible amounts	**5,758**	(3,924)
Recognition of previously unrecognized temporary difference on investment in subsidiary	**4,495**	–
Withholding taxes	**751**	3
Movement in uncertain tax positions	**119**	1,426
State tax and other	**882**	42
Income tax expense	**$ 10,398**	$ 2,808

9 Earnings (loss) Per Share

The following table details the weighted average number of shares outstanding for the purposes of calculating basic and diluted EPS:

(in thousands of Canadian dollars, except share and per share amounts)	Three Months Ended September 30, 2023		
	Continuing Operations	**Discontinued Operations**	**Total**
Net income (attributable to shareholders of the Company) for the period	$ **18,088**	$ **53,829**	$ **71,917**
Weighted average number of shares outstanding – basic (000s)	**69,340**	**69,340**	**69,340**
Basic EPS	$ **0.26**	$ **0.78**	$ **1.04**
Net income (attributable to shareholders of the Company) for the period	$ **18,088**	$ **53,829**	$ **71,917**
Weighted average number of shares outstanding – diluted (000s)	**69,994**	**69,994**	**69,994**
Diluted EPS	$ **0.26**	$ **0.77**	$ **1.03**

(in thousands of Canadian dollars, except share and per share amounts)	Nine Months Ended September 30, 2023		
	Continuing Operations	**Discontinued Operations**	**Total**
Net income (attributable to shareholders of the Company) for the period	**$ 53,507**	**$ 56,702**	**$ 110,209**
Weighted average number of shares outstanding – basic (000s)	**69,699**	**69,699**	**69,699**
Basic EPS	**$ 0.77**	**$ 0.82**	**$ 1.59**
Net income (attributable to shareholders of the Company) for the period	**$ 53,507**	**$ 56,702**	**$ 110,209**
Weighted average number of shares outstanding – diluted (000s)	**70,310**	**70,310**	**70,310**
Diluted EPS	**$ 0.76**	**$ 0.81**	**$ 1.57**

(in thousands of Canadian dollars, except share and per share amounts)	Three Months Ended September 30, 2022		
	Continuing Operations	Discontinued Operations	Total
Net income (loss) (attributable to shareholders of the Company) for the period	$ 29,222	$ (6,208)	$ 23,014
Weighted average number of shares outstanding – basic (000s)	70,503	70,503	70,503
Basic EPS	$ 0.41	$ (0.09)	$ 0.33
Net income (loss) (attributable to shareholders of the Company) for the period	$ 29,222	$ (6,208)	$ 23,014
Weighted average number of shares outstanding – diluted (000s)	70,616	70,616	70,616
Diluted EPS	$ 0.41	$ (0.09)	$ 0.33

(in thousands of Canadian dollars, except share and per share amounts)	Nine Months Ended September 30, 2022		
	Continuing Operations	Discontinued Operations	Total
Net income (loss) (attributable to shareholders of the Company) for the period	$ 80,448	$ (44,024)	$ 36,424
Weighted average number of shares outstanding – basic (000s)	70,499	70,499	70,499
Basic EPS	$ 1.14	$ (0.62)	$ 0.52
Net income (loss) (attributable to shareholders of the Company) for the period	$ 80,448	$ (44,024)	$ 36,424
Weighted average number of shares outstanding – diluted (000s)	70,578	70,578	70,578
Diluted EPS	$ 1.14	$ (0.62)	$ 0.52

10 Share-based and Other Incentive-based Compensation

The Company employs a number of long-term incentive plans that include a stock option plan without Tandem Share Appreciation Rights, a stock option plan with Tandem Share Appreciation Rights (SARs), a Value Growth Plan ("VGP"), an Employee Share Unit Plan ("ESUP"), a Restricted Share Unit ("RSU"), a Performance Share Unit ("PSU"), a Performance Incentive Plan ("PIP"), a Deferred Share Unit Plan ("DSU") and Shawcor Ltd. Performance Plan ("SPSP").

