

NEWS RELEASE



Methanex Corporation
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www.methanex.com

For immediate release

July 26, 2023

Except where otherwise noted, all currency amounts are stated in United States dollars.

METHANEX REPORTS SECOND QUARTER 2023 RESULTS

- Net income attributable to Methanex shareholders of \$57 million and Adjusted EBITDA of \$160 million in the second quarter. The average realized price in the second quarter was \$338 per tonne compared to \$371 per tonne in the first quarter of 2023.
- Geismar 3 ("G3") project is approximately 90% complete and is progressing safely, on time and on budget. Production expected in the fourth quarter of 2023. The remaining cash spend of \$240 - 290 million is fully funded with cash on hand.
- Returned \$51 million to shareholders through dividends and share repurchases and ended the second quarter with \$646 million in cash.

VANCOUVER, BRITISH COLUMBIA - For the second quarter of 2023, Methanex (TSX:MX) (NASDAQ:MEOH) reported net income attributable to Methanex shareholders of \$57 million (\$0.73 net income per common share on a diluted basis) compared to net income of \$60 million (\$0.87 net income per common share on a diluted basis) in the first quarter of 2023. Net income in the second quarter of 2023 was lower compared to the prior quarter primarily due to a lower average realized price, partially offset by the mark-to-market impact of share-based compensation due to changes in Methanex's share price. Adjusted EBITDA for the second quarter of 2023 was \$160 million and Adjusted net income was \$41 million (\$0.60 Adjusted net income per common share). This compares with Adjusted EBITDA of \$209 million and Adjusted net income of \$76 million (\$1.11 Adjusted net income per common share) for the first quarter of 2023.

Our average realized price in the second quarter was \$338 per tonne compared to \$371 per tonne in the first quarter of 2023. The decline in the average realized price was driven by global methanol supply outpacing demand growth and lower global energy prices leading to a decrease in the methanol cost curve and MTO affordability.

During the quarter, we returned \$51 million to shareholders through the regular dividend and share repurchases. With continued macro uncertainty and the impact of declining methanol prices through the second quarter, we ceased share repurchases under the current normal course issuer bid which expires in September 2023. We ended the quarter with \$646 million in cash, or approximately \$589 million in cash excluding non-controlling interests and including our share of cash in the Atlas joint venture. We also have an undrawn \$300 million revolving credit facility that provides additional financial flexibility.

Rich Sumner, President & CEO of Methanex, said, "We remain focused on delivering strong operational results from our existing assets and maintaining financial flexibility. Our key strategic priority is completing the G3 project safely, on time and on budget in the fourth quarter of this year. "

FURTHER INFORMATION

The information set forth in this news release summarizes Methanex's key financial and operational data for the second quarter of 2023. It is not a complete source of information for readers and is not in any way a substitute for reading the second quarter 2023 Management's Discussion and Analysis ("MD&A") dated July 26, 2023 and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2023, both of which are available from the Investor Relations section of our website at www.methanex.com. The MD&A and the unaudited condensed consolidated interim financial statements for the period ended June 30, 2023 are also available on the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

FINANCIAL AND OPERATIONAL DATA

	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
<i>(\$ millions except per share amounts and where noted)</i>					
Production (thousands of tonnes) (attributable to Methanex shareholders) ¹	1,658	1,660	1,551	3,318	3,340
Sales volume (thousands of tonnes)					
Methanex-produced methanol	1,621	1,649	1,634	3,270	3,431
Purchased methanol	884	848	798	1,732	1,480
Commission sales	277	308	260	585	539
Total sales volume ¹	2,782	2,805	2,692	5,587	5,450
Methanex average non-discounted posted price (\$ per tonne) ²	450	471	548	460	534
Average realized price (\$ per tonne) ³	338	371	422	354	424
Revenue	939	1,038	1,137	1,978	2,313
Net income (attributable to Methanex shareholders)	57	60	125	116	244
Adjusted net income ⁴	41	76	84	117	244
Adjusted EBITDA ⁴	160	209	243	369	580
Cash flows from operating activities	196	162	106	359	432
Basic net income per common share	0.84	0.87	1.74	1.71	3.34
Diluted net income per common share	0.73	0.87	1.41	1.70	3.28
Adjusted net income per common share ⁴	0.60	1.11	1.16	1.70	3.32
Common share information (millions of shares)					
Weighted average number of common shares	68	69	72	68	73
Diluted weighted average number of common shares	68	69	72	68	73
Number of common shares outstanding, end of period	67	68	71	67	71

¹ Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own.

² Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe, China and Asia Pacific weighted by sales volume. Current and historical pricing information is available at www.methanex.com.

³ The Company has used Average realized price ("ARP") throughout this document. ARP is calculated as revenue divided by the total sales volume. It is used by management to assess the realized price per unit of methanol sold, and is relevant in a cyclical commodity environment where revenue can fluctuate in response to market prices.

⁴ Note that Adjusted net income, Adjusted net income per common share, and Adjusted EBITDA are non-GAAP measures and ratios that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to the *Non-GAAP Measures* section on page 14 of our second quarter MD&A dated July 26, 2023 for a description of each non-GAAP measure.

- A reconciliation from net income attributable to Methanex shareholders to Adjusted EBITDA, Adjusted net income and the calculation of Adjusted net income per common share is as follows:

(\$ millions)	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Net income attributable to Methanex shareholders	\$ 57	\$ 60	\$ 125	\$ 116	\$ 244
Mark-to-market impact of share-based compensation	(15)	20	(47)	5	1
Depreciation and amortization	95	98	94	193	186
Finance costs	30	31	33	61	67
Finance income (loss) and other expenses	(16)	(11)	3	(27)	3
Income tax expense	19	14	37	33	79
Earnings of associate adjustment	10	19	18	30	39
Non-controlling interests adjustment	(20)	(22)	(20)	(42)	(39)
Adjusted EBITDA attributable to Methanex shareholders	\$ 160	\$ 209	\$ 243	\$ 369	\$ 580

(\$ millions except number of shares and per share amounts)	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Net income attributable to Methanex shareholders	\$ 57	\$ 60	\$ 125	\$ 116	\$ 244
Mark-to-market impact of share-based compensation, net of tax	(13)	17	(41)	5	—
Impact of Egypt gas contract revaluation, net of tax	(3)	(1)	—	(4)	—
Adjusted net income	\$ 41	\$ 76	\$ 84	\$ 117	\$ 244
Diluted weighted average shares outstanding (millions)	68	69	72	68	73
Adjusted net income per common share	\$ 0.60	\$ 1.11	\$ 1.16	\$ 1.70	\$ 3.32

- We recorded net income attributable to Methanex shareholders of \$57 million in the second quarter of 2023 compared to net income of \$60 million in the first quarter of 2023. Net income in the second quarter of 2023 was lower compared to the prior quarter primarily due to a lower average realized price, partially offset by the mark-to-market impact of share-based compensation due to changes in Methanex's share price.
- We recorded Adjusted EBITDA of \$160 million for the second quarter of 2023 compared to \$209 million for the first quarter of 2023. We recorded Adjusted net income of \$41 million for the second quarter of 2023 compared to Adjusted net income of \$76 million for the first quarter of 2023. Adjusted EBITDA was lower in the second quarter of 2023 primarily due to a lower average realized price.
- We sold 2,782,000 tonnes in the second quarter of 2023 compared to 2,805,000 tonnes for the first quarter of 2023. Sales of Methanex-produced methanol were 1,621,000 tonnes in the second quarter of 2023 compared to 1,649,000 tonnes in the first quarter of 2023.
- Production for the second quarter of 2023 was 1,658,000 tonnes compared to 1,660,000 tonnes for the first quarter of 2023. Production for the second quarter of 2023 was comparable to the first quarter of 2023 as higher production in Geismar was offset by lower production in Chile.
- The Geismar 3 project is progressing safely, on time and on budget with methanol production expected in the fourth quarter of 2023 with an expected total capital cost of \$1.25 - 1.3 billion. The remaining cash expenditure of approximately \$240 to \$290 million, including approximately \$65 million of spending accrued in accounts payable, is fully funded with cash on hand. Along with significantly enhancing our cash generation capability, Geismar 3 will have one of the lowest CO2 emissions intensity profiles in the industry, helping us meet our commitment to reduce our greenhouse gas emissions intensity.
- To June 30, 2023, we have repurchased 2,787,484 common shares of 3,506,405 permitted under our current normal course issuer bid for \$119 million, an average purchase price of approximately \$43 per share. During the second quarter of 2023, we purchased 864,052 shares for \$38 million.
- In the second quarter of 2023 we paid a quarterly dividend of \$0.185 per common share for a total of \$12.5 million.

- At June 30, 2023, we had a strong liquidity position including a cash balance of \$646 million, or approximately \$589 million excluding non-controlling interests and including our share of cash in the Atlas joint venture. We also have access to an undrawn \$300 million revolving credit facility providing financial flexibility.

PRODUCTION HIGHLIGHTS

	Q2 2023		Q1 2023	Q2 2022	YTD Q2 2023	YTD Q2 2022
(thousands of tonnes)	Operating Capacity ¹	Production	Production	Production	Production	Production
USA (Geismar)	550	532	449	556	981	1,112
New Zealand ²	550	408	403	244	811	630
Trinidad (Methanex interest) ³	490	248	256	249	504	507
Chile	425	173	249	197	422	521
Egypt (50% interest)	158	163	161	150	324	254
Canada (Medicine Hat)	160	134	142	155	276	316
	2,333	1,658	1,660	1,551	3,318	3,340

¹ The operating capacity of our production facilities may be higher or lower than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas availability, feedstock composition, the age of the facility's catalyst, turnarounds and access to CO₂ from external suppliers for certain facilities. We review and update the operating capacity of our production facilities on a regular basis based on historical performance.

² The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility. The Waitara Valley plant is idled indefinitely due to natural gas constraints.

³ The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities. The Titan plant is idled indefinitely due to natural gas constraints.

Key production and operational highlights during the second quarter and production outlook for 2023 include:

United States

Geismar produced 532,000 tonnes in the second quarter compared to 449,000 tonnes in the first quarter of 2023. Production in the second quarter was impacted by a 10-day outage at G2 for maintenance activities but was higher than the first quarter which was impacted by a planned turnaround at G1.

New Zealand

New Zealand produced 408,000 tonnes in the second quarter of 2023 compared to 403,000 tonnes in the first quarter of 2023. We estimate production for 2023 will be between 1.3 - 1.4 million tonnes as Q3 2023 production will be impacted by a planned turnaround. Waitara Valley remains idled indefinitely.

Trinidad

Atlas produced 248,000 tonnes (Methanex interest) in the second quarter of 2023 compared to 256,000 tonnes in the first quarter of 2023. Production was lower in the second quarter as the second quarter was impacted by an unplanned outage in April. Titan remains idled indefinitely.

Chile

Chile produced 173,000 tonnes in the second quarter of 2023 compared to 249,000 tonnes in the first quarter of 2023. Production was lower in the second quarter as our Chile plants ran at reduced rates or were shut down for a portion of the second quarter due to seasonal gas limitations during the Southern hemisphere winter months, when domestic natural gas demand is high. We are undertaking a planned turnaround at Chile I which is scheduled to be completed in August and expect to operate one plant through the remainder of the Southern hemisphere winter. We estimate Chile production in 2023 will be between 0.8 - 0.9 million tonnes.

Egypt

Egypt produced 326,000 tonnes (Methanex interest - 163,000 tonnes) in the second quarter of 2023 compared to 322,000 tonnes (Methanex interest - 161,000 tonnes) in the first quarter of 2023.

Canada

Medicine Hat produced 134,000 tonnes in the second quarter of 2023 compared to 142,000 tonnes in the first quarter of 2023. Production was lower in the second quarter due to an unplanned outage in April.

2023 Production Outlook

Forecasted production for 2023 is approximately 6.5 million equity tonnes, excluding any production from G3. Actual production may vary by quarter based on timing of turnarounds, gas availability, unplanned outages and unanticipated events.

CONFERENCE CALL

A conference call is scheduled for July 27, 2023 at 11:00 am ET (8:00 am PT) to review these second quarter results. To access the call, dial the conferencing operator fifteen minutes prior to the start of the call at (646) 960-0479, or toll free at (888) 510-2296. The conference ID for the call is #7014770. A simultaneous audio-only webcast of the conference call can be accessed from our website at www.methanex.com/investor-relations/events and will also be available following the call.

ABOUT METHANEX

Methanex is a Vancouver-based, publicly traded company and is the world's largest producer and supplier of methanol to major international markets. Methanex shares are listed for trading on the Toronto Stock Exchange in Canada under the trading symbol "MX" and on the NASDAQ Global Market in the United States under the trading symbol "MEOH".

