

Appendix 4D

Half year report Period ending on 31 December 2025

Name of entity

Matrix Composites & Engineering Ltd

ABN or equivalent company
reference

54 009 435 250

The information contained in this report relates to the following years:

Current half-year ended	31 December 2025
Previous half-year ended	31 December 2024

Results for announcement to the market

					\$000s
Revenue	Decreased	(31.8%)	To		26,863
Profit / (loss) from ordinary activities after tax for the period attributable to members	Decreased	(1,014.4%)	To		(9,409)
Net profit / (loss) for the period attributable to members	Decreased	(1,014.4%)	To		(9,409)

Dividend payments	Amount per security	Franked amount per security
<u>Year ended 30 June 2025</u> Final dividend (cents per share)	-	-
<u>Half year ended 31 December 2025</u> Interim dividend (cents per share)	-	-
Record date for determining entitlement to dividend	n/a	
Date the interim 2026 dividend is payable	n/a	

Net tangible assets	Current half year \$	Previous half year \$
Net tangible assets per ordinary security (include right-of-use assets and lease liabilities)	\$0.08	\$0.14

Total interim dividend to be paid on all securities	Current half year \$	Previous half year \$
Ordinary securities	nil	nil

The above information should be read in conjunction with the attached Half Year Report for the period ending 31 December 2025.

This report is based on accounts that have been reviewed.



BRENDAN COCKS
CHIEF FINANCIAL OFFICER

Date: 26 February 2026

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Matrix Composites & Engineering Ltd

ABN 54 009 435 250

Interim Consolidated Financial Report

For the Half Year Ended 31 December 2025

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Directors' Report

The directors of Matrix Composites & Engineering Ltd ("Matrix" or "the Company") submit herewith the financial report of the Company and its subsidiaries ("Group" or "Consolidated Entity") for the half-year ended 31 December 2025. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names and particulars of the directors of the Company during or since the end of the half-year are:

Peter J Hood AO	(Independent Non-Executive Chairman)
Aaron P Begley	(Managing Director & Chief Executive Officer)
Chris Sutherland	(Independent Non-Executive Director)
Alison Terry	(Independent Non-Executive Director)
Stephan Kirsch	(Independent Non-Executive Director)
Brendan Cocks	(Executive Director & Chief Financial Officer)

The above-named directors held office since the start of the half-year to the date of this report, except for specified otherwise.

Review of operations

Overview

The Consolidated Entity's principal activities during the course of the period were the supply of manufactured goods and provision of engineering services. The goods manufactured and services provided by Matrix can be summarised as follows:

- Manufacture and supply of capital drilling equipment (primarily comprised of syntactic foam buoyancy) and provision of inspection, maintenance and repair services to the oil and gas sector;
- Manufacture and supply of subsea umbilical risers and flowline (SURF) ancillary equipment and associated services;
- Manufacture and supply of VIV suppression equipment for rigid pipelines;
- Manufacture and supply of well construction products, including centralisers and conductors;
- Distribution of epoxy based coating system and related equipment hire and technical support; and
- Consultancy for, and manufacture of, advanced composite materials and products for the defence, energy, resource and transport sectors.

Financial Performance

As the manufacturing of the major projects being delivered this year is occurring from November onwards, revenue for this financial year is expected to be heavily weighted to the second half. With fixed costs being incurred on an even base throughout the year has meant that the Company recorded a loss for the first half.

Revenue for the 6 months ended 31 December 2025 amounted to \$26.9m which was 32% lower than the prior corresponding period. The current size of the order book and client required delivery times would indicate that Matrix will still have full year revenue at a similar or higher level of the \$75m recorded last year, with a busy second half being experienced.

The lower level of first half revenue has resulted in an EBITDAF loss of \$4.1m (Dec 2024: \$3.2m profit) and net loss after tax of \$9.4m (31 December 2024: net profit after tax of \$1.0m) for the period.

The bulk of the revenue was primarily driven by our subsea buoyancy products with the largest contributor coming from the commencement of a large South American project.

Operating cashflow was a \$1.4m inflow for the period (31 December 2024: \$4.7m outflow). Operating cash was favourably impacted by the collection of revenue from projects completed last financial year. Capex spend of \$0.8m was well down on last years spend of \$3.1m as the Company was able to utilise project tooling that had been procured in prior periods.

