

MATRIX CONTINUES POSITIVE MOMENTUM, DELIVERING GROWTH IN HALF YEAR REVENUE AND EARNINGS

26 FEBRUARY 2025

OVERVIEW

- Revenue of \$39.4m for 1H FY25 (1H FY24: \$26.7m), underpinned by strong contribution from Subsea buoyancy projects, which continue into the 2H FY25.
- Underlying EBITDA \$3.2m¹ (1H FY24: \$0.6m).
- Reported Net Profit After Tax of \$1.0m (1H FY24: \$3.8m loss).
- Operating cash outflow of \$4.7 million, reflecting timing of contract payments and working capital movements. Cash on hand at 31 Dec 2024 was \$15.7m (30 Jun 2024: \$23.3m), and now increased to \$19.2m at 25 Feb 2025.
- Matrix's secured revenue for FY25 increased to around \$60m from the SURF market alone following circa \$22m contract win in November.
- Group revenue for 2H FY25 is likely to be similar to the first half, given some variability and delays in subsea supplier awards being experienced.
- Longer-term outlook remains positive supported by strong subsea sector project pipeline. Continuing growth outlook for Advanced Materials, and recurring revenue from Corrosion Technologies divisions.

Matrix Composites & Engineering Ltd (ASX: MCE, "Matrix" or the "Company") is pleased to announce its results for the six months ended 31 December 2024 (1H FY25).

Matrix generated revenue of \$39.4 million for 1H FY25 (1H FY24: \$26.7 million), reporting significant growth on 1H FY24. Underlying EBITDA for 1H FY25 was up by \$2.6 million to \$3.2 million (1H FY24: \$0.6 million), the fourth consecutive half year period that the Company has delivered positive EBITDA contribution. This demonstrates the increasing level of activity and positive outlook in Matrix's core Subsea market, despite some award delays being experienced in the timing of major projects.

The Company expects to see continued positive financial performance in the second half, underpinned by a record level of secured SURF work for FY25 of at least \$60 million (including work completed in the first half). This is in addition to oil & gas drilling sector work, and ongoing recurring revenue expected from the Corrosion Technologies business and Advanced Materials.

Matrix Chief Executive Officer Aaron Begley said the Company has continued to demonstrate a sustained improvement in revenue and underlying earnings on the back of increasing momentum and investment in the oil & gas sector over the last two years.

"FY23 was a turning point for Matrix, particularly in the global SURF market. We have secured over \$120 million of subsea work in this market in recent years which has provided a material and sustained uplift to Matrix's revenue and earnings."

"The 1H FY25 result maintained this momentum resulting in a financial performance for the Company which has generated total revenue of around \$100 million and underlying EBITDA of circa \$13.5 million over the last 12 month period."

¹ Underlying EBITDA 1H FY25 excludes FX gain \$0.5m (1H FY24: \$0.9m loss) and non-cash fair value accounting embedded derivative gain of \$2.0m (1H FY25: \$0.2m loss).

"The outlook for the second half is for continued positive EBITDA performance, underpinned by a record year for our SURF business where secured revenue is already higher than FY24.

"Matrix has longstanding customer relationships maintained across the market cycle, demonstrated technical expertise and capabilities, a strong balance sheet, and a low cost base, offering significant leverage to the positive momentum we are seeing in the oil & gas sector. This is supplemented by new opportunities in the renewable energy, mining, and mineral processing sectors, which we expect will increasingly feature in our future growth."

Consistent with recent periods, execution of Subsea work formed the bulk of activity for the first half, representing 88% of total revenue. This principally included the production and supply of Subsea Umbilicals, Risers and Flowlines (SURF) products across a number of projects.

Corrosion Technologies continues to deliver a solid recurrent revenue base and Advanced Materials is further emerging, with revenue up 25% to \$2.4 million for the half.

Matrix recorded a 1H FY25 Net Profit After Tax (NPAT) of \$1.0 million up from a 1H FY24 loss of \$3.8m.

Operating cashflow for the period was an outflow of \$4.7 million, compared to a net inflow of \$9.0 million in 1H FY24. This was primarily due to the timing of contract payments and working capital movements. Progress claims in advance reduced by around \$10 million from 30 June 24. A return to positive operating cashflow is expected in the second half. Cash on hand at 31 December 2024 was \$15.7 million (30 June 2024 \$23.3m), with the current cash balance improving to \$19.2 million at the date of reporting including the collection of material debtors during February. Net cash including the Convertible Note was \$8.3 million at 31 December 2024. Matrix has no other long term debt.

Outlook

Matrix is well positioned for continued positive financial performance. The Company has a strong base of around \$60 million secured revenue for FY25 already in place from its SURF business alone, with further subsea market opportunities being pursued. Group revenue for 2H FY25 is likely to be similar to the first half, given some variability and delays in subsea supplier awards being experienced.

The opportunity pipeline in the SURF market remains robust with around \$300 million of competitive quotations submitted, and yet to be awarded. Over half of these projects are scheduled by customers for award this calendar year. Award timeframes have been extended, with clients experiencing engineering and design delays, however in many cases project delivery timeframes are unchanged. Matrix is well positioned to meet customer timeframes with significant production capacity that can be scaled quickly.

The increasingly positive sentiment in oil & gas has also driven a healthy recovery in the Subsea drilling sector in recent years, resulting in an improved opportunities pipeline. Matrix had around \$140 million of competitive outstanding quotes to the drilling sector at the end of 1H FY25, and recently received a new Drilling Riser Buoyancy System order for approximately \$7 million.

Recurring revenue from Corrosion Technologies and Advanced Materials is expected at around \$10m p.a. with opportunities to grow being actively pursued.

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This announcement was authorised for release by the Managing Director and CEO of Matrix.

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ABOUT MATRIX COMPOSITES & ENGINEERING

Matrix Composites & Engineering specialises in the design, engineering, and manufacture of composite and advanced material technology solutions for the oil and gas, civil and infrastructure, resources, defence, and transportation industries. With more than 20 years-experience, Matrix has gained a reputation as an industry leader and has become a major exporter of Australian goods and services with customers located all over the world. From its award-winning head office in Australia and offices in the United States, and a global network, Matrix is uniquely positioned to deliver complete turnkey solutions offerings with localised customer support.

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