FORWARD-LOOKING INFORMATION WARNING

This second quarter 2023 press release contains forward-looking statements with respect to us and the chemical industry. By its nature, forward-looking information is subject to numerous risks and uncertainties, some of which are beyond the Company's control. Readers are cautioned that undue reliance should not be placed on forward-looking information as actual results may vary materially from the forward-looking information. Methanex does not undertake to update, correct or revise any forward-looking information as a result of any new information, future events or otherwise, except as may be required by applicable law. Refer to *Forward-Looking Information Warning* in the second quarter 2023 Management's Discussion and Analysis for more information which is available from the Investor Relations section of our website at www.methanex.com, the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

NON-GAAP MEASURES

The Company has used the terms Adjusted EBITDA, Adjusted net income, and Adjusted net income per common share throughout this document. These items are non-GAAP measures and ratios that do not have any standardized meaning prescribed by GAAP. These measures represent the amounts that are attributable to Methanex Corporation shareholders and are calculated by excluding the mark-to-market impact of share-based compensation as a result of changes in our share price, the impact of the Egypt gas contract revaluation and the impact of certain items associated with specific identified events. Refer to *Additional Information - Non-GAAP Measures* on page 14 of the Company's MD&A for the period ended June 30, 2023 for reconciliations to the most comparable GAAP measures. Unless otherwise indicated, the financial information presented in this release is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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For further information, contact:

Sarah Herriott
Director, Investor Relations
Methanex Corporation
604-661-2600

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Management's Discussion and Analysis for the Three and Six Months Ended June 30, 2023

At July 25, 2023 the Company had 67,377,492 common shares issued and outstanding and stock options exercisable for 1,643,412 additional common shares.

Share Information

Methanex Corporation's common shares are listed for trading on the Toronto Stock Exchange under the symbol MX and on the Nasdaq Global Market under the symbol MEOH.

Transfer Agents & Registrars

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320 Bay Street
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1-800-387-0825

Investor Information

All financial reports, news releases and corporate information can be accessed on our website at www.methanex.com.

Contact Information

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Methanex Toll-Free:
1-800-661-8851

SECOND QUARTER MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Except where otherwise noted, all currency amounts are stated in United States dollars.

This Second Quarter 2023 Management's Discussion and Analysis dated July 26, 2023 for Methanex Corporation ("the Company") should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the period ended June 30, 2023 as well as the 2022 Annual Consolidated Financial Statements and MD&A included in the Methanex 2022 Annual Report. Unless otherwise indicated, the financial information presented in this interim report is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Methanex 2022 Annual Report and additional information relating to Methanex is available on our website at www.methanex.com, the Canadian Securities Administrators' SEDAR website at www.sedar.com and on the United States Securities and Exchange Commission's EDGAR website at www.sec.gov.

FINANCIAL AND OPERATIONAL DATA

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Sales volume (thousands of tonnes)					
Methanex-produced methanol	1,621	1,649	1,634	3,270	3,431
Purchased methanol	884	848	798	1,732	1,480
Commission sales	277	308	260	585	539
Total sales volume ¹	2,782	2,805	2,692	5,587	5,450
Methanex average non-discounted posted price (\$ per tonne) ²	450	471	548	460	534
Average realized price (\$ per tonne) ³	338	371	422	354	424
Revenue	939	1,038	1,137	1,978	2,313
Net income (attributable to Methanex shareholders)	57	60	125	116	244
Adjusted net income ⁴	41	76	84	117	244
Adjusted EBITDA ⁴	160	209	243	369	580
Cash flows from operating activities	196	162	106	359	432
Basic net income per common share	0.84	0.87	1.74	1.71	3.34
Diluted net income per common share	0.73	0.87	1.41	1.70	3.28
Adjusted net income per common share ⁴	0.60	1.11	1.16	1.70	3.32
Common share information (millions of shares)					
Weighted average number of common shares	68	69	72	68	73
Diluted weighted average number of common shares	68	69	72	68	73
Number of common shares outstanding, end of period	67	68	71	67	71

¹ Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own.

² Methanex average non-discounted posted price represents the average of our non-discounted posted prices in North America, Europe, China and Asia Pacific weighted by sales volume. Current and historical pricing information is available at www.methanex.com.

³ The Company has used Average realized price ("ARP") throughout this document. ARP is calculated as revenue divided by the total sales volume. It is used by management to assess the realized price per unit of methanol sold, and is relevant in a cyclical commodity environment where revenue can fluctuate in response to market prices.

⁴ Note that Adjusted net income, Adjusted net income per common share, and Adjusted EBITDA are non-GAAP measures and ratios that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to the *Non-GAAP Measures* section on page 14 for a description of each non-GAAP measure.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- A reconciliation from net income attributable to Methanex shareholders to Adjusted net income and the calculation of Adjusted net income per common share is as follows:

	Three Months Ended			Six Months Ended	
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Net income attributable to Methanex shareholders	\$ 57	\$ 60	\$ 125	\$ 116	\$ 244
Mark-to-market impact of share-based compensation, net of tax	(13)	17	(41)	5	—
Impact of Egypt gas contract revaluation, net of tax	(3)	(1)	—	(4)	—
Adjusted net income ¹	\$ 41	\$ 76	\$ 84	\$ 117	\$ 244
Diluted weighted average shares outstanding (millions)	68	69	72	68	73
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- We recorded Adjusted EBITDA of \$160 million for the second quarter of 2023 compared to \$209 million for the first quarter of 2023. We recorded Adjusted net income of \$41 million for the second quarter of 2023 compared to Adjusted net income of \$76 million for the first quarter of 2023. Adjusted EBITDA was lower in the second quarter of 2023 primarily due to a lower average realized price.
- We sold 2,782,000 tonnes in the second quarter of 2023 compared to 2,805,000 tonnes for the first quarter of 2023. Sales of Methanex-produced methanol were 1,621,000 tonnes in the second quarter of 2023 compared to 1,649,000 tonnes in the first quarter of 2023. Refer to the *Supply/Demand Fundamentals* section on page 11 of the MD&A for more information.
- Production for the second quarter of 2023 was 1,658,000 tonnes compared to 1,660,000 tonnes for the first quarter of 2023. Production for the second quarter of 2023 was comparable to the first quarter of 2023 as higher production in Geismar was offset by lower production in Chile. Refer to the *Production Summary* section on page 4 of the MD&A.
- The Geismar 3 project is progressing safely, on time and on budget with methanol production expected in the fourth quarter of 2023 with an expected total capital cost of \$1.25 - 1.3 billion. The remaining cash expenditure of approximately \$240 to \$290 million, including approximately \$65 million of spending accrued in accounts payable, is fully funded with cash on hand. Along with significantly enhancing our cash generation capability, Geismar 3 will have one of the lowest CO₂ emissions intensity profiles in the industry, helping us meet our commitment to reduce our greenhouse gas emissions intensity.
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Egypt (50% interest)	158	163	161	150	324	254
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¹ The operating capacity of our production facilities may be higher or lower than original nameplate capacity as, over time, these figures have been adjusted to reflect ongoing operating efficiencies at these facilities. Actual production for a facility in any given year may be higher or lower than operating capacity due to a number of factors, including natural gas availability, feedstock composition, the age of the facility's catalyst, turnarounds and access to CO₂ from external suppliers for certain facilities. We review and update the operating capacity of our production facilities on a regular basis based on historical performance.

² The operating capacity of New Zealand is made up of the two Motunui facilities and the Waitara Valley facility. The Waitara Valley plant is idled indefinitely due to natural gas constraints. Refer to the *New Zealand* section below.

³ The operating capacity of Trinidad is made up of the Titan (100% interest) and Atlas (63.1% interest) facilities. The Titan plant is idled indefinitely due to natural gas constraints. Refer to the *Trinidad* section below.

Key production and operational highlights during the second quarter and production outlook for 2023 include:

United States

Geismar produced 532,000 tonnes in the second quarter compared to 449,000 tonnes in the first quarter of 2023. Production in the second quarter was impacted by a 10-day outage at G2 for maintenance activities but was higher than the first quarter which was impacted by a planned turnaround at G1.

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2023 Production Outlook

Forecasted production for 2023 is approximately 6.5 million equity tonnes, excluding any production from G3. Actual production may vary by quarter based on timing of turnarounds, gas availability, unplanned outages and unanticipated events.

FINANCIAL RESULTS

For the second quarter of 2023, we reported net income attributable to Methanex shareholders of \$57 million (\$0.73 net income per common share on a diluted basis) compared to net income attributable to Methanex shareholders for the first quarter of 2023 of \$60 million (\$0.87 net income per common share on a diluted basis) and net income attributable to Methanex shareholders for the second quarter of 2022 of \$125 million (\$1.41 net income per common share on a diluted basis). For the six months ended June 30, 2023, we reported net income attributable to Methanex shareholders of \$116 million (\$1.70 net income per common share on a diluted basis) compared to net income for the same period in 2022 of \$244 million (\$3.28 net income per common share on a diluted basis). Net income in the second quarter of 2023 was lower compared to the prior quarter primarily due to a lower average realized price, partially offset by the mark-to-market impact of share-based compensation due to changes in Methanex's share price. Net income was lower compared to the second quarter of 2022 primarily due to lower average realized price.

For the second quarter of 2023, we recorded Adjusted EBITDA of \$160 million and Adjusted net income of \$41 million (\$0.60 Adjusted net income per common share). This compares with Adjusted EBITDA of \$209 million and Adjusted net income of \$76 million (\$1.11 Adjusted net income per common share) for the first quarter of 2023 and Adjusted EBITDA of \$243 million and Adjusted net income of \$84 million (\$1.16 Adjusted net income per common share) for the second quarter of 2022. For the six months ended June 30, 2023, we recorded Adjusted EBITDA of \$369 million and Adjusted net income of \$117 million (\$1.70 Adjusted net income per common share) compared to Adjusted EBITDA of \$580 million and Adjusted net income of \$244 million (\$3.32 Adjusted net income per common share) for the same period in 2022.

We calculate Adjusted EBITDA and Adjusted net income by including amounts related to our equity share of the Atlas facility (63.1% interest) and by excluding the non-controlling interests' share, the mark-to-market impact of share-based compensation as a result of changes in our share price, the impact of the Egypt gas contract revaluation included in finance income and other expenses and the impact of certain items associated with specific identified events. Refer to *Additional Information - Non-GAAP Measures* on page 14 for a further discussion on how we calculate these measures. Our analysis of depreciation and amortization, finance costs, finance income and other expenses and income taxes is consistent with the presentation of our consolidated statements of income and excludes amounts related to Atlas.

We review our financial results by analyzing changes in Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses and income taxes. A summary of our consolidated statements of income is as follows:

(\$ millions)	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Consolidated statements of income:					
Revenue	\$ 939	\$ 1,038	\$ 1,137	\$ 1,978	\$ 2,313
Cost of sales and operating expenses	(724)	(841)	(852)	(1,566)	(1,744)
Mark-to-market impact of share-based compensation	(15)	20	(47)	5	1
Adjusted EBITDA attributable to associate	14	44	39	59	81
Amounts excluded from Adjusted EBITDA attributable to non-controlling interests	(54)	(52)	(34)	(107)	(71)
Adjusted EBITDA attributable to Methanex shareholders	160	209	243	369	580
Mark-to-market impact of share-based compensation	15	(20)	47	(5)	(1)
Depreciation and amortization	(95)	(98)	(94)	(193)	(186)
Finance costs	(30)	(31)	(33)	(61)	(67)
Finance income (loss) and other expenses	16	11	(3)	27	(3)
Income tax expense	(19)	(14)	(37)	(33)	(79)
Earnings of associate adjustment ¹	(10)	(19)	(18)	(30)	(39)
Non-controlling interests adjustment ¹	20	22	20	42	39
Net income attributable to Methanex shareholders	\$ 57	\$ 60	\$ 125	\$ 116	\$ 244
Net income	\$ 91	\$ 90	\$ 139	\$ 181	\$ 276

¹ These adjustments represent depreciation and amortization, finance costs, finance income and other expenses and income taxes associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

Adjusted EBITDA (attributable to Methanex shareholders)

Our operations consist of a single operating segment - the production and sale of methanol. We review the results of operations by analyzing changes in the components of Adjusted EBITDA. For a discussion of the definitions used in our Adjusted EBITDA analysis, refer to *How We Analyze Our Business* on page 18. Changes in these components - average realized price, sales volume and total cash costs - similarly impact net income attributable to Methanex shareholders. The changes in Adjusted EBITDA resulted from changes in the following:

(\$ millions)	Q2 2023 compared with Q1 2023	Q2 2023 compared with Q2 2022	YTD Q2 2023 compared with YTD Q2 2022
Average realized price	\$ (83)	\$ (212)	\$ (348)
Sales volume	1	9	12
Total cash costs	33	120	125
Decrease in Adjusted EBITDA	\$ (49)	\$ (83)	\$ (211)

Average realized price

(\$ per tonne)	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Methanex average non-discounted posted price	450	471	548	460	534
Methanex average realized price	338	371	422	354	424

Methanex's average realized price for the second quarter of 2023 was \$338 per tonne compared to \$371 per tonne in the first quarter of 2023 and \$422 per tonne in the second quarter of 2022, resulting in a decrease of \$83 million and a decrease of \$212 million in Adjusted EBITDA, respectively. For the six months ended June 30, 2023, our average realized price was \$354 per tonne compared to \$424 per tonne for the same period in 2022, decreasing Adjusted EBITDA by \$348 million. The decline in the average realized price was driven by global methanol supply outpacing demand growth and lower global energy prices leading to a decrease in the methanol cost curve and MTO affordability. Decreasing spot prices, primarily in China, led to a higher discount rate of 25% for the second quarter. Refer to the *Supply/Demand Fundamentals* section on page 11 of the MD&A for more information.