Cash and cash equivalents at the end of the period was \$18.0m (30 June 2025: \$18.3m).

Directors' Report

Review of operations (continued)

Strategy and outlook

Matrix continues to leverage its scale and track record in the production of deepwater buoyancy in the subsea market. A market leader in the supply of Drilling Riser Buoyancy to the international drilling sector the Company is actively seeking growth by expanding its buoyancy and other advanced polymer solutions to the SURF (Subsea Umbilicals Risers and Flowlines), offshore wind and subsea mining sectors. Utilising our state of the art Henderson facility and background with advanced engineered polymers Matrix is diversifying its income streams by targeting income and recurring revenue through the local resources and defence sectors.

In recent periods there has been encouraging growth in the Company's share of the Production Buoyancy market (SURF), with the Company establishing itself as a key participant in the global market. The Company will continue to pursue market penetration and share in this sector by expanding its product offerings. Matrix is the market leader in the provision of drilling riser buoyancy and servicing this recovering market will continue to be a focus.

The company will pursue opportunities in the advanced materials space, which will potentially lead to manufacturing opportunities upon development success. Opportunities in the renewables space and also with local major resource companies will continue to be a priority.

Increasing market share through new customer conversions and adoption of Humidur in their coating specifications will be a focus of our coating technology division to target revenue growth. Focus on establishing new clients and distribution on the east coast of Australia and in New Zealand is being pursued.

Dividend

The directors have determined that no interim dividend will be paid for the period ended 31 December 2025 (31 December 2024: nil).

Events occurring after the reporting date

The directors have determined that there are no events of a material nature that have occurred subsequent to the reporting date that require disclosure.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year report.

ASIC corporations instrument 2016/191 rounding of amounts

The Company is an entity to which Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191, dated 24 March 2016 applies. Amounts in the Directors' Report and the Financial Statements have been rounded to the nearest thousand dollars in accordance with ASIC Instrument 2016/191, unless otherwise indicated.

This Directors' report is signed in accordance with a resolution of directors made pursuant to s306(3) of the *Corporations Act 2001*.

Directors' Report

This report is signed in accordance with a resolution of the Board of Directors.



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Aaron P Begley
Managing Director & Chief Executive Officer

26 February 2026



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Matrix Composites & Engineering Ltd

I declare that, to the best of my knowledge and belief, in relation to the interim review of Matrix Composites & Engineering Ltd for the half-year ended 31 December 2025 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in blue ink, appearing to read 'L. Cardy', written over a light blue circular stamp.

Laura Cardy

Partner

Perth

26 February 2026

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2025

	Notes	31 December 2025 \$000	31 December 2024 \$000
Revenue	3	26,863	39,389
Cost of sales		(27,824)	(33,500)
Gross (loss) / profit		(961)	5,889
Other income	4	66	514
Administration expenses		(2,808)	(2,406)
Marketing expenses		(1,658)	(1,326)
Research expenses		(342)	(219)
Engineering expenses		(1,623)	(1,499)
Other expenses	4	(458)	(19)
Finance income	4	592	2,454
Finance costs	4	(2,117)	(1,984)
(Loss) / profit before tax		(9,309)	1,404
Income tax expense	5	(100)	(375)
(Loss) / profit for the period		(9,409)	1,029
Other comprehensive income / (loss) for the period, net of tax			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Net foreign currency translation differences		195	(586)
Other comprehensive income / (loss) for the period, net of tax		195	(586)
Total comprehensive (loss) / income for the period		(9,214)	443
(Loss) / profit attributable to:			
Owners of the Company		(9,409)	1,029
Total comprehensive (loss) / income attributable to:		(9,214)	443
(Loss) / profit per share			
Basic (loss) / profit per share (cents)		(4.20)	0.46
Diluted (loss) / profit per share (cents)		(4.20)	0.42

The accompanying notes form part of these financial statements.