The following tables summarize the information related to these plans and set forth the incentive-based compensation expense (recovery) for the period indicated.

(in thousands of Canadian dollars)	**Three Months Ended September 30,**		**Nine Months Ended September 30,**	
	2023	2022	**2023**	2022
Stock option expense	**$ 107**	$ 203	**$ 376**	$ 703
VGP expense (recovery)	**–**	28	**(31)**	141
DSU (recovery) expense	**(1,795)**	2,092	**2,755**	3,205
RSU expense	**424**	320	**1,339**	1,097
SARs (recovery) expense	**(569)**	101	**1,176**	325
PIP (recovery) expense	**–**	(7)	**(128)**	17
SPSP (recovery) expense	**(581)**	5,444	**10,724**	7,623
Total share-based and other incentive-based compensation (recovery) expense for continuing operations	**$ (2,414)**	$ 8,181	**$ 16,211**	$ 13,111

Nine Months Ended September 30, 2023								
	Stock Options without Tandem Share Appreciation Rights ("SARs")		Stock Options with Tandem Share Appreciation Rights		Restricted Share Units ("RSU") and Performance Share Units ("PSU")		Deferred Stock Units ("DSU")	
	Total Shares	Weighted Average Share Price	Total Shares	Weighted Average Share Price[(a)]	Total Shares	Weighted Average Share Price[(b)]	Total Shares	Weighted Average Share Price[(b)]
Balance Outstanding – Beginning of Period	**1,486,551**	**$ 18.41**	**700,661**	**$ 6.60**	**683,238**	**$ 11.16**	**675,433**	**$ 14.90**
Granted	**–**	**–**	**–**	**–**	**127,349**	**13.73**	**66,915**	**15.28**
Exercised	**(135,113)**	**7.62**	**(42,170)**	**7.43**	**(221,383)**	**16.72**	**(97,898)**	**18.35**
Cancelled/Forfeited	**(19,600)**	**9.51**	**–**	**–**	**(9,124)**	**7.77**	**–**	**–**
Expired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Balance Outstanding – End of Period	**1,331,838**	**$ 19.64**	**658,491**	**$ 6.55**	**580,080**	**$ 9.65**	**644,450**	**$ 14.41**
Exercisable	**895,812**	**$ 25.10**	**353,934**	**$ 6.84**	**87,085**	**$ 14.21**	**–**	**$ –**

(a) The weighted average fair value refers to the fair value of the underlying shares of the Company on the grant date of the SARs.
(b) RSU, PSU, and DSU awards do not have an exercise price; their weighted average Share Price is the weighted average trading price of the common shares over the five trading days preceding the grant date.

There were no stock options granted during the nine-month period ended September 30, 2023 under the 2001 Employee Plan (nine-month period ended September 30, 2022 – 65,819 stock options granted with the total fair value of $0.2 million). The fair value of stock options was calculated using the Black-Scholes pricing model with the following assumptions:

	Three Months Ended September 30,	
	2023	2022
Weighted average share price	**$ –**	$ 4.91
Weighted average exercise price	**$ –**	$ 4.91
Weighted average expected life of options	**–**	6.25
Weighted average expected stock price volatility	**–**	68.8%
Weighted average expected dividend yield	**–**	0.00%
Weighted average risk-free interest rate	**–**	1.67%

The volatility measured at the standard deviation of continuously compounded share returns is based on the statistical analysis of daily share prices over the expected life of the options.

The fair value of options granted will be amortized to compensation expense over the five-year vesting period of the options. The compensation cost from the amortization of stock options for the three-month period ended September 30, 2023, included in selling, general and administrative expenses, was $0.4 million (nine-month period ended September 30, 2022 – $0.7 million).

The mark-to-market liability for the stock options with SARs as at September 30, 2023 is $2.7 million (December 31, 2022 – $1.6 million), all of which is included in current other liabilities on the condensed interim consolidated balance sheets.

The mark-to-market liability for the DSUs as at September 30, 2023 is $10.2 million (December 31, 2022 – $9.3 million), all of which is included in current other liabilities on the condensed interim consolidated balance sheet.