Sales volume

Methanol sales volume excluding commission sales volume in the second quarter of 2023 was 8,000 tonnes higher than the first quarter of 2023 and 73,000 tonnes higher than the second quarter of 2022. The increase in sales volume in the second quarter of 2023 compared to the first quarter of 2023 increased Adjusted EBITDA by \$1 million. The increase in sales volume for the second quarter of 2023 compared to the same period in 2022 increased Adjusted EBITDA by \$9 million. For the six months ended June 30, 2023, compared to the same period in 2022, methanol sales volume excluding commission sales volume was 91,000 tonnes higher, increasing Adjusted EBITDA by \$12 million. Sales volume may vary quarter to quarter depending on customer requirements and inventory levels.

Total cash costs

The primary drivers of changes in our total cash costs are changes in the cost of Methanex-produced methanol and changes in the cost of methanol we purchase from others ("purchased methanol"). We supplement our production with methanol produced by others through methanol offtake contracts and purchases on the spot market to meet customer needs and to support our marketing efforts within the major global markets.

We apply the first-in, first-out method of accounting for inventories and it generally takes between 30 and 60 days to sell the methanol we produce or purchase. Accordingly, the changes in Adjusted EBITDA as a result of changes in Methanex-produced and purchased methanol costs primarily depend on changes in methanol pricing and the timing of inventory flows.

In a rising price environment, our margins at a given price are higher than in a stable price environment as a result of timing of methanol purchases and production versus sales. Generally, the opposite applies when methanol prices are decreasing.

The changes in Adjusted EBITDA due to changes in total cash costs were due to the following:

(\$ millions)	Q2 2023 compared with Q1 2023	Q2 2023 compared with Q2 2022	YTD Q2 2023 compared with YTD Q2 2022
Methanex-produced methanol costs	\$ 25	\$ 51	\$ 61
Proportion of Methanex-produced methanol sales	(4)	(9)	(39)
Purchased methanol costs	16	68	103
Logistics costs	(5)	10	8
Other, net	1	—	(8)
Increase in Adjusted EBITDA due to changes in total cash costs	\$ 33	\$ 120	\$ 125

Methanex-produced methanol costs

Natural gas is the primary feedstock at our methanol facilities and is the most significant component of Methanex-produced methanol costs. We purchase natural gas for more than half of our production under agreements where the unique terms of each contract include a base price and a variable price component linked to methanol revenue to reduce our commodity price risk exposure. The variable price component is adjusted by a formula linked to methanol sales prices above a certain level. We also purchase natural gas in North America and are exposed to natural gas spot price fluctuations for the unhedged portion of our gas needs in the region.

For the second quarter of 2023 compared to the first quarter of 2023, lower Methanex-produced methanol costs increased Adjusted EBITDA by \$25 million. For the second quarter of 2023 compared to the same period in 2022, lower Methanex-produced methanol costs increased Adjusted EBITDA by \$51 million. For the six months ended June 30, 2023 compared with the same period in 2022, lower Methanex-produced methanol costs increased Adjusted EBITDA by \$61 million. Changes in Methanex-produced methanol costs for all periods presented are primarily due to the impact of changes in realized methanol prices on the variable portion of our natural gas cost, changes in spot gas prices which impact the unhedged portion of our North American operations, timing of inventory flows and changes in the mix of production sold from inventory.

Proportion of Methanex-produced methanol sales

The cost of purchased methanol is linked to the selling price for methanol at the time of purchase and the cost of purchased methanol is generally higher than the cost of Methanex-produced methanol. Accordingly, an increase (decrease) in the proportion of Methanex-produced methanol sales results in a decrease (increase) in our overall cost structure for a given period. For the second quarter of 2023 compared to the first quarter of 2023, a lower proportion of Methanex-produced methanol sales decreased Adjusted EBITDA by \$4 million. For the second quarter of 2023 compared with the second quarter of 2022, a lower proportion of Methanex-produced methanol decreased Adjusted EBITDA by \$9 million. For the six months ended June 30, 2023 compared with the same period in 2022, a lower proportion of Methanex-produced methanol sales decreased Adjusted EBITDA by \$39 million.

Purchased methanol costs

Changes in purchased methanol costs for all periods presented are primarily a result of changes in methanol pricing and the timing of purchases sold from inventory, as well as the volume of purchased methanol. For the second quarter of 2023 compared to the first quarter of 2023, the impact of lower purchased methanol costs increased Adjusted EBITDA by \$16 million. For the second quarter of 2023 compared to the second quarter of 2022, the impact of lower purchased methanol costs increased Adjusted EBITDA by \$68 million. For the six months ended June 30, 2023 compared with the same period in 2022, lower purchased methanol costs increased Adjusted EBITDA by \$103 million.

Logistics costs

Logistics costs vary from period to period primarily depending on the levels of production from each of our production facilities, the resulting impact on our supply chain, and variability in bunker fuel costs. Logistics costs for the second quarter of 2023, compared with the first quarter of 2023, were higher by \$5 million. For the second quarter of 2023 compared to the second quarter of 2022, logistics costs were lower by \$10 million. Logistics costs for the six months ended June 30, 2023 were \$8 million lower compared to the same period in 2022. Changes in logistics costs for all periods presented were due to the mix of production from various plants and the resulting impact on our supply chain.

Other, net

Other, net relates to unabsorbed fixed costs, selling, general and administrative expenses and other operational items. Other costs were \$1 million lower during the second quarter of 2023 compared to the first quarter of 2023. Other costs during the second quarter of 2023 were similar compared to the second quarter of 2022. For the six months ended June 30, 2023 compared with the same period in 2022, other costs were higher by \$8 million.

Mark-to-Market Impact of Share-based Compensation

We grant share-based awards as an element of compensation. Share-based awards granted include stock options, share appreciation rights, tandem share appreciation rights, deferred share units, restricted share units and performance share units. For all share-based awards, share-based compensation is recognized over the related vesting period for the proportion of the service that has been rendered at each reporting date. Share-based compensation includes an amount related to the grant-date value and a mark-to-market impact as a result of subsequent changes in the fair value of the share-based awards primarily driven by the Company's share price. The grant-date value amount is included in Adjusted EBITDA and Adjusted net income. The mark-to-market impact of share-based compensation as a result of changes in our share price is excluded from Adjusted EBITDA and Adjusted net income and analyzed separately.

	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
(\$ millions except share price)					
Methanex Corporation share price ¹	\$ 41.37	\$ 46.53	\$ 38.23	\$ 41.37	\$ 38.23
Grant-date fair value expense included in Adjusted EBITDA and Adjusted net income	6	6	9	12	17
Mark-to-market impact ²	(15)	20	(47)	5	1
Total share-based compensation expense (recovery), before tax	\$ (9)	\$ 26	\$ (38)	\$ 17	\$ 18

¹ US dollar share price of Methanex Corporation as quoted on the NASDAQ Global Market on the last trading day of the respective period.

² For all periods presented, the mark-to-market impact on share-based compensation is primarily due to changes in the Methanex Corporation share price.

Depreciation and Amortization

Depreciation and amortization was \$95 million for the second quarter of 2023 compared to \$98 million for the first quarter of 2023 and \$94 million for the second quarter of 2022. Depreciation and amortization for the six months ended June 30, 2023 was \$193 million compared to \$186 million in the same period in 2022. Compared to the six months ended June 30, 2022, depreciation and amortization in 2023 was higher due to the higher cost base of depreciable property, plant and equipment driven by additional capitalized maintenance costs and ocean going vessel additions.

Finance Costs

	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
(\$ millions)					
Finance costs before capitalized interest	\$ 43	\$ 43	\$ 41	\$ 86	\$ 82
Less capitalized interest	(13)	(12)	(8)	(25)	(15)
Finance costs	\$ 30	\$ 31	\$ 33	\$ 61	\$ 67

Finance costs are primarily comprised of interest on borrowings and lease obligations.

Finance costs were lower for the second quarter of 2023 compared to the first quarter of 2023 and the second quarter of 2022 due to additional interest capitalized for the Geismar 3 project. Finance costs before capitalized interest have increased in 2023 compared to the prior year due to additional interest on long-term ocean going vessel leases. Refer to the *Liquidity and Capital Resources* section on page 13.

Finance Income (Loss) and Other Expenses

	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
(\$ millions)					
Finance income (loss) and other expenses	\$ 16	\$ 11	\$ (3)	\$ 27	\$ (3)

Finance income (loss) and other expenses was higher during the second quarter of 2023, compared to the first quarter of 2023 and the second quarter of 2022, due to a higher unrealized gain on the derivative Egypt gas supply contract. Refer to Note 10 of the second quarter 2023 condensed consolidated interim financial statements for further disclosure. The other changes in finance income (loss) and other expenses for all periods presented is primarily due to the impact of changes in foreign exchange rates and changes in interest income earned on cash balances.

Income Taxes

A summary of our income taxes for the second quarter of 2023 compared to the first quarter of 2023 and the six months ended June 30, 2023 compared to the same period in 2022 is as follows:

(\$ millions except where noted)	Three Months Ended June 30, 2023		Three Months Ended March 31, 2023	
	Per consolidated statement of income	Adjusted ^{1, 2, 3, 4}	Per consolidated statement of income	Adjusted ^{1, 2, 3, 4}
Net income before income tax	\$ 110	\$ 55	\$ 104	\$ 103
Income tax expense	(19)	(14)	(14)	(27)
Net income after income tax	\$ 91	\$ 41	\$ 90	\$ 76
Effective tax rate	17 %	26 %	14 %	26 %

(\$ millions, except where noted)	Six Months Ended June 30, 2023		Six Months Ended June 30, 2022	
	Per consolidated statement of income	Adjusted ^{1, 2, 3, 4}	Per consolidated statement of income	Adjusted ^{1, 2, 3, 4}
Net income before income tax	\$ 214	\$ 158	\$ 355	\$ 344
Income tax expense	(33)	(41)	(79)	(100)
Net income after income tax	\$ 181	\$ 117	\$ 276	\$ 244
Effective tax rate	15 %	26 %	22 %	29 %

¹ Adjusted net income before income tax reflects amounts required for the inclusion of 63.1% of Atlas income, 50% of Egypt and 60% of Waterfront Shipping, as well as amounts required to exclude the mark-to-market impact of share-based compensation expense or recovery and the impact of the Egypt gas contract revaluation. The most directly comparable measure in the financial statements is net income before tax.

² Adjusted income tax expense reflects amounts required for the inclusion of 63.1% of Atlas income, 50% of Egypt and 60% of Waterfront Shipping, as well as amounts required to exclude the tax impact of mark-to-market impact of share-based compensation expense or recovery and the impact of the Egypt gas contract revaluation, calculated at the appropriate applicable tax rate for their respective jurisdictions. The most directly comparable measure in the financial statements is income tax expense.

³ Adjusted effective tax rate is a non-GAAP ratio and is calculated as adjusted income tax expense or recovery, divided by adjusted net income before tax.

⁴ Adjusted net income before income tax and Adjusted income tax expense are non-GAAP measures. Adjusted effective tax rate is a non-GAAP ratio. These do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Management uses these to assess the effective tax rate. These measures and ratios are useful as they are a better measure of our underlying tax rate across the jurisdictions in which we operate.

We earn the majority of our income in the United States, New Zealand, Trinidad, Chile, Egypt and Canada. Including applicable withholding taxes, the statutory tax rate applicable to Methanex in the United States is 23%, New Zealand is 28%, Trinidad is 38%, Chile is 35%, Egypt is 30% and Canada is 24.5%. We accrue for withholding taxes that will be incurred upon distributions from our subsidiaries when it is probable that the earnings will be repatriated. As the Atlas entity is accounted for using the equity method, any income taxes related to Atlas are included in earnings of associate and therefore excluded from total income taxes but included in the calculation of Adjusted net income.

The effective tax rate based on Adjusted net income was 26% for the second quarter of 2023 and 26% for the first quarter of 2023. For the six month period ended June 30, 2023 compared to the same period in 2022, the effective tax rate based on Adjusted net income was 26% and 29%. Adjusted net income represents the amount that is attributable to Methanex shareholders and excludes the mark-to-market impact of share-based compensation and the impact of certain items associated with specific identified events. The effective tax rate differs from period to period depending on the source of earnings and the impact of foreign exchange fluctuations against the United States dollar.