Interim Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	31 December 2025 \$'000	30 June 2025 \$'000
Assets			
Current assets			
Cash and cash equivalents	6	18,027	18,343
Trade and other receivables	7	12,212	17,793
Inventories	8	12,480	9,200
Prepayments	9	1,222	1,118
Forward contract asset	16	218	32
Total current assets		44,159	46,486
Non-current assets			
Property, plant and equipment	10	14,026	15,735
Right-of-use assets	12	18,954	17,501
Intangibles	11	1,351	1,055
Total non-current assets		34,331	34,291
Total assets		78,490	80,777
Liabilities			
Current liabilities			
Trade and other payables	13	11,367	9,378
Progress claims and deposits	3	2,727	279
Lease liabilities	12	907	766
Employee benefits		2,131	1,909
Financial liabilities – current portion	15	1,414	-
Convertible note	14	-	7,221
Total current liabilities		18,546	19,553
Non-current liabilities			
Lease liabilities	12	30,688	29,076
Employee benefits		96	86
Provisions		2,575	2,738
Financial liabilities	15	6,245	-
Total non-current liabilities		39,604	31,900
Total liabilities		58,150	51,453
Net assets		20,340	29,324
Equity			
Issued capital	18	140,501	140,365
Reserves		(585)	(475)
Accumulated losses		(119,576)	(110,566)
Total surplus in equity		20,340	29,324

The accompanying notes form part of these financial statements.

Interim Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2025

	Issued capital	Foreign currency translation reserve	Share-based payment reserve	Accumulated losses	Total
	\$000's	\$000's	\$000's	\$000's	\$000's
Balance at 1 July 2025	140,365	(1,536)	1,061	(110,566)	29,324
Loss for the period	-	-	-	(9,409)	(9,409)
Other comprehensive profit/ (loss) for the period, net of income tax	-	195	-	-	195
Total comprehensive profit / (loss) for the period	-	195	-	(9,409)	(9,214)
Share-based payments expense	-	-	230	-	230
Vesting / lapse of equity-settled share-based payments	136	-	(535)	399	-
Balance at 31 December 2025	140,501	(1,341)	756	(119,576)	20,340
Balance at 1 July 2024	139,992	(1,429)	1,031	(108,580)	31,014
Profit for the period	-	-	-	1,029	1,029
Other comprehensive profit/ (loss) for the period, net of income tax	-	(586)	-	-	(586)
Total comprehensive profit / (loss) for the period	-	(586)	-	1,029	443
Share-based payments expense	-	-	297	-	297
Vesting / lapse of equity-settled share-based payments	373	-	(373)	-	-
Balance at 31 December 2024	140,365	(2,015)	955	(107,551)	31,754

The accompanying notes form part of these financial statements.

Interim Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2025

	31 December 2025 \$'000	31 December 2024 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	34,318	33,333
Payments to suppliers and employees (inclusive of GST)	(31,842)	(38,030)
Interest received	264	442
Finance costs paid	(206)	(60)
Interest expense on lease liabilities	(1,130)	(1,141)
Net cash provided by / (used in) operating activities	<u>1,404</u>	<u>(5,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	64	-
Acquisition of property, plant and equipment	(839)	(3,065)
Acquisition of intangibles	(434)	(98)
Net cash used in investing activities	<u>(1,209)</u>	<u>(3,163)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	7,500	-
Transaction costs paid	(263)	-
Interest paid on long-term debt	(30)	-
Repayment of long-term debt	(67)	-
Redemption of convertible notes	(7,485)	-
Receipt of security deposit	457	548
Payment of lease liabilities (principal portion)	(335)	(309)
Net cash (used in) / provided by financing activities	<u>(223)</u>	<u>239</u>
Net decrease in cash and cash equivalents held	(28)	(8,380)
Effect of movement in exchange rates on cash held	(288)	739
Cash and cash equivalents at 1 July	18,343	23,320
Cash and cash equivalents at 31 December	<u>18,027</u>	<u>15,679</u>

The accompanying notes form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

1. Statement of material accounting policies

a. General information

Matrix Composites & Engineering Ltd ("the Company") is a listed public company incorporated and domiciled in Australia. These consolidated interim financial statements comprise the Company and its subsidiaries (together referred to as the "Group") as at and for the six months ended 31 December 2025.

b. Statement of compliance

The interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. They do not include all the information required for a complete set of annual financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 30 June 2025.

The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the financial year ended 30 June 2025.

These interim financial statements were approved by the Board of Directors on 26 February 2026.

c. Basis of preparation

The consolidated half-year report has been prepared on the basis of historical cost, except for certain current assets and financial instruments that are measured at fair values. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Group's Annual Financial Report for the financial year ended 30 June 2025.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

There are a number of new standards which are effective for annual reporting periods beginning after 1 July 2025. The Group has not had any change to its accounting policy or made any retrospective adjustments in relation to these standards. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

d. Going concern

The financial statements have been prepared on a going concern basis which assumes the settlement of liabilities and the realisation of assets in the normal course of business.