The SPSP liability as at September 30, 2023 is $16.2 million (December 31, 2022 – $22.3 million), of which $12.3 million is included in current other liabilities and $3.9 million in non-current other liabilities on the condensed interim consolidated balance sheet.

11 Change on Employee Benefit Plans

During the third quarter of 2023, the Company decided to wind down the Canadian Salaried Defined Benefit Plan and the Hourly Defined Benefit Plan and transfer all of its members to the Mattr Defined Contribution Plan to harmonize and streamline pension benefits for all employees across Canada. As such, the Company filed the related plan amendments with the Ontario regulator in August of 2023 and a re-measurement of the related assets and liabilities was required. As a result, the Company recorded a $1.9 million curtailment gain in SG&A and a $1.0 million remeasurement gain in Other Comprehensive Income.

12 Supplemental Cash Flow Information

The following table sets forth the supplemental cash flow information on net change in non-cash working capital and foreign exchange for the three months and nine months ended:

	Three Months Ended		Nine Months Ended	
(in thousands of Canadian dollars)	**September 30, 2023**	September 30, 2022	**September 30, 2023**	September 30, 2022
Accounts receivable	**$ 2,739**	$ (21,664)	**$ (21,289)**	$ (61,187)
Inventories	**2,316**	4,019	**(24,764)**	(24,261)
Prepaid expenses	**(2,023)**	(4,196)	**(5,726)**	(6,724)
Contract assets	**(2,749)**	(1,576)	**602**	(1,751)
Contract liabilities	**13,219**	(15,957)	**20,509**	(15,946)
Accounts payable, accrued liabilities, income taxes, and other liabilities	**3,861**	31,107	**13,466**	73,372
Foreign exchange losses and other	**(31,142)**	12,101	**(12,691)**	(30,989)
Total change in non-cash working capital from continuing operations	**$ (13,779)**	$ 3,834	**$ (29,893)**	$ (67,486)

13 Contract Balances

Contract assets represent costs incurred and recorded margins on service contracts in the amount of $4.7 million and $5.3 million as at September 30, 2023 and December 31, 2022, respectively.

Contract liabilities represent obligations to perform services or deliver products in the future for cash considerations that have been received from customers. Contract liabilities were as follows, as at:

(in thousands of Canadian dollars)	**September 30, 2023**	December 31, 2022
Composite Technologies	**$ 9,128**	$ 8,087
Connection Technologies	**1,394**	2,774
Pipeline and Pipe Services	**–**	233,063
Financial, Corporate, and Others [(a)]	**30,778**	–
	$ 41,300	$ 243,924
Current	**$ 31,857**	$ 192,093
Non-current	**9,443**	51,831
Total Contract Liabilities	**$ 41,300**	$ 243,924

(a) Represents the continuing operations of previous Pipeline and Pipe Services segment.

14 Long-term Debt and Credit Facilities

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

(in thousands of Canadian dollars)		**September 30, 2023**		December 31, 2022
Credit facility	**$**	**30,000**	$	69,000
Senior Notes, unsecured		**150,000**		150,000
Deferred transaction costs		**(6,415)**		(8,168)
Total Long-term Debt	**$**	**173,585**	$	210,832

The Company was in full compliance with financial covenants as at September 30, 2023.

Credit Facilities

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

(in thousands of Canadian dollars)		**September 30, 2023**		December 31, 2022
Borrowings on Credit Facility	**$**	**30,000**	$	69,000
Standard letters of credit for financial guarantees, performance and bid bonds		**64,919**		64,445
Total utilized credit facilities	**$**	**94,919**	$	133,445
Total available credit facilities[(a)]		**522,463**		549,598
Unutilized Credit Facilities[(b)]	**$**	**427,544**	$	416,153