The following table shows a reconciliation of Net income to Adjusted net income before tax, and of Income tax expense to Adjusted income tax expense:

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
(\$ millions except per share amounts and where noted)				
Net income	\$ 91	\$ 139	\$ 181	\$ 276
Adjusted for:				
Income tax expense	19	37	33	79
Earnings from associate	(5)	(20)	(30)	(41)
Share of associate's income before tax	8	32	46	66
Net income before tax of non-controlling interests	(38)	(17)	(71)	(37)
Mark-to-market impact of share-based compensation	(15)	(47)	5	1
Impact of Egypt gas contract revaluation	(5)	—	(6)	—
Adjusted net income before tax	\$ 55	\$ 124	\$ 158	\$ 344
Income tax expense	\$ (19)	\$ (37)	\$ (33)	\$ (79)
Adjusted for:				
Inclusion of tax expense of associate	(3)	(12)	(15)	(25)
Removal of tax expense of non-controlling interest	5	3	7	5
Tax on mark-to-market impact of share-based compensation	2	6	(1)	(1)
Tax on impact of Egypt gas contract revaluation	1	—	1	—
Adjusted income tax expense	\$ (14)	\$ (40)	\$ (41)	\$ (100)

SUPPLY/DEMAND FUNDAMENTALS

Demand

Global methanol demand in the second quarter increased modestly compared to the first quarter of 2023 and we continue to monitor demand closely with ongoing macro-economic headwinds. Demand for traditional chemical applications, which represents over fifty percent of global methanol demand, increased slightly compared to the first quarter but remains at or slightly below 2022 demand. This is mainly due to the slower than anticipated pace of economic recovery in China and the impact of inflation and resulting monetary policy actions on the rate of global industrial activity. Demand from energy-related applications such as MTBE and fuel blending increased during the second quarter driven by improved mobility in China as well as continued cost competitiveness of methanol. Methanol-to-olefins (MTO) operating rates also improved slightly compared to the first quarter when a number of units undertook outages, although MTO affordability remains under meaningful pressure as a result of continued low olefins pricing.

Over the long term, we believe that traditional chemical demand for methanol, which represents over 50% of global methanol demand, is influenced by the strength of global and regional economies and industrial production levels. We believe that demand for energy-related applications will be influenced by energy prices, pricing of end products, and government policies that are playing an increasing role in encouraging new applications for methanol due to its emissions benefits as a fuel. The demand outlook for methanol as marine fuel continues to grow with orders for dual-fueled vessels and retrofits increasing every quarter. The current vessels operating coupled with the order book for new builds and retrofits represents approximately 200 dual-fueled ships with potential methanol demand of over six million tonnes per year in the next five years. The future operating rates and methanol consumption from MTO producers will depend on a number of factors including the pricing for their various final products, the degree of downstream integration of these units with other products, the impact of olefin industry feedstock costs, including naphtha, on relative competitiveness and plant maintenance schedules.

Supply

Global methanol operating rates increased in the second quarter of 2023 compared to the first quarter. Methanol production from China and Iran which faced natural gas restrictions in the first quarter increased steadily throughout the quarter and strong operating rates in other regions led to global methanol supply outpacing demand growth and higher global inventory levels.

We expect limited capacity additions in the next five years. In North America, we are building a 1.8 million tonne plant, the Geismar 3 project, which will be our third plant in Louisiana, with first methanol production expected in the fourth quarter of 2023. In Iran, we believe there are two plants under construction but the timing of start up is uncertain. The completion of major projects as well as ongoing plant operating rates in Iran continue to be challenged due to the impact of ongoing sanctions, plant technical issues as well as ongoing natural gas constraints (particularly in the winter months). In Malaysia, a 1.8 million tonne plant is under construction with a scheduled start up in 2024. In China, there are planned capacity additions over the near-to-medium term which we expect will be somewhat offset by the closure of some small-scale, inefficient and older plants. New capacity built in China is expected to be consumed domestically as China is expected to require increasing methanol imports to meet growing demand.

Methanol Price

Our average realized price in the second quarter of 2023 was \$338 per tonne compared to \$371 per tonne in the first quarter of 2023. The decline in the average realized price was driven by global methanol supply outpacing demand growth and lower global energy prices leading to a decrease in the methanol cost curve and MTO affordability. Decreasing spot prices, primarily in China, led to a higher discount rate of 25% for the second quarter.

Future methanol prices will depend on the strength of the global economy, industry operating rates, global energy prices, new supply additions and the strength of global demand.

The following table outlines our recent regional non-discounted posted prices. Methanol is a global commodity and future methanol prices are directly impacted by changes in methanol supply and demand. Based on the diversity of end products in which methanol is used, demand for methanol is driven by a number of factors including: strength of global and regional economies, industrial production levels, energy and derivatives prices, pricing of end products and government regulations and policies. Methanol industry supply is impacted by the cost and availability of feedstock, methanol industry operating rates and new methanol industry capacity additions.

Methanex Non-Discounted Regional Posted Prices ¹

<i>(US\$ per tonne)</i>	Jul 2023	Jun 2023	May 2023	Apr 2023
North America	529	545	555	575
Europe ²	430	530	530	530
Asia Pacific	325	345	395	405
China	295	330	370	385

¹ Discounts from our posted prices are offered to customers based on various factors.

² €395 for Q3 2023 (Q2 2023 – €488) converted to United States dollars.

LIQUIDITY AND CAPITAL RESOURCES

We operate in a highly competitive commodity industry and therefore are committed to maintaining a strong balance sheet and financial flexibility. At June 30, 2023, our cash balance was \$646 million, or approximately \$589 million excluding non-controlling interest portion of \$76 million but including our share of cash held by the Atlas joint venture of \$19 million. We invest our cash only in highly rated instruments that have maturities of three months or less to ensure preservation of capital and appropriate liquidity. We continuously evaluate the liquidity requirements needed to achieve our strategic objectives, including our capital expenditures.

A summary of our sources and uses of cash for the three and six months ended June 30, 2023, compared to the same periods in 2022, is as follows:

	Three Months Ended			Six Months Ended		
	Jun 30 2023	Jun 30 2022	Variance	Jun 30 2023	Jun 30 2022	Variance
(\$ millions, except as otherwise noted)						
Cash provided by operating activities	\$ 196	\$ 106	\$ 90	\$ 359	\$ 432	\$ (73)
Cash used in financing activities	(198)	(211)	13	(313)	(226)	(87)
Cash used in investing activities	(132)	(142)	10	(258)	(260)	2
Decrease in cash and cash equivalents	\$ (134)	\$ (247)	\$ 113	\$ (212)	\$ (54)	\$ (158)

Cash flows from operating activities in the second quarter of 2023 were \$196 million compared to \$106 million for the second quarter of 2022. Cash flows from operating activities were higher in the second quarter of 2023 compared to the second quarter of 2022 due to the positive impact of working capital changes including the timing of tax payments in the second quarter of 2023, partially offset by lower net income. Cash flows from operating activities in the six months ended June 30, 2023 were \$359 million compared with \$432 million for the same period in 2022, and were lower primarily as a result of lower methanol pricing and lower earnings.

Cash used in financing activities in the second quarter of 2023 was \$198 million compared to \$211 million for the second quarter of 2022, as the outflows in the second quarter of 2022 included higher payments for shares repurchased under our normal course issuer bid. This was partially offset by higher distributions to non-controlling interests in the second quarter of 2023 compared to the second quarter of 2022. Cash used in financing activities for the six months ended June 30, 2023 was \$313 million compared to \$226 million for the same period in 2022, and were higher as 2022 included higher payments for shares repurchased under our normal course issuer bid, offset by proceeds received upon a sale of partial interest in a subsidiary of \$145 million.

In the second quarter of 2023 we paid a quarterly dividend of \$0.185 per common share for a total of \$12.5 million.

To June 30, 2023, we have repurchased 2,787,484 common shares of 3,506,405 permitted under our current normal course issuer bid for \$119 million, an average purchase price of approximately \$43 per share. During the second quarter of 2023 we purchased 864,052 shares for \$38 million. With continued macro uncertainty and the impact of declining methanol prices through the second quarter, we ceased share repurchases under the current normal course issuer bid which expires in September 2023. Our intent remains to repay rather than re-finance the \$300 million bond due at the end of 2024 and under current market conditions and pricing levels we will be prioritizing excess cash towards this repayment.

Cash used in investing activities relates to capital spend on maintenance and major projects including our Geismar 3 plant currently under construction. For more information on our capital projects, please see Capital Projects and Growth Opportunities below.

Capital Projects and Growth Opportunities

The Geismar 3 project is progressing safely, on time and on budget with methanol production expected in the fourth quarter of 2023 with an expected total capital cost of \$1.25 - 1.3 billion. The remaining cash expenditure of approximately \$240 to \$290 million, including approximately \$65 million of spending accrued in accounts payable, is fully funded with cash on hand. Along with significantly enhancing our cash generation capability, Geismar 3 will have one of the lowest CO₂ emissions intensity profiles in the industry, helping us meet our commitment to reduce our greenhouse gas emissions intensity.

Our planned operational capital expenditures directed towards maintenance, turnarounds, and catalyst changes, including our 63.1% share of Atlas and 50% of Egypt, is currently estimated to be approximately \$80 million for the remainder of 2023. Our 2023 capital expenditures are expected to be slightly higher than our average annual sustaining capital due to the number of turnarounds occurring and non-recurring capital projects in 2023.

CONTROLS AND PROCEDURES

During the second quarter of 2023, no changes were made in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ADDITIONAL INFORMATION – NON-GAAP MEASURES

In addition to providing measures prepared in accordance with IFRS, we present certain additional non-GAAP measures and ratios throughout this document. These are Adjusted EBITDA, Adjusted net income, Adjusted net income per common share, Adjusted net income before income tax, Adjusted income tax expense, and Adjusted effective tax rate. These non-GAAP financial measures and ratios reflect our 63.1% economic interest in the Atlas Facility, our 50% economic interest in the Egypt Facility and our 60% economic interest in Waterfront Shipping, and are useful as they are a better measure of our underlying performance, and assist in assessing the operating performance of the Company's business. These measures, at our share of our facilities, are a better measure of our underlying performance, as we fully run the operations on our partners' behalf, despite having less than full share of the economic interest. Adjusted EBITDA is also frequently used by securities analysts and investors when comparing our results with those of other companies. These measures do not have any standardized meaning prescribed by generally accepted accounting principles ("GAAP") and therefore are unlikely to be comparable to similar measures presented by other companies. These supplemental non-GAAP measures and ratios are provided to assist readers in determining our ability to generate cash from operations and improve the comparability of our results from one period to another.

These measures should be considered in addition to, and not as a substitute for, net income and revenue reported in accordance with IFRS.

Adjusted EBITDA (attributable to Methanex shareholders)

Adjusted EBITDA differs from the most comparable GAAP measure, net income attributable to Methanex shareholders, because it excludes the mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses and income taxes. Adjusted EBITDA includes an amount representing our 63.1% share of the Atlas facility and excludes the non-controlling shareholders' interests in entities which we control but do not fully own.

Adjusted EBITDA and Adjusted net income exclude the mark-to-market impact of share-based compensation related to the impact of changes in our share price on SARs, TSARs, deferred share units, restricted share units and performance share units. The mark-to-market impact related to share-based compensation that is excluded from Adjusted EBITDA and Adjusted net income is calculated as the difference between the grant-date value and the fair value recorded at each period-end. As share-based awards will be settled in future periods, the ultimate value of the units is unknown at the date of grant and therefore the grant-date value recognized in Adjusted EBITDA and Adjusted net income may differ from the total settlement cost.

The following table shows a reconciliation from net income attributable to Methanex shareholders to Adjusted EBITDA:

(\$ millions)	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Net income attributable to Methanex shareholders	\$ 57	\$ 60	\$ 125	\$ 116	\$ 244
Mark-to-market impact of share-based compensation	(15)	20	(47)	5	1
Depreciation and amortization	95	98	94	193	186
Finance costs	30	31	33	61	67
Finance income (loss) and other expenses	(16)	(11)	3	(27)	3
Income tax expense	19	14	37	33	79
Earnings of associate adjustment ¹	10	19	18	30	39
Non-controlling interests adjustment ¹	(20)	(22)	(20)	(42)	(39)
Adjusted EBITDA attributable to Methanex shareholders	\$ 160	\$ 209	\$ 243	\$ 369	\$ 580

¹ These adjustments represent depreciation and amortization, finance costs, finance income and other expenses and income taxes associated with our 63.1% interest in the Atlas methanol facility and the non-controlling interests.