For the period ended 31 December 2025, the Group recognised a net loss of \$9.4m and operating cash inflows of \$1.4m. The Group's net current assets as at 31 December 2025 amounted to \$20.3m.

The Group has obtained a new facility with National Australia Bank. This facility includes a \$7.5m corporate market loan (note 15) utilised in the redemption of the convertible note in December 2025 (note 14). In addition, the facility also allows the Group access to \$5m in working capital financing and \$20.5m (50% cash backed) for bank guarantees.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

1. Statement of material accounting policies (continued)

Management operating forecast for the next 12 months includes:

- Execution and delivery of current contracted work at budgeted margins
- Expected work to convert in-progress (outstanding) and expected upcoming quotations with established customers, into cashflow at forecast levels and margins
- Recurring sales of established products at forecast levels and margins.

The Directors have reviewed the Company's overall financial position, including forecast operating and financing assumptions, and believe the use of the going concern basis of accounting is appropriate as they believe the Company has sufficient funds available for at least the next 12 months.

2. Operating segments

In conjunction with AASB 8 *Operating Segments*, the Group has identified its operating segment based on internal reports that are reviewed and used by the Chief Operating Decision Maker (CODM) in assessing performance and in determining the allocation of resources.

Performance monitoring and evaluation

The CODM is identified as the Chief Executive Officer (CEO) who monitors the operating results of the consolidated group and organises its business activities and product lines to serve the global oil and gas industry. The performance of the consolidated group is evaluated based on non-IFRS measures including Earnings before Interest, Taxes, Depreciation and Amortisation ("EBITDA") and Earnings before Interest, Taxes, Depreciation, Amortisation, Foreign Exchange and Fair Value of Embedded Derivative ("EBITDAF").

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment.

	MCE Group* 31 December 2025 000's \$	MCE Group* 31 December 2024 000's \$
Revenue	26,863	39,389
EBITDAF (i)	(4,101)	3,194
Change in fair value of embedded derivative (ii)	147	1,955
Foreign exchange gain / (loss)	(345)	510
EBITDA	(4,299)	5,659
Depreciation and amortisation	(3,320)	(2,751)
EBIT	(7,619)	2,908
Finance costs	(2,117)	(1,984)
Interest received	264	442
Change in discount on asset retirement obligation	181	57
Accretion on asset retirement obligation	(18)	(19)
(Loss) / profit before tax	(9,309)	1,404

(i) EBITDAF is reconciled to profit as above.

(ii) Relates to the change in fair value of the convertible note embedded derivative. Refer to Note 14.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

2. Operating segments (continued)

	MCE Group* 31 December 2025 \$'000	MCE Group* 30 June 2025 \$'000
Total segment assets	78,490	80,777
Total segment liabilities	58,150	51,453
Geographical Assets		
Australia	78,201	80,259
Others	289	518
	78,490	80,777
Geographical Liabilities		
Australia	58,150	51,453
Others	-	-
	58,150	51,453

Major customers

Matrix supplies goods and services to a broad range of customers in the global oil & gas industry. During the reporting period, five major customers accounted for 85% of total group revenue (31 December 2024: 91%).

*MCE Group consists of Matrix Composites & Engineering Ltd, Matrix Henderson Property Pty Ltd, Specialist Engineering Services (Aust) Pty Ltd and Matrix Composites & Engineering (US) Inc.

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Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

3. Revenue

	31 December 2025 \$'000	31 December 2024 \$'000
Revenue from contracts with customers	26,863	39,389

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Major product lines

Design, manufacture, and supply of engineered composite products	24,513	35,521
Coatings products, equipment and service	1,209	2,171
Others	1,141	1,697
	26,863	39,389

Geographical regions

Australia	2,948	4,601
Brazil	20,304	29,336
United Kingdom	1,277	4,718
Others	2,334	734
	26,863	39,389

Timing of revenue recognition

Goods and services transferred at a point in time	3,472	5,801
Goods and services transferred over time	23,391	33,588
	26,863	39,389

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	31 December 2025 \$'000	30 June 2025 \$'000
Trade receivables	5,582	6,301
Progress claims and deposits - contract liabilities	(2,727)	(279)
Contract assets	5,516	10,012

The contract assets comprise the Group's rights to consideration for work completed but not billed at reporting date) on contracts with customers. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer. Contract assets decreased by \$4.5m mainly due to the net effect of revenue recognised but not billed on new contracts during the year of \$2.6m and reclassification of contract assets outstanding in the prior year billed during the year of \$7.1m.