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

Credit Facility Renewal

On January 13, 2022, the Company amended its Credit Facility with Toronto-Dominion Bank and National Bank Financial as co-lead arrangers and HSBC Bank Canada, JP Morgan Chase Bank and Export Development Bank as lenders. The Credit Facility provides for a US$300 million, four-year senior secured revolving facility maturing January 13, 2026. The Company will pay a floating interest rate on this Credit Facility that is a function of the Company's Net Debt to EBITDA, and before foreign exchange gains or losses and non-recurring and one-time items. The Company is required to maintain an Interest Coverage Ratio of not less than 2.50:1.00 and a Secured Net Debt to Adjusted EBITDA covenant (the "Secured Leverage Ratio") of not greater than 2.75:1.00. For calculating the Secured Leverage Ratio, Secured Net Debt excludes the Senior Notes and the first $100 million of performance and bid bond letters of credit and all standard letters of credit that are guaranteed by EDC. The Company incurred fees and expenses of $1.9 million to implement this renewal.

Senior Notes

On December 10, 2022, the Company closed a private placement offering through a syndicate of underwriters led by National Bank Financial and TD Securities, of $150 million principal amount of 9.00% senior unsecured notes due 2026. The Senior Notes were issued at a price of $1,000 per $1,000 principal amount of Senior Notes. Mattr used the net proceeds of this private placement offering to repay amounts outstanding under its existing syndicated Credit Facility. The Notes are subject to customary terms, conditions and covenants.

15 Share capital

There are an unlimited number of common shares authorized. Holders of common shares are entitled to one vote per share. All shares have been issued and fully paid and have no par value.

On September 21, 2022, the Company announced that the Toronto Stock Exchange approved a normal course issuer bid ("NCIB") permitting the purchase for cancellation of up to 5.69 million SCL common shares. Under this bid, the Company purchased for cancellation a total of $1.52 million common shares.

On June 26, 2023 the Company announced the termination of the existing NCIB and the approval by the Toronto Stock Exchange of the Company's notice of intention to renew its NCIB (the "New Bid") for common shares of the Company. Under the New Bid, the Company may purchase for cancellation up to 3.44 million common shares, representing approximately 10% of the Company's public float as at June 26, 2023 (being 4.96 million common shares), less the 1.52 million common shares purchased under the prior bid. In connection with the commencement of the New Bid, the Company removed the restriction previously limiting the aggregate common share repurchases to a maximum of $25 million.

In the first nine months of 2023, the Company repurchased 1,590,200 shares for a total amount of $22.6 million (net of $1.8 million par value adjustment and accrued re-purchase). These shares had an average carrying value of $10.29 for a total amount of $16.4 million. On October 2, 2023, the Company initiated the application of an automatic repurchase plan ("ASPP") applicable between October 2 and November 15, 2023, which represents a potential maximum obligation of $22.4 million. The Company has booked this obligation and the corresponding reduction in share capital.

The following table sets forth the changes in the Company's shares for the periods indicated.

(all dollar amounts in thousands of Canadian dollars)

Number of shares		
Balance – December 31, 2022		70,258,163
Issued on exercise of stock options		177,283
Issued on exercise of RSUs		221,383
Share repurchase – NCIB		(1,590,200)
Balance – September 30, 2023		**69,066,629**
Stated value		
Balance – December 31, 2022	$	707,400
Issued – stock options		1,343
Compensation cost on exercised options		416
Compensation cost on exercised RSUs		3,927
Share repurchase - NCIB		(16,357)
Share repurchase – ASPP [(a)]		(8,000)
Balance – September 30, 2023	**$**	**688,729**

(a) Amount includes the reversal of $14.4 million accrual as at December 31, 2022, partially offset by the new ASPP accrual of $22.4 million as at September 30, 2023.

16 Subsequent Event

On October 19, 2023, the Company completed the sale of its facility in Pozzallo, Italy yielding gross proceeds of approximately $6.4 million. This facility was previously reported through what was previously referred to as the PPS segment and is currently included in discontinued operations, and its assets and liabilities have been classified as current assets and current liabilities held for sale.

Subsequent to the quarter, the Company paid off the remaining $30 million balance of the Credit Facility.