Adjusted Net Income and Adjusted Net Income per Common Share

Adjusted net income and Adjusted net income per common share are a non-GAAP measure and a non-GAAP ratio, respectively, because they exclude the mark-to-market impact of share-based compensation, the impact of the Egypt gas contract revaluation included in finance income and other expenses and the impact of certain items associated with specific identified events. The following table shows a reconciliation of net income attributable to Methanex shareholders to Adjusted net income and the calculation of Adjusted net income per common share:

(\$ millions except number of shares and per share amounts)	Three Months Ended			Six Months Ended	
	Jun 30 2023	Mar 31 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Net income attributable to Methanex shareholders	\$ 57	\$ 60	\$ 125	\$ 116	\$ 244
Mark-to-market impact of share-based compensation, net of tax	(13)	17	(41)	5	—
Impact of Egypt gas contract revaluation, net of tax	(3)	(1)	—	(4)	—
Adjusted net income	\$ 41	\$ 76	\$ 84	\$ 117	\$ 244
Diluted weighted average shares outstanding (millions)	68	69	72	68	73
Adjusted net income per common share	\$ 0.60	\$ 1.11	\$ 1.16	\$ 1.70	\$ 3.32

Management uses these measures to analyze net income and net income per common share after adjusting for our economic interest in the Atlas and Egypt facilities and Waterfront Shipping, for reasons as described above. The exclusion of the mark-to-market portion of the impact of share-based compensation is due to these amounts not being seen as indicative of operational performance and can fluctuate in the intervening periods until settlement, at which time they are included appropriately as the cost of employee compensation. The exclusion of the impact of the Egypt gas contract revaluation is due to the change in the derivative being unrealized with the fair value of the derivative expected to fluctuate in the intervening periods until settlement. The exclusion of the impact of the Egypt gas contract revaluation had no impact on comparative periods before the third quarter of 2022, when the contract amendment leading to fair value measurement of the contract occurred.

QUARTERLY FINANCIAL DATA (UNAUDITED)

Our operations consist of a single operating segment - the production and sale of methanol. Quarterly results vary due to the average realized price of methanol, sales volume and total cash costs. A summary of selected financial information is as follows:

	Three Months Ended			
	Jun 30 2023	Mar 31 2023	Dec 31 2022	Sep 30 2022
(\$ millions except per share amounts)				
Revenue	\$ 939	\$ 1,038	\$ 986	\$ 1,012
Net income attributable to Methanex shareholders	57	60	41	69
Basic net income per common share	0.84	0.87	0.59	0.99
Diluted net income per common share	0.73	0.87	0.59	0.87
Adjusted EBITDA	160	209	160	192
Adjusted net income	41	76	51	49
Adjusted net income per common share	0.60	1.11	0.73	0.69

	Three Months Ended			
	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sep 30 2021
(\$ millions except per share amounts)				
Revenue	\$ 1,137	\$ 1,176	\$ 1,253	\$ 1,078
Net income attributable to Methanex shareholders	125	119	201	71
Basic net income per common share	1.74	1.60	2.66	0.93
Diluted net income per common share	1.41	1.60	2.51	0.93
Adjusted EBITDA	243	337	340	264
Adjusted net income	84	159	185	99
Adjusted net income per common share	1.16	2.16	2.43	1.29

Methanex Corporation
Quarterly History *(unaudited)*

	2023	Q2	Q1	2022	Q4	Q3	Q2	Q1
METHANOL SALES VOLUME <i>(thousands of tonnes)</i>								
Methanex-produced ¹	3,270	1,621	1,649	6,141	1,360	1,350	1,634	1797
Purchased methanol	1,732	884	848	3,688	1,095	1,113	798	682
Commission sales ¹	585	277	308	945	192	214	260	279
	5,587	2,782	2,805	10,774	2,647	2,677	2,692	2,758
METHANOL PRODUCTION <i>(thousands of tonnes)</i>								
New Zealand	811	408	403	1,230	395	205	244	386
USA (Geismar)	981	532	449	2,041	437	492	556	556
Trinidad (Methanex interest)	504	248	256	981	225	249	249	258
Egypt (50% interest)	324	163	161	385	96	35	150	104
Canada (Medicine Hat)	276	134	142	593	147	130	155	161
Chile	422	173	249	888	226	141	197	324
	3,318	1,658	1,660	6,118	1,526	1,252	1,551	1,789
AVERAGE REALIZED METHANOL PRICE ²								
(\$/tonne)	354	338	371	397	373	377	422	425
(\$/gallon)	1.06	1.02	1.12	1.19	1.12	1.13	1.27	1.28
ADJUSTED EBITDA	369	160	209	932	160	192	243	337
PER SHARE INFORMATION (\$ per common share attributable to Methanex shareholders)								
Basic net income	1.71	0.84	0.87	4.95	0.59	0.99	1.74	1.60
Diluted net income	1.70	0.73	0.87	4.86	0.59	0.87	1.41	1.60
Adjusted net income	1.70	0.60	1.11	4.79	0.73	0.69	1.16	2.16

¹ Methanex-produced methanol represents our equity share of volume produced at our facilities and excludes volume marketed on a commission basis related to the 36.9% of the Atlas facility and 50% of the Egypt facility that we do not own.

² Average realized price is calculated as revenue divided by the total sales volume.

HOW WE ANALYZE OUR BUSINESS

Our operations consist of a single operating segment - the production and sale of methanol. We review our financial results by analyzing changes in the components of Adjusted EBITDA, mark-to-market impact of share-based compensation, depreciation and amortization, finance costs, finance income and other expenses and income taxes.

The Company has used the terms Adjusted EBITDA, Adjusted net income and Adjusted net income per common share throughout this document. These items are non-GAAP measures that do not have any standardized meaning prescribed by GAAP and therefore are unlikely to be comparable to similar measures presented by other companies. Refer to *Additional Information - Non-GAAP Measures* section on page 14 for a description of each non-GAAP measure and reconciliations to the most comparable GAAP measures.

In addition to the methanol that we produce at our facilities, we also purchase and re-sell methanol produced by others and we sell methanol on a commission basis. We analyze the results of all methanol sales together, excluding commission sales volume. The key drivers of changes in Adjusted EBITDA are average realized price, cash costs and sales volume, which are defined and calculated as follows:

PRICE The change in Adjusted EBITDA as a result of changes in average realized price is calculated as the difference from period to period in the selling price of methanol multiplied by the current period total methanol sales volume, excluding commission sales volume.

CASH COSTS The change in Adjusted EBITDA as a result of changes in cash costs is calculated as the difference from period to period in cash costs per tonne multiplied by the current period total methanol sales volume, excluding commission sales volume in the current period. The cash costs per tonne is the weighted average of the cash cost per tonne of Methanex-produced methanol and the cash cost per tonne of purchased methanol. The cash cost per tonne of Methanex-produced methanol includes absorbed fixed cash costs per tonne and variable cash costs per tonne. The cash cost per tonne of purchased methanol consists principally of the cost of methanol itself. In addition, the change in Adjusted EBITDA as a result of changes in cash costs includes the changes from period to period in unabsorbed fixed production costs, consolidated selling, general and administrative expenses and fixed storage and handling costs.

SALES VOLUME The change in Adjusted EBITDA as a result of changes in sales volume is calculated as the difference from period to period in total methanol sales volume, excluding commission sales volume, multiplied by the margin per tonne for the prior period. The margin per tonne for the prior period is the weighted average margin per tonne of Methanex-produced methanol and margin per tonne of purchased methanol. The margin per tonne for Methanex-produced methanol is calculated as the selling price per tonne of methanol less absorbed fixed cash costs per tonne and variable cash costs per tonne. The margin per tonne for purchased methanol is calculated as the selling price per tonne of methanol less the cost of purchased methanol per tonne.

We own 63.1% of the Atlas methanol facility and market the remaining 36.9% of its production through a commission offtake agreement. A contractual agreement between us and our partners establishes joint control over Atlas. As a result, we account for this investment using the equity method of accounting, which results in 63.1% of the net assets and net earnings of Atlas being presented separately in the consolidated statements of financial position and consolidated statements of income, respectively. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income and Adjusted net income per common share include an amount representing our 63.1% equity share in Atlas. Our analysis of depreciation and amortization, finance costs, finance income and other expenses and income taxes is consistent with the presentation of our consolidated statements of income and excludes amounts related to Atlas.

We own 50% of the 1.26 million tonne per year Egypt methanol facility and market the remaining 50% of its production through a commission offtake agreement. We own 60% of Waterfront Shipping, which provides service to Methanex for the ocean freight component of our distribution and logistics costs. We consolidate both Egypt and Waterfront Shipping, which results in 100% of the financial results being included in our financial statements. Non-controlling interests are included in the Company's consolidated financial statements and represent the non-controlling shareholders' interests in the Egypt methanol facility and Waterfront Shipping. For purposes of analyzing our business, Adjusted EBITDA, Adjusted net income and Adjusted net income per common share exclude the amounts associated with non-controlling interests.

FORWARD-LOOKING INFORMATION WARNING

This Second Quarter 2023 Management's Discussion and Analysis ("MD&A") as well as comments made during the Second Quarter 2023 investor conference call contain forward-looking statements with respect to us and our industry. These statements relate to future events or our future performance. All statements other than statements of historical fact are forward-looking statements. Statements that include the words "believes," "expects," "may," "will," "should," "potential," "estimates," "anticipates," "aim," "goal," "targets," "plan," "predict" or other comparable terminology and similar statements of a future or forward-looking nature identify forward-looking statements.

More particularly and without limitation, any statements regarding the following are forward-looking statements:

- expected demand for methanol and its derivatives,
- expected new methanol supply or restart of idled capacity and timing for start up of the same,
- expected shutdowns (either temporary or permanent) or restarts of existing methanol supply (including our own facilities), including, without limitation, the timing and length of planned maintenance outages,
- expected methanol and energy prices,
- expected levels of methanol purchases from traders or other third parties,
- expected levels, timing and availability of economically priced natural gas supply to each of our plants,
- capital committed by third parties towards future natural gas exploration and development in the vicinity of our plants,
- our expected capital expenditures and anticipated timing and rate of return of such capital expenditures,
- anticipated operating rates of our plants,
- expected operating costs, including natural gas feedstock costs and logistics costs,
- expected tax rates or resolutions to tax disputes,
- expected cash flows, cash balances, earnings capability, debt levels and share price,
- availability of committed credit facilities and other financing,
- our ability to meet covenants associated with our long-term debt obligations,
- our shareholder distribution strategy and anticipated distributions to shareholders,
- commercial viability and timing of, or our ability to execute future projects, plant restarts, capacity expansions, plant relocations or other business initiatives or opportunities, including our Geismar 3 project,
- our financial strength and ability to meet future financial commitments,
- expected global or regional economic activity (including industrial production levels) and GDP growth,
- expected outcomes of litigation or other disputes, claims and assessments,
- expected actions of governments, governmental agencies, gas suppliers, courts, tribunals or other third parties, and
- the potential future impact of the COVID-19 pandemic.

We believe that we have a reasonable basis for making such forward-looking statements. The forward-looking statements in this document are based on our experience, our perception of trends, current conditions and expected future developments as well as other factors. Certain material factors or assumptions were applied in drawing the conclusions or making the forecasts or projections that are included in these forward-looking statements, including, without limitation, future expectations and assumptions concerning the following:

- the supply of, demand for and price of methanol, methanol derivatives, natural gas, coal, oil and oil derivatives,
- our ability to procure natural gas feedstock on commercially acceptable terms,
- operating rates of our facilities,
- receipt or issuance of third-party consents or approvals or governmental approvals related to rights to purchase natural gas,
- the establishment of new fuel standards,
- operating costs, including natural gas feedstock and logistics costs, capital costs, tax rates, cash flows, foreign exchange rates and interest rates,
- the availability of committed credit facilities and other financing,
- the expected timing and capital cost of our Geismar 3 project,

- global and regional economic activity (including industrial production levels) and GDP growth,
- absence of a material negative impact from major natural disasters,
- absence of a material negative impact from changes in laws or regulations,
- absence of a material negative impact from political instability in the countries in which we operate, and
- enforcement of contractual arrangements and ability to perform contractual obligations by customers, natural gas and other suppliers and other third parties.

However, forward-looking statements, by their nature, involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The risks and uncertainties primarily include those attendant with producing and marketing methanol and successfully carrying out major capital expenditure projects in various jurisdictions, including, without limitation:

- conditions in the methanol and other industries, including fluctuations in the supply, demand and price for methanol and its derivatives, including demand for methanol for energy uses,
- the price of natural gas, coal, oil and oil derivatives,
- our ability to obtain natural gas feedstock on commercially acceptable terms to underpin current operations and future production growth opportunities,
- the ability to carry out corporate initiatives and strategies,
- actions of competitors, suppliers and financial institutions,
- conditions within the natural gas delivery systems that may prevent delivery of our natural gas supply requirements,
- our ability to meet timeline and budget targets for the Geismar 3 project, including the impact of any cost pressures arising from tightening construction labour market conditions,
- competing demand for natural gas, especially with respect to any domestic needs for gas and electricity,
- actions of governments and governmental authorities, including, without limitation, implementation of policies or other measures that could impact the supply of or demand for methanol or its derivatives,
- changes in laws or regulations,
- import or export restrictions, anti-dumping measures, increases in duties, taxes and government royalties and other actions by governments that may adversely affect our operations or existing contractual arrangements,
- world-wide economic conditions,
- the impacts of the COVID-19 pandemic, and
- other risks described in our 2022 Annual Management's Discussion and Analysis and this Second Quarter 2023 Management's Discussion and Analysis.