The contract liabilities primarily relates to advance consideration received from contracts with customers. Contract liabilities increased by \$2.4m due to net increase in billings to customers during the period.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

4. Other income / expenses and finance income / costs

	31 December 2025 \$'000	31 December 2024 \$'000
Other income		
Profit on disposal of assets	64	-
Sundry income	2	4
Net foreign exchange gain	-	510
	<u>66</u>	<u>514</u>
Finance income		
Change in fair value of embedded derivative	147	1,955
Interest received	264	442
Change in discount on asset retirement obligation	181	57
	<u>592</u>	<u>2,454</u>
Other expenses		
Net foreign exchange loss	(345)	-
Accretion on asset retirement obligation	(18)	(19)
Others	(95)	-
	<u>(458)</u>	<u>(19)</u>
Finance costs		
Lease interest	(1,130)	(1,141)
Convertible note interest	(742)	(783)
Interest on long-term debt	(39)	-
Other finance costs	(206)	(60)
	<u>(2,117)</u>	<u>(1,984)</u>

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

5. Income Tax

The income tax expense for the period can be reconciled to the accounting loss as follows:

	31 December 2025 \$'000	31 December 2024 \$'000
(Loss) / profit before tax	(9,309)	1,404
Income tax (benefit) / expense calculated at 30%	(2,793)	421
Effect of expenses that are not deductible in determining tax payable profit	197	66
Utilisation of tax losses not previously recognised	-	(487)
Effect of unused tax losses not recognised	2,492	-
Other tax adjustments	204	375
Total income tax expenses recognised in the current period	<u>100</u>	<u>375</u>

The tax rate used for 31 December 2025 was 30% payable by Australian corporate entities on taxable profits under Australian tax law.

The Directors have made a decision not to recognise deferred tax assets in the financial statements for this reporting period given the uncertainty of recovery (31 December 2024: \$nil recognised).

6. Cash and Cash Equivalents

	31 December 2025 \$'000	30 June 2025 \$'000
Cash and bank balances	14,475	10,464
Short term deposits (i)	<u>3,552</u>	<u>7,879</u>
	<u>18,027</u>	<u>18,343</u>

(i) The short-term deposits have a maturity of 3 months or less and have been classified as cash and cash equivalents at 31 December 2025. As per the Group's policy, short term deposits amounting to \$3.5m (30 June 2025: \$5.0m) is set aside to cover the bank guarantees outstanding at 31 December 2025.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

7. Trade and other receivables

	31 December 2025 \$'000	30 June 2025 \$'000
Trade receivables (i)	5,583	6,301
Other receivables (ii)	5,669	10,107
Security deposits (iii)	718	1,194
GST refundable	242	191
	12,212	17,793

- i. The Group's standard terms and conditions require customers to pay trade receivables within 30 days from invoice date. The average collectability timeframe is ordinarily between 30 to 60 days. These amounts are generally non-interest bearing, although, there are customers who will be subjected to interest charges at management's discretion. The Group has assessed the recoverability of all amounts and no allowance is required for the trade receivables.
- ii. Included in other receivables are contract assets amounting to \$5.5m (30 June 2025: \$10.1m) which relate to completed products which have been recognised as revenue but are yet to be invoiced, pending collection by customers.
- iii. Balance relates primarily to a security deposit paid to Export Finance Australia to fully or partially cash-back bank guarantees.

8. Inventories

	31 December 2025 \$'000	30 June 2025 \$'000
Raw materials	6,406	4,508
Work in progress (i)	2,825	1,987
Finished goods	3,249	2,705
	12,480	9,200

- i. The work in progress at cost reflects the resources consumed for uncompleted projects which are to be completed in the subsequent financial period.