Having in mind these and other factors, investors and other readers are cautioned not to place undue reliance on forward-looking statements. They are not a substitute for the exercise of one's own due diligence and judgment. The outcomes implied by forward-looking statements may not occur and we do not undertake to update forward-looking statements except as required by applicable securities laws.

Methanex Corporation
Consolidated Statements of Income *(unaudited)*
(thousands of U.S. dollars, except number of common shares and per share amounts)

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Revenue	\$ 939,372	\$ 1,137,235	\$ 1,977,784	\$ 2,313,040
Cost of sales and operating expenses	(724,394)	(851,777)	(1,565,557)	(1,743,891)
Depreciation and amortization	(95,457)	(93,656)	(193,430)	(186,039)
Operating income	119,521	191,802	218,797	383,110
Earnings of associate (note 4)	4,739	19,816	29,908	40,853
Finance costs (note 5)	(30,242)	(32,740)	(60,920)	(66,545)
Finance income (loss) and other expenses	15,945	(2,969)	26,604	(2,603)
Income before income taxes	109,963	175,909	214,389	354,815
Income tax expense:				
Current	(15,480)	(24,556)	(31,052)	(53,437)
Deferred	(3,648)	(12,107)	(2,406)	(25,473)
	(19,128)	(36,663)	(33,458)	(78,910)
Net income	\$ 90,835	\$ 139,246	\$ 180,931	\$ 275,905
Attributable to:				
Methanex Corporation shareholders	\$ 56,690	\$ 125,080	\$ 116,460	\$ 243,600
Non-controlling interests	34,145	14,166	64,471	32,305
	\$ 90,835	\$ 139,246	\$ 180,931	\$ 275,905
Income per common share for the period attributable to Methanex Corporation shareholders				
Basic net income per common share	\$ 0.84	\$ 1.74	\$ 1.71	\$ 3.34
Diluted net income per common share (note 7)	\$ 0.73	\$ 1.41	\$ 1.70	\$ 3.28
Weighted average number of common shares outstanding (note 7)	67,711,862	71,987,641	68,241,898	72,920,032
Diluted weighted average number of common shares outstanding (note 7)	67,900,496	72,337,492	68,457,325	73,300,379

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation
Consolidated Statements of Comprehensive Income (Loss) (unaudited)
(thousands of U.S. dollars)

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Net income	\$ 90,835	\$ 139,246	\$ 180,931	\$ 275,905
Other comprehensive income (loss):				
Items that may be reclassified to income:				
Changes in cash flow hedges and excluded forward element (note 10)	(101,117)	82,016	(230,851)	333,450
Realized losses (gains) on foreign exchange hedges reclassified to revenue	368	(3,669)	3,135	(4,716)
Taxes on above items	21,715	(13,670)	50,933	(69,960)
	(79,034)	64,677	(176,783)	258,774
Comprehensive income	\$ 11,801	\$ 203,923	\$ 4,148	\$ 534,679
Attributable to:				
Methanex Corporation shareholders	\$ (22,344)	\$ 189,757	\$ (60,323)	\$ 502,374
Non-controlling interests	34,145	14,166	64,471	32,305
	\$ 11,801	\$ 203,923	\$ 4,148	\$ 534,679

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation
Consolidated Statements of Financial Position *(unaudited)*
(thousands of U.S. dollars)

AS AT	Jun 30 2023	Dec 31 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 645,736	\$ 857,747
Trade and other receivables	464,156	500,925
Inventories (note 2)	459,153	439,771
Prepaid expenses	32,752	38,585
Other assets	13,570	39,346
	1,615,367	1,876,374
Non-current assets:		
Property, plant and equipment (note 3)	4,282,498	4,155,283
Investment in associate (note 4)	199,227	197,083
Deferred income tax assets	100,457	46,353
Other assets (note 10)	213,542	356,387
	4,795,724	4,755,106
	\$ 6,411,091	\$ 6,631,480
LIABILITIES AND EQUITY		
Current liabilities:		
Trade, other payables and accrued liabilities	\$ 702,787	\$ 789,200
Current maturities on long-term debt (note 6)	12,885	15,133
Current maturities on lease obligations	109,283	108,736
Current maturities on other long-term liabilities	38,519	29,548
	863,474	942,617
Non-current liabilities:		
Long-term debt (note 6)	2,131,206	2,136,380
Lease obligations	752,494	761,427
Other long-term liabilities	148,104	134,603
Deferred income tax liabilities	232,493	226,996
	3,264,297	3,259,406
Equity:		
Capital stock	391,632	401,295
Contributed surplus	1,775	1,904
Retained earnings	1,483,488	1,466,872
Accumulated other comprehensive income	75,467	241,942
Shareholders' equity	1,952,362	2,112,013
Non-controlling interests	330,958	317,444
Total equity	2,283,320	2,429,457
	\$ 6,411,091	\$ 6,631,480

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation
Consolidated Statements of Changes in Equity (unaudited)

(thousands of U.S. dollars, except number of common shares)

	Number of Common Shares	Capital Stock	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity	Non- Controlling Interests	Total Equity
Balance, December 31, 2021	74,774,087	\$432,728	\$1,928	\$1,251,640	\$(2,720)	\$1,683,576	\$271,155	\$1,954,731
Net income	—	—	—	243,600	—	243,600	32,305	275,905
Other comprehensive income	—	—	—	—	258,774	258,774	—	258,774
Compensation expense recorded for stock options	—	—	55	—	—	55	—	55
Issue of shares on exercise of stock options	13,000	450	—	—	—	450	—	450
Reclassification of grant date fair value on exercise of stock options	—	104	(104)	—	—	—	—	—
Sale of partial interest in subsidiary	—	—	—	122,455	—	122,455	22,545	145,000
Payments for repurchase of shares	(3,880,191)	(22,464)	—	(167,939)	—	(190,403)	—	(190,403)
Dividend payments to Methanex Corporation shareholders	—	—	—	(19,538)	—	(19,538)	—	(19,538)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(22,909)	(22,909)
Realized hedge gains recognized in cash flow hedges	—	—	—	—	(24,738)	(24,738)	—	(24,738)
Balance, June 30, 2022	70,906,896	\$410,818	\$1,879	\$1,430,218	\$231,316	\$2,074,231	\$303,096	\$2,377,327
Net income	—	—	—	110,230	—	110,230	76,153	186,383
Other comprehensive income (loss)	—	—	—	(252)	40,925	40,673	—	40,673
Compensation expense recorded for stock options	—	—	55	—	—	55	—	55
Issue of shares on exercise of stock options	3,800	132	—	—	—	132	—	132
Reclassification of grant date fair value on exercise of stock options	—	30	(30)	—	—	—	—	—
Sale of partial interest in subsidiary	—	—	—	3,990	—	3,990	—	3,990
Payments for repurchase of shares	(1,671,560)	(9,685)	—	(52,897)	—	(62,582)	—	(62,582)
Dividend payments to Methanex Corporation shareholders	—	—	—	(24,417)	—	(24,417)	—	(24,417)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(61,805)	(61,805)
Realized hedge gains recognized in cash flow hedges	—	—	—	—	(30,299)	(30,299)	—	(30,299)
Balance, December 31, 2022	69,239,136	\$401,295	\$1,904	\$1,466,872	\$241,942	\$2,112,013	\$317,444	\$2,429,457
Net income	—	—	—	116,460	—	116,460	64,471	180,931
Other comprehensive loss	—	—	—	—	(176,783)	(176,783)	—	(176,783)
Compensation expense recorded for stock options	—	—	61	—	—	61	—	61
Issue of shares on exercise of stock options	33,067	1,144	—	—	—	1,144	—	1,144
Reclassification of grant date fair value on exercise of stock options	—	190	(190)	—	—	—	—	—
Payments for repurchase of shares	(1,894,711)	(10,997)	—	(75,394)	—	(86,391)	—	(86,391)
Dividend payments to Methanex Corporation shareholders	—	—	—	(24,450)	—	(24,450)	—	(24,450)
Distributions made and accrued to non-controlling interests	—	—	—	—	—	—	(50,957)	(50,957)
Realized hedge losses recognized in cash flow hedges	—	—	—	—	10,308	10,308	—	10,308
Balance, June 30, 2023	67,377,492	\$391,632	\$1,775	\$1,483,488	\$75,467	\$1,952,362	\$330,958	\$2,283,320

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation
Consolidated Statements of Cash Flows *(unaudited)*
(thousands of U.S. dollars)

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES				
Net income	\$ 90,835	\$ 139,246	\$ 180,931	\$ 275,905
Deduct earnings of associate	(4,739)	(19,816)	(29,908)	(40,853)
Dividends received from associate	—	—	27,764	47,325
Add (deduct) non-cash items:				
Depreciation and amortization	95,457	93,656	193,430	186,039
Income tax expense	19,128	36,663	33,458	78,910
Share-based compensation expense (recovery)	(9,450)	(38,353)	16,679	18,031
Finance costs	30,242	32,740	60,920	66,545
Other	(13,220)	(146)	(22,352)	(1,492)
Interest received	4,976	639	11,884	959
Income taxes paid	(58,313)	(46,916)	(70,531)	(65,273)
Other cash payments, including share-based compensation	(3,042)	(2,715)	(34,316)	(13,527)
Cash flows from operating activities before undernoted	151,874	194,998	367,959	552,569
Changes in non-cash working capital (note 9)	44,512	(88,944)	(9,367)	(120,828)
	196,386	106,054	358,592	431,741
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES				
Payments for repurchase of shares	(37,929)	(98,775)	(86,391)	(190,403)
Dividend payments to Methanex Corporation shareholders	(12,467)	(10,355)	(24,450)	(19,538)
Interest paid	(67,861)	(66,482)	(86,188)	(81,350)
Repayment of long-term debt and financing fees (note 6)	(3,076)	(2,960)	(8,690)	(5,701)
Repayment of lease obligations	(28,625)	(26,654)	(56,917)	(52,262)
Distributions to non-controlling interests	(30,607)	(5,963)	(50,957)	(22,909)
Proceeds on issue of shares on exercise of stock options	—	177	1,144	450
Restricted cash for debt service accounts	(518)	(303)	(512)	(1,014)
Sale of partial interest in subsidiary	—	—	—	145,000
Changes in non-cash working capital related to financing activities (note 9)	(17,291)	(134)	—	1,826
	(198,374)	(211,449)	(312,961)	(225,901)
CASH FLOWS USED IN INVESTING ACTIVITIES				
Property, plant and equipment	(40,414)	(30,533)	(80,915)	(46,303)
Geismar plant under construction	(71,069)	(106,245)	(157,163)	(226,287)
Changes in non-cash working capital related to investing activities (note 9)	(20,499)	(4,783)	(19,564)	12,745
	(131,982)	(141,561)	(257,642)	(259,845)
Decrease in cash and cash equivalents	(133,970)	(246,956)	(212,011)	(54,005)
Cash and cash equivalents, beginning of period	779,706	1,125,020	857,747	932,069
Cash and cash equivalents, end of period	\$ 645,736	\$ 878,064	\$ 645,736	\$ 878,064

See accompanying notes to condensed consolidated interim financial statements.

Methanex Corporation

Notes to Condensed Consolidated Interim Financial Statements *(unaudited)*

Except where otherwise noted, tabular dollar amounts are stated in thousands of U.S. dollars.

1. Basis of presentation:

Methanex Corporation ("the Company") is an incorporated entity with corporate offices in Vancouver, Canada. The Company's operations consist of the production and sale of methanol, a commodity chemical. The Company is the world's largest producer and supplier of methanol to the major international markets of Asia Pacific, North America, Europe and South America.

These condensed consolidated interim financial statements are prepared in accordance with *International Accounting Standards ("IAS") 34, Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") on a basis consistent with those followed in the most recent annual consolidated financial statements except for the adoption of amendments to IAS 1 *Disclosure of Accounting Policies*, IAS 8 *Changes in Accounting Estimates and Errors*, and IAS 12, *Income Taxes* ("IAS 12") regarding deferred tax related to assets and liabilities arising from a single transaction. The amendments did not have a material impact on the Company's consolidated financial statements.

In May 2023, the IASB issued a further amendment to IAS 12, establishing a mandatory exception for recognition and disclosure of deferred taxes related to the Pillar Two model rules published by the Organization for Economic Co-operation and Development ("Pillar Two rules"). The Pillar Two rules establish a global minimum fifteen percent top-up tax regime and will apply to Methanex beginning in 2024. The Company has applied this mandatory exception in the current period. The IAS 12 amendment also introduced disclosure requirements on the current tax impact of Pillar Two rules that will apply to the Company's 2023 annual financial statements.

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and were approved and authorized for issue by the Audit, Finance & Risk Committee of the Board of Directors on July 26, 2023.

These condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2022.

2. Inventories:

Inventories are valued at the lower of cost, determined on a first-in first-out basis, and estimated net realizable value. The amount of inventories recognized as an expense in cost of sales and operating expenses and depreciation and amortization for the three and six months ended June 30, 2023 is \$724 million (2022 - \$829 million) and \$1,510 million (2022 - \$1,615 million).

3. Property, plant and equipment:

		Ow ned Assets (a)		Right-of-use assets (b)		Total
Net book value at June 30, 2023	\$	3,538,315	\$	744,183	\$	4,282,498
Net book value at December 31, 2022	\$	3,398,805	\$	756,478	\$	4,155,283

a) Ow ned assets:

		Buildings, Plant Installations & Machinery		Plants Under Construction ¹		Ocean Going Vessels		Other		Total
Cost at June 30, 2023	\$	5,035,255	\$	1,194,680	\$	240,733	\$	141,303	\$	6,611,971
Accumulated depreciation at June 30, 2023		2,910,297		—		55,306		108,053		3,073,656
Net book value at June 30, 2023	\$	2,124,958	\$	1,194,680	\$	185,427	\$	33,250	\$	3,538,315
Cost at December 31, 2022	\$	5,000,999	\$	1,001,888	\$	240,867	\$	140,081	\$	6,383,835
Accumulated depreciation at December 31, 2022		2,827,870		—		49,310		107,850		2,985,030
Net book value at December 31, 2022	\$	2,173,129	\$	1,001,888	\$	191,557	\$	32,231	\$	3,398,805

¹ The Company is constructing a 1.8 million tonne methanol plant in Geismar, Louisiana adjacent to its Geismar 1 and Geismar 2 facilities. Included in cost of Plants Under Construction are \$120 million of capitalized interest and finance charges as at June 30, 2023.

b) Right-of-use assets:

		Ocean Going Vessels ¹		Terminals and Tanks		Plant Installations and Machinery		Other		Total
Cost at June 30, 2023	\$	891,255	\$	291,187	\$	7,766	\$	50,123	\$	1,240,331
Accumulated depreciation at June 30, 2023		286,913		178,599		3,804		26,832		496,148
Net book value at June 30, 2023	\$	604,342	\$	112,588	\$	3,962	\$	23,291	\$	744,183
Cost at December 31, 2022	\$	846,977	\$	286,036	\$	23,797	\$	44,904	\$	1,201,714
Accumulated depreciation at December 31, 2022		245,873		160,163		15,314		23,886		445,236
Net book value at December 31, 2022	\$	601,104	\$	125,873	\$	8,483	\$	21,018	\$	756,478

¹ Waterfront Shipping entered into one long-term charter hire arrangement for ocean going vessels in 2023.

4. Interest in Atlas joint venture:

- a) The Company has a 63.1% equity interest in Atlas Methanol Company Unlimited ("Atlas"). Atlas owns a 1.8 million tonne per year methanol production facility in Trinidad. The Company accounts for its interest in Atlas using the equity method. Summarized financial information of Atlas (100% basis) is as follows:

Statements of financial position		Jun 30 2023		Dec 31 2022
Cash and cash equivalents	\$	30,260	\$	24,420
Other current assets		185,058		182,103
Non-current assets		165,180		184,373
Current liabilities		(86,920)		(92,108)
Other long-term liabilities, including current maturities		(98,809)		(107,416)
Net assets at 100%	\$	194,769	\$	191,372
Net assets at 63.1%	\$	122,899	\$	120,755
Long-term receivable from Atlas		76,328		76,328
Investment in associate	\$	199,227	\$	197,083

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Statements of income				
Revenue	\$ 110,769	\$ 135,977	\$ 258,168	\$ 290,806
Cost of sales and depreciation and amortization	(96,300)	(84,426)	(181,765)	(182,437)
Operating income	14,469	51,551	76,403	108,369
Finance costs, finance income (loss) and other expenses	(2,561)	(1,701)	(5,035)	(4,089)
Income tax expense	(4,398)	(18,446)	(23,970)	(39,536)
Net earnings at 100%	\$ 7,510	\$ 31,404	\$ 47,398	\$ 64,744
Earnings of associate at 63.1%	\$ 4,739	\$ 19,816	\$ 29,908	\$ 40,853
Dividends received from associate	\$ —	\$ —	\$ 27,764	\$ 47,325

b) Atlas tax assessments:

The Board of Inland Revenue of Trinidad and Tobago ("the BIR") has audited and issued assessments against Atlas in respect of the 2005 to 2016 financial years. All subsequent tax years remain open to assessment. The assessments relate to the pricing arrangements of certain long-term fixed-price sales contracts that commenced in 2005 and continued with affiliates through 2014 and with an unrelated third party through 2019.

The long-term fixed-price sales contracts with affiliates were established as part of the formation of Atlas and management believes these were reflective of market considerations at that time.

During the periods under assessment and continuing through 2014, approximately 50% of Atlas-produced methanol was sold under these fixed-price contracts. From late 2014 through 2019 fixed-price sales to an unrelated third party represented approximately 10% of Atlas-produced methanol. Atlas had partial relief from corporation income tax until late July 2014.

The Company believes it is impractical to disclose a reasonable estimate of the potential contingent liability due to the wide range of assumptions and interpretations implicit in the assessments.

The Company has lodged objections to the assessments. No deposits have been required to lodge objections. Based on the merits of the cases and advice from legal counsel, the Company believes its position should be sustained, that Atlas has filed its tax returns and paid applicable taxes in compliance with Trinidadian tax law, and as such has not accrued for any amounts relating to these assessments. Contingencies inherently involve the exercise of significant judgment, and as such the outcomes of these assessments and the financial impact to the Company could be material.

The Company anticipates the resolution of this matter through the court systems to be lengthy and, at this time, cannot predict a date as to when this matter is expected to be ultimately resolved.

5. Finance costs:

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Finance costs	\$ 43,451	\$ 41,359	\$ 86,498	\$ 82,100
Less capitalized interest related to Geismar plant under construction	(13,209)	(8,619)	(25,578)	(15,555)
	\$ 30,242	\$ 32,740	\$ 60,920	\$ 66,545

Finance costs are primarily comprised of interest on the unsecured notes, limited recourse debt facilities, finance lease obligations, amortization of deferred financing fees, and accretion expense associated with site restoration costs. Interest during construction projects is capitalized until the plant is substantially completed and ready for productive use.

6. Long-term debt:

As at	Jun 30 2023	Dec 31 2022
Unsecured notes		
\$300 million at 4.25% due December 1, 2024	\$ 299,057	\$ 298,836
\$700 million at 5.125% due October 15, 2027	694,241	693,649
\$700 million at 5.25% due December 15, 2029	695,550	695,283
\$300 million at 5.65% due December 1, 2044	295,655	295,606
	1,984,503	1,983,374
Other limited recourse debt facilities		
5.58% due through June 30, 2031	57,988	61,978
5.35% due through September 30, 2033	66,556	70,312
5.21% due through September 15, 2036	35,044	35,849
Total long-term debt ¹	2,144,091	2,151,513
Less current maturities ¹	(12,885)	(15,133)
	\$ 2,131,206	\$ 2,136,380

¹ Long-term debt and current maturities are presented net of deferred financing fees.

The Company has access to a \$300 million committed revolving credit facility, which is with a syndicate of highly rated financial institutions. The revolving credit facility was entered into with the following significant covenants and default provisions:

- a) the obligation to maintain a minimum EBITDA to interest coverage ratio of greater than or equal to 2:1 calculated on a four-quarter trailing basis and a debt to capitalization ratio of less than or equal to 60%, both calculated in accordance with definitions in the credit agreement that include adjustments to limited recourse subsidiaries,
- b) a default if payment is accelerated by a creditor on any indebtedness of \$50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries, and
- c) a default if a default occurs that permits a creditor to demand repayment on any other indebtedness of \$50 million or more of the Company and its subsidiaries, except for the limited recourse subsidiaries.

The revolving credit facility is secured by certain assets of the Company, and also includes other customary covenants including restrictions on the incurrence of additional indebtedness. Subsequent to the quarter, the Company completed a credit facility amendment to incorporate the Secured Overnight Financing Rate ("SOFR") as LIBOR replacement applicable to our undrawn \$300 million revolving credit facility.

Other limited recourse debt facilities relate to financing for certain of our ocean going vessels which we own through less than wholly-owned entities under the Company's control. The limited recourse debt facilities are described as limited recourse as they are secured only by the assets of the entity that carries the debt. Accordingly, the lenders to the limited recourse debt facilities have no recourse to the Company or its other subsidiaries.

Failure to comply with any of the covenants or default provisions of the long-term debt facilities described above could result in a default under the applicable credit agreement that would allow the lenders to not fund future loan requests, accelerate the due date of the principal and accrued interest on any outstanding loans, or restrict the payment of cash or other distributions.

As at June 30, 2023, management believes the Company was in compliance with all covenants related to long-term debt obligations.

7. Net income per common share:

Diluted net income per common share is calculated by considering the potential dilution that would occur if outstanding stock options and, under certain circumstances, tandem share appreciation rights ("TSARs") were exercised or converted to common shares.

Outstanding TSARs may be settled in cash or common shares at the holder's option and for purposes of calculating diluted net income per common share, the more dilutive of the cash-settled and equity-settled method is used, regardless of how the plan is accounted for. Accordingly, TSARs that are accounted for using the cash-settled method will require adjustments to the numerator and denominator if the equity-settled method is determined to have a dilutive effect on diluted net income per common share as compared to the cash-settled method. The equity-settled method was more dilutive for the three and six months ended June 30, 2023 and 2022, and an adjustment was required for both the numerator and denominator.

Stock options and, if calculated using the equity-settled method, TSARs are considered dilutive when the average market price of the Company's common shares during the period disclosed exceeds the exercise price of the stock option or TSAR. For the three and six months ended June 30, 2023 and 2022, both stock options and TSARs were dilutive, resulting in an adjustment to the denominator.

A reconciliation of the numerator used for the purposes of calculating diluted net income per common share is as follows:

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Numerator for basic net income per common share	\$ 56,690	\$ 125,080	\$ 116,460	\$ 243,600
Adjustment for the effect of TSARs:				
Cash-settled expense (recovery) included in net income	(6,138)	(20,988)	1,736	1,690
Equity-settled expense	(1,127)	(2,316)	(2,136)	(4,626)
Numerator for diluted net income per common share	\$ 49,425	\$ 101,776	\$ 116,060	\$ 240,664

A reconciliation of the denominator used for the purposes of calculating diluted net income per common share is as follows:

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Denominator for basic net income per common share	67,711,862	71,987,641	68,241,898	72,920,032
Effect of dilutive stock options	5,434	13,639	7,425	15,651
Effect of dilutive TSARs	183,200	336,212	208,002	364,696
Denominator for diluted net income per common share	67,900,496	72,337,492	68,457,325	73,300,379

8. Share-based compensation:

a. Share appreciation rights ("SARs"), TSARs and stock options:

(i) Outstanding units:

Information regarding units outstanding at June 30, 2023 is as follows:

(per share amounts in USD)	SARs		TSARs	
	Number of Units	Weighted Average Exercise Price	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2022	407,687	\$ 44.67	2,188,359	\$ 42.68
Granted	51,160	50.49	169,190	50.49
Exercised	(41,335)	34.89	(321,208)	31.92
Outstanding at March 31, 2023	417,512	\$ 46.35	2,036,341	\$ 45.03
Cancelled	(2,200)	54.65	(13,544)	51.36
Outstanding at June 30, 2023	415,312	\$ 46.31	2,022,797	\$ 44.99

(per share amounts in USD)	Stock Options	
	Number of Units	Weighted Average Exercise Price
Outstanding at December 31, 2022	102,531	\$ 43.96
Granted	6,810	50.49
Exercised	(23,767)	34.59
Outstanding at March 31, 2023	85,574	\$ 47.08
Granted, exercised, cancelled, or expired	—	—
Outstanding at June 30, 2023	85,574	\$ 47.08

Range of Exercise Prices (per share amounts in USD)	Units Outstanding at June 30, 2023			Units Exercisable at June 30, 2023	
	Weighted Average Remaining Contractual Life (Years)	Number of Units Outstanding	Weighted Average Exercise Price	Number of Units Exercisable	Weighted Average Exercise Price
SARs:					
\$29.27 to \$38.79	4.00	122,342	\$ 32.34	109,180	\$ 31.57
\$45.40 to \$50.49	3.41	172,210	49.93	99,229	49.97
\$54.65 to \$78.59	1.89	120,760	55.29	120,760	55.29
	3.14	415,312	\$ 46.31	329,169	\$ 45.82
TSARs:					
\$29.27 to \$38.79	4.07	791,521	\$ 33.01	682,249	\$ 32.09
\$45.40 to \$50.49	4.15	673,316	49.55	330,265	49.62
\$54.65 to \$78.59	2.17	557,960	56.48	557,960	56.48
	3.57	2,022,797	\$ 44.99	1,570,474	\$ 44.45
Stock options:					
\$29.27 to \$38.79	3.98	22,320	\$ 32.20	20,028	\$ 31.45
\$45.40 to \$50.49	2.54	36,144	49.98	25,800	50.06
\$54.65 to \$78.59	1.95	27,110	55.46	27,110	55.46
	2.73	85,574	\$ 47.08	72,938	\$ 46.95

(ii) Compensation expense related to SARs and TSARs:

Compensation expense for SARs and TSARs is measured based on their fair value and is recognized over the vesting period. Changes in fair value each period are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value at June 30, 2023 was \$23.5 million compared to the recorded liability of \$20.9 million. The difference between the fair value and the recorded liability is \$2.6 million and will be recognized over the weighted average remaining vesting period of approximately 1.5 years. The weighted average fair value was estimated at June 30, 2023 using the Black-Scholes option pricing model.