9. Prepayments

	31 December 2025 \$'000	30 June 2025 \$'000
Current assets		
Prepayments	1,222	1,118

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

10. Property, plant and equipment

	Plant and equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Computer equipment \$'000	Assets under construction \$'000	Total \$'000
Opening carrying amount at 1 July 2025	14,490	23	7	250	965	15,735
Additions	1,237	-	-	148	(546)	839
Depreciation/amortisation expenses	(2,479)	(1)	(2)	(66)	-	(2,548)
Closing carrying amount at 31 December 2025	13,248	22	5	332	419	14,026

	Plant and equipment \$'000	Motor vehicles \$'000	Office equipment \$'000	Computer equipment \$'000	Assets under construction \$'000	Total \$'000
Opening carrying amount at 1 July 2024	14,531	27	4	111	644	15,317
Additions	4,310	-	6	220	321	4,857
Depreciation/amortisation expenses	(4,351)	(4)	(3)	(81)	-	(4,439)
Closing carrying amount at 30 Jun 2025	14,490	23	7	250	965	15,735

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

11. Intangibles

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Non-current assets</i>		
Development – at cost	8,706	8,273
Less: Accumulated amortisation	(5,096)	(4,959)
Less: Impairment	(2,259)	(2,259)
Carrying amount at end of the period/year	1,351	1,055

Reconciliations of the written down values at the beginning and end of the current period and previous financial year are set out below:

	\$'000
Opening carrying amount 1 July 2025	1,055
Additions	434
Amortisation expense	(138)
Closing carrying amount at 31 December 2025	1,351
Closing carrying amount at 30 June 2025	1,055

12. Leases

Right-of-use asset

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Non-current assets</i>		
Right-of-use assets – at cost	45,148	43,061
Less: Accumulated depreciation and impairment loss	(26,194)	(25,560)
Carrying amount at end of the period/year	18,954	17,501

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Cost:

Opening amount at 1 July 2025	43,061
Additions / change in rate	2,087
Closing amount at 31 December 2025	45,148

Accumulated depreciation and impairment:

Opening amount at 1 July 2025	(25,560)
Charge for the period	(634)
Closing amount at 31 December 2025	(26,194)

Carrying amount

At 30 June 2025	17,501
At 31 December 2025	18,954

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

12. Leases (continued)

The initial lease term on the Company leased land and building at Henderson is 20 years ending on 20 December 2039 with an option of a further extension of 15 years expiring on. At the reporting date, considering the length of time, Matrix has not yet determined the likelihood of extension. Hence, the optional 15 years have not been considered in calculating the value of the right-of-use asset and lease liability. The Group estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of \$38.8 million.

Lease liability

	31 December 2025 \$'000	30 June 2025 \$'000
Current liability	907	766
Non-current liability	30,688	29,076
	<u>31,595</u>	<u>29,842</u>

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored internally by the Group's management.

Lease exemptions

At 31 December 2025, Matrix is committed to \$0.014m (31 Dec 2024: \$0.031m) in relation to the office equipment leases. Matrix has assessed the value of the underlying assets and considered them as short-term or low value assets, respectively. Therefore, Matrix has applied the lease exemptions and accounted for the lease payments as an operating expense on a straight-line basis over the lease term. The operating expense presented in the interim consolidated statement of profit or loss and other comprehensive income are as follows:

	31 December 2025 \$'000	31 December 2024 \$'000
Multiple copiers	7	5
Multiple IT equipment	-	23
	<u>7</u>	<u>28</u>

13. Trade and other payables

	31 December 2025 \$'000	30 June 2025 \$'000
Trade payables	6,756	5,267
Other creditors and accruals	4,501	4,007
GST Payable	110	104
	<u>11,367</u>	<u>9,378</u>

Trade and other payables are generally paid within 30 to 45 days. No security is provided for these liabilities, and no interest has been paid.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

14. Convertible note

	31 December 2025 \$'000	30 June 2025 \$'000
Financial liability	-	7,075
Derivative liability	-	146
	<hr/>	<hr/>
	-	7,221
	<hr/> <hr/>	<hr/> <hr/>

Movements in the derivative liability and financial liability have been included below.

	\$'000
Derivative liability at 1 July 2025	146
Change in fair value	(146)
Derivative liability at 31 December 2025	<hr/> -
Financial liability at 1 July 2025	7,075
Unwinding of prepaid interest	(332)
Interest charged (using effective interest rate)	742
Redemption of convertible note at maturity	(7,485)
Financial liability at 31 December 2025	<hr/> -
Total convertible note liability at 30 June 2025	<hr/> 7,221
Total convertible note liability at 31 December 2025	<hr/> <hr/> -

The convertible note matured on 5 December 2025 and has been fully redeemed by the Company. The redemption was funded by the utilization of loan facility obtained with National Australia Bank (NAB) as discussed in Note 15.