For the three and six month periods ended June 30, 2023, compensation expense related to SARs and TSARs included a recovery in cost of sales and operating expense of \$6.9 million (2022 - a recovery of \$25.1 million) and an expense of \$6.2 million (2022 - an expense of \$3.8 million), respectively. This included a recovery of \$8.2 million (2022 - a recovery of \$27.5 million) and an expense of \$3.7 million (2022 - a recovery of \$1.1 million), related to the effect of the change in the Company's share price for the three and six month periods, respectively, ended June 30, 2023 and 2022.

b) Deferred, restricted and performance share units:

Deferred, restricted and performance share units outstanding at June 30, 2023 are as follows:

	Number of Deferred Share Units	Number of Restricted Share Units	Number of Performance Share Units
Outstanding at December 31, 2022	155,761	340,929	744,887
Granted	14,370	104,500	179,340
Performance factors impact on redemption ¹	—	—	143,065
Granted in-lieu of dividends	565	1,214	2,372
Redeemed	(18,962)	(122,064)	(435,035)
Cancelled	—	(3,723)	(7,908)
Outstanding at March 31, 2023	151,734	320,856	626,721
Granted	1,473	480	—
Granted in-lieu of dividends	680	1,443	2,832
Cancelled	—	(2,280)	(1,683)
Outstanding at June 30, 2023	153,887	320,499	627,870

¹ The number of performance share units that ultimately vest are determined by performance factors as described below. The performance factors impact relates to performance share units redeemed in the quarter ended March 31, 2023.

Performance share units are redeemable for cash based on the market value of the Company's common shares and are non-dilutive to shareholders. Units vest over three years and include two equally weighted performance factors: (i) relative total shareholder return of Methanex shares versus a specific market index (the market performance factor) and (ii) three year average modified return on capital employed (the non-market performance factor). The market performance factor is measured by the Company at the grant date and reporting date using a Monte-Carlo simulation model to determine fair value. The non-market performance factor reflects management's best estimate to determine the expected number of units to vest. Based on these performance factors, the performance share unit payout will range between 0% to 200%.

Compensation expense for deferred, restricted and performance share units is measured at fair value based on the market value of the Company's common shares and is recognized over the vesting period. Changes in fair value are recognized in net income for the proportion of the service that has been rendered at each reporting date. The fair value of deferred, restricted and performance share units at June 30, 2023 was \$48.6 million compared to the recorded liability of \$35.8 million. The difference between the fair value and the recorded liability of \$12.8 million will be recognized over the weighted average remaining vesting period of approximately 1.9 years.

For the three and six month periods ended June 30, 2023, compensation expense related to deferred, restricted and performance share units included in cost of sales and operating expenses was a recovery of \$2.6 million (2022 - a recovery of \$13.3 million) and an expense of \$10.4 million (2022 - an expense of \$14.2 million), respectively. This included a recovery of \$6.9 million (2022 - a recovery of \$19.4 million) and an expense of \$1.4 million (2022 - an expense of \$2.5 million), respectively, related to the effect of the change in the Company's share price for the three and six months ended June 30, 2023 and 2022 respectively.

9. Changes in non-cash working capital:

Changes in non-cash working capital for the three and six months ended June 30, 2023 and 2022 were as follows:

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Changes in non-cash working capital:				
Trade and other receivables	\$ 74,804	\$ (19,628)	\$ 36,769	\$ 55,976
Inventories	(30,042)	(46,780)	(19,382)	(19,414)
Prepaid expenses	9,451	744	5,833	(6,479)
Trade, other payables and accrued liabilities	(108,968)	(84,620)	(86,413)	(158,980)
	(54,755)	(150,284)	(63,193)	(128,897)
Adjustments for items not having a cash effect and working capital changes relating to taxes and interest paid	61,477	56,423	34,262	22,640
Changes in non-cash working capital having a cash effect	\$ 6,722	\$ (93,861)	\$ (28,931)	\$ (106,257)
These changes relate to the following activities:				
Operating	\$ 44,512	\$ (88,944)	\$ (9,367)	\$ (120,828)
Financing	(17,291)	(134)	—	1,826
Investing	(20,499)	(4,783)	(19,564)	12,745
Changes in non-cash working capital	\$ 6,722	\$ (93,861)	\$ (28,931)	\$ (106,257)

10. Financial instruments:

Financial instruments are either measured at amortized cost or fair value.

In the normal course of business, the Company's assets, liabilities and forecasted transactions, as reported in U.S. dollars, are impacted by various market risks including, but not limited to, natural gas prices and currency exchange rates. The time frame and manner in which the Company manages those risks varies for each item based on the Company's assessment of the risk and the available alternatives for mitigating risks.

The Company uses derivatives as part of its risk management program to mitigate variability associated with changing market values. Changes in fair value of derivative financial instruments are recorded in earnings unless the instruments are designated as cash flow hedges. The Company designates as cash flow hedges derivative financial instruments to hedge its risk exposure to fluctuations in natural gas prices and derivative financial instruments to hedge its risk exposure to fluctuations in the Euro compared to the U.S. dollar.

The fair value of derivative instruments is determined based on industry-accepted valuation models with those using market observable inputs classified within Level 2 of the fair value hierarchy and those using significant unobservable inputs classified as Level 3. The fair value of all of the Company's derivative contracts as presented in the consolidated statements of financial position are determined based on present values and the discount rates used are adjusted for credit risk. The effective portion of the changes in fair value of derivative financial instruments designated as cash flow hedges is recorded in other comprehensive income as the change in fair value of cash flow hedges. The change in the fair value of the forward element of forward contracts is recorded separately in other comprehensive income as the forward element is excluded from the hedging relationships. Once a commodity hedge settles, the amount realized during the period and not recognized immediately in the statement of income is reclassified from accumulated other comprehensive income (equity) to inventory and ultimately through cost of goods sold. Foreign currency hedges settled, are realized during the period directly to the statement of income, reclassified from the statement of other comprehensive income.

Until settled, the fair value of Level 2 derivative financial instruments will fluctuate based on changes in commodity prices or foreign currency exchange rates and the fair value of Level 3 derivative financial instruments will fluctuate based on changes in the observable and unobservable valuation model inputs.

North American Natural gas forward contracts

The Company manages its exposure to changes in natural gas prices for a portion of its North American natural gas requirements by executing a number of fixed price forward contracts: both financial and physical.

The Company has entered into forward contracts designated as cash flow hedges to manage its exposure to changes in natural gas prices for Geismar. Natural gas is fungible across the Geismar plants. Other costs incurred to transport natural gas from the contracted delivery point Henry Hub to the relevant production facility represent an insignificant portion of the overall underlying risk and are recognized as incurred outside of the hedging relationship.

As at	Jun 30 2023	Dec 31 2022
Maturities	2023-2032	2023-2032
Notional quantity ¹	319,920	307,900
Notional quantity per day, annualized ¹	50 - 170	50 - 150
Notional amount	\$ 1,070,284	\$ 1,014,264
Net fair value	\$ 96,697	\$ 316,008

¹ In thousands of Million British Thermal Units (MMBtu)

Information regarding the gross amounts of the Company's natural gas forward contracts designated as cash flow hedges in the unaudited consolidated statements of financial position is as follows:

As at	Jun 30 2023	Dec 31 2022
Other current assets	\$ 8,680	\$ 32,768
Other non-current assets	129,666	289,979
Other current liabilities	(14,623)	(317)
Other long-term liabilities	(27,026)	(6,422)
Net fair value	\$ 96,697	\$ 316,008

Euro forward exchange contracts

The Company manages its foreign currency exposure to euro denominated sales by executing a number of forward contracts which it has designated as cash flow hedges for its highly probable forecast euro collections.

As at June 30, 2023, the Company had outstanding forward exchange contracts designated as cash flow hedges to sell a notional amount of 106.1 million euros (December 31, 2022 - 21.1 million euros). The euro contracts had a positive fair value of \$0.2 million included in Other current assets (December 31, 2022 - negative fair value of \$1.7 million included in Other current liabilities).

Changes in cash flow hedges and excluded forward element

Information regarding the impact of changes in cash flow hedges and cost of hedging reserve in the consolidated statement of comprehensive income is as follows:

	Three Months Ended		Six Months Ended	
	Jun 30 2023	Jun 30 2022	Jun 30 2023	Jun 30 2022
Change in fair value of cash flow hedges	\$ 97,302	\$ 238,364	\$ (282,938)	\$ 736,244
Forward element excluded from hedging relationships	(198,419)	(156,348)	52,087	(402,794)
	\$ (101,117)	\$ 82,016	\$ (230,851)	\$ 333,450

Fair value - Level 2 instruments

The fair value of the Company's North American natural gas forward contracts and Euro forward exchange contracts are derivative financial instruments determined based on Bloomberg quoted market prices and confirmations received from counterparties, which are adjusted for credit risk.

The table below shows the nominal net cash flows for derivative hedging instruments, excluding credit risk adjustments, based upon contracted settlement dates. The amounts reflect the maturity profile of the hedging instruments and are subject to change based on the prevailing market rate at each of the future settlement dates. Financial asset derivative positions are held with investment-grade counterparties and therefore the settlement day risk exposure is considered to be minimal.

	Carrying amount	Contractual cash flows	Cash inflows (outflows) by term to maturity - undiscounted			
			1 year or less	1-3 years	3-5 years	More than 5 years
Natural gas forward contracts assets	\$ 138,346	\$ 164,783	\$ 9,660	\$ 66,140	\$ 52,150	\$ 36,833
Natural gas forward contracts liabilities	(41,649)	(46,876)	(17,176)	(21,915)	(169)	(7,616)
Euro forward exchange contracts	177	177	177	—	—	—
	\$ 96,874	\$ 118,084	\$ (7,339)	\$ 44,225	\$ 51,981	\$ 29,217

The carrying values of the Company's financial instruments approximate their fair values, except as follows:

As at	June 30, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt excluding deferred financing fees	\$ 2,160,008	\$ 1,977,540	\$ 2,168,585	\$ 1,953,932

Long-term debt consists of limited recourse debt facilities and unsecured notes. There is no publicly traded market for the limited recourse debt facilities. The fair value of the limited recourse debt facilities as disclosed on a recurring basis and categorized as Level 2 within the fair value hierarchy is estimated by reference to current market rates as at the reporting date. The fair value of the unsecured notes disclosed on a recurring basis and also categorized as Level 2 within the fair value hierarchy is estimated using quoted prices and yields as at the reporting date. The fair value of the revolving and construction credit facilities are equal to their carrying values. The fair value of the Company's long term debt will fluctuate until maturity.

Fair value - Egyptian natural gas supply contract (Level 3 instrument)

The Company holds a long-term natural gas supply contract expiring in 2035 with the Egyptian Natural Gas Holding Company, a State-Owned enterprise in Egypt. The natural gas supply contract includes a base fixed price plus a premium based on the realized price of methanol for the full volume of natural gas to supply the plant for the remainder of its useful life. As a result of an amendment in 2022, the contract is being treated as a derivative measured at fair value.

There is no observable, liquid spot market or forward curve for natural gas in Egypt. In addition, there are limited observable prices for natural gas in Egypt as all natural gas purchases and sales are controlled by the government and the observed prices differ based on the produced output or usage.

Due to the absence of an observable market price for an equivalent or similar contract to measure fair value, the contract's fair value is estimated using a Monte-Carlo model. The Monte-Carlo model includes significant unobservable inputs and as a result is classified within Level 3 of the fair value hierarchy. We consider market participant assumptions in establishing the model inputs and determining fair value, including adjusting the base fixed price and methanol based premium at the valuation date to consider estimates of inflation since contract inception.

At June 30, 2023 the fair value of the derivative associated with the remaining term of the natural gas supply contract is \$22.7 million recorded in Other assets (December 31, 2022 - \$11.2 million). Changes in fair value of the contract are recognized in Finance income (loss) and other expenses.

The table presents the Level 3 inputs and the sensitivities of the Monte-Carlo model valuation to changes in these inputs:

Valuation input	Sensitivities		
	Input value or range	Change in input	Resulting change in valuation
Methanol price volatility (before impact of mean reversion)	35%	+/- 5%	+\$7/-7 million
Methanol price forecast	\$255 - \$425 per MT	+/- \$25 per MT	-\$6/+9 million
Discount rate	8.6%	+/- 1%	\$/+1 million

It is possible that the assumptions used in establishing fair value amounts will differ from future outcomes and the impact of such variations could be material.