The fair value of the derivative liability as at 5 December 2025 was recognised in profit and loss upon redemption of the convertible note.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

15. Financial liabilities

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current liability</i>		-
Short-term financing	480	-
Current portion of long-term debt	934	-
	<u>1,414</u>	-
<i>Non-current liability</i>		-
Long-term debt	6,245	-
	<u>6,245</u>	-

Movement in long-term debt:

	\$'000
Long-term debt at 1 July 2025	-
Loan proceeds	7,500
Transaction costs	(263)
Repayment	(67)
Interest charged (using effective interest rate)	39
Interest paid	(30)
Long-term debt at 31 December 2025	<u><u>7,179</u></u>

On 5 December 2025, the Company obtained a long-term debt from NAB to fund the redemption of its convertible note (Note 14).

The long-term debt is repayable by equal principal payments on the last day of each quarter (with the first repayment being due on 31 March 2026 calculated such that the principal repayments in each financial year are no less than:

- (i) During the financial year ending on 30 June 2026, \$0.4 million;
- (ii) During the financial year ending on 30 June 2027 \$1.2 million;
- (iii) During the financial year ending on 30 June 2028 \$1.9 million; and
- (iv) During the period commencing on 1 July 2028 and ending on 30 September 2028, \$0.6 million.

The long-term debt is subject to interest of 2.15% plus the BBSY Bid and is payable on a monthly basis as agreed with the lender. The effective interest charged includes the amortisation of transaction costs over the period of the long-term debt.

Covenants

The long-term debt obligation is subject to the following financial covenants:

- Debt Service Cover Ratio at each Calculation Date to be greater than or equal to 2.00 times.
- Gross Leverage Ratio at each Calculation Date to be less than or equal to:
 - During the period from the first Calculation Date up to, and including 29 September 2026, 3.00 times;
 - During the period from 30 September 2026 up to, and including 30 December 2026, 2.50 times; and
 - On 31 December 2026 and at any time thereafter, 2.00 times.

The covenants are tested on a quarterly basis with the first testing date to occur on 30 June 2026. The Group's forecasts assume continued access to existing financing arrangements over the forecast period. These forecasts are sensitive to changes in earnings. Management continues to monitor performance against forecast assumptions and will take mitigating actions as necessary.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

15. Financial liabilities (continued)

Short-term financing

Short-term financing loans are trade finance loans obtained from a financing company to fund the settlement of trade creditors. These are normally settled within 30 days and bear interest as agreed with the financing company.

16. Forward contracts

	31 December 2025 \$'000	30 June 2025 \$'000
<i>Current assets</i>		
Forward contract asset	218	32

Management has entered into foreign exchange contracts to manage the foreign currency risk associated with anticipated sales and purchase transactions. The forward contract asset or liability relates to the fair value of forward contracts outstanding at the reporting date.

17. Financial Instruments

Fair value of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the financial asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 December 2025

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Forward contract asset	-	218	-	218
	-	218	-	218
Financial liabilities measured at fair value				
Convertible note – embedded derivative	-	-	-	-
	-	-	-	-

30 June 2025

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets measured at fair value				
Forward contract asset	-	32	-	32
	-	32	-	32
Financial liabilities measured at fair value				
Convertible note – embedded derivative	-	(146)	-	(146)
	-	(146)	-	(146)

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

17. Financial Instruments (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial assets/liabilities	Valuation technique and key inputs	Significant unobservable inputs	Relationship and sensitivity of unobservable inputs to fair value
Convertible note – embedded derivative	Black-Scholes model. The following variables were taken into consideration: current underlying share price, options strike price, time until expiration, implied share price volatility and risk -free rate.	N/A	N/A
Forward exchange contracts	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A	N/A

18. Issued Capital

	31 December 2025 \$'000	30 June 2025 \$'000
Issued and paid up capital 224,685,996 (30 June 2025: 223,811,179) ordinary shares	140,501	140,365
Movements in ordinary share capital		
	Number of shares	\$000's
Balance 1 July 2024	219,550,565	139,992
Shares issued during the period	4,260,614	373
Balance 30 June 2025	223,811,179	140,365
Shares issued during the period (i)	874,817	136
Balance 31 December 2025	224,685,996	140,501

a. Relates to partial vesting of performance rights issued in FY22 for nil consideration.

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

18. Issued Capital (continued)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Ordinary shares carry one vote per share.

Share-based payments

During the period ended 31 December 2025, the following long term incentives were issued to senior executives and employees of the Company:

a. FY2024 Executive Performance Rights

On 13 October 2025, 926,953 performance rights were granted to employees of the Company. The fair value of these performance rights was \$0.1175 at the grant date.

On 25 November 2025, the shareholders of the Company authorised the issue of 931,793 performance rights to the Chief Executive Officer and Chief Financial Officer of the Company. The fair value of these performance rights was \$0.0720 at the grant date.

b. FY2024 Executive Share Options

On 13 October 2025, 526,316 share options were granted to senior executives of the Company. These share options have an exercise price of \$0.434. The fair value of these share options was \$0.0656 at the grant date. These options expire on 14 October 2030.

On 25 November 2025, the shareholders of the Company authorised the issue of 1,391,071 share options to the Chief Executive Officer and Chief Financial Officer of the Company. These share options have an exercise price of \$0.434. The fair value of these share options was \$0.0457 at the grant date. These options expire on 14 October 2030.

c. FY2025 Executive Performance Rights

On 16 December 2025, 2,228,630 performance rights were granted to employees of the Company. The fair value of these performance rights was \$0.1366 at the grant date.

On 25 November 2025, the shareholders of the Company authorised the issue of 2,825,535 performance rights to the Chief Executive Officer and Chief Financial Officer of the Company. The fair value of these performance rights was at \$0.1113 at the grant date.

The Performance Rights and Share Options above have been subject to valuation reports by Stantons International Securities dated 26 September 2025, 3 October 2025, 17 February 2026 and 18 February 2026, respectively. The valuations were adopted by the Directors of the Group.

The Performance Rights granted are entitlements to receive a set number of shares should the rights vest. The Share Options granted are entitlements to purchase shares at the exercise price, should they vest. The Performance Rights and Share Options are subject to the following vesting conditions:

- Three-year service period from issue; and
- FY2024 Executive Performance Rights and Share Options – the 14-day VWAP of MCE shares at the vesting date reaching \$0.43.
- FY2025 Executive Performance Rights – the 14-day VWAP of MCE shares at the vesting date reaching \$0.35.

19. Dividends

In respect of the reporting period ended 31 December 2025, no interim dividend was paid (2024: nil)

20. Contingencies

The Group had no contingent liabilities or assets requiring disclosure at 31 December 2025 (2024: nil).

Notes to the Interim Consolidated Financial Statements

For the Half Year Ended 31 December 2025

21. Events occurring after the reporting date

No matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the Groups operations, the results of those operations, or the Group's state of affairs for future years.

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Directors' Declaration

The directors of the Company declare that:

1. The interim consolidated financial statements and notes, as set out on pages 4 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134: *Interim Financial Reporting*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the Group's financial position as at 31 December 2025 and of its performance for the half year ended on that date.
2. In the directors opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable with the continuing support of creditors.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



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Aaron P Begley
Managing Director & Chief Executive Officer

26 February 2026



Independent Auditor's Review Report

To the shareholders of Matrix Composites & Engineering Ltd

Conclusion

We have reviewed the accompanying **Interim Consolidated Financial Report** of Matrix Composites & Engineering Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Consolidated Financial Report of Matrix Composites & Engineering Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Consolidated Financial Report** comprises:

- Interim consolidated statement of financial position as at 31 December 2025.
- Interim consolidated statement of profit or loss and other comprehensive income, Interim consolidated statement of changes in equity and Interim consolidated statement of cash flows for the half-year ended on that date.
- Notes (1 to 21) comprising material accounting policies and other explanatory information.
- The Directors' Declaration.

The **Group** comprises Matrix Composites & Engineering Ltd (the Company) and the entities it controlled at the half-year end or from time to time during the half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Interim Consolidated Financial Report

The Directors of the Company are responsible for:

- the preparation of the Interim Consolidated Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*.
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Consolidated Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Interim Consolidated Financial Report

Our responsibility is to express a conclusion on the Interim Consolidated Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Consolidated Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an Interim Consolidated Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

Laura Cardy

Partner

Perth

26 February 2